



**Akron Public  
Schools®**

# **Five Year Forecast Financial Report**

May, 2017

*Ryan Pendleton, CFO*

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### Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

## Five Year Forecast - Simplified Statement

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	47,907,093	49,304,236	51,564,572	45,615,604	35,559,941
+ Revenue	335,951,327	343,266,859	346,071,016	354,841,435	360,393,633
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(334,554,184)	(341,006,523)	(352,019,984)	(364,897,098)	(378,385,136)
= Revenue Surplus or Deficit	1,397,143	2,260,336	(5,948,968)	(10,055,663)	(17,991,504)
Ending Balance	49,304,236	51,564,572	45,615,604	35,559,941	17,568,438
Revenue Surplus or Deficit w/o Levies	1,397,143	2,260,336	(5,948,968)	(10,055,663)	(17,991,504)
Ending Balance w/o Levies	49,304,236	51,564,572	45,615,604	35,559,941	17,568,438

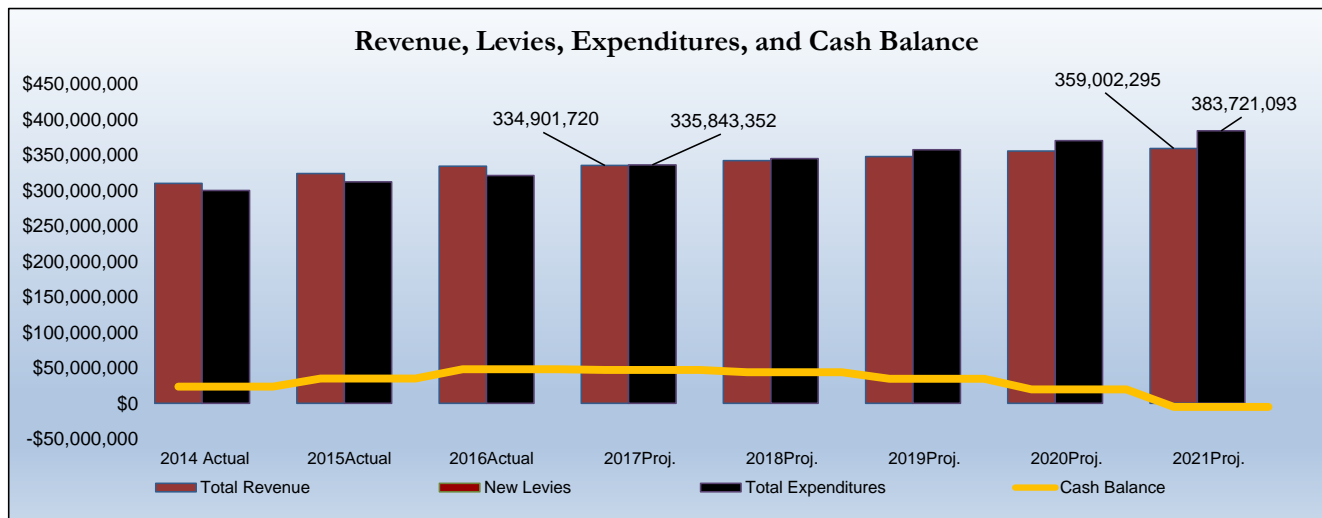
## Summary:

The most significant impact to the May 2017 Forecast is the staff reduction resulting from the three building closures. Even with more than \$6million in reductions, the district's current forecast indicates deficit spending in fiscal year 2019. The revenue projections for the district are stagnant in response to economic conditions. Local property values have not recovered from the Great Recession and historically enrollment has declined. These two conditions adversely impact local tax revenue and state per pupil funding. As a result revenue is projected to grow at about one-third the rate of expenditure growth.

The district continues its effort toward operating efficiency that will enable the greatest amount of resources available for needed instruction and programs. As enrollment declines, the district will continue to face tough decisions regarding its operating footprint and the most cost effective way to sustain instructional operations.

In FY 2018, the district is modeling building closures and staff reductions in response to the trend toward revenue shortfall. A detailed comparison of the forecast with and without this effort is presented in the supplemental section of this report.

The forecast above includes the FY 2018 building closure effort, and despite the effort, a trend toward revenue shortfall remains.



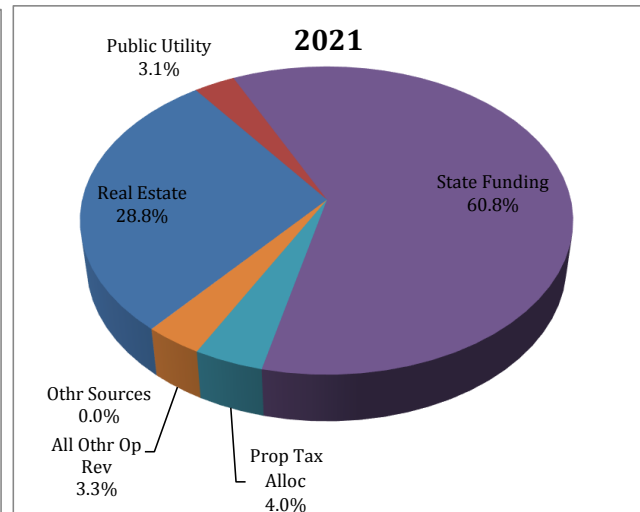
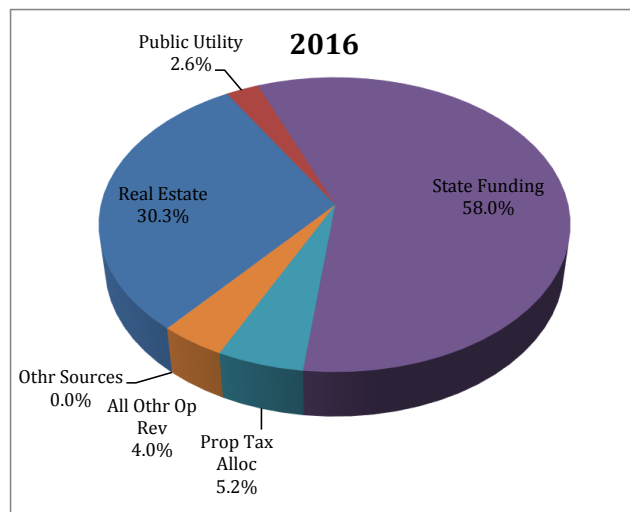
## Revenue Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	
<b>Revenue:</b>							
1.010-Real Estate	2.05%	2.53%	-0.94%	0.20%	0.25%	0.52%	0.51%
1.020-Public Utility	7.12%	9.20%	7.59%	3.50%	3.25%	3.00%	5.31%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	3.76%	1.96%	4.58%	1.26%	4.45%	2.43%	2.94%
1.040-Restricted Aid	149.82%	-0.84%	-1.48%	-0.30%	0.27%	0.10%	-0.45%
1.045-Restr Federal SFSF	-79.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-9.43%	-16.53%	-0.19%	-0.07%	-0.13%	0.01%	-3.38%
1.060-All Other Operating	8.27%	-11.89%	1.43%	0.68%	0.68%	0.68%	-1.68%
<b>1.070-Total Revenue</b>	<b>2.74%</b>	<b>0.58%</b>	<b>2.18%</b>	<b>0.82%</b>	<b>2.53%</b>	<b>1.56%</b>	<b>1.54%</b>
<b>2.070-Total Other Sources</b>	<b>209.06%</b>	<b>-6.81%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>-1.36%</b>
<b>2.080-Total Rev &amp; Other Srcs</b>	<b>2.74%</b>	<b>0.58%</b>	<b>2.18%</b>	<b>0.82%</b>	<b>2.53%</b>	<b>1.56%</b>	<b>1.54%</b>

Property values continue to be depressed which restricts projected real estate revenue growth, past growth was attributable to a new levy passed in 2012. State funding is the only major contributor to revenue growth over the forecast period and is very enrollment dependent as well as dependent upon the state of Ohio's financial condition.

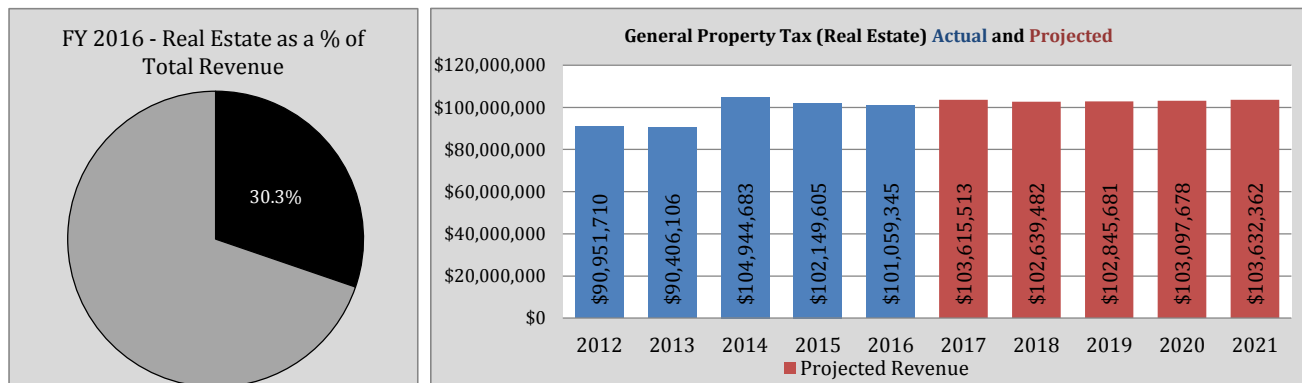
State funding is projected to grow from 58% of district revenue in FY 2016 to 61% in FY 2021 while local real estate taxes decline proportionately.

Operating revenue average annual growth is projected to be 1.54% over the five year forecast period.



## 1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



Real estate tax revenue provided 30.3% of total revenue in FY 2016, down from FY 2015's 31.6% level. The revenue is driven by three key factors: property values, tax rates, and the payment or collection rate of taxes billed. With respect to property values the district has experienced decline in taxable values for the past five years. The stagnant valuations have caused some slight decline in estimated revenue. A small amount of growth is projected in the 2017 tax year, with small declines in 2018 and 2019. The district's property values remain economically depressed.

The district's taxpayers approved a new levy in 2012 which helped maintain revenue through the declining valuations. About 65% of the district's real estate tax revenue is derived from residential taxpayers with an effective 2015 tax rate of 52.38 mills (\$5.24 tax per \$1,000 of assessed property valuation).

