



**Akron Public  
Schools®**

# **Five Year Forecast Financial Report**

October, 2016

*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.

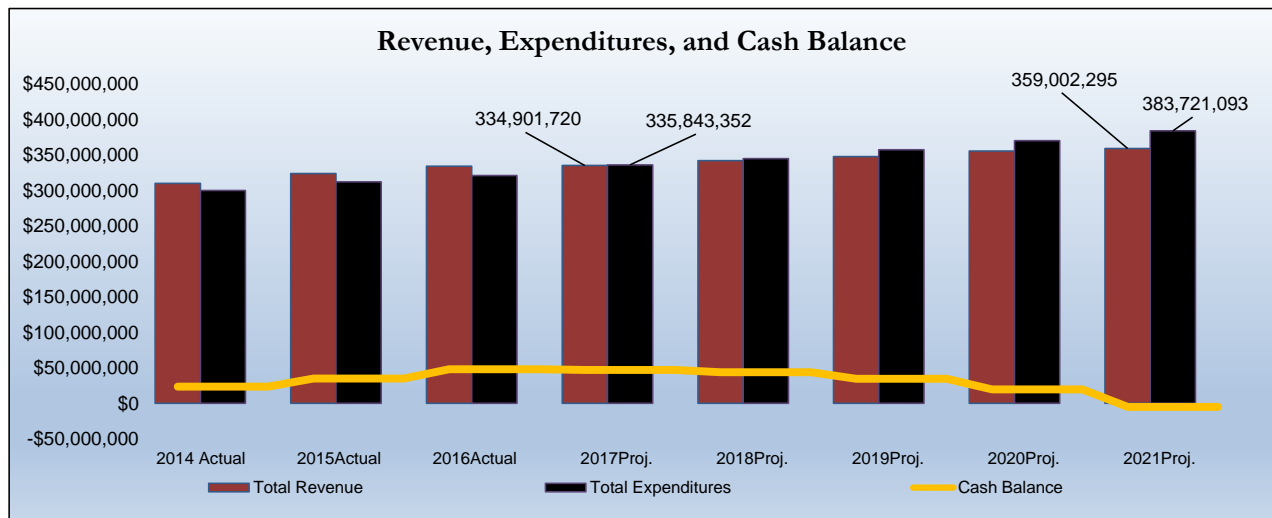
**Five Year Forecast - Simplified Statement**

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	47,907,093	46,965,461	43,889,519	34,380,199	19,563,455
+ Revenue	334,901,720	341,699,695	347,623,410	355,301,920	359,002,295
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(335,843,352)	(344,775,637)	(357,132,730)	(370,118,664)	(383,721,093)
= Revenue Surplus or Deficit	(941,632)	(3,075,942)	(9,509,320)	(14,816,745)	(24,718,798)
Ending Balance	46,965,461	43,889,519	34,380,199	19,563,455	(5,155,344)
Revenue Surplus or Deficit w/o Levies	(941,632)	(3,075,942)	(9,509,320)	(14,816,745)	(24,718,798)
Ending Balance w/o Levies	46,965,461	43,889,519	34,380,199	19,563,455	(5,155,344)

Summary:

The district's current forecast indicates continued trend toward increasing revenue shortfall. 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.



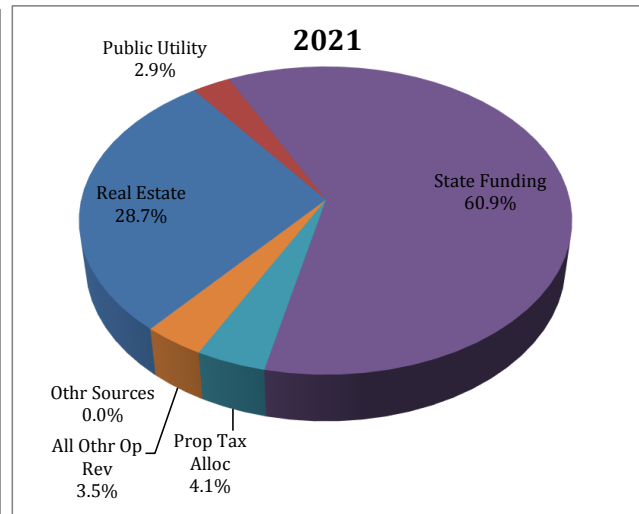
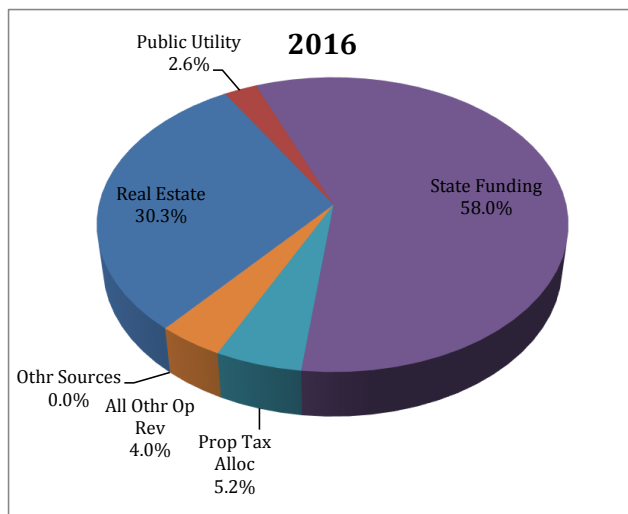
## Revenue Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	
		2017	2018	2019	2020	2021	
<b>Revenue:</b>							
1.010-Real Estate	2.05%	1.98%	-0.84%	0.17%	0.15%	0.46%	0.38%
1.020-Public Utility	7.12%	4.75%	3.76%	3.50%	3.25%	3.00%	3.65%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	3.76%	1.66%	4.42%	3.12%	3.94%	1.55%	2.94%
1.040-Restricted Aid	149.82%	-2.04%	-1.02%	-0.82%	-0.35%	-0.42%	-0.93%
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%	-16.48%	-0.13%	-0.07%	-0.13%	0.01%	-3.36%
1.060-All Other Operating	8.27%	-6.61%	0.69%	0.69%	0.69%	0.69%	-0.77%
1.070-Total Revenue	2.74%	0.27%	2.03%	1.73%	2.21%	1.04%	1.46%
2.070-Total Other Sources	209.06%	-6.81%	0.00%	0.00%	0.00%	0.00%	-1.36%
2.080-Total Rev & Other Srcs	2.74%	0.27%	2.03%	1.73%	2.21%	1.04%	1.46%

Property values continue to be depressed which restricts projected real estate revenue growth, whereas 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.

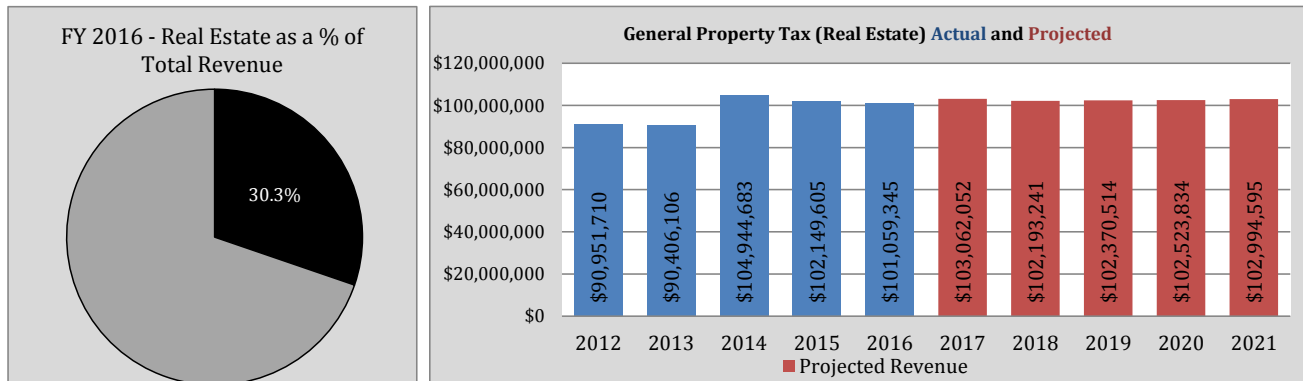
State funding is projected to grow from 58% of district revenue in FY 2016 to 61% in FY 2021 while local real estate taxes decline proportionately.

Operating revenue average annual growth is projected to be 1.46% 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 in the State and region.

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 52.27 mills (\$5.22 tax per \$1,000 of assessed property valuation).

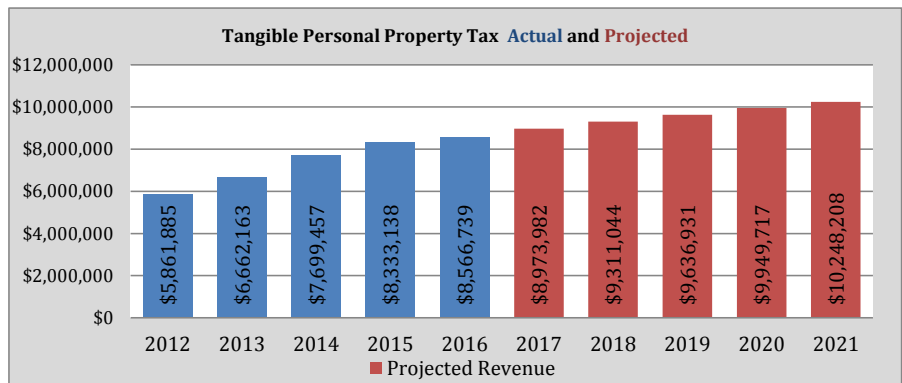
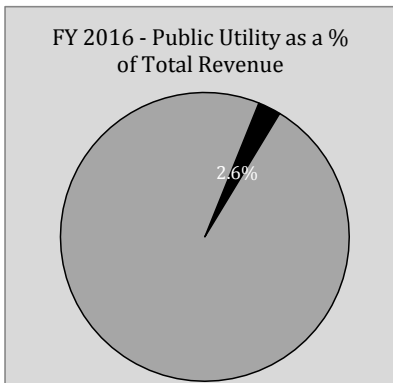
The district's gross (current + prior year delinquencies paid) improved to 98.4% in 2016 collections (2015 tax year). The improvement was due to an increased rate of collection of business (Class II) taxes. The forecast assumes a gross (current + prior year delinquencies paid) collection rate of 98.0% in the 2016 tax year and 98.2% in 2017 and beyond. The collection rate is expected to remain consistent through the forecast period.

