

# Ripley-Union-Lewis-Huntington S.D.

Brown County

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

	Actual			Average Change	Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018		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)	\$2,079,442	\$2,127,175	\$1,965,466	-2.7%	\$2,145,997	\$2,115,844	\$2,115,844	\$2,105,844	\$2,105,844
1.020 Tangible Personal Property Tax	488								
1.035 Unrestricted State Grants-in-Aid	7,107,993	6,906,266	6,943,583	-1.1%	6,971,434	6,984,993	6,984,993	6,984,993	6,984,993
1.040 Restricted State Grants-in-Aid	353,003	456,234	377,236	6.0%	362,280	362,280	362,280	362,280	362,280
1.050 Property Tax Allocation	298,165	300,832	294,292	-0.6%	313,826	316,826	316,826	316,826	316,826
1.060 All Other Revenues	631,371	1,004,681	782,370	18.5%	850,205	742,073	737,506	735,458	732,458
1.070 <b>Total Revenues</b>	<b>10,470,462</b>	<b>10,795,188</b>	<b>10,362,947</b>	<b>-0.5%</b>	<b>10,643,742</b>	<b>10,522,016</b>	<b>10,517,449</b>	<b>10,505,401</b>	<b>10,502,401</b>
<b>Other Financing Sources</b>									
2.040 Operating Transfers-In		454	4,213						
2.050 Advances-In	180,199	59,161	31,479	-57.0%	19,195	20,000	20,000	20,000	20,000
2.060 All Other Financing Sources	29,887	12,491	26,937	28.7%	18,000	18,000	18,000	18,000	18,000
2.070 <b>Total Other Financing Sources</b>	<b>210,086</b>	<b>72,106</b>	<b>62,629</b>	<b>-39.4%</b>	<b>37,195</b>	<b>38,000</b>	<b>38,000</b>	<b>38,000</b>	<b>38,000</b>
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>10,680,548</b>	<b>10,867,294</b>	<b>10,425,576</b>	<b>-1.2%</b>	<b>10,680,937</b>	<b>10,560,016</b>	<b>10,555,449</b>	<b>10,543,401</b>	<b>10,540,401</b>
<b>Expenditures</b>									
3.010 Personal Services	4,752,959	4,974,980	5,229,299	4.9%	5,521,789	5,589,544	5,577,193	5,606,167	5,666,722
3.020 Employees' Retirement/Insurance Benefits	1,803,377	1,965,721	2,134,688	8.8%	2,360,741	2,427,822	2,503,025	2,587,604	2,687,999
3.030 Purchased Services	2,290,553	2,295,201	2,546,923	5.6%	2,546,233	2,524,368	2,554,422	2,582,687	2,608,750
3.040 Supplies and Materials	305,976	277,460	310,776	1.3%	301,628	306,312	306,312	308,222	308,222
3.050 Capital Outlay	282,474	252,089	91,998	-37.1%	127,597	24,897	24,897	24,897	24,897
<b>Debt Service:</b>									
4.020 Principal-Notes	34,000	36,000	38,000	5.7%	39,000	41,000	43,000	45,000	47,000
4.060 Interest and Fiscal Charges	16,739	15,037	13,198	-11.2%	11,257	9,215	7,073	4,825	2,476
4.300 Other Objects	152,482	139,556	154,070	1.0%	154,987	156,785	156,785	157,627	158,487
4.500 <b>Total Expenditures</b>	<b>9,638,560</b>	<b>9,956,044</b>	<b>10,518,952</b>	<b>4.5%</b>	<b>11,063,232</b>	<b>11,079,943</b>	<b>11,172,707</b>	<b>11,317,029</b>	<b>11,504,553</b>
<b>Other Financing Uses</b>									
5.010 Operating Transfers-Out		103,140	138,892		112,360	111,673	110,903	110,078	109,115
5.020 Advances-Out	59,161	31,479	19,195	-42.9%	20,000	20,000	20,000	20,000	20,000
5.030 All Other Financing Uses	70		222						
5.040 <b>Total Other Financing Uses</b>	<b>59,231</b>	<b>134,619</b>	<b>158,309</b>	<b>72.4%</b>	<b>132,360</b>	<b>131,673</b>	<b>130,903</b>	<b>130,078</b>	<b>129,115</b>
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>9,697,791</b>	<b>10,090,663</b>	<b>10,677,261</b>	<b>4.9%</b>	<b>11,195,592</b>	<b>11,211,616</b>	<b>11,303,610</b>	<b>11,447,107</b>	<b>11,633,668</b>
6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>982,757</b>	<b>776,631</b>	<b>251,685-</b>	<b>-76.7%</b>	<b>514,655-</b>	<b>651,600-</b>	<b>748,161-</b>	<b>903,706-</b>	<b>1,093,267-</b>
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	3,709,735	4,692,492	5,469,123	21.5%	5,217,438	4,702,783	4,051,183	3,303,022	2,399,316
7.020 <b>Cash Balance June 30</b>	<b>4,692,492</b>	<b>5,469,123</b>	<b>5,217,438</b>	<b>6.0%</b>	<b>4,702,783</b>	<b>4,051,183</b>	<b>3,303,022</b>	<b>2,399,316</b>	<b>1,306,049</b>
8.010 <b>Estimated Encumbrances June 30</b>	<b>63,434</b>	<b>89,851</b>	<b>110,858</b>	<b>32.5%</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>
10.010 <b>Fund Balance June 30 for Certification of Appropriations</b>	<b>4,629,058</b>	<b>5,379,272</b>	<b>5,106,580</b>	<b>5.6%</b>	<b>4,582,783</b>	<b>3,931,183</b>	<b>3,183,022</b>	<b>2,279,316</b>	<b>1,186,049</b>
12.010 <b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>4,629,058</b>	<b>5,379,272</b>	<b>5,106,580</b>	<b>5.6%</b>	<b>4,582,783</b>	<b>3,931,183</b>	<b>3,183,022</b>	<b>2,279,316</b>	<b>1,186,049</b>
15.010 <b>Unreserved Fund Balance June 30</b>	<b>4,629,058</b>	<b>5,379,272</b>	<b>5,106,580</b>	<b>5.6%</b>	<b>4,582,783</b>	<b>3,931,183</b>	<b>3,183,022</b>	<b>2,279,316</b>	<b>1,186,049</b>