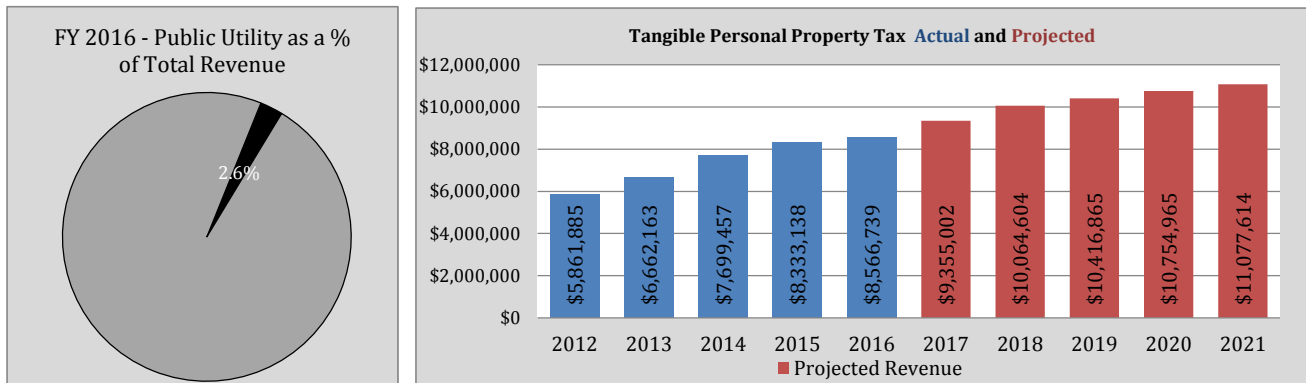
The district's gross (current + prior year delinquencies paid) improved to 98.4% in 2016 collections (2015 tax year). The improvement was due to an increased rate of collection of business (Class II) taxes. The forecast assumes a gross (current + prior year delinquencies paid) collection rate of 98.1 for 2017 through 2020 tax collections.

			65.94% of Total Real Estate Revenue		34.06% of Total Real Estate Revenue		Gross Collection Rate All Taxes	
			Effective Residential		Effective Business			
Tax Year	Real Property Valuation	Year-Over-Year Change	Tax Rate	Year-Over-Year Change	Tax Rate	Year-Over-Year Change		
2012	2,321,083,950	(32,053,110)	50.44	8.02	61.92	8.25		Actual
2013	2,257,504,970	(63,578,980)	50.56	0.12	62.40	0.49	98.1%	Actual
2014	2,199,473,000	(58,031,970)	52.18	1.62	60.42	(1.98)	96.9%	Actual
2015	2,167,873,750	(31,599,250)	52.27	0.08	61.00	0.58	98.4%	Actual
2016	2,160,728,239	(7,145,511)	52.38	0.11	61.57	0.57	98.3%	Projected
2017	2,169,933,052	9,204,814	51.90	(0.48)	62.51	0.94	98.1%	Projected
2018	2,165,619,959	(4,313,093)	52.07	0.17	62.64	0.12	98.1%	Projected
2019	2,161,353,486	(4,266,473)	52.24	0.17	62.76	0.12	98.1%	Projected
2020	2,224,550,331	63,196,845	50.84	(1.40)	62.18	(0.58)	98.0%	Projected

\*Projected % trends include renewal levies

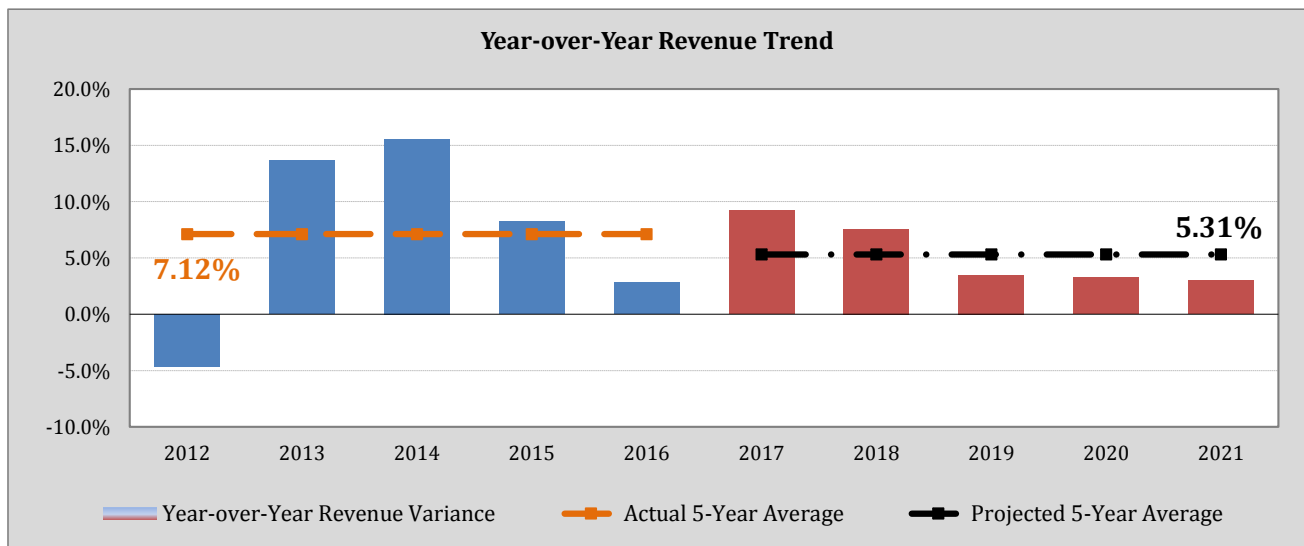
## 1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



Public utility tax revenue is 2.6% of the district's revenue, but is expected to grow consistently over the forecast period. The growth is attributable to ongoing infrastructure investment by power and gas companies.

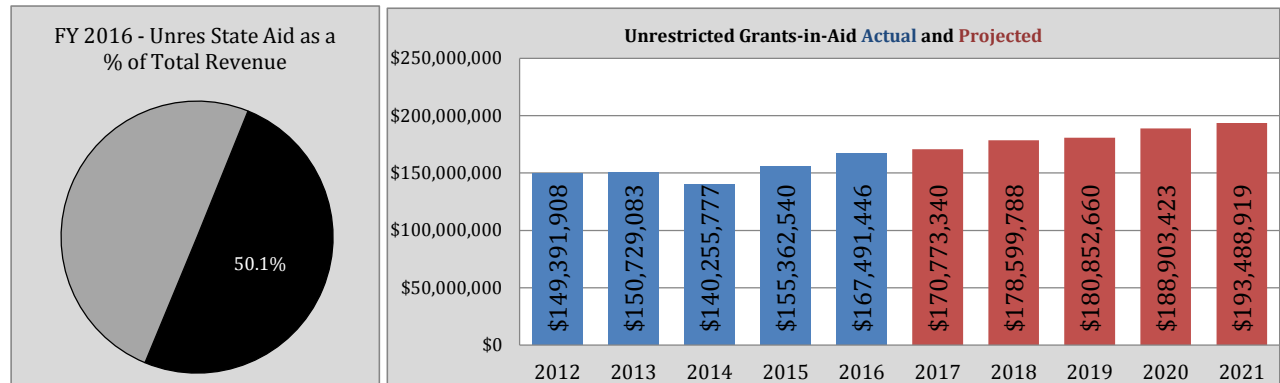
The 2016 values (for 2017 collection) increased \$14,375,750 which is about 11% growth. This level of growth exceeded the October forecast projections. Growth is more subdued at about 3.0% in the remaining projected years.



*\*Projected % trends include renewal levies*

## 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

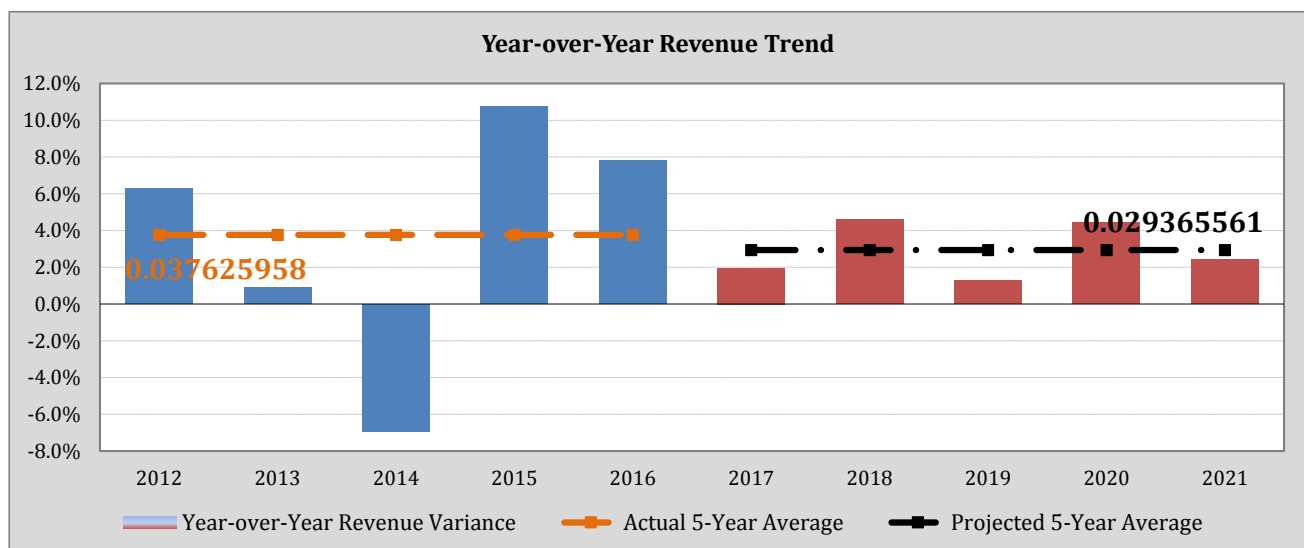


The state's per pupil funding formula generates 50.1% of the district's revenue and is up from FY 2015's 48.0% level. Beginning in FY 2014, Ohio implemented a new funding formula. That particular formula provided noteworthy funding increases for the district because of the district's low per pupil valuation (PPV) of \$87,318, which is only 62.76% of the statewide median in FY 2016. The State adopted a new budget to fund schools in FY 2016 and FY 2017.