Tax Year	Real Property Valuation	Year-Over-Year Change	65.94% of Total Real Estate Revenue		34.06% of Total Real Estate Revenue		Gross Collection Rate All Taxes	
			Effective Residential Tax Rate	Year-Over-Year Change	Effective Business Tax Rate	Year-Over-Year Change		
2012	2,321,083,950	(32,053,110)	50.44	8.02	61.92	8.25	98.1%	Actual
2013	2,257,504,970	(63,578,980)	50.56	0.12	62.40	0.49	96.9%	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	98.0%	Projected
2017	2,169,933,052	9,204,814	51.90	(0.48)	62.51	0.94	98.2%	Projected
2018	2,165,619,959	(4,313,093)	52.07	0.17	62.64	0.12	98.2%	Projected
2019	2,161,353,486	(4,266,473)	52.24	0.17	62.76	0.12	98.2%	Projected
2020	2,224,550,331	63,196,845	50.84	(1.40)	62.18	(0.58)	98.2%	Projected

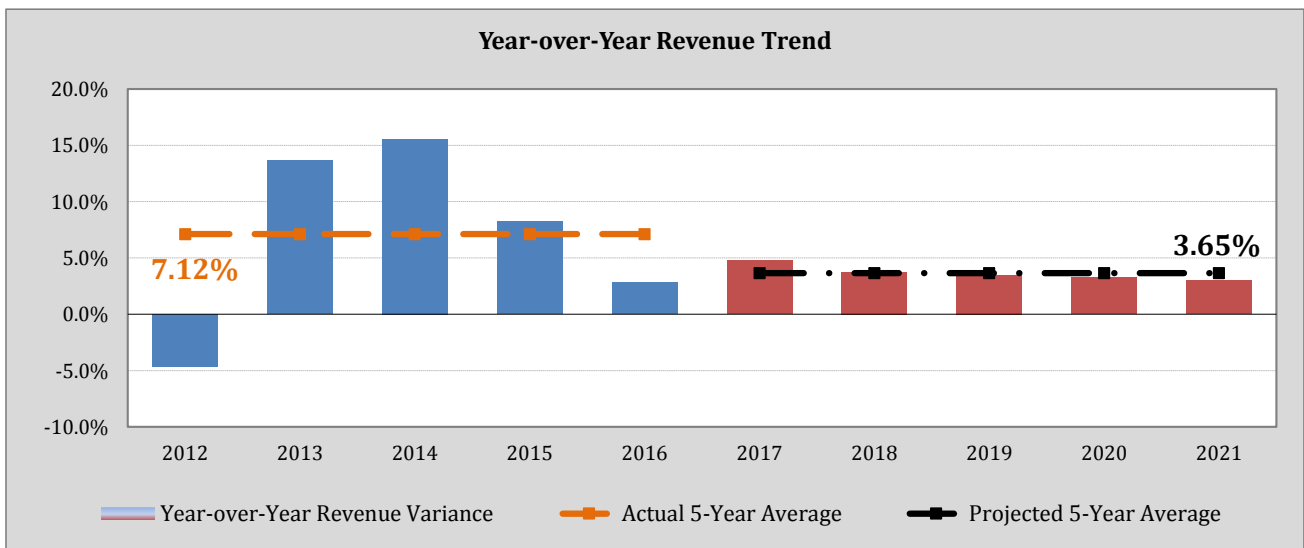
\*Projected % trends include renewal levies

### 1.020 - Public Utility Personal Property

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



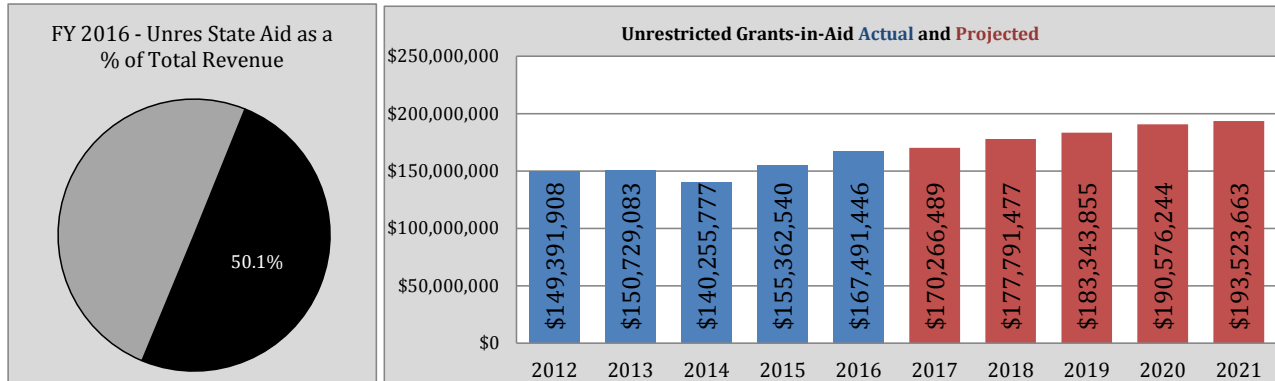
Public utility tax revenue is 2.6% of the district's revenue, but is expected to grow consistently over the forecast period. The growth is attributable to ongoing infrastructure investment by power and gas companies.



\*Projected % trends include renewal levies

### 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



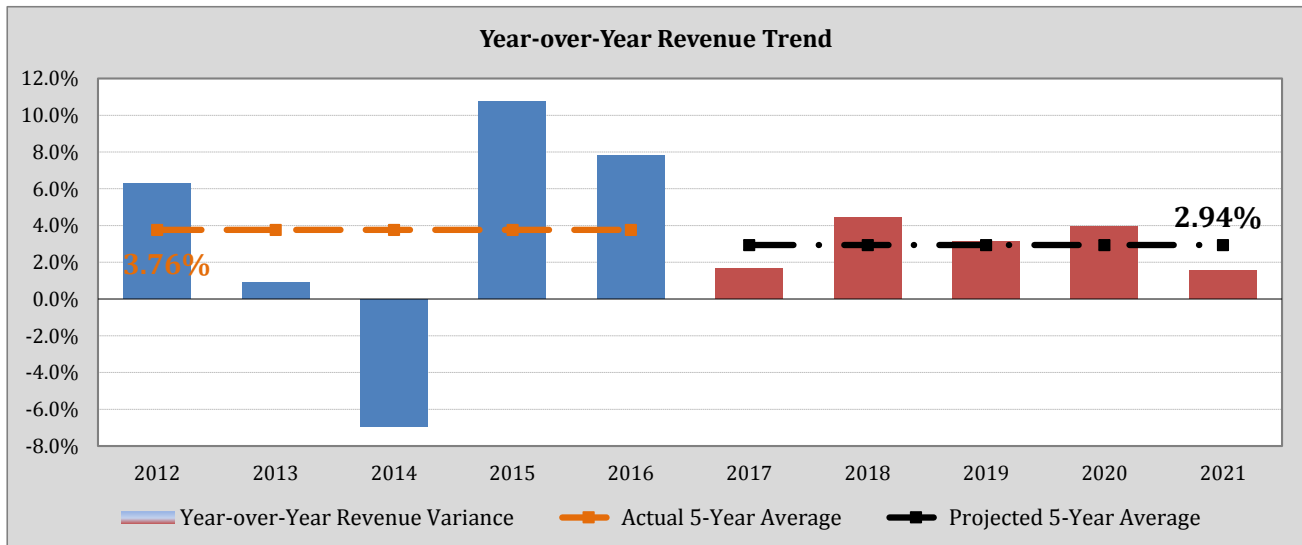
The state's per pupil funding formula generates 50.1% of the district's revenue and is up from FY 2015's 48.0% level. Beginning in FY 2014, Ohio implemented a new funding formula. That particular formula provided noteworthy funding increases for the district because of the district's low per pupil valuation (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 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 any decrease in enrollment or improvement in valuations will adversely affect the district's state funding calculations. The calculations will be monitored on a semi-annual basis. Although the current legislation only runs through FY 2017, the forecast assumes a continuation of the current formula though 2021.

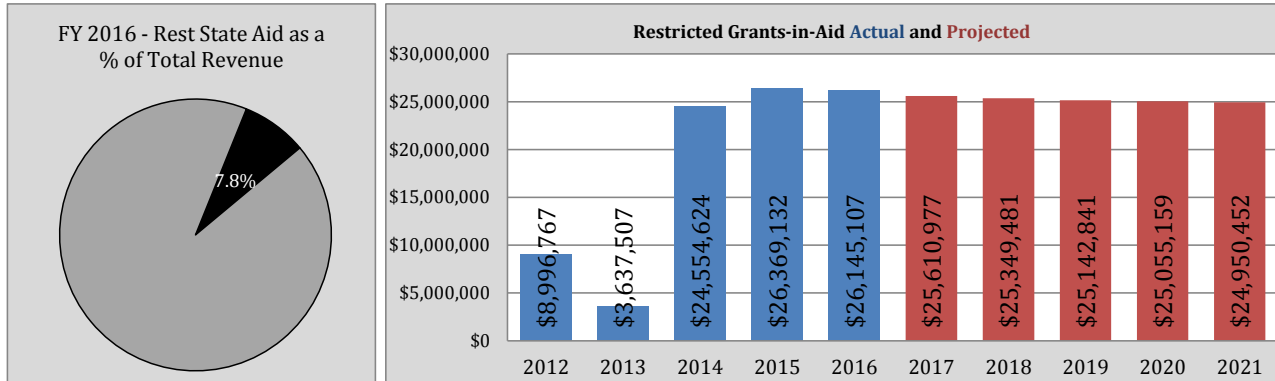
Casino revenue is estimated at \$50.85 per pupil, and is projected to be \$1,044,000 in FY 2017.