See accompanying summary of significant forecast assumptions and accounting policies

Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt

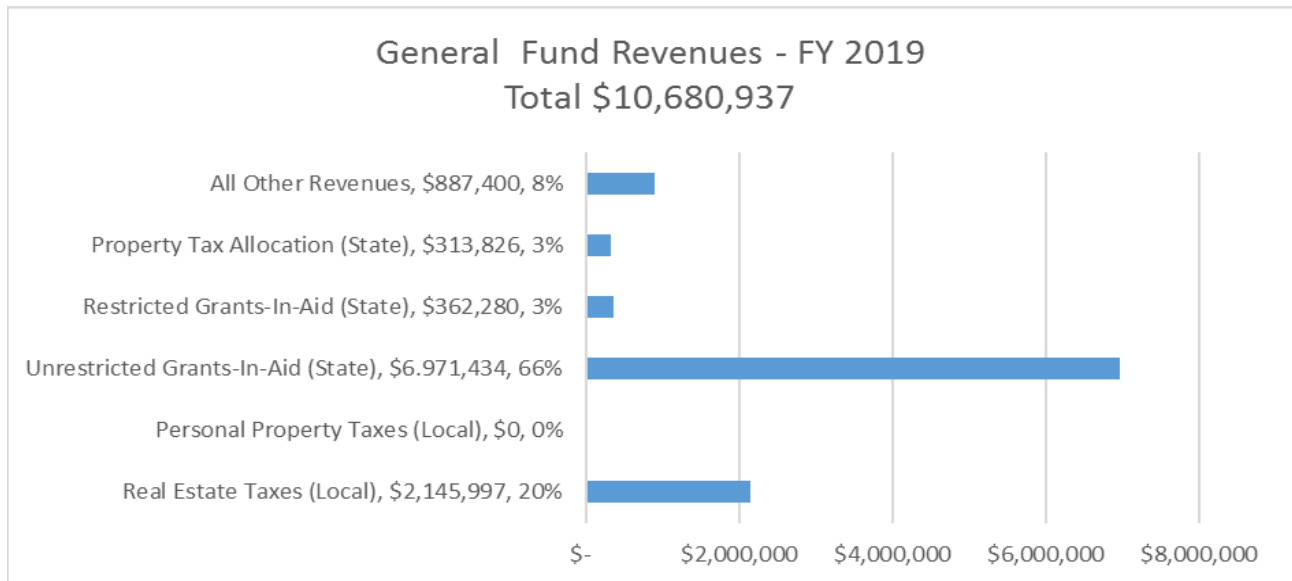
**RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT**  
**NOTES TO THE FIVE-YEAR FORECAST**  
**October 2018**