The district's state share formula calculation in FY 2017 is projected to be 69.8%, which will provide \$4,188 of the state's core statewide aid per pupil of \$6,000. The district's per pupil valuation is projected to decline to \$87,293 in FY 2021 which will be 57% of the statewide median. The district's state share is projected to be 74.34% in FY 2021 and generate \$4,758 per pupil of the estimated statewide formula amount of \$6,400. The state calculated a correction of \$1,338,403 for FY 2016 funding that is being posted as cost in FY 2017.

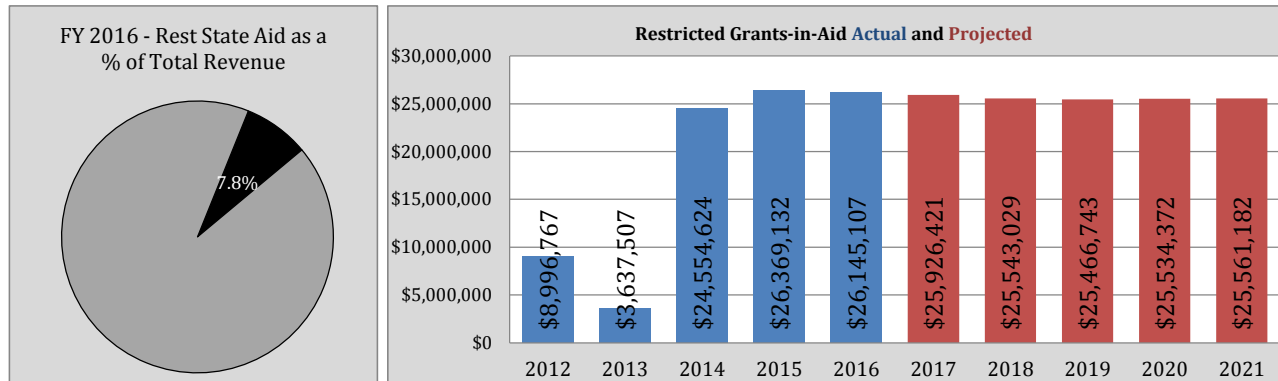
The forecast assumes stable funded enrollment (declining locally-served headcount with increasing tuition-served charter and other enrollment). The district is considered a formula district and enrollment fluctuation can significantly impact revenue projections. The calculations will be monitored on a semi-annual basis. Please see the supplemental section of this report for more detailed information on enrollment projections.

Casino revenue is estimated at \$50.85 per pupil, and is projected to be \$1,044,000 in FY 2017.

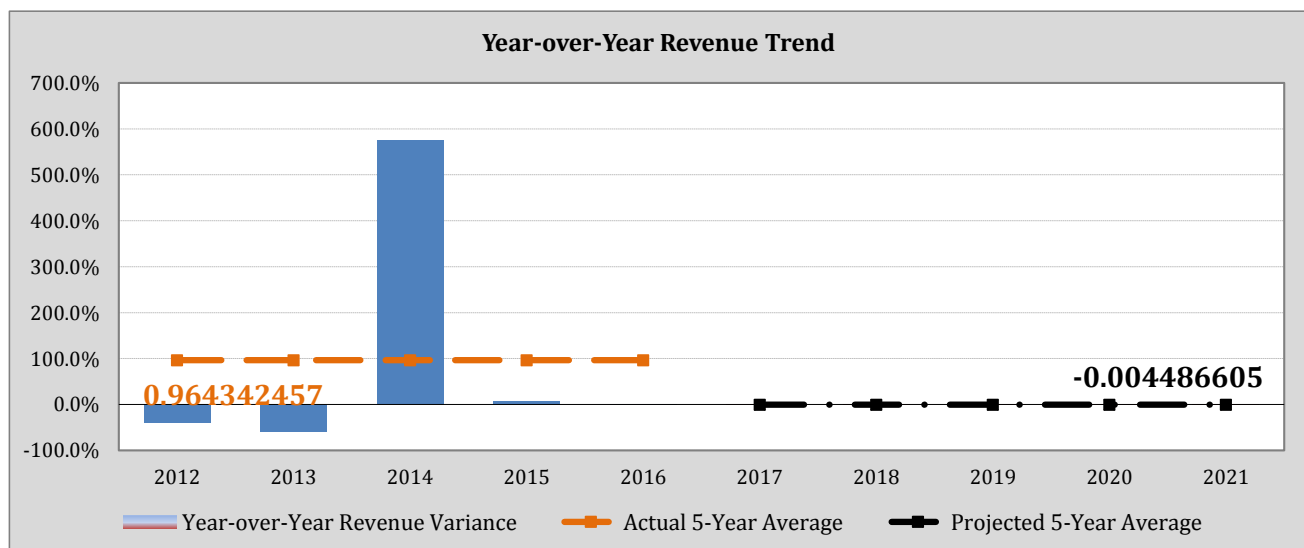


## 1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



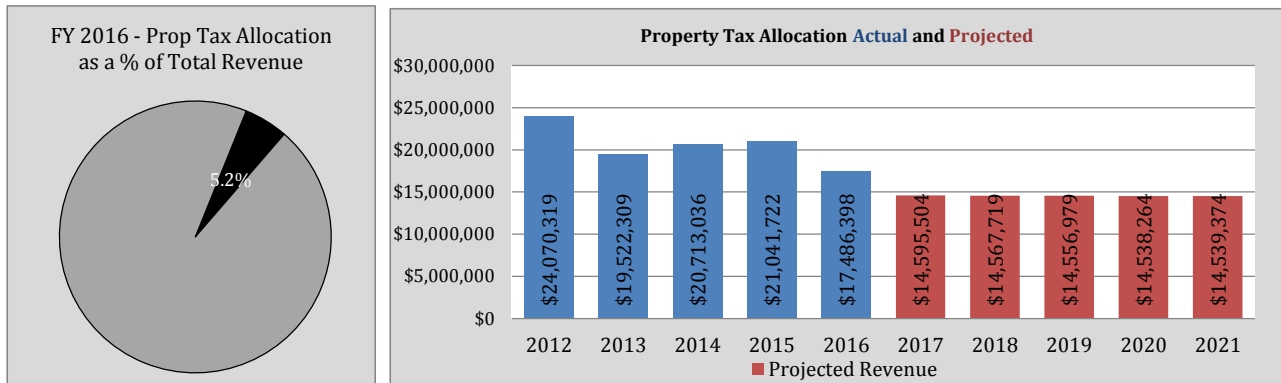
Restricted state aid complements unrestricted state aid as it is the portion of the funding formula that must be designated as restricted; the restricted category is primarily 'economic disadvantaged' funding. Economic disadvantaged funding is expected to be \$22.3 million in FY 2017, and it is primarily driven by the district's relatively high student poverty level. In 2016, 90.12% of the district's students were identified as economic disadvantaged, compared to the state as a whole that had an average of 48.06% (FY 16).





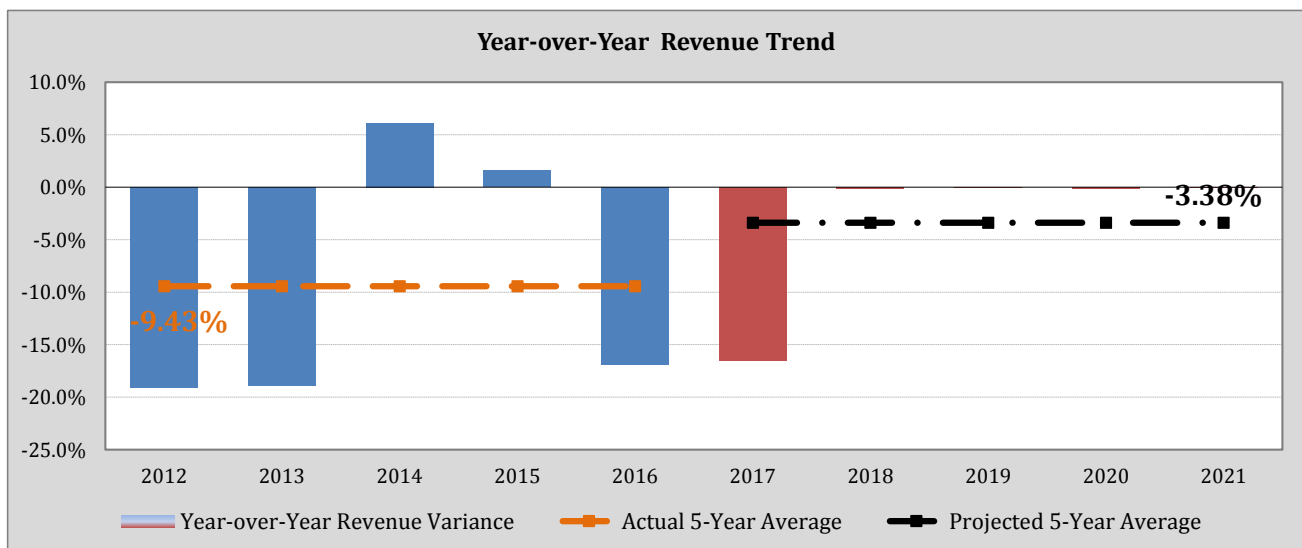
## 1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



Property tax allocation is now just 5.2% of the district's revenue after dropping from 6.5%. The category has declined significantly from its 2011 level. This category includes the state's reimbursements known as "rollback" and "homestead." These reimbursements reduce local taxpayer real estate tax obligations.

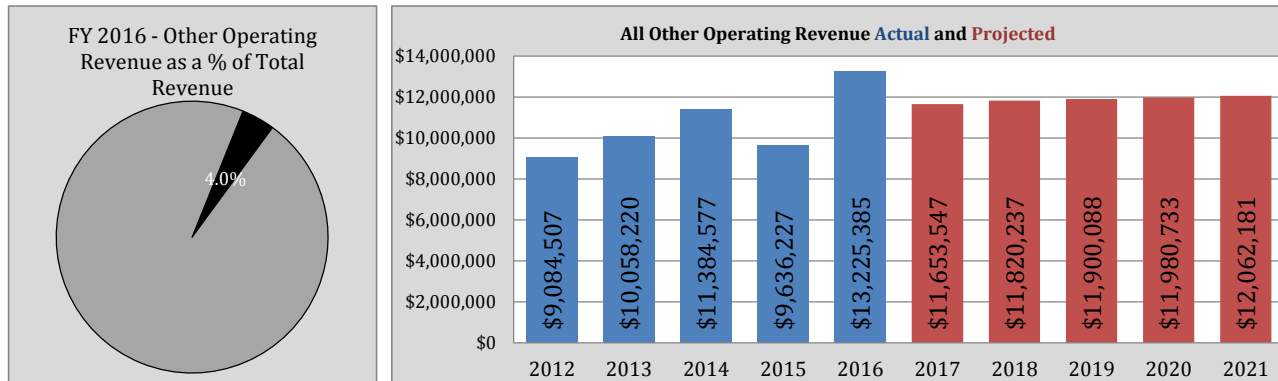
In addition to reimbursements for local residential real estate taxes, Akron also received reimbursement for Ohio's 2005 tax reform that eliminated local taxes on tangible personal property (equipment, inventory, etc.). This reimbursement was cut to \$5,652,518 in 2015, and is being phased-out to \$0 by FY 2017. It is this cut in state reimbursement that has partially offset initial funding gains from the state funding formula. The cut in reimbursement also explains the decline in the historical revenue bars above.