Note: For additional state funding calculation detail please see the supplemental report included.



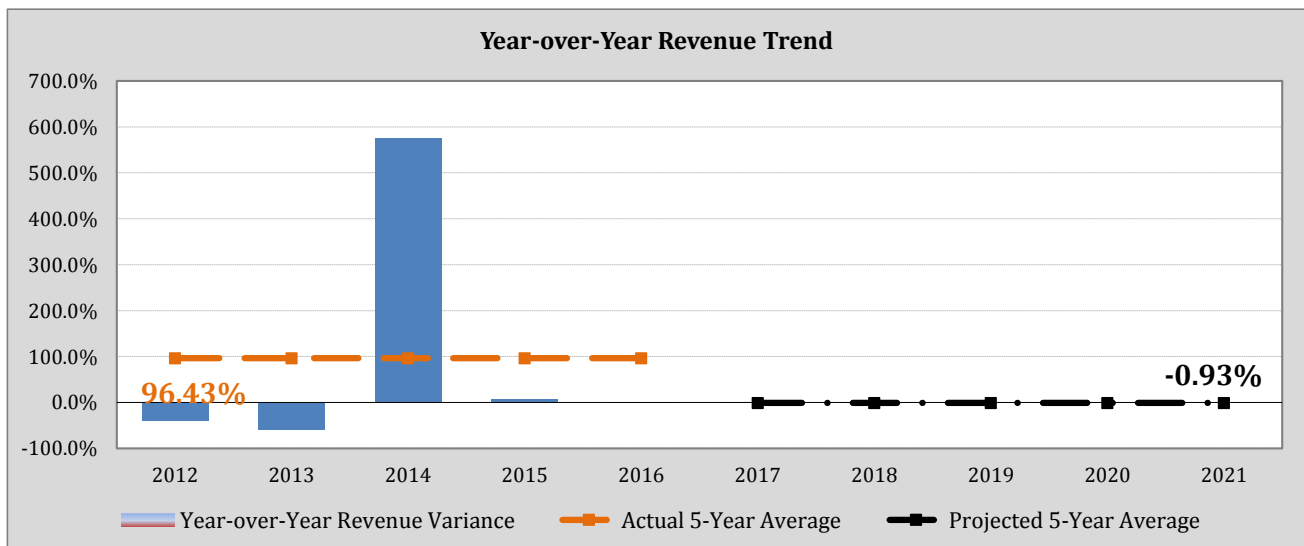
### 1.040 & 1.045 - Restricted Grants-in-Aid

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



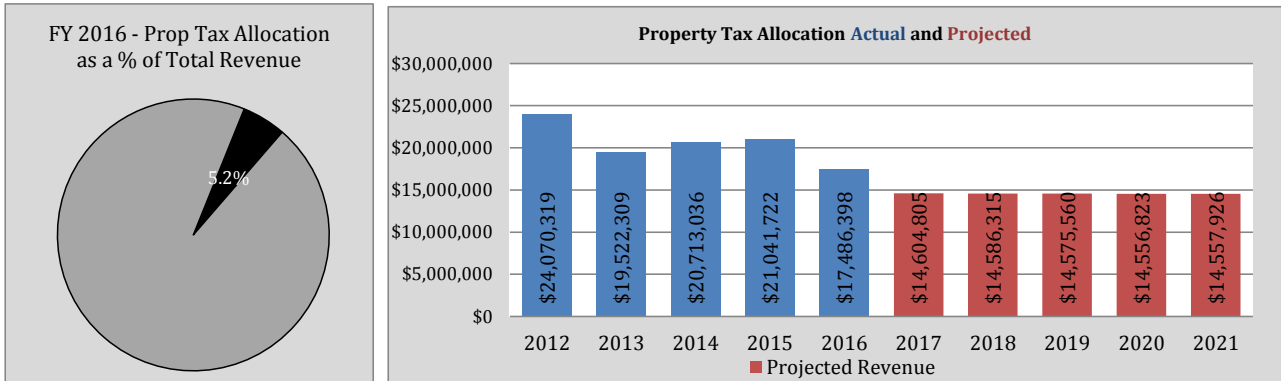
Restricted state aid complements unrestricted state aid as it is the portion of the funding formula that must be designated as restricted; the restricted category is primarily 'economic disadvantaged' funding. Economic disadvantaged funding is expected to be \$22.3 million in FY 2017, and it is primarily 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).

The state is considering changes to economic disadvantaged funding that could reduce Akron's revenue, this will be monitored in the next biennial budget process which will begin in February, 2017.



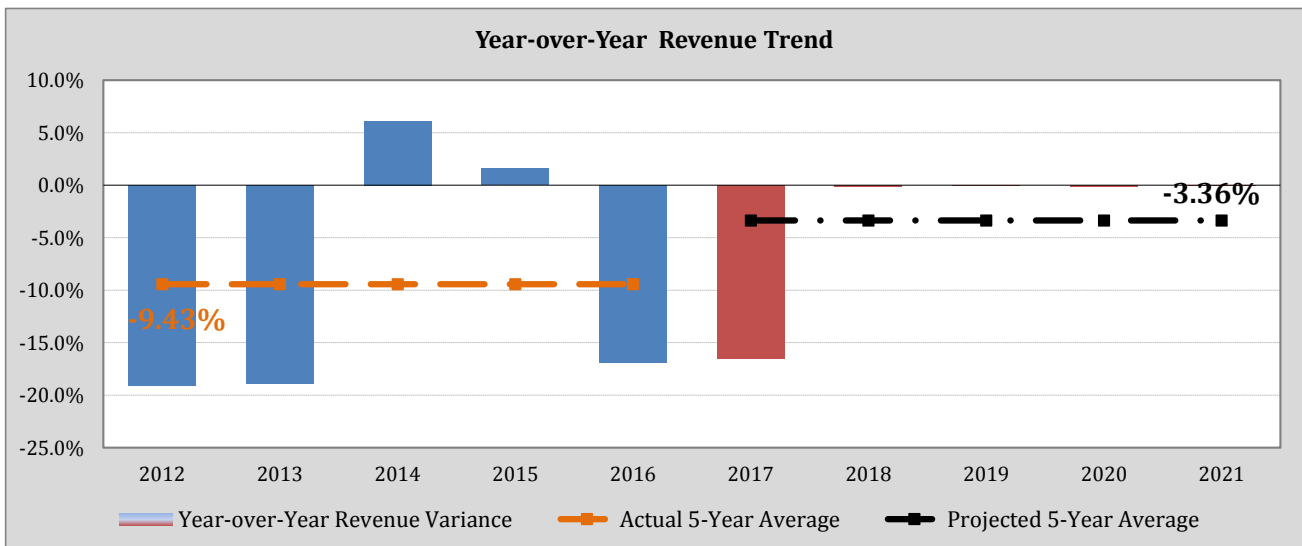
### 1.050 - Property Tax Allocation

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.

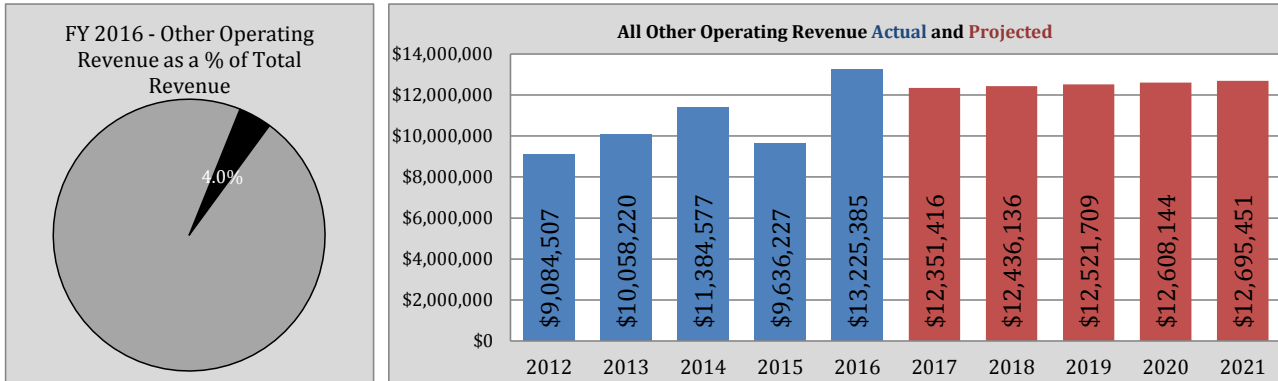
In addition to reimbursements for local residential real estate taxes, Akron also received reimbursement for Ohio's 2005 tax reform that eliminated local taxes on tangible personal property (equipment, inventory, etc.). This reimbursement was cut to \$5,652,518 in 2015, and is being phased-out to \$0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



\*Projected % trends include renewal levies

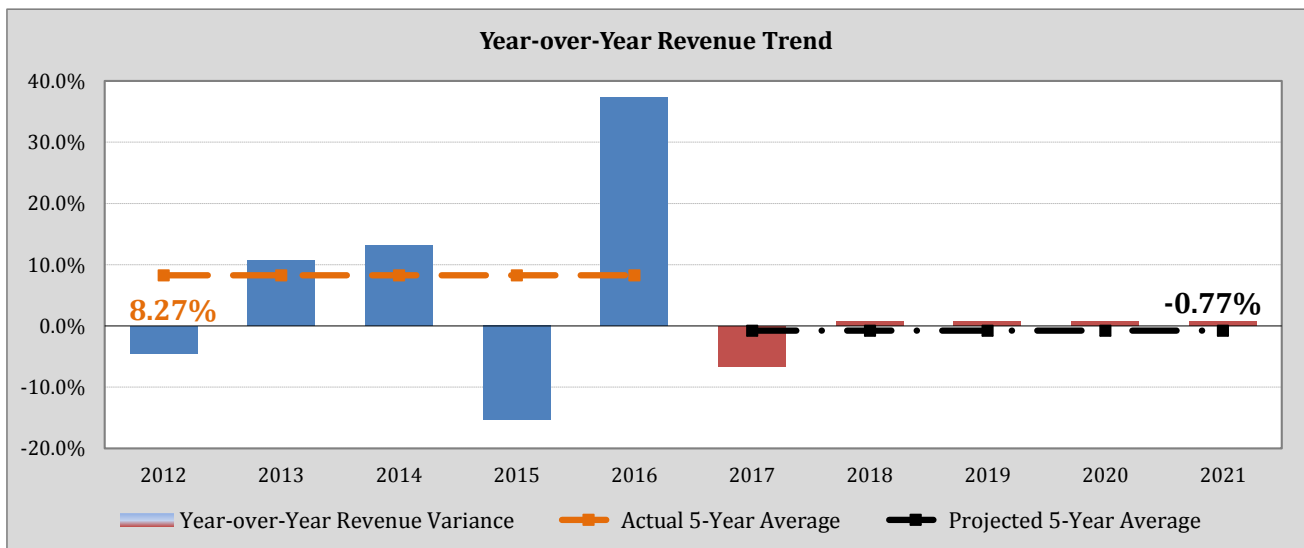
### 1.060 - All Other Operating Revenues