**Nature of the Forecast**

This financial forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/ replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is viewed as a key management tool, and is intended to engage the local board of education and the community in long range planning and discussions of financial issues facing the school district. It is also intended to provide a method for the Ohio Department of Education and Ohio Auditor of State to identify schools districts with potential financial problems.

The assumptions described below are those that are material to the forecast. Differences between forecasted and actual results usually occur because events and circumstances frequently do not occur as expected, and those differences may be significant.

**REVENUES**



**Property Taxes (Lines 1.010 and 1.020)**

Property tax revenues for the General Fund are generated from 29.90 gross operating mills which consist of 4.60 inside mills and 25.30 outside mills. The outside millage consists of various operating levies, all for a continuing period of years. The effective tax rate and valuation per classification for tax year 2018 (calendar year 2019 collections) are as follows:

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Property Class	Value	Effective Tax Rate
Residential Real Estate	\$59,585,810	24.92 mills
Agricultural Real Estate	\$24,702,130	24.92 mills
Commercial/Industrial Real Estate	\$13,412,900	28.25 mills
Public Utility Personal Property	\$7,636,300	25.30 mills
<b>Total Valuation</b>	<b>\$105,337,140</b>	

Ohio Law provides for a reduction of the effective tax rate for agricultural/residential and commercial/industrial real estate to offset increased values resulting from reappraisal of property. Likewise, effective tax rates may be increased to offset decreased values resulting from reappraisal. Reduction factors are applied to outside millage so that each levy yields approximately the same amount of revenue as the preceding year, excluding new construction. Increases in value from new construction will increase the revenues generated by the levies. State law prohibits the reduction factors from reducing the effective millage below 20.00 mills.

General Property Tax – Real Estate (Line 1.010) includes all real estate property taxes, including residential, agricultural, and commercial/industrial real estate. Brown County went through a triennial update in tax year 2015 (calendar year 2016 collections) and a revaluation is scheduled to occur in tax year 2018 (calendar year 2019 collections). Projections for all tax years assume a 0.9% increase in value resulting from new construction. The forecast projects a 2 ½ % increase resulting from the revaluation in 2018, of which we project 65% will be collected in SY 2018-19, and 35% will be collected in SY2019-20. Property tax revenue from Utility Property was reduced in 2018 by \$122,200 due to a late payment from Duke Energy, which is conversely shown to be collected in 2019.

Tangible Personal Property Tax (Line 1.020) includes business tangible personal property taxes and public utility personal property taxes. Business tangible personal property taxes were phased out as a result of House Bill 66 passed in June of 2005. Business tangible values were reduced by 25% each year starting in fiscal year 2007, until fully eliminated in fiscal year 2010, with the exception of telephone company property, which was phased out over a longer period and was fully eliminated in fiscal year 2012. However, HB 66 created a reimbursement mechanism for lost TPP taxes to schools, it also provided for the eventual elimination of those payments. School districts were to have their payments gradually reduced beginning in FY 2012.

**Unrestricted Grants-in-Aid (Line 1.035) and Restricted Grants-in-Aid (Line 1.040)**

Unrestricted Grants-in-Aid and Restricted Grants-in-Aid represent revenues projected to be received primarily from the State under the foundation program.

Projections for fiscal year 2019 are based on the enacted HB49, the state’s biennial budget passed in June 2017, and are projected based on enrollment figures from fiscal year 2018. Projections are likely to fluctuate based on enrollment changes throughout the 2018-2019 school year.