*\*Projected % trends include renewal levies*

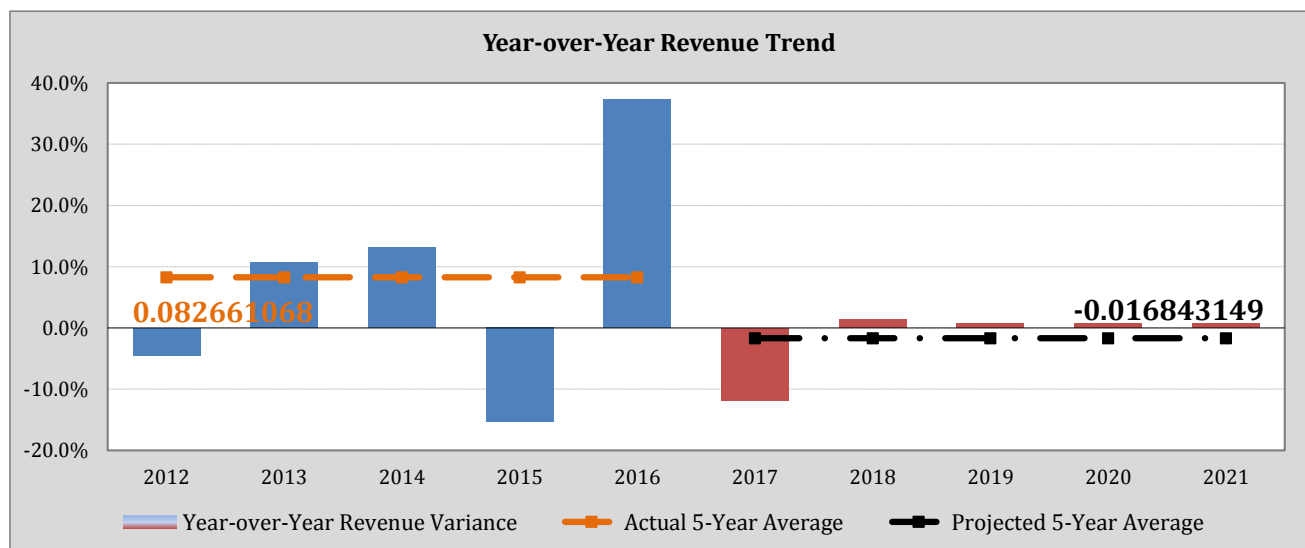
## 1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



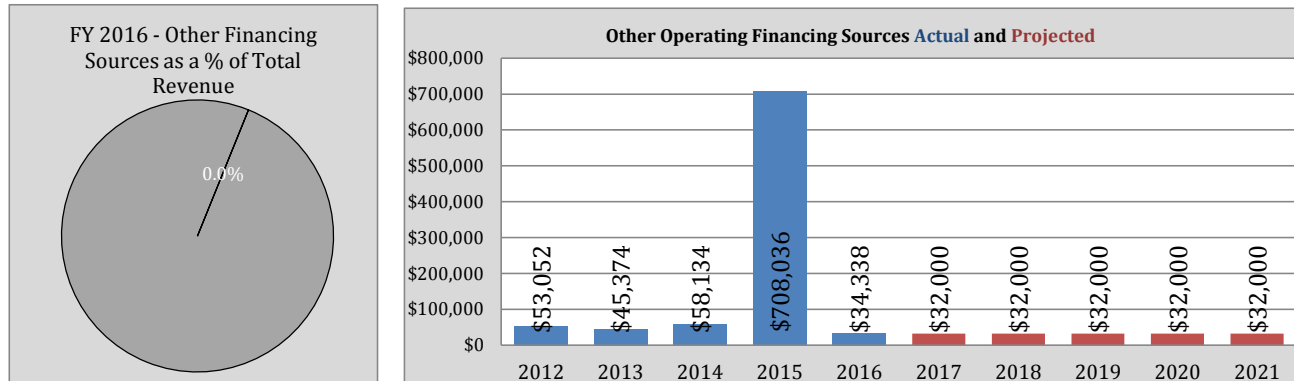
At 4.0% (up from the prior year's 3.0% level) of total revenue, the "other operating" category includes open enrollment tuition at \$3.6 million (35% of the total), and Medicaid reimbursement at \$2.5 million (approximately 25% of the total). Business and payments in lieu of taxes (abatements and Tax Incentive Financings) declined significantly from FY 2014 to FY 2015. The business payments in lieu of taxes increased in FY 2016 to the prior levels, and are projected to remain consistent in FY 2017 and beyond.

FY 2017 is projected to decline because of anticipated reduction in Medicaid funding. A modest reduction is expected in payments in lieu of taxes.



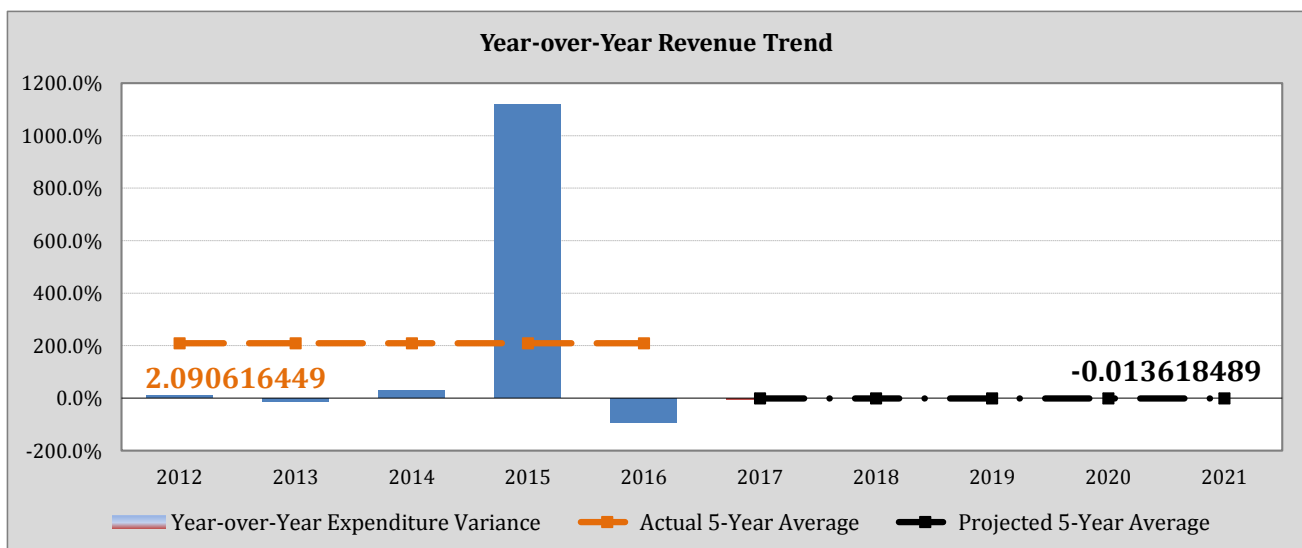
## 2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



This category includes advances (temporary loans) from the general fund that are repaid. Refunds of prior year expenditures were received in FY 2015, but not projected to continue.

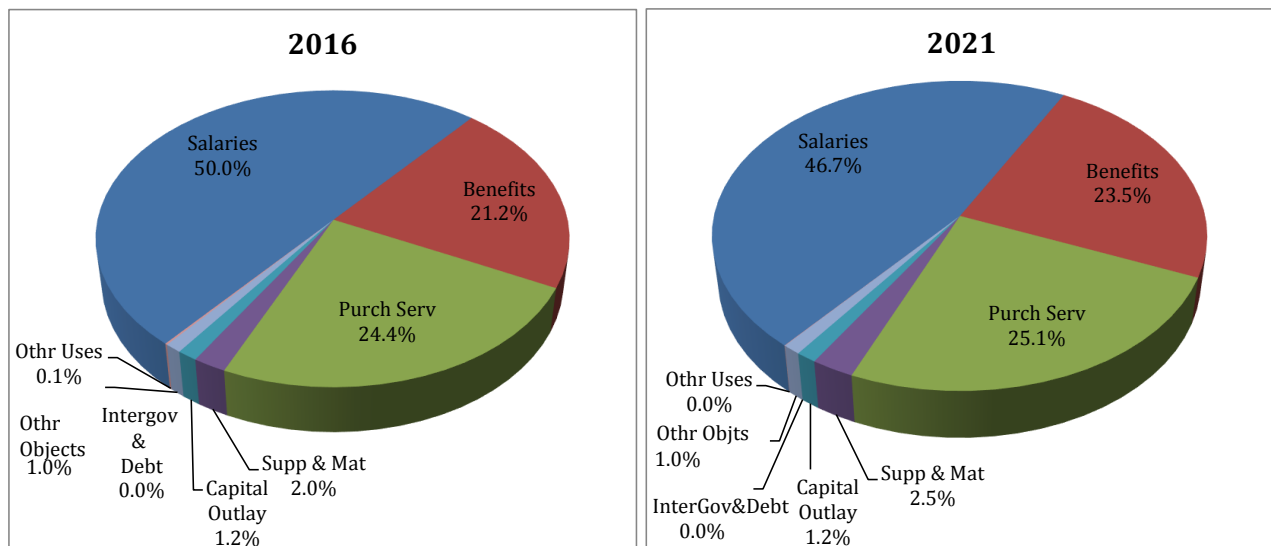
The amounts are projected to be consistent, and minimal from 2017 through 2021.