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



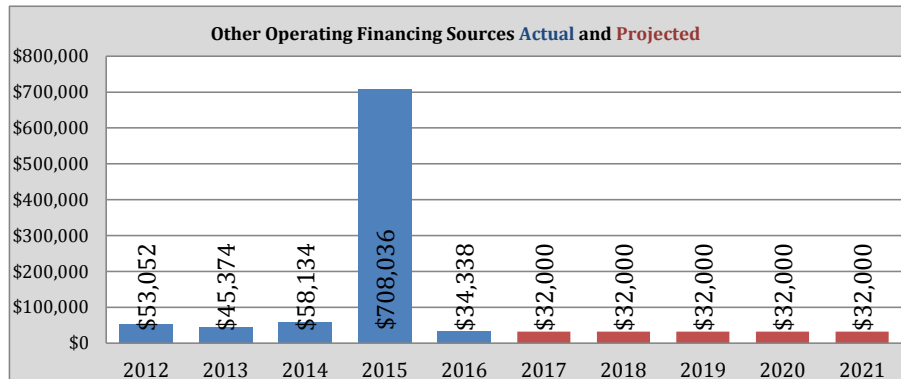
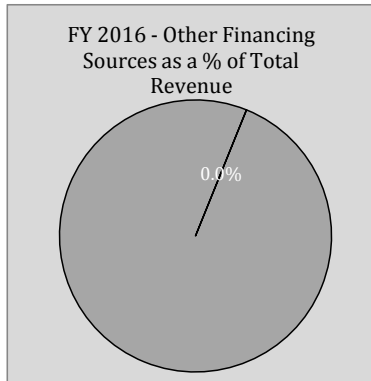
At 4.0% (up from the prior year's 3.0% level) of total revenue, the "other operating" category includes open enrollment tuition at \$3.6 million (35% of the total), and Medicaid reimbursement at \$2.5 million (approximately 25% of the total). Business and payments in lieu of taxes (abatements and Tax 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.

	2014	2015	2016	2017	2018	2019	2020	2021
1820 Revenue from Donations	1,967,094	561,095	1,687,730	1,500,000	1,515,000	1,530,150	1,545,452	1,560,906
1880 TIFs and Other	1,215,542	122,329	1,286,372	1,000,000	1,010,000	1,020,100	1,030,301	1,040,604
4400 Revenue in Lieu from County	217,219		326,725	326,725	326,725	326,725	326,725	326,725
	3,399,855	683,424	3,300,827	2,826,725	2,851,725	2,876,975	2,902,478	2,928,235



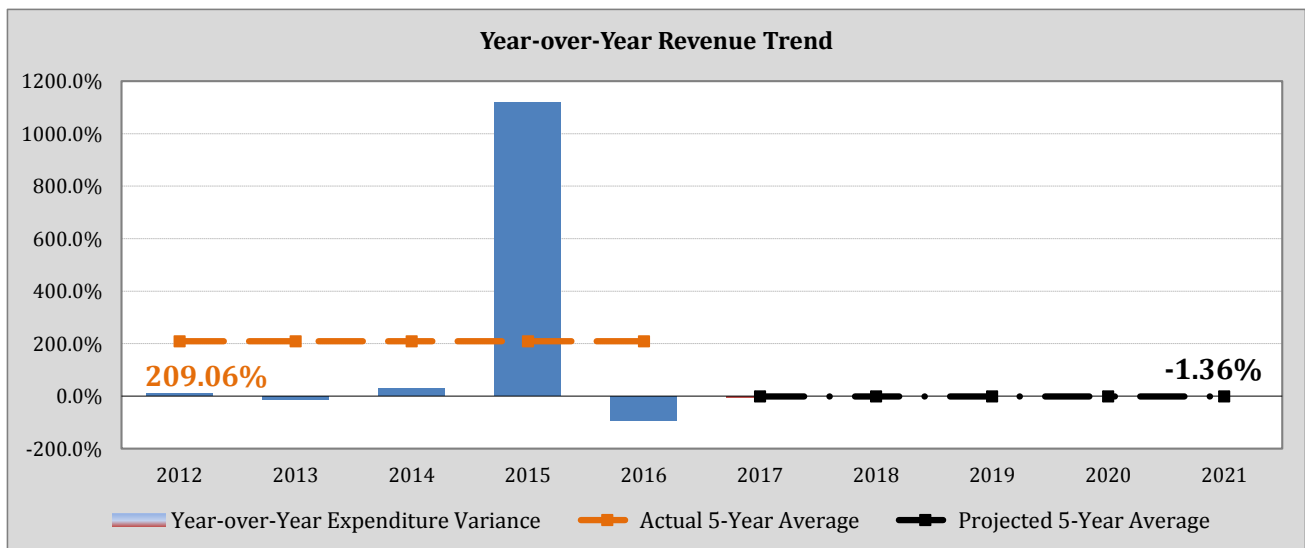
## 2.070 - Total Other Financing Sources

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.

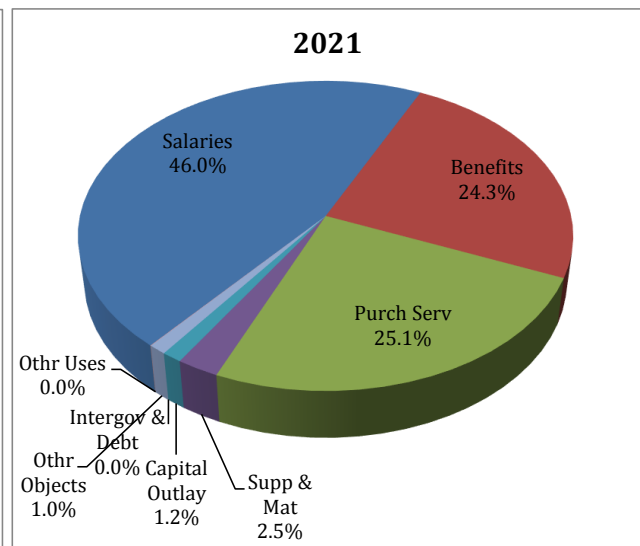
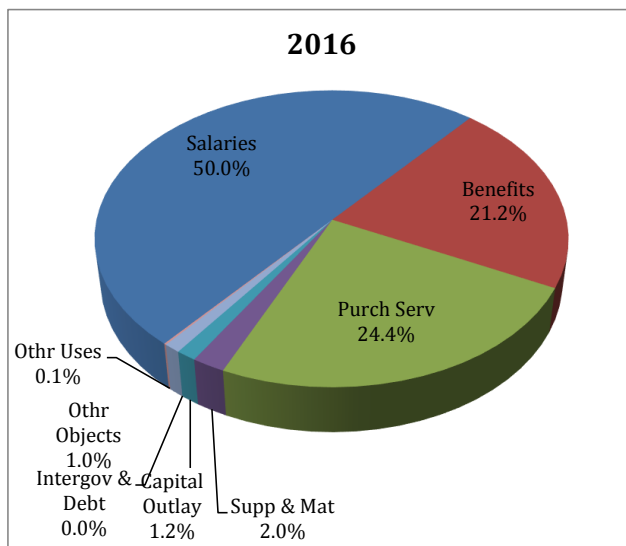
The amounts are projected to be consistent, and minimal from 2017 through 2021.



## Expenditures Overview

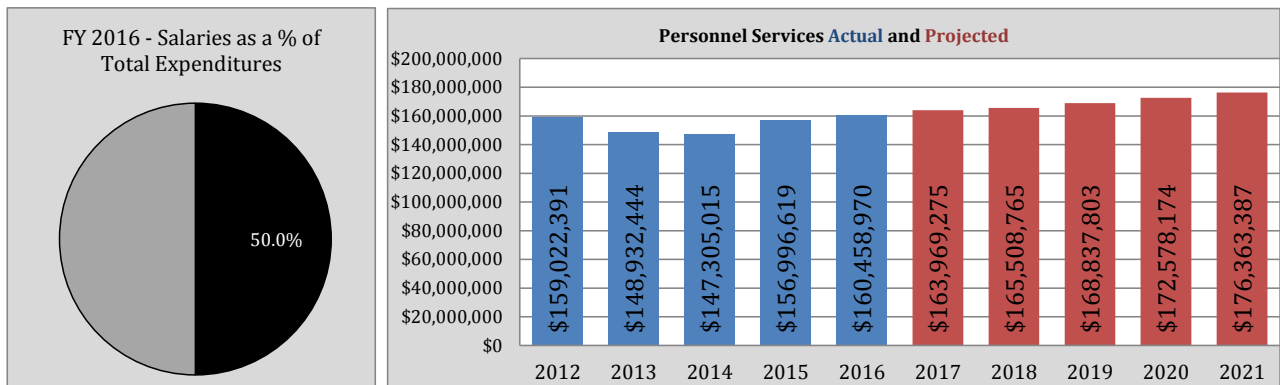
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	
<b>Expenditures:</b>							
3.010-Salaries	-0.14%	2.19%	0.94%	2.01%	2.22%	2.19%	1.91%
3.020-Benefits	0.59%	8.30%	5.84%	6.34%	5.97%	6.03%	6.50%
3.030-Purchased Services	4.31%	5.82%	3.27%	3.94%	3.97%	4.00%	4.20%
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%	4.75%	2.67%	3.59%	3.64%	3.68%	3.66%
5.040-Total Other Uses	63.99%	-60.79%	-25.71%	0.00%	0.00%	0.00%	-17.30%
5.050-Total Exp & Other Uses	1.21%	4.65%	2.66%	3.58%	3.64%	3.68%	3.64%

While increasing then maintaining investment in instructional supply and capital, the district's average annual increase in operating cost is projected to be 3.66%. While the amount with the additional investment is modest, it is nearly three times the rate of projected revenue growth.