The HB49 funding formula used for fiscal years 2018 and 2019 has put the district back onto the guarantee due to a large reduction in projected funding as a result of the revised funding formula. The

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funding formula utilizes a method to measure a district's wealth and capacity to raise local revenue. The wealth measure is called the State Share Index (SSI). There are three (3) components of the SSI:

1. Valuation Index that measures the district's average property value per pupil for tax year 2014, 2015, and 2016 compared to the statewide average valuation per pupil;
2. Median Income Index that uses tax year 2015 median income compared to statewide median income that is used to measure the ability of a district's residents to pay property taxes;
3. Wealth Index which uses 60% of the Valuation Index and 40% of the Median Income Index to compute the overall district Wealth Index.

The three components taken together form the State Share Index (SSI) which equalizes state funding based on wealth. In prior funding formulas, the primary equalization was based on tax valuation per pupil. The SSI, or one or more of the other three indexes, are applied in determining need on the twelve separate components that constitute state aid in fiscal years 2018 and 2019. The twelve components of the funding model are as follows:

1. Opportunity Grant – Per pupil amount of \$6,010 in FY18 and \$6,020 in FY19 multiplied by the SSI
2. Targeted Assistance – Funding provided to districts that do not raise much revenue beyond the local share of the foundation formula. Targeted Assistance targets school districts that are below a certain threshold of wealth in the state.
3. K-3 Literacy – Funding targeted to students in grades kindergarten through three to provide early additional educational investment.
4. Economic Disadvantaged – Funding to address poverty and its effects on educational outcomes. Funding amount is based on a per-pupil amount of \$272 equalized by the poverty index of the district. The poverty index is based on the district's poverty percentage relative to the statewide poverty percentage.
5. Limited English Proficiency – Funding provided to help districts provide additional educational services to student for whom English is not the native language.
6. Gifted Education – Funding for identification and service provision to gifted students. Funding is based on the enrollment of the district and is comprised of identification, coordinator, and teacher components.
7. Transportation – Funding to support transportation of students and is based on a formula with daily ridership and miles as the primary inputs.
8. Special Education – Funding for students with special needs and is based on additional per student funding amounts for six categories of disabilities equalized by the SSI.
9. Career Technical Education – Funding to support career technical programs and is based on additional per student funding amounts for five categories of programs equalized by the SSI.
10. Capacity Aid – Funding to provide supplemental funds to districts that raise less than the median amount of revenue from 1 mill of local property taxes.

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11. Graduation Bonus – Performance bonus funding based on graduation rates in the previous year.
12. Third Grade Reading Bonus – Performance bonus funding based on 3<sup>rd</sup> grade reading test results in the previous year.

The twelve components together comprise the total state funding formula amount for the school district. Projections by component for fiscal year 2018 are as follows:

<u>HB49 Funding Component</u>	<u>FY2019</u>
Opportunity Grant	\$ 3,126,217
Targeted Assistance	973,288
K-3 Literacy	58,563
Economic Disadvantaged	241,203
Limited English Proficiency	339
Gifted Education	52,226
Transportation	429,973
Special Education	607,493
Career Technical Education	108,761
Capacity Aid	1,019,106
Transitional Aid Guarantee	538,691
Graduation Bonus	18,723
3rd Grade Reading Bonus	3,752
Total State Funding - HB49 Formula	<u><u>\$ 7,178,335</u></u>

Funding amounts for all categories above are unrestricted with the exception of Economic Disadvantaged and Career Technical Funding, which are restricted as to use and are presented in Line 1.040.

A breakdown of Unrestricted Grants-in-Aid (Line 1.035), which includes the unrestricted components above is as follows:

<u>Unrestricted Grants-in-Aid (Line 1.035)</u>	<u>FY2019</u>
HB 49 Formula Funding	\$ 6,828,371
(Excluding Economic Disadvantaged and Career-Tech)	-
Preschool Special Education Funding	64,461
Special Education Transportation	34,026
Casino Revenues	44,576
Total Unrestricted Grants-in-Aid (Line 1.035)	<u><u>\$ 6,971,434</u></u>

Additional aid items contained within line 1.035 include preschool special education and special education transportation, which are not part of the HB49 formula. Casino Revenues are a result of the Ohio Casino ballot issued passed in 2009. A portion of gross casino tax revenues is distributed to school districts based on enrollment and is currently projected at approximately \$50 per student.