## Expenditures Overview

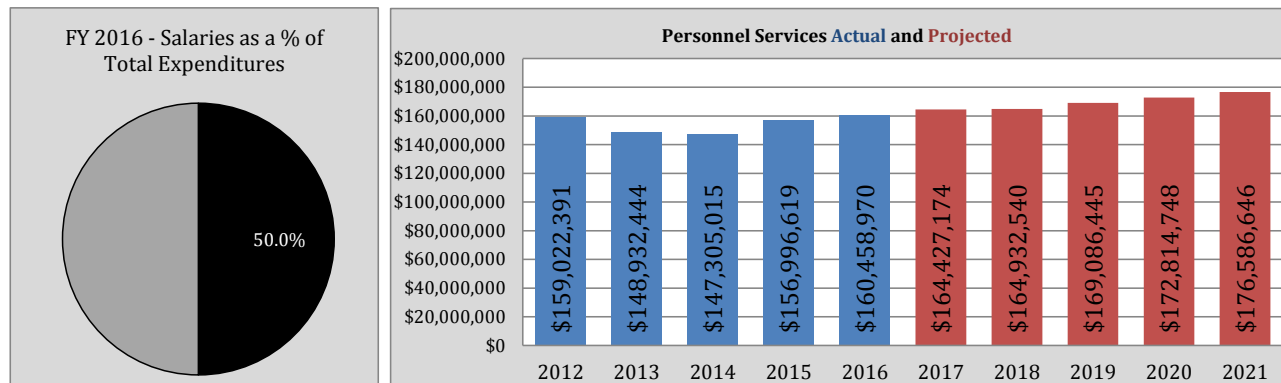
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	
<b>Expenditures:</b>							
3.010-Salaries	-0.14%	2.47%	0.31%	2.52%	2.20%	2.18%	1.94%
3.020-Benefits	0.59%	8.22%	3.13%	3.77%	6.28%	6.33%	5.55%
3.030-Purchased Services	4.31%	3.55%	4.13%	3.88%	3.91%	3.95%	3.89%
3.040-Supplies & Materials	2.21%	14.67%	5.97%	6.07%	6.17%	6.27%	7.83%
3.050-Capital Outlay	67.36%	10.35%	-3.63%	2.36%	2.39%	2.41%	2.78%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.300-Other Objects	5.61%	4.10%	4.06%	4.08%	4.10%	4.11%	4.09%
4.500-Total Expenditures	1.19%	4.31%	1.97%	3.23%	3.66%	3.70%	3.37%
5.040-Total Other Uses	63.99%	-40.34%	-51.18%	0.00%	0.00%	0.00%	-18.30%
5.050-Total Exp & Other Uses	1.21%	4.25%	1.93%	3.23%	3.66%	3.70%	3.35%

While increasing then maintaining investment in instructional supply and capital, the district's average annual increase in operating cost is projected to be 3.34%. While the amount with the additional investment is modest, it is nearly three times the rate of projected revenue growth.



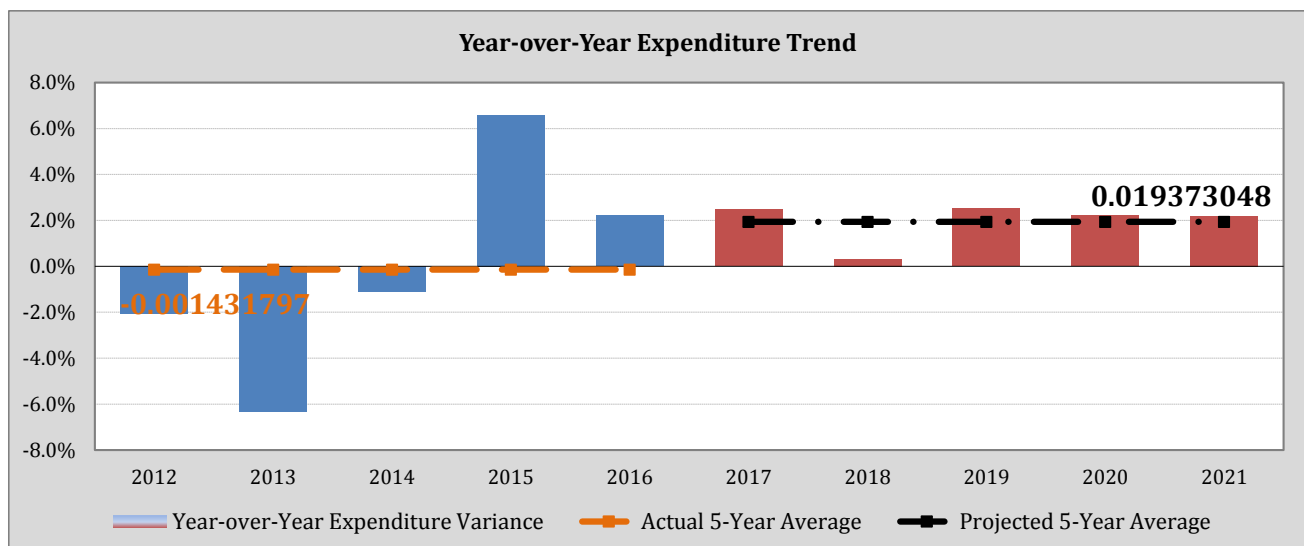
### 3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



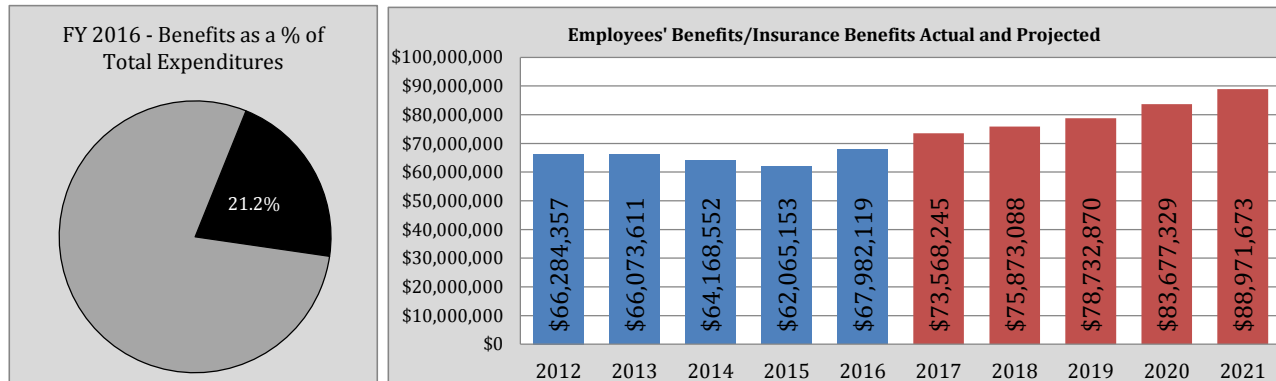
Salaries are half of the district's budget. The district cut costs in FY 2012, and the decline in salary cost continued through FY 2014. In FY 2015 the district's salary costs increased by 6.58%. While costs remain below the FY 2011 level of \$162,371,841, the forecast reflects continued increases with slightly declining staffing levels. The average annual cost increase for the forecast period FY 2017 through FY 2021 is 1.64%. The subdued rate of growth is due to building closures and staffing reduction.

The forecast includes modeling of 2017 and 2018 staffing reductions to reflect building reductions. Additional detail on these reductions is reflected in the supplemental section.



### 3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.

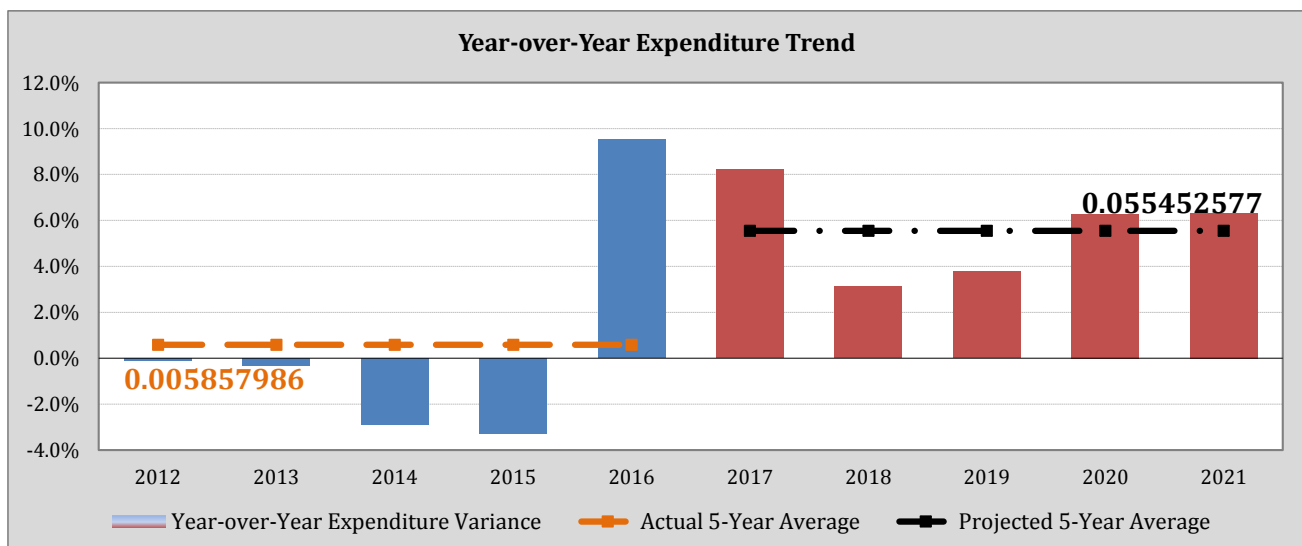


The third largest spending category is for fringe benefits at 21.2% which is up from last year's level of 19.9% of the district's budget. Fringe benefit costs have increased at a rate of 0.59% annually over the past five years. Increases in cost would have been greater had there not been staffing reductions. The single biggest contributor to increases in benefits is for health insurance.

The fringe benefit costs are projected to increase 6.67% annually, on average, through FY 2021. The FY 2017 fringe benefit costs are projected to increase by 8.16%.