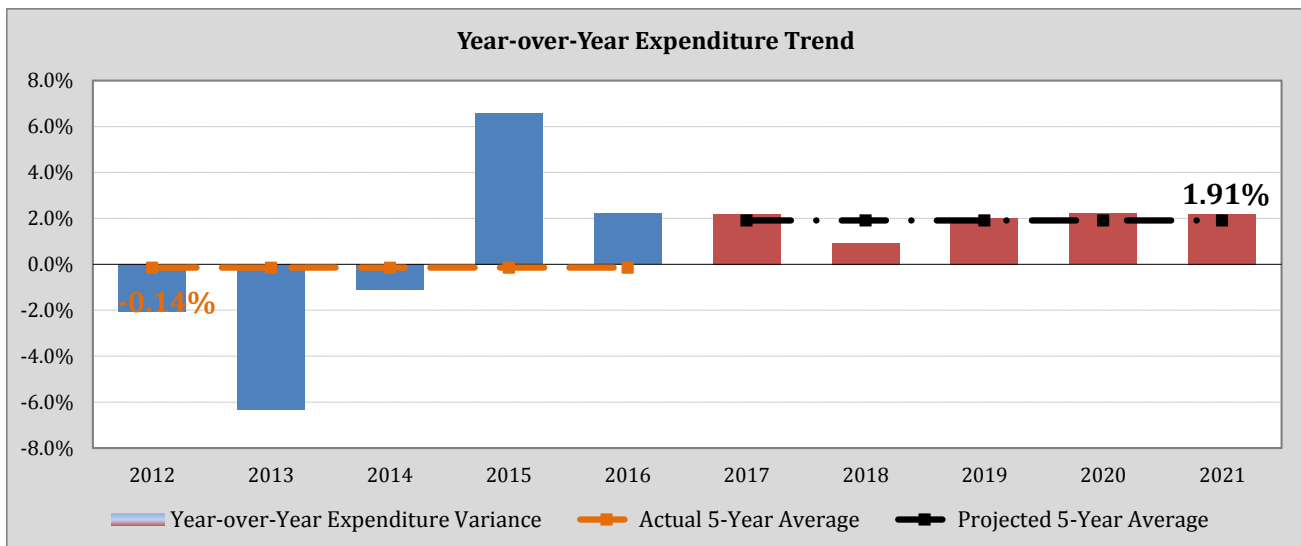
### 3.010 - Personnel Services

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



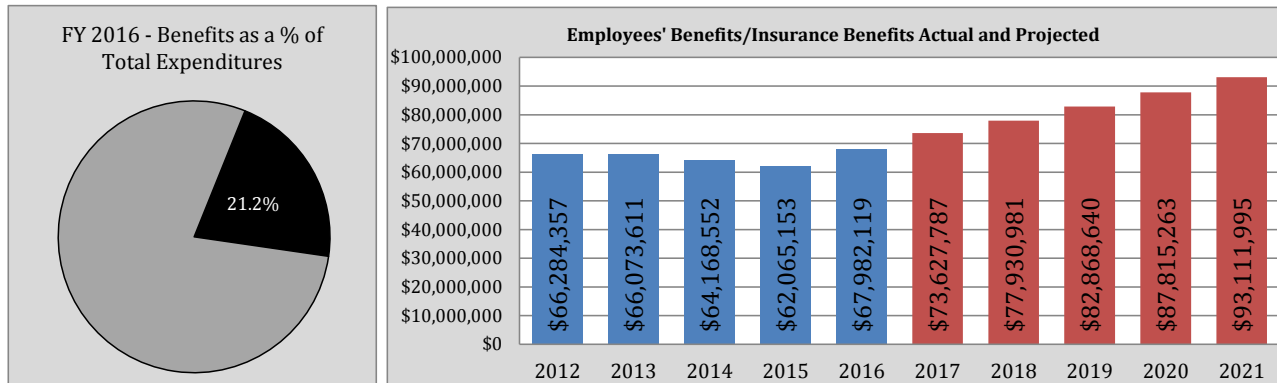
Salaries are half of the district's budget. The district cut costs in FY 2012, and the decline in salary cost continued through FY 2014. In FY 2015 the district's salary costs increased by 6.58%. While costs remain below the FY 2011 level of \$162,371,841, the forecast reflects continued increases with slightly declining staffing levels. The average annual cost increase for the forecast period FY 2017 through FY 2021 is 2.13%.

The forecast includes modeling of 2017 and 2018 staffing reductions to reflect building reductions.



### 3.020 - Employees' Benefits

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

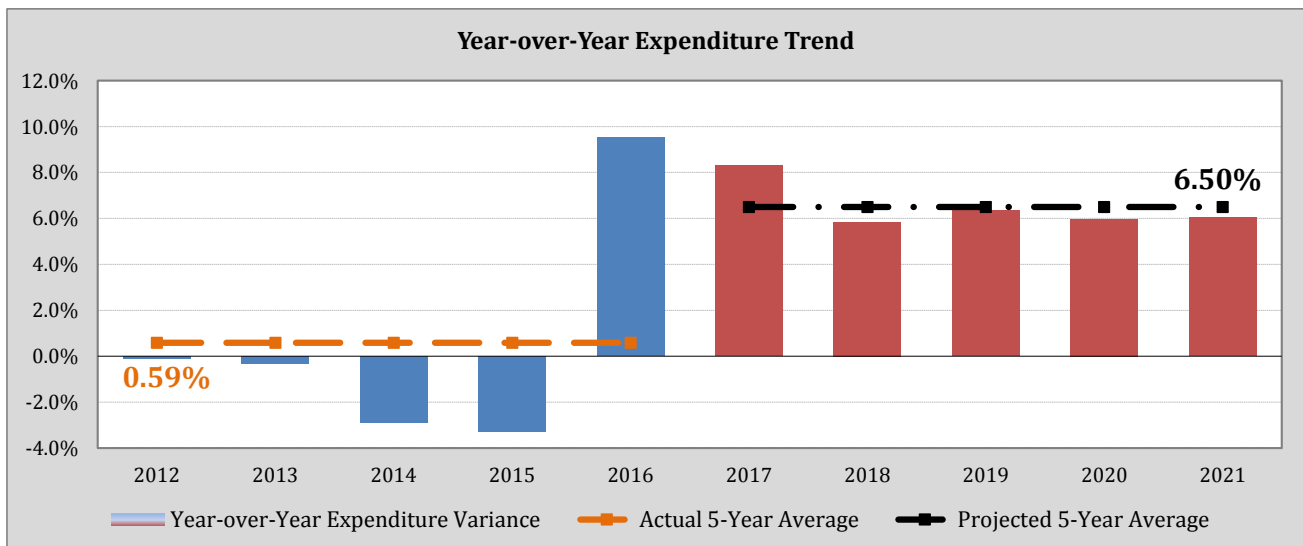


The third largest spending category is for fringe benefits at 21.2% which is up from last year's level of 19.9% of the district's budget. Fringe benefit costs have increased at a rate of 0.59% annually over the past five years. Increases in cost would have been greater had there not been staffing reductions.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

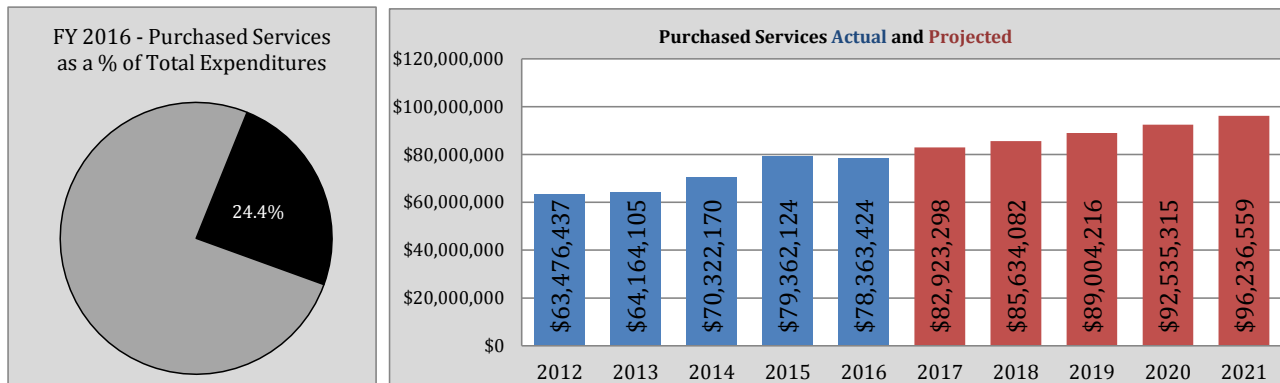
Health insurance premiums were 58% of total benefit cost in FY 2016, and totaled \$39.4 million. Health insurance costs are projected to increase 13% in FY 2017, 10% in FY 2018, 9% in FY 2019, and 8% in FY 2020 and FY 2021. The health insurance trend being modeled is in alignment with the district's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



