

Less	Insurance (Prop, Vehicle, etc.)											
Less	Text Books	(350,000)	(375,000)									
Less	Fund 310 Grant Not Spent	(21,000)										
Less	Debt Service			(750,000)	-	-	-	-	-	(750,000)	-	
Less	Lily Grant	(36,000)										
Less	Title Grant Payback	(152,000)										
Less	Building Readiness	(500,000)										
Less	Business Equipment	(86,000)										
Less	SEIU Past Amount Due		(800,000)									
Net	Nonrecurring A/P	(895,000)	(1,375,000)	175,000	(950,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(950,000)	(200,000)
Plus	Loan Proceeds 15-31	3,111,000										
Less	3rd Monthly Payroll	(1,250,000)	-	-	-	-	-	(1,250,000)	-	-	-	-
	Ending Balance	<u>3,230,197</u>	<u>56,747</u>	<u>(1,616,703)</u>	<u>(4,440,153)</u>	<u>(8,707,203)</u>	<u>(10,874,253)</u>	<u>(14,266,303)</u>	<u>(16,383,353)</u>	<u>(20,550,403)</u>	<u>(23,317,453)</u>	<u>(25,334,503)</u>

Based on this forecast, GCSC will have enough cash to make the three September payrolls. However, not enough cash to make the first October payroll.

Loan, and loan proceeds for September 2017 are shown in dark red. Unique items shown in blue.

Overall assumption:

The Forecast does not reflect structural deficient elimination plan which will be available on or before 12/31/17.

Assumptions:

1. Text book payment is required in September.
2. Title grant payback is required.
3. IRS payment does not increase.
4. Debt service payments made from General Fund.
5. No decrease in student enrollment (5,700).
6. Bus contract is net of Federal Funds.
7. Listed A/P has not been validated beyond State audits.
8. Employee benefits increase 10% in January.
9. Utility costs are flat throughout school year.
10. Loan repayments are flat throughout the school year.

Gary Community Schools Corporation
 Operating (General) Fund
 Funds Requested
 Based on Estimated Cash Flow Statement
 School Year 2017-2018

Description	Amount
1 CIGNA August 2017 Premium	\$ 450,000
2 CIGNA August 2017 Agreement for Past Due	\$ 150,000
3 Classroom Materials Bridge Loan	\$ 375,000
4 October 13, 2017 Payroll	\$ 1,250,000
5 SEIU	\$ 800,000
6 Business Equipment	\$ 86,000
Total Request	<u>\$ 3,111,000</u>

Footnotes

- 1 GCSC is behind in premium payments to CIGNA. In 2017, GCSC paid CIGNA \$860,309 for 2014 premiums. GCSC also paid premiums in 2017 for several months of, but not all months of, 2017. These funds will be used to pay the CIGNA August 2017 premium.

- 2 In early 2017 GCSC and CIGNA reached an agreement for GCSC to make payments on an accumulated debt of over \$2,000,000. GCSC agreed to stay current with monthly premiums and pay an additional \$150,000 per month. Through the end of August 2017, only one \$150,000 payment has been made in 2017. The accumulated debt is now approximately \$4,000,000. Paying the August and September 2017 premiums and agreed amounts for August and September will reduce the accumulated debt to approximately \$3,000,000.

- 3 GCSC has Title money from 2017 eligible for classroom materials. This money should not impact the General Fund. However, due the GCSC's credit history with Pearson Education, any purchase must be paid in advance. Purchases with Title funds, however, cannot be pre paid. Therefore, GCSC paid for approximately 60% of a classroom materials order with General Fund money and will claim reimbursement from Title funds in September. The net impact to the General Fund is zero expect for cash flow. The remaining 40% of the material order will be placed in September with expected reimbursement in October. Waiting until October to place the remaining order will push back delivery of classroom materials into October which is detrimental to academic achievement.

- 4 GCSC will not have enough cash on hand to meet the October 13, 2017 payroll.
- 5 SEIU provides employee benefits for designated GCSC employees. GCSC is behind in payments to SEIU. Several payments were made to SEIU in 2016 and several have been made in 2017. However, no payment has been made since May 2017. Additionally, GCSC has been accruing penalties and interest on the outstanding amount due dating back to 2014 or before. To date, the past due amount for premiums, penalties and interest is approximately \$800,000. Clearing the account will help with conversations and costs for 2018 benefit costs.
- 6 GCSC requires essential business equipment to maintain minimum office productivity capabilities. These funds will be applied to equipment necessary for daily operations.