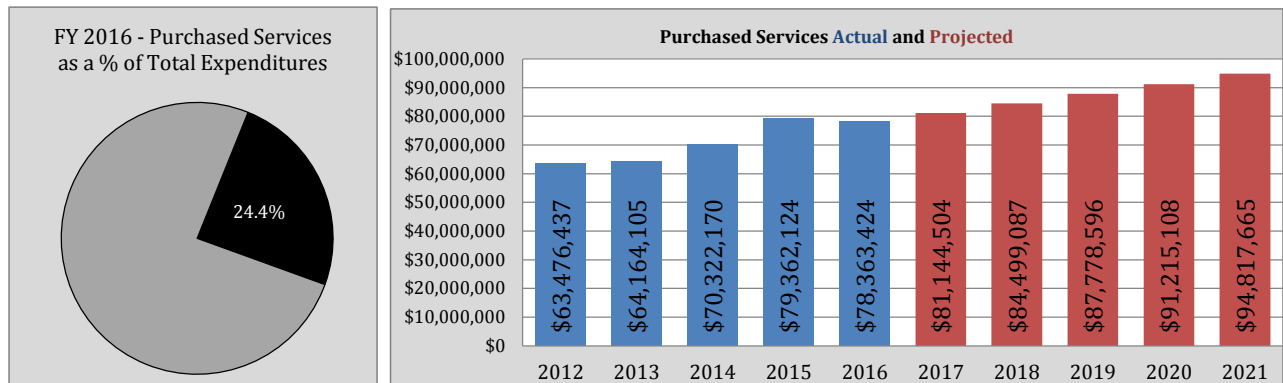
Health insurance premiums were 58% of total benefit cost in FY 2016, and totaled \$39.4 million. Health insurance costs are projected to increase 13% in FY 2017, 10% in FY 2018, 9% in FY 2019, 8% in FY 2020 and FY 2021. The health insurance trend being modeled is in alignment with the district's consultant recommendation of a 40% increase over the four years ending FY 2019.

Benefit costs also reflect staffing reductions associated with 2017 and 2018 building closures and staffing reductions.



### 3.030 - Purchased Services

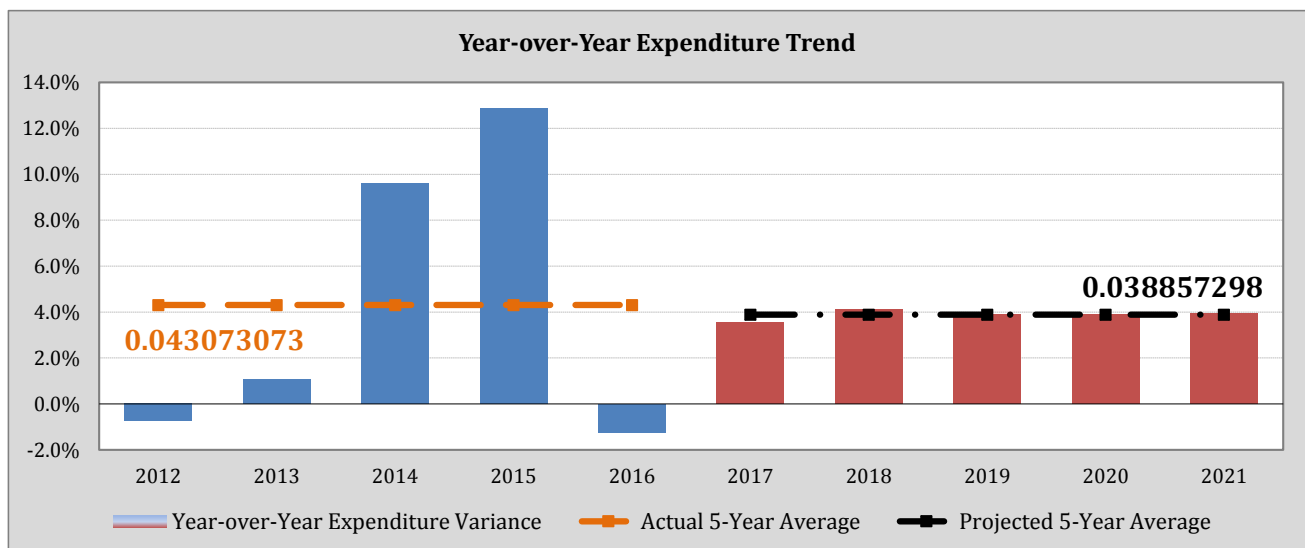
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



Purchased services are one-fourth of the district's operating budget. Tuition paid to community schools and others make-up 73% of the purchased services category. The district paid \$30,211,446 to community schools in FY 2016 which is down from FY 2015's \$32,391,683 tuition amount. Vouchers totaled \$7,544,745 in FY 2016 which is up from FY 2015's \$6,797,490 level.

College tuition payments for students totaled \$2,713,984 in FY 2016 compared to FY 2015's \$2,322,766 level.

Utilities totaled \$6.8 million in FY 2016. Other purchased services included \$4.3 million for van drivers which was down slightly over FY 2015. Utilities reflect some decline in 2018 due to building closures.

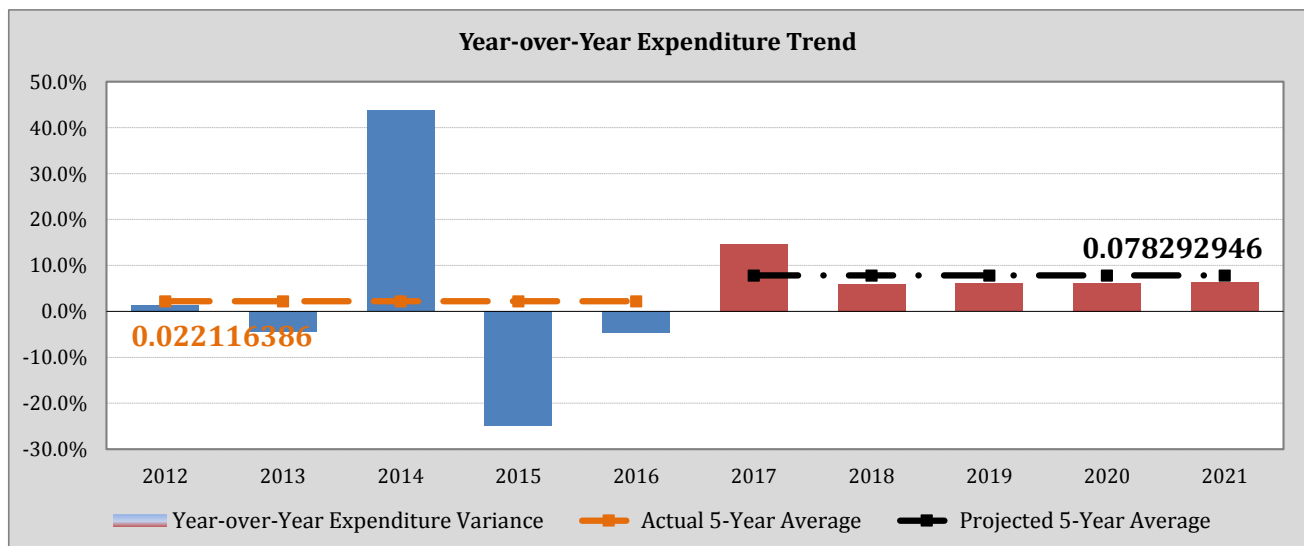


### 3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



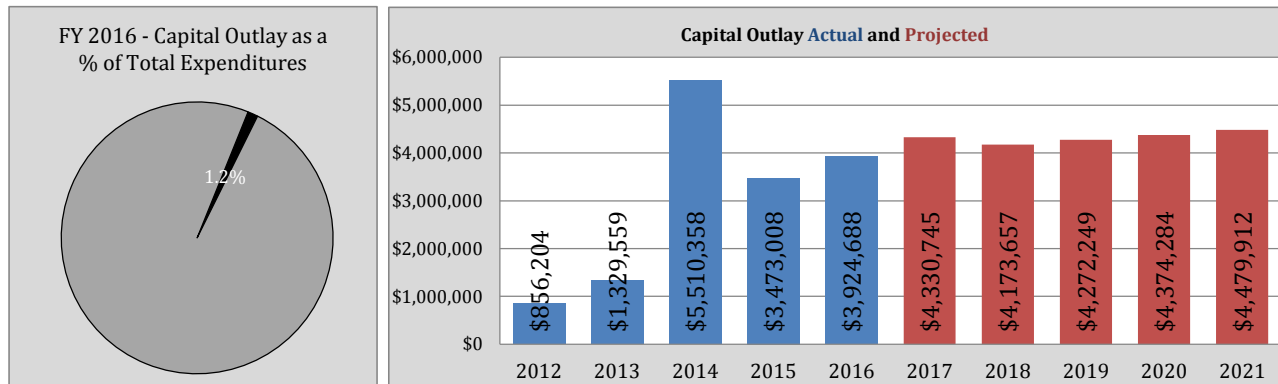
The district maintained supplies (including instructional) at 2.0% of the district's budget in FY 2016 which is down from FY 2016's level of 2.2% of total budget. The forecast projects annual growth in this category in response to the deferral of costs from the Great Recession era, and the desire to better meet student needs. The increase averages 7.83% annually through FY 2021.