### 3.030 - Purchased Services

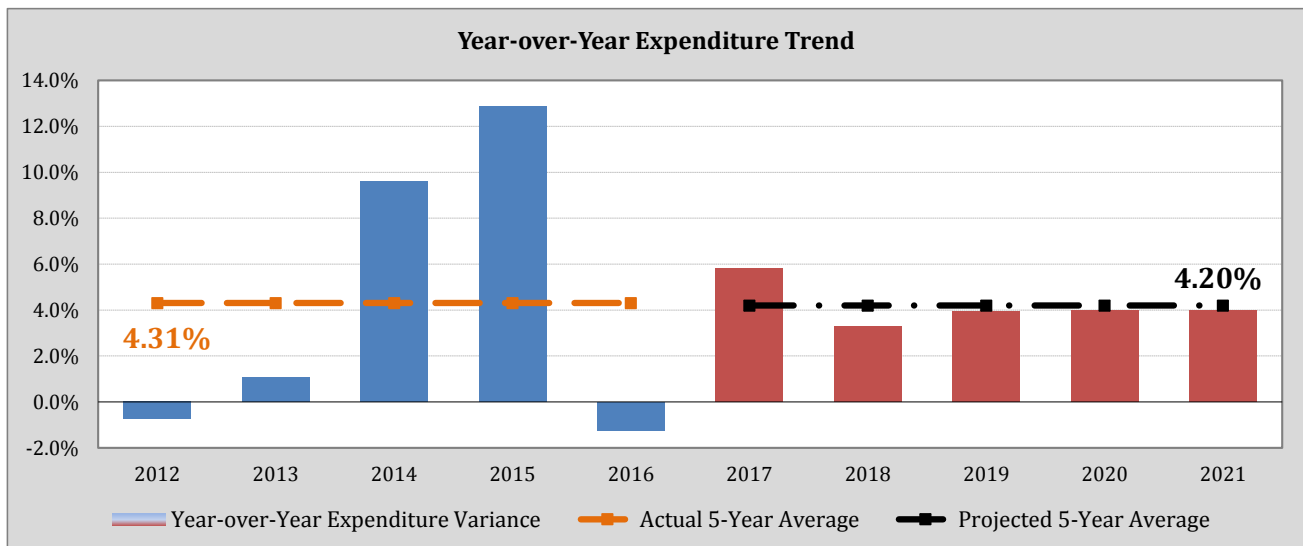
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



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.

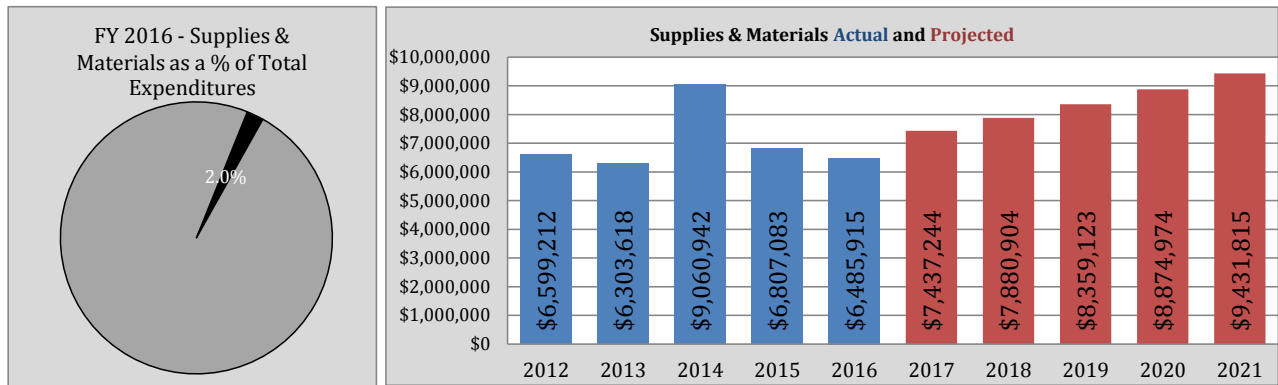
College tuition payments for students totaled \$2,713,984 in FY 2016 compared to FY 2015's \$2,322,766 level.

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.

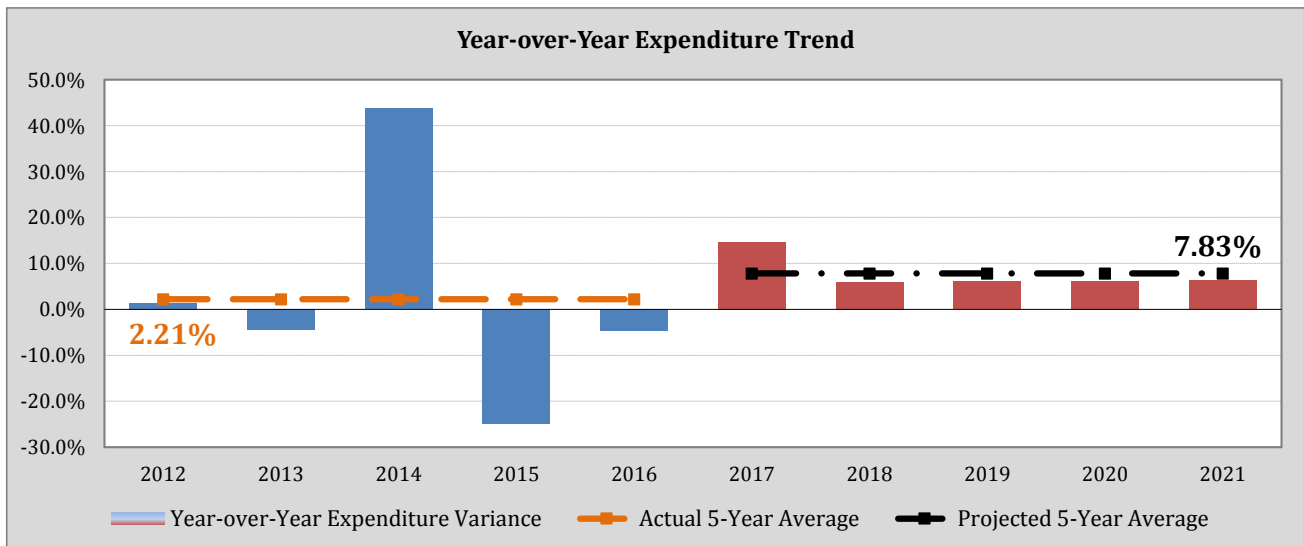


### 3.040 - Supplies & Materials

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

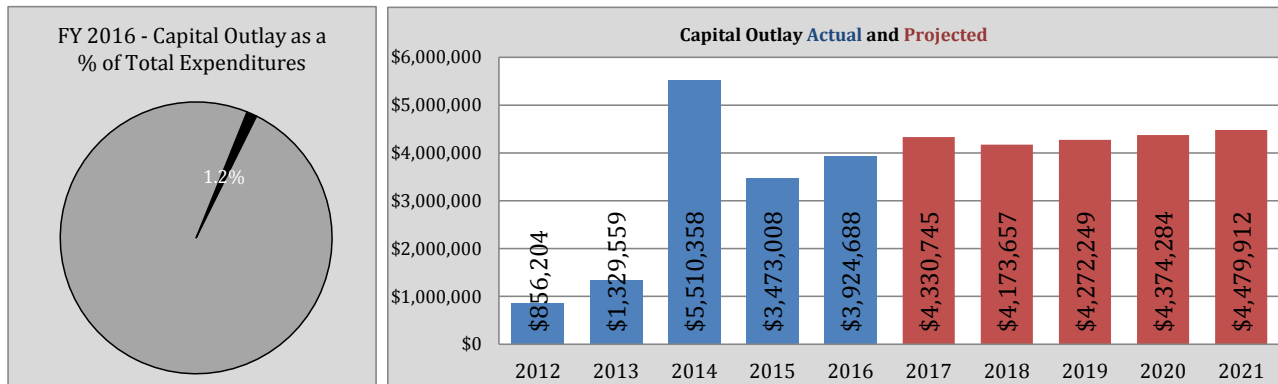


The district maintained supplies (including instructional) at 2.0% of the district's budget in FY 2016, which is down from FY 2016's level of 2.2% of total budget. The forecast projects annual growth in this category in response to the deferral of costs from the Great Recession era, and the desire to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

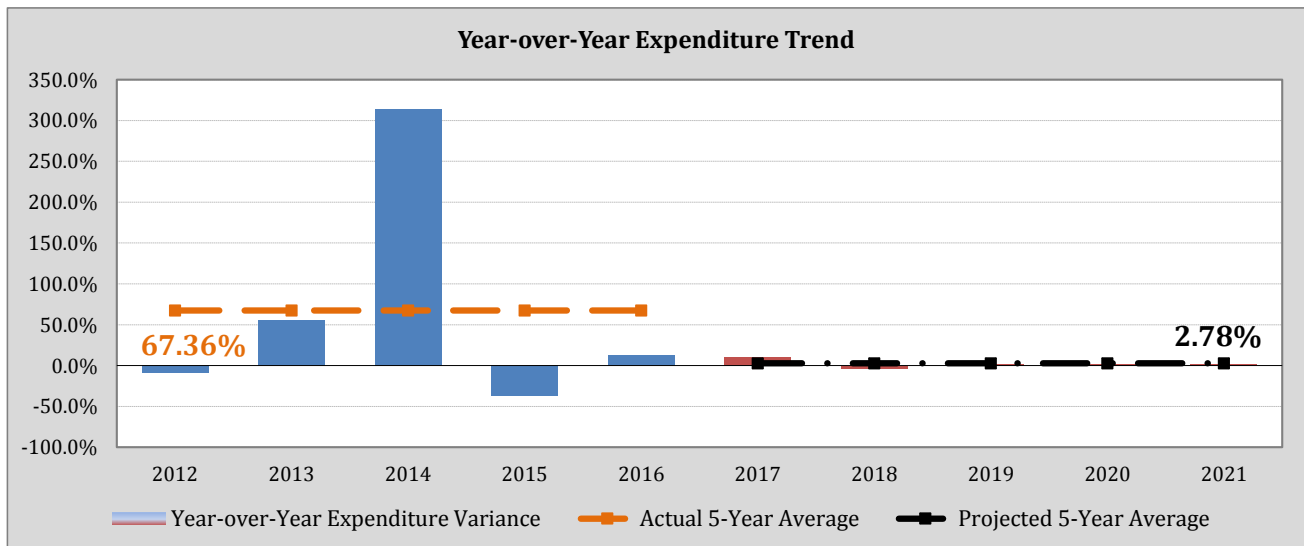


### 3.050 - Capital Outlay

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.