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<u>Restricted Grants-in-Aid (Line 1.040)</u>	<u>FY2019</u>
Economic Disadvantaged (HB49 Formula)	\$ 241,203
Career Technical Education (HB49 Formula)	108,761
Special Education Catastrophic Cost	12,316
Total Restricted Grants-in-Aid (Line 1.040)	<u>\$ 362,280</u>

Special Education Catastrophic Cost dollars are provided by the State for special education expenses exceeding cost thresholds for students within special education categories.

The Last Bi-Annual State Budget (HB49) has placed the district back on guaranteed funding, matching fiscal year 2017. Given the instability of the state foundation program over the last six years, projections beyond the current proposed biennial budget must be considered highly speculative. For purposes of this forecast, we are projecting a moderate increase in Unrestricted Grants-in-Aid (Line 1.035) in FY 2020 due to anticipated increases in preschool funding as a result of the District offering free preschool beginning in FY18-19, and Restricted Grants-in-Aid (Line 1.040) was left unchanged for fiscal years 2020 through 2022.

**Property Tax Allocation (Line 1.050)**

Homestead & Rollback revenue is in the form of tax relief to local property taxpayers. The State grants a ten percent rollback on all agricultural and residential real estate taxes and a two and one-half percent rollback on owner-occupied single-family residences. The State also grants tax relief to qualified elderly and disabled homeowners based on income eligibility. The State reimburses the District for these reductions of property taxes. These revenues are projected at approximately 14% of real estate taxes annually.

**All Other Operating Revenue (Line 1.060)**

Projections for All Other Operating Revenues are as follows:

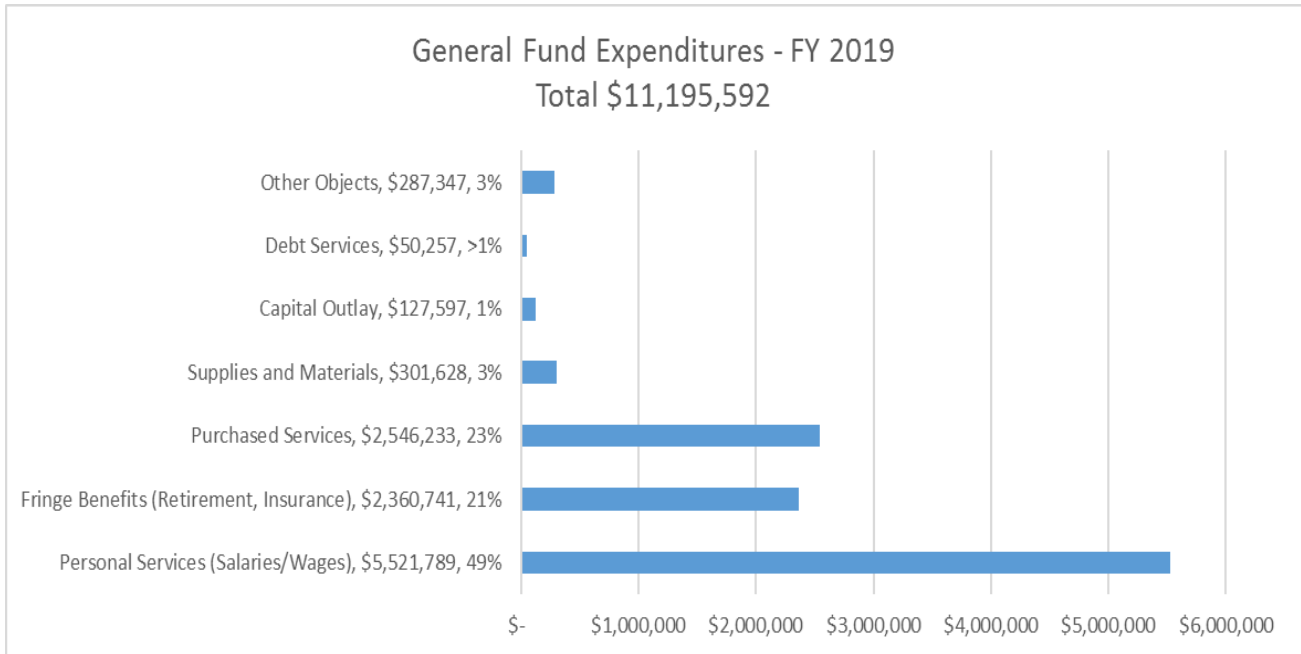
Category	2019	2020	2021	2022	2023
Tuition	123,126	123,126	123,126	123,126	123,126
Earnings on Investments	82,038	82,038	82,038	82,038	82,038
Open Enrollment	333,022	333,022	333,022	333,022	333,022
JROTC Reimbursements	46,372	46,679	47,612	48,564	48,564
Classroom Materials & Fees	14,183	14,183	14,183	14,183	14,183
E-Rate Reimbursement	54,303	-	-	-	-
Medicaid Reimbursement	83,950	83,950	83,950	83,950	83,950
Other Miscellaneous	113,211	59,075	53,575	50,575	47,575
Total All Other Revenue	850,205	742,073	737,506	735,458	732,458