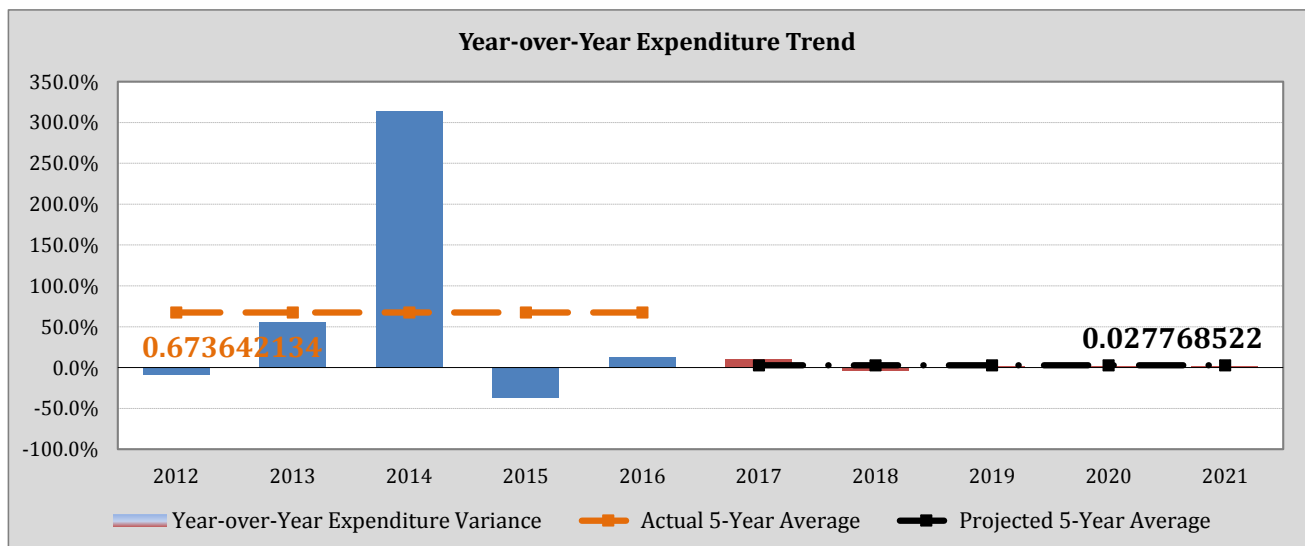


### 3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.

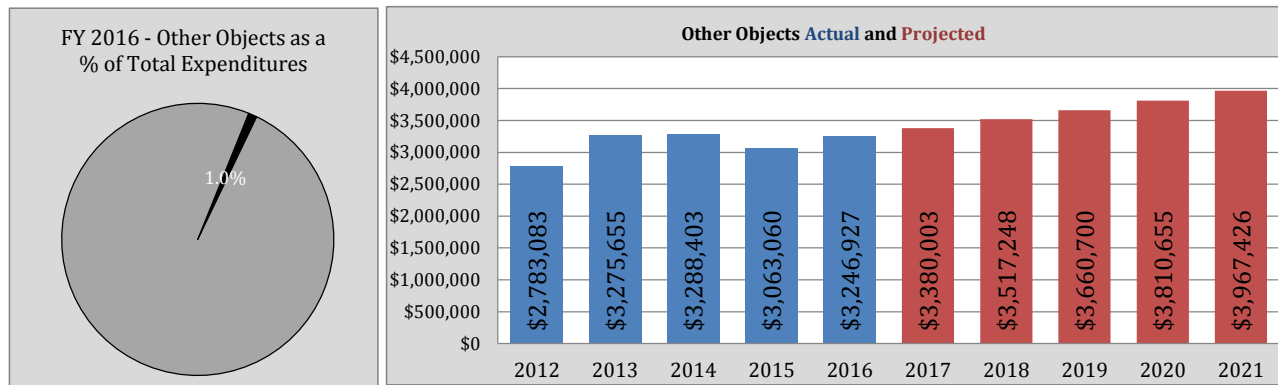


Capital outlay is just 1.2% of the district's budget and is projected to grow slightly from the FY 2016 level in response to inflationary pressures. Annual average growth is projected to be 2.78%.

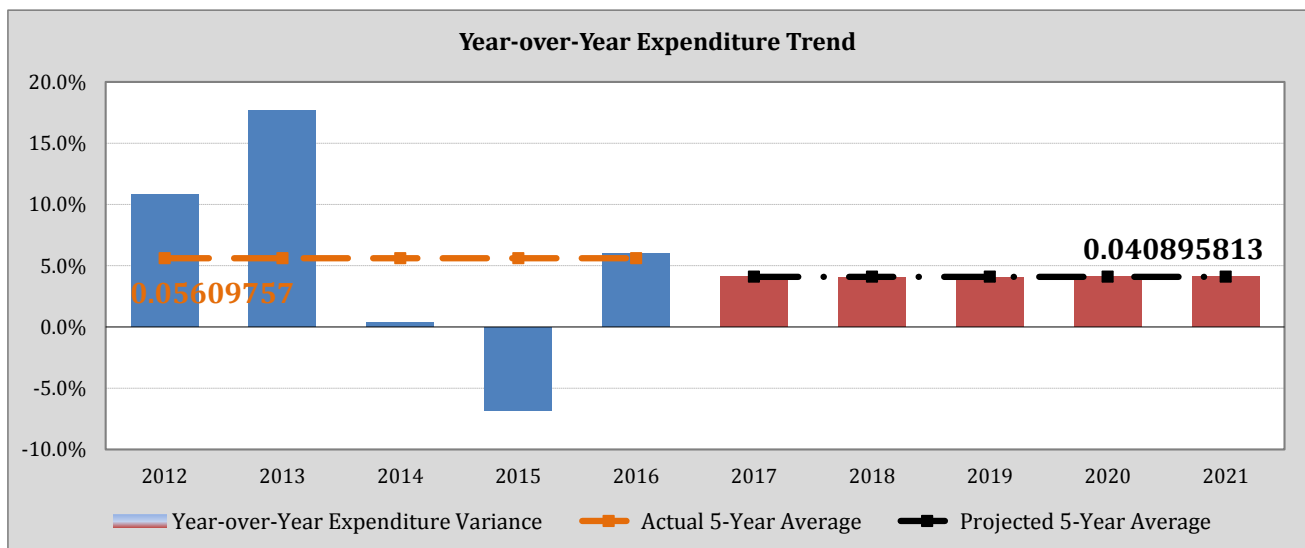


### 4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.

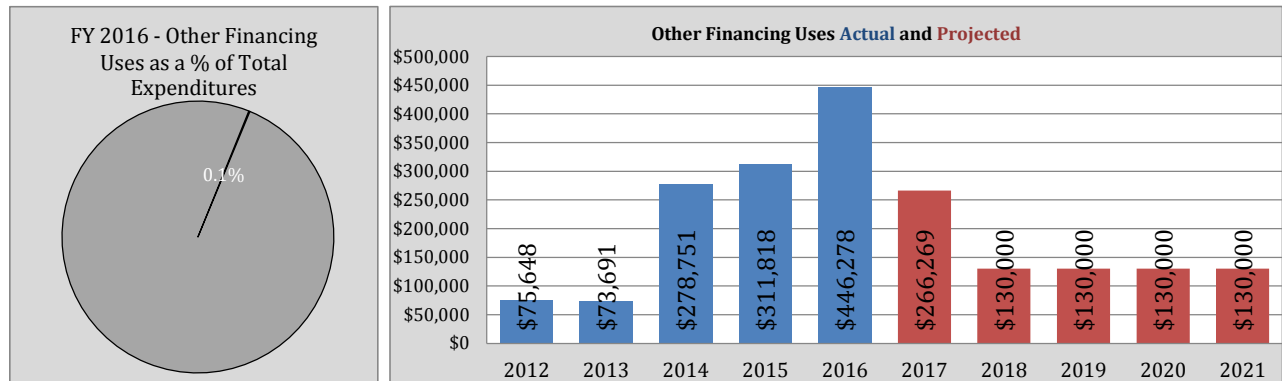


Other objects include county auditor and treasurer fees totaling \$2.16 million in FY 2016.

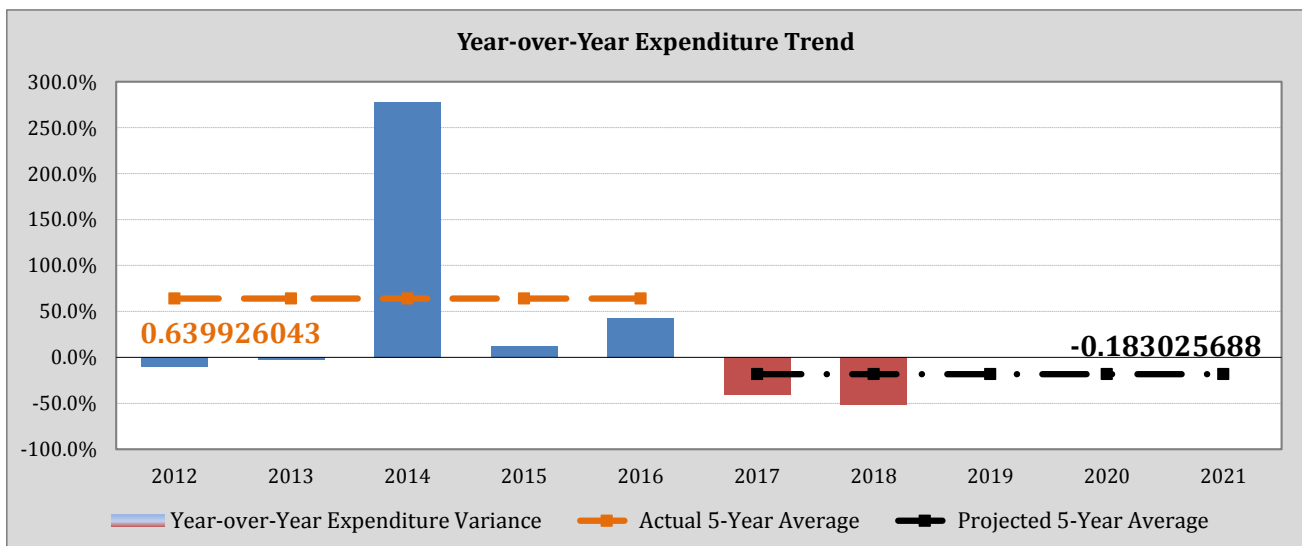


## 5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



Other financing uses are transfers and/or temporary advances (loans) to other funds. The activity is projected to be minimal through the forecast period ending FY 2021.



## Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers  
F.Y. 2017

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
Revenue:		Forecast Amounts For F.Y. 2017 Prepared on: Oct 2016	Forecast Amounts For F.Y. 2017 Prepared on: 5/19/2017		
1	Real Estate & Property Allocation	\$117,666,857	\$118,211,017	\$544,160	0.5%
2	Public Utility Personal Property	\$8,973,982	\$9,355,002	\$381,021	4.2%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$195,877,466	\$196,699,761	\$822,295	0.4%
5	Other Revenue	\$12,351,416	\$11,653,547	-\$697,869	-5.7%
6	Other Non Operating Revenue	\$32,000	\$32,000	\$0	0.0%
7	<b>Total Revenue</b>	<b>\$334,901,720</b>	<b>\$335,951,327</b>	<b>\$1,049,607</b>	<b>0.3%</b>
<b>Expenditures:</b>					
8	Salaries	\$163,969,275	\$164,427,174	\$457,899	0.3%
9	Fringe Benefits	\$73,627,787	\$73,568,245	-\$59,542	-0.1%
10	Purchased Services	\$82,923,298	\$81,144,504	-\$1,778,795	-2.1%
11	Supplies, Debt, Capital Outlay & Other	\$15,147,992	\$15,147,992	\$0	0.0%
12	Other Non Operating Expenditures	\$175,000	\$266,269	\$91,269	52.2%
13	<b>Total Expenditures</b>	<b>\$335,843,352</b>	<b>\$334,554,184</b>	<b>-\$1,289,168</b>	<b>-0.4%</b>
14	<b>Revenue Over/(Under) Expenditures</b>	<b>-\$941,632</b>	<b>\$1,397,143</b>	<b>\$2,338,775</b>	<b>0.7%*</b>
15	<b>Ending Cash Balance</b>	<b>\$46,965,461</b>	<b>\$49,304,236</b>	<b>\$2,338,775</b>	<b>0.7%*</b>

\*Percentage expressed in terms of total expenditures

FY 2017's current revenue projections are improved. Property values improved slightly over the October estimates, which explain the increase in real estate and public utility personal property tax revenue (Lines 1 and 2 above). State foundation funding (Line 4) is up over the previous forecast because of slightly higher enrollment estimates for state per pupil funding. Overall revenue is within 0.3% of the October forecast.