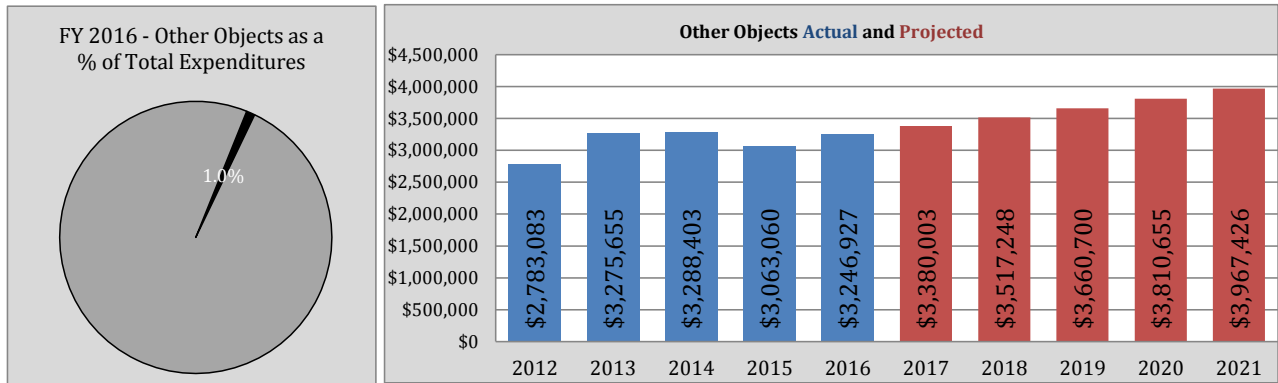


Capital outlay is just 1.2% of the district's budget and is projected to grow slightly from the FY 2016 level in response to inflationary pressures. Annual average growth is projected to be 2.78%.

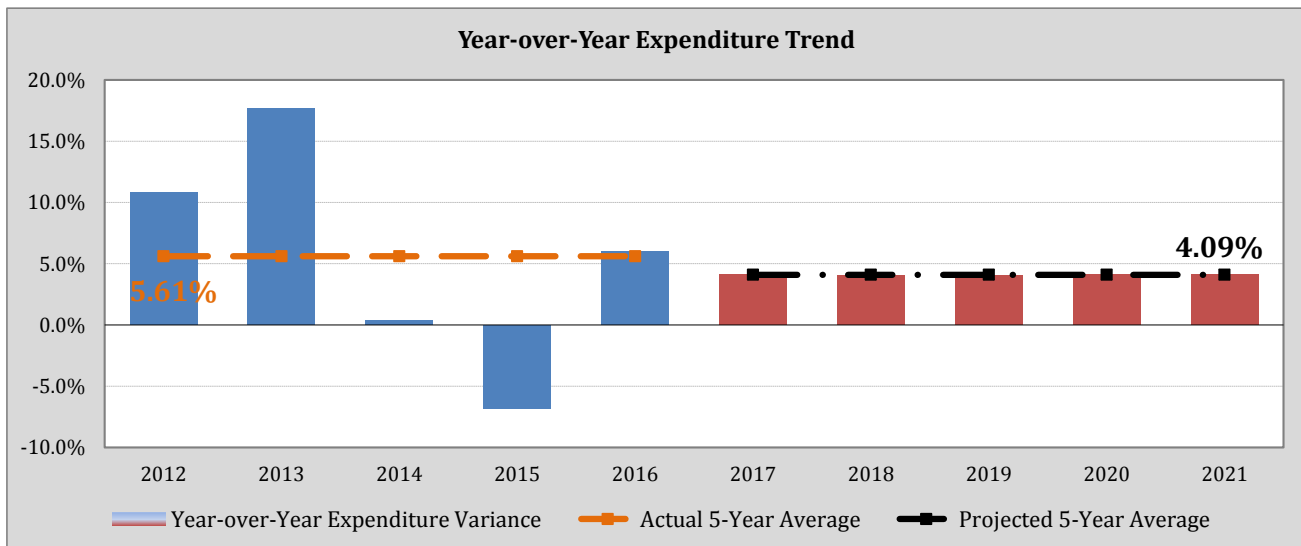


### 4.300 - Other Objects

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

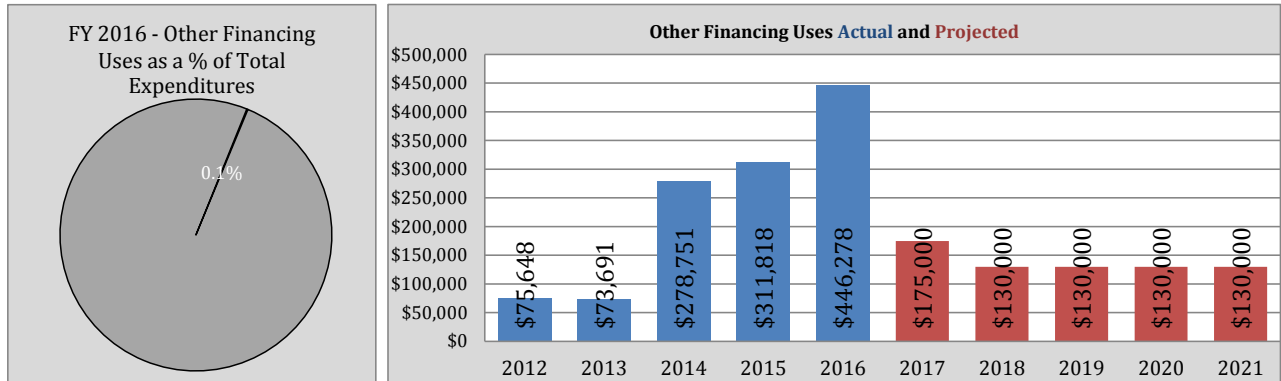


Other objects include county auditor and treasurer fees totaling \$2.16 million in FY 2016.

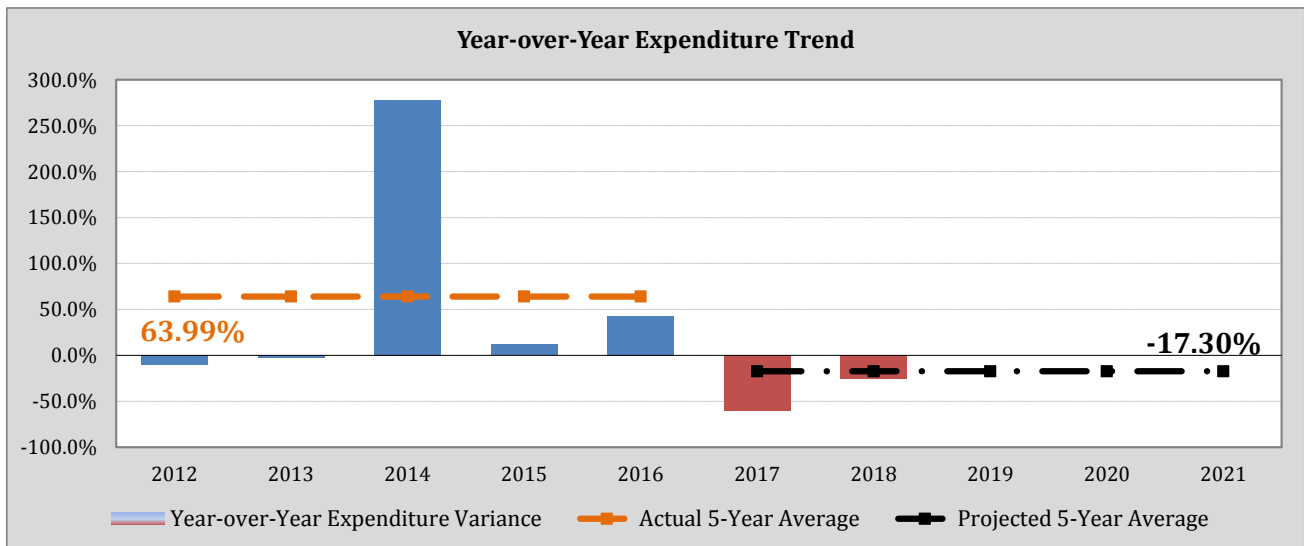


### 5.040 - Total Other Financing Uses

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
		Forecast Amounts For F.Y. 2017 Prepared on: 05/25/2016	Forecast Amounts For F.Y. 2017 Prepared on: 10/12/2016		
<b>Revenue:</b>					
1	Real Estate & Property Allocation	\$114,958,386	\$117,666,857	\$2,708,471	2.4%
2	Public Utility Personal Property	\$8,974,925	\$8,973,982	-\$943	0.0%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$195,276,060	\$195,877,466	\$601,406	0.3%
5	Other Revenue	\$11,604,918	\$12,351,416	\$746,498	6.4%
6	Other Non Operating Revenue	\$32,000	\$32,000	\$0	0.0%
7	<b>Total Revenue</b>	<b>\$330,846,289</b>	<b>\$334,901,720</b>	<b>\$4,055,431</b>	<b>1.2%</b>
<b>Expenditures:</b>					
8	Salaries	\$163,432,570	\$163,969,275	\$536,705	0.3%
9	Fringe Benefits	\$73,162,583	\$73,627,787	\$465,204	0.6%
10	Purchased Services	\$83,671,400	\$82,923,298	-\$748,102	-0.9%
11	Supplies, Debt, Capital Outlay & Other	\$15,277,452	\$15,147,992	-\$129,460	-0.8%
12	Other Non Operating Expenditures	\$130,000	\$175,000	\$45,000	34.6%
13	<b>Total Expenditures</b>	<b>\$335,674,005</b>	<b>\$335,843,352</b>	<b>\$169,347</b>	<b>0.1%</b>
14	<b>Revenue Over/(Under) Expenditures</b>	<b>-\$4,827,716</b>	<b>-\$941,632</b>	<b>\$3,886,084</b>	<b>1.2%*</b>
15	<b>Ending Cash Balance</b>	<b>\$41,282,322</b>	<b>\$46,965,461</b>	<b>\$5,683,139</b>	<b>1.7%*</b>

\*Percentage expressed in terms of total expenditures

FY 2017's current revenue projections are improved over the previous forecast because of slightly higher enrollment estimates for state per pupil funding. These enrollment estimates will be refined over the next few months as actual data becomes available. Revenue is also improved because of a projected increase in payments received in lieu of local taxes. The FY 2016 revenue received was used as a new basis for the forecast.