Tuition includes revenue received from other Districts for their student(s) attending Ripley-Union-Lewis-Huntington School District as a result of a court-ordered placement or foster care. Earnings on Investments include interest earned on the District's deposits and investments. In the past four to five years interest rates had declined from the 5% range down to less than 1%, but short term

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rates are projected to be around 2-3% for the remainder of the forecast. The open enrollment revenue projection for fiscal year 2019 and beyond is based on 56 students attending schools within the District through open enrollment. E-rate reimbursement is based on the new service funding structure on a four-year cycle, and primarily being driven by three new 5 year service contracts with META (former SCOCA) for VoIP, Brand Band, and Internet Services. E-rate funding for the 5 year period reimbursement period is on phase-out with the largest return having already been realized in FY17 based on FY16 Contract amounts, and being fully phased out by FY2020. ROTC Reimbursements are impacted by two primary factors, the number of instructors, and the salary increases in the Marine Instructor pay which are projected between 1-2% through the forecast. Manufactured Homes Tax, Classroom Materials and Fees, Medicaid Reimbursement, and Other Miscellaneous Revenues are not projected to change materially.

**EXPENDITURES**



**Personal Services (Line 3.01)**

The projections for Personal Services are as follows:

Category	2019	2020	2021	2022	2023
Certificated Salaries	\$ 3,788,489	\$ 3,824,172	\$ 3,797,455	\$ 3,826,978	\$ 3,869,157
Non-Certificated Salaries	688,681	702,182	703,849	691,785	703,971
Administrative Salaries	682,630	697,832	710,531	722,046	728,236
Supplementals	187,889	190,369	190,369	190,369	190,369
Substitutes and Other	174,100	174,989	174,989	174,989	174,989
<b>Total Personal Services</b>	<b>\$ 5,521,789</b>	<b>\$ 5,589,544</b>	<b>\$ 5,577,193</b>	<b>\$ 5,606,167</b>	<b>\$ 5,666,722</b>

Certificated salary projections are based on the agreement with the RULH Education Association. The

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current agreement which expires June 30, 2020 provides a 2% Base increases for fiscal years 2018, 1.25% for 2019, and 1.5% for 2020. For fiscal year 2021, the projected base remained unchanged. All projected years include incremental increases for advancement on the salary schedule by employees. Certificated salary projections for fiscal years 2019 and beyond assume current staffing levels.

Non-Certificated salary projections are based on the agreement with OAPSE which was recently ratified, and will expire June 30, 2020. Salary schedules for fiscal year 2018-2020 includes the same corresponding annual base increases as the RULHEA agreement of 2%, 1.25%, and 1.5%. All projected years include 2.6% in incremental increases for advancement on the salary schedule by employees. Non-Certificated salary projections for fiscal years 2019 and beyond assume no staffing changes from current levels.

Administrative salaries and all other personal services projections for fiscal years 2018 through 2020 were adjusted to reflect the same base increase negotiated with the teacher's union. All projected years include 2.6% in incremental increases for advancement on the salary schedule by employees. Administrative salaries and all other personal services projections assume current staffing levels remain constant.