Salaries are trending -0.5% lower than projected in October; this also reduced benefit cost in a commensurate amount.

Purchased services are down because of utility costs and the purchase of professional services.

Capital outlay is down because of timing and the level is expected to return to the previously forecasted amount in FY 2018 and beyond.

Expenditures are within -1.3% of the previous forecast.

## Akron Public Schools

Fiscal Year:	Actual	FORECASTED				
	2016	2017	2018	2019	2020	2021
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	101,059,345	103,615,513	102,639,482	102,845,681	103,097,678	103,632,362
1.020 - Public Utility Personal Property	8,566,739	9,355,002	10,064,604	10,416,865	10,754,965	11,077,614
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	167,491,446	170,773,340	178,599,788	180,852,660	188,903,423	193,488,919
1.040 - Restricted Grants-in-Aid	26,145,107	25,926,421	25,543,029	25,466,743	25,534,372	25,561,182
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	17,486,398	14,595,504	14,567,719	14,556,979	14,538,264	14,539,374
1.060 - All Other Operating Revenues	13,225,385	11,653,547	11,820,237	11,900,088	11,980,733	12,062,181
<b>1.070 - Total Revenue</b>	<b>333,974,420</b>	<b>335,919,327</b>	<b>343,234,859</b>	<b>346,039,016</b>	<b>354,809,435</b>	<b>360,361,633</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	30,281	32,000	32,000	32,000	32,000	32,000
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	4,057	-	-	-	-	-
<b>2.070 - Total Other Financing Sources</b>	<b>34,338</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>334,008,759</b>	<b>335,951,327</b>	<b>343,266,859</b>	<b>346,071,016</b>	<b>354,841,435</b>	<b>360,393,633</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	160,458,970	164,427,174	164,932,540	169,086,445	172,814,748	176,586,646
3.020 - Employee Benefits	67,982,119	73,568,245	75,873,088	78,732,870	83,677,329	88,971,673
3.030 - Purchased Services	78,363,424	81,144,504	84,499,087	87,778,596	91,215,108	94,817,665
3.040 - Supplies and Materials	6,485,915	7,437,244	7,880,904	8,359,123	8,874,974	9,431,815
3.050 - Capital Outlay	3,924,688	4,330,745	4,173,657	4,272,249	4,374,284	4,479,912
3.060 - Intergovernmental	-	-	-	-	-	-
<b>Debt Service:</b>						
4.010 - Principal-All Years	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	-	-	-	-	-	-
4.300 - Other Objects	3,246,927	3,380,003	3,517,248	3,660,700	3,810,655	3,967,426
<b>4.500 - Total Expenditures</b>	<b>320,462,043</b>	<b>334,287,915</b>	<b>340,876,523</b>	<b>351,889,984</b>	<b>364,767,098</b>	<b>378,255,136</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	446,278	266,269	130,000	130,000	130,000	130,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>446,278</b>	<b>266,269</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>320,908,322</b>	<b>334,554,184</b>	<b>341,006,523</b>	<b>352,019,984</b>	<b>364,897,098</b>	<b>378,385,136</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>13,100,437</b>	<b>1,397,143</b>	<b>2,260,336</b>	<b>(5,948,968)</b>	<b>(10,055,663)</b>	<b>(17,991,504)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>34,806,656</b>	<b>47,907,093</b>	<b>49,304,236</b>	<b>51,564,572</b>	<b>45,615,604</b>	<b>35,559,941</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>47,907,093</b>	<b>49,304,236</b>	<b>51,564,572</b>	<b>45,615,604</b>	<b>35,559,941</b>	<b>17,568,438</b>
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>47,907,093</b>	<b>49,304,236</b>	<b>51,564,572</b>	<b>45,615,604</b>	<b>35,559,941</b>	<b>17,568,438</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>47,907,093</b>	<b>49,304,236</b>	<b>51,564,572</b>	<b>45,615,604</b>	<b>35,559,941</b>	<b>17,568,438</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>47,907,093</b>	<b>49,304,236</b>	<b>51,564,572</b>	<b>45,615,604</b>	<b>35,559,941</b>	<b>17,568,438</b>

# Head Count and State Funded Enrollment

Akron Public Schools

				2017	2018	2019	2020	2021
Prior Year <u>Actual</u> /Estimated Enrollment (October Count)				20,574	20,739	20,557	20,236	20,079
Projected Changes to Prior Year Enrollment								
Net All-Grade Level Mobility Factor (Change) to Prior Year				(743)	(790)	(747)	(766)	(748)
Net Aggregate Manual Adjustments to Mobility Factor				976	586	468	410	410
New Kindergartners In				1,515	1,590	1,545	1,665	1,580
Loss of Seniors from Prior Year				(1,583)	(1,568)	(1,587)	(1,466)	(1,453)
Net Change in Outgoing and Incoming Pupils				(68)	22	(42)	199	127
Current Year Estimated Enrollment (Simulated October Count)				20,739	20,557	20,236	20,079	19,868
Students at the District				Grade				
Head Count	All Day K?	Yes	K	1,515	1,590	1,545	1,665	1,580
Kdg Tuition ADM Adjustment			1	1,641	1,482	1,548	1,502	1,617
			2	1,687	1,583	1,426	1,484	1,440
			3	1,641	1,683	1,572	1,416	1,472
			4	1,682	1,647	1,683	1,571	1,417
			5	1,648	1,696	1,656	1,688	1,577
			6	1,464	1,519	1,561	1,523	1,552
			7	1,505	1,446	1,491	1,527	1,490
			8	1,423	1,498	1,433	1,471	1,506
			9	1,734	1,674	1,771	1,696	1,741
			10	1,589	1,608	1,534	1,607	1,542
			11	1,642	1,543	1,551	1,477	1,545
			12	1,568	1,587	1,466	1,453	1,390
Total Resident and Open Enrollment-In Head Count				20,739	20,556	20,237	20,080	19,869
Adjustments Needed to Calculate		Less KG if Less Than Full Day		0	0	0	0	0
Total Formula (Funded) ADM		Less Open Enrollment In K-3		(133)	(134)	(136)	(137)	(138)
		Less Open Enrollment In 4-12		(551)	(557)	(563)	(568)	(574)
		Plus Open Enrollment Out K-3		539	555	572	589	607
		Plus Open Enrollment Out 4-12		1,612	1,660	1,710	1,761	1,814
Less Students Going to Career Tech at 80%, Plus 20% Contract JVS				0	0	0	0	0
Plus Community School & Charter School K-3				811	835	860	886	912
Plus Community School & Charter School 4-12, plus Scholarships				3,780	3,890	4,003	4,120	4,240
District Manual Adjustments to Formula (Funded)				(22)				
Total State Per Pupil Formula Funded ADM				26,774.81	26,805.77	26,684.51	26,731.31	26,730.34

The district has a head count enrollment of 20,739 in the current school year. Head count represents the students served at or by the district and includes the open enrollment-in students. A summary of the head count enrollment by grade level is in the red section above. Head count enrollment is projected to decline by about 900 students to 19,869 by FY 2021.

The district's formula enrollment for per pupil funding is 26,774 and includes the students attending school elsewhere. The district has a net of about 6,000 students electing to attend community schools, other public schools, or take advantage of the state's scholarship program. The blue area represents the adjustments to the head count enrollment to derive enrollment for the state's per pupil funding formula. Because students electing to attend elsewhere are projected to grow similarly to the historical averages the district's funded formula enrollment is remaining consistent.

## Building Closure and Cost Reduction

Akron Public Schools

May Update Forecast w/Negotiations and FY 2017 Building Closures	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	47,907,093	49,304,236	45,594,193	32,505,705	15,104,532
+ Revenue	335,951,327	343,266,859	346,071,016	354,841,435	360,393,633
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(334,554,184)	(346,976,903)	(359,159,504)	(372,242,609)	(385,943,682)
= Revenue Surplus or Deficit	1,397,143	(3,710,044)	(13,088,487)	(17,401,173)	(25,550,049)
Ending Balance	49,304,236	45,594,193	32,505,705	15,104,532	(10,445,518)

May Update Forecast w/Negotiations and FY 2017 and FY 2018 Building Closures	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	47,907,093	49,304,236	51,564,572	45,615,604	35,559,941
+ Revenue	335,951,327	343,266,859	346,071,016	354,841,435	360,393,633
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(334,554,184)	(341,006,523)	(352,019,984)	(364,897,098)	(378,385,136)
= Revenue Surplus or Deficit	1,397,143	2,260,336	(5,948,968)	(10,055,663)	(17,991,504)
Ending Balance	49,304,236	51,564,572	45,615,604	35,559,941	17,568,438

The forecast continues to point toward revenue shortfall. If the district does not model cost reductions in FY 2018 then the revenue shortfall is projected to be \$7,710,044 in FY 2018 with the revenue shortfall growing to \$25,550,049 by FY 2021 (see top table).

In the lower table the district is modeling FY 2018 building closure and staffing reductions. The annual cost reduction is \$6,716,009 and by FY 2021 is expected to reduce the district's revenue shortfall to \$17,568,438. The change in FY 2018 reflects a net reduction of 79 positions beginning in FY 2018.

While a trend toward revenue shortfall remains the gap between revenue and expenditures is reduced by about 25%. By making the reductions in FY 2018 there is cumulative impact on the district's cash reserves. This cumulative impact helps the district to maintain adequate cash reserves through FY 2020 and to remain in the black in FY 2021.