Expenditures are within -0.1% 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	103,062,052	102,193,241	102,370,514	102,523,834	102,994,595
1.020 - Public Utility Personal Property	8,566,739	8,973,982	9,311,044	9,636,931	9,949,717	10,248,208
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	167,491,446	170,266,489	177,791,477	183,343,855	190,576,244	193,523,663
1.040 - Restricted Grants-in-Aid	26,145,107	25,610,977	25,349,481	25,142,841	25,055,159	24,950,452
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	17,486,398	14,604,805	14,586,315	14,575,560	14,556,823	14,557,926
1.060 - All Other Operating Revenues	13,225,385	12,351,416	12,436,136	12,521,709	12,608,144	12,695,451
<b>1.070 - Total Revenue</b>	<b>333,974,420</b>	<b>334,869,720</b>	<b>341,667,695</b>	<b>347,591,410</b>	<b>355,269,920</b>	<b>358,970,295</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>334,901,720</b>	<b>341,699,695</b>	<b>347,623,410</b>	<b>355,301,920</b>	<b>359,002,295</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	160,458,970	163,969,275	165,508,765	168,837,803	172,578,174	176,363,387
3.020 - Employee Benefits	67,982,119	73,627,787	77,930,981	82,868,640	87,815,263	93,111,995
3.030 - Purchased Services	78,363,424	82,923,298	85,634,082	89,004,216	92,535,315	96,236,559
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>335,668,352</b>	<b>344,645,637</b>	<b>357,002,730</b>	<b>369,988,664</b>	<b>383,591,093</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	446,278	175,000	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>175,000</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>335,843,352</b>	<b>344,775,637</b>	<b>357,132,730</b>	<b>370,118,664</b>	<b>383,721,093</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>13,100,437</b>	<b>(941,632)</b>	<b>(3,075,942)</b>	<b>(9,509,320)</b>	<b>(14,816,745)</b>	<b>(24,718,798)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>34,806,656</b>	<b>47,907,093</b>	<b>46,965,461</b>	<b>43,889,519</b>	<b>34,380,199</b>	<b>19,563,455</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>47,907,093</b>	<b>46,965,461</b>	<b>43,889,519</b>	<b>34,380,199</b>	<b>19,563,455</b>	<b>(5,155,344)</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>46,965,461</b>	<b>43,889,519</b>	<b>34,380,199</b>	<b>19,563,455</b>	<b>(5,155,344)</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>46,965,461</b>	<b>43,889,519</b>	<b>34,380,199</b>	<b>19,563,455</b>	<b>(5,155,344)</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>46,965,461</b>	<b>43,889,519</b>	<b>34,380,199</b>	<b>19,563,455</b>	<b>(5,155,344)</b>

# State Funding Calculation Detail

## State Per Pupil Wealth & Funding Analysis - "Core Aid Per Pupil"

Projected Year	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I
	Number of Funded Students Head Count, + Comm. Schl, + Open Enroll Out		District Per Pupil Valuation Index as % of State Median		District Median Taxpayer Income as % of State Median	Blended Valuation Index Median Index Wealth Index		State Share of Core Per Pupil Funding	State Share Funding Per Pupil
2017	26,654	\$87,353	62.77%	\$24,573	74.75%	0.6277	\$6,000	70%	\$4,188
2018	26,708	\$86,004	59.00%	\$25,068	74.37%	0.5900	\$6,100	73%	\$4,425
2019	26,427	\$86,004	59.00%	\$25,068	74.37%	0.5900	\$6,200	73%	\$4,498
2020	26,286	\$86,660	56.53%	\$25,572	73.99%	0.5653	\$6,300	74%	\$4,684
2021	26,123	\$86,660	56.53%	\$25,572	73.99%	0.5653	\$6,400	74%	\$4,758

### Key state funding considerations:

Column A shows that enrollment is projected to decline only slightly through FY 2021. Actual enrollment that are lower will adversely impact revenue.

Column D represents the current and projected district per pupil valuation relative to the state's median per pupil valuation. The calculations reveal that the district's per pupil valuation wealth relative to the state of Ohio will continue to decline, dropping to just 56.53% of the statewide median in FY 2020. This economic indicator will continue to increase the state's share of per pupil funding (Column H).

## State Core Aid Funding Overall Analysis and Wealth/Enrollment Vulnerability Assessment

Projected Year	Column J State Core Funding	Column K	Column L	Column M Formula Above 2015 Funding	Column N Percent of Total Formula	Column O	Column P	Column R Modeled Cap
		State Guarantee Funds Needed to Maintain 2015 Funding	Percent of Total Funding			Unfunded Formula Resulting from "Capped" Increase	Percent of Total Funding	
2017	\$191,544,610	\$0	0.00%	\$15,050,871	7.86%	\$0	0.00%	107.50%
2018	\$199,019,126	\$0	0.00%	\$25,669,196	12.70%	\$3,143,810	1.56%	104.00%
2019	\$204,342,997	\$0	0.00%	\$27,849,258	13.63%	\$0	0.00%	104.00%
2020	\$211,455,497	\$0	0.00%	\$34,961,758	16.53%	\$0	0.00%	104.00%
2021	\$214,266,492	\$0	0.00%	\$37,772,753	17.63%	\$0	0.00%	104.00%

Column M reveals the state funding formula increases compared to the FY 2015 level. Growth is projected to slow starting in FY 2019. The state will implement a new two-year budget on July 1, 2017.

Column K indicates that the district will not require guarantee funds to maintain level funding. This indicates that the district is projected to remain a formula district where increases and decreases in enrollment will increase and decrease the total state per pupil funding. The current guarantee level of funding is set at FY 2015 it is not known what level the state will use in its guarantee calculations starting July 1, 2017.

## Building Closure and Cost Reduction

Akron Public Schools

Annual Change Resulting from Modeling Below	(825,934)	(3,887,421)	(570,824)	<b>Cumulative</b> (5,284,179)
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Total</b>
<b>3.010 - Personnel Services</b>	<b>160,458,970</b>	<b>163,969,275</b>	<b>165,508,765</b>	
Modeled Percentage Change	0.0%	0.0%	0.0%	
Annual Dollar Change from Percentage	-	-	-	
Other Dollar Amount	(\$712,000)	(\$2,817,000)		
Total Annual Amount	(712,000)	(2,817,000)	-	
<b>85%</b> Current Year Impact	<b>(605,200)</b>	<b>(2,501,250)</b>	<b>(422,550)</b>	<b>(3,529,000)</b>
% of Salaries Impact on Fringe Benefits	17.9%	17.9%	17.9%	
Memo Only - Fringe Benefit Reduction	(108,534)	(448,566)	(75,779)	(632,879)
<b>3.020 - Employees' Retirement/Insurance Benefits</b>	<b>67,982,119</b>	<b>73,627,787</b>	<b>77,930,981</b>	
Modeled Percentage Change	0.0%	0.0%	0.0%	
Annual Dollar Change from Percentage	-	-	-	
Other Dollar Amount	(\$132,000)	(\$483,300)		
Total Annual Amount	(132,000)	(483,300)	-	
<b>85%</b> Current Year Impact	<b>(112,200)</b>	<b>(430,605)</b>	<b>(72,495)</b>	<b>(615,300)</b>
<b>3.030 - Purchased Services</b>	<b>78,363,424</b>	<b>82,923,298</b>	<b>85,634,082</b>	
Modeled Percentage Change	0.0%	0.0%	0.0%	
Annual Dollar Change from Percentage	-	-	-	
Other Dollar Amount		(\$507,000)		
Total Annual Amount	-	(507,000)	-	(507,000)

The district's forecast includes the cost reductions associated with the FY 2017 and FY 2018 building closures. The cumulative annual (ongoing) impact of these closures is \$5,284,179. The cost reductions are reflected in salaries, benefits (retirement and health insurance), and purchased services (utilities). The FY 2017 building closures result in a cost reduction of \$1,457,531 (annually) and the FY 2018 building closures result in a cost reduction of \$3,826,000 (annually).

# Building Closure Financial Impact

## Forecast with 2017 Building Closures

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	47,907,093	46,965,461	40,469,823	26,933,668	7,977,223
+ Revenue	334,901,720	341,699,695	347,623,410	355,301,920	359,002,295
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(335,843,352)	(348,195,333)	(361,159,565)	(374,258,365)	(387,977,462)
= Revenue Surplus or Deficit	(941,632)	(6,495,639)	(13,536,155)	(18,956,445)	(28,975,167)
Ending Balance	46,965,461	40,469,823	26,933,668	7,977,223	(20,997,945)

## Forecast with 2017 and 2018 Building Closures

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	47,907,093	46,965,461	43,889,519	34,380,199	19,563,455
+ Revenue	334,901,720	341,699,695	347,623,410	355,301,920	359,002,295
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(335,843,352)	(344,775,637)	(357,132,730)	(370,118,664)	(383,721,093)
= Revenue Surplus or Deficit	(941,632)	(3,075,942)	(9,509,320)	(14,816,745)	(24,718,798)
Ending Balance	46,965,461	43,889,519	34,380,199	19,563,455	(5,155,344)

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 \$6,495,639 in FY 2018 and the cash balance is projected to be -\$20,997,945 by FY 2021. With the planned 2018 building closures and cost reduction modeled the district's revenue shortfall shrinks to \$3,075,942 and the cumulative impact of the cost reduction improves the district's cash balance by nearly \$15 million.