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

Projections for this line include employer costs for contributions to the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS), employer share of Medicare, workers' compensation premiums, and health insurance premiums paid on behalf of employees.

Projections for contributions to STRS and SERS, Medicare, and workers' compensation premiums are tied to projected changes in personal services (Line 3.01).

The District provides insurance benefits to employees via participation in the Brown County Schools Insurance Consortium. Health insurance premiums increased by 5.3% for fiscal year 2018. Fiscal years 2019-2022 projections are based on estimates of 6% annual increases. It should be noted that the national average trend in health insurance costs has hovered at or near an annual rate of 6.4% which is much higher than the general rate of inflation and the District's revenue growth. With the federal governments' passage of the "cadillac tax" and a potential for annual inflationary increases in health insurance cost, a reduction in health insurance benefits or implementation of other cost-saving measures will likely be needed to reduce the increase in costs to the District.

**Purchased Services (Line 3.030)**

Purchased service expenditures include tuition costs for RULH resident students attending elsewhere, services contracted through the Brown County Educational Service Center and Hopewell, utilities, professional services, and other contracted services. Projections for Electrical Utility cost were reduced by an estimated \$90,000 beginning with the FY17 year in anticipation of the annual energy project savings. The projection for 2019 is based on the current year budget, minus estimated year-end encumbrances. Projections for 2020-2023 reflected an overall estimated annual increase of 2-4% where deemed applicable and are detailed as follows:



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Category	2019	2020	2021	2022	2023
Open Enrollment - Outgoing	\$ 596,487	\$ 596,487	\$ 596,487	\$ 596,487	\$ 596,487
Community School Tuition	92,379	92,379	92,379	92,379	92,379
Post-Secondary Tuition	54,549	54,549	54,549	54,549	54,549
Other Tuition/Vocational Compate	122,582	122,582	122,582	122,582	122,582
Special Ed Services- Brown ESC	370,973	370,973	370,973	370,973	370,973
Special Education - Hopewell	133,745	153,934	174,931	196,767	213,798
Excess Cost (Special Ed)	168,441	168,441	168,441	168,441	168,441
Professional/Tech Services incl Legal	333,282	334,896	336,606	338,419	340,342
Property and Building Repair Services	257,178	208,153	210,036	210,036	210,036
Property Insurance	31,200	31,200	31,200	31,200	31,200
Communication/Internet/Other Tech	14,077	14,346	14,619	14,619	14,619
Utilities	303,887	308,324	312,849	317,465	324,574
Other Miscellaneous	67,453	68,104	68,770	68,770	68,770
<b>Total Purchased Services</b>	<b>\$ 2,546,233</b>	<b>\$ 2,524,368</b>	<b>\$ 2,554,422</b>	<b>\$ 2,582,687</b>	<b>\$ 2,608,750</b>

**Supplies and Materials (Line 3.040)**

This line includes purchases of textbooks and instructional materials, custodial and maintenance supplies, fuel purchases for bus transportation, and other miscellaneous supplies and materials. Projections for 2019 and beyond are based on a 2% annual increases for all material line items to cover inflation. Due to the addition of what will be 7 new buses as of the this school year, we have projected no increase in bus parts and fuel respectively for 2019 and beyond.

**Capital Outlay (Line 3.050)**

Capital outlay expenditures include items such as improvements to building property, purchase of school buses, equipment, computers, and other assets with an estimated useful life in excess of five years. For fiscal years 2017 through 2021, it is anticipated that District will be purchasing many of these items from the District's Permanent Improvement Fund. However, for fiscal year 2019, the District has budgeted \$127,597 to complete the resurfacing work to the High School Running Track, replace the cooler in the High School Cafeteria, and to replace to air handlers at the High School.

**Other Objects (Line 4.300)**

Other objects include expenditures for property, fleet, and liability insurance, as well as all other expenditures which do not fall into one of the above categories. Due to their unpredictable and fluctuation nature, we did not project a change for these line items through the term of the forecast.

**Encumbrances** - Estimated encumbrances have been projected based on historical patterns.