



Akron Public Schools®

Five Year Forecast Financial Report

May, 2018

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 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Beginning Balance	49,236,513	52,955,384	52,633,895	50,560,164	42,070,804
+ Revenue	342,454,992	345,271,819	351,439,351	357,541,217	362,731,445
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(338,736,122)	(345,593,307)	(353,513,081)	(366,030,577)	(379,210,614)
= Revenue Surplus or Deficit	3,718,870	(321,489)	(2,073,731)	(8,489,360)	(16,479,168)
Ending Balance	52,955,384	52,633,895	50,560,164	42,070,804	25,591,635
Revenue Surplus or Deficit w/o Levies	3,718,870	(321,489)	(2,073,731)	(8,489,360)	(16,479,168)
Ending Balance w/o Levies	52,955,384	52,633,895	50,560,164	42,070,804	25,591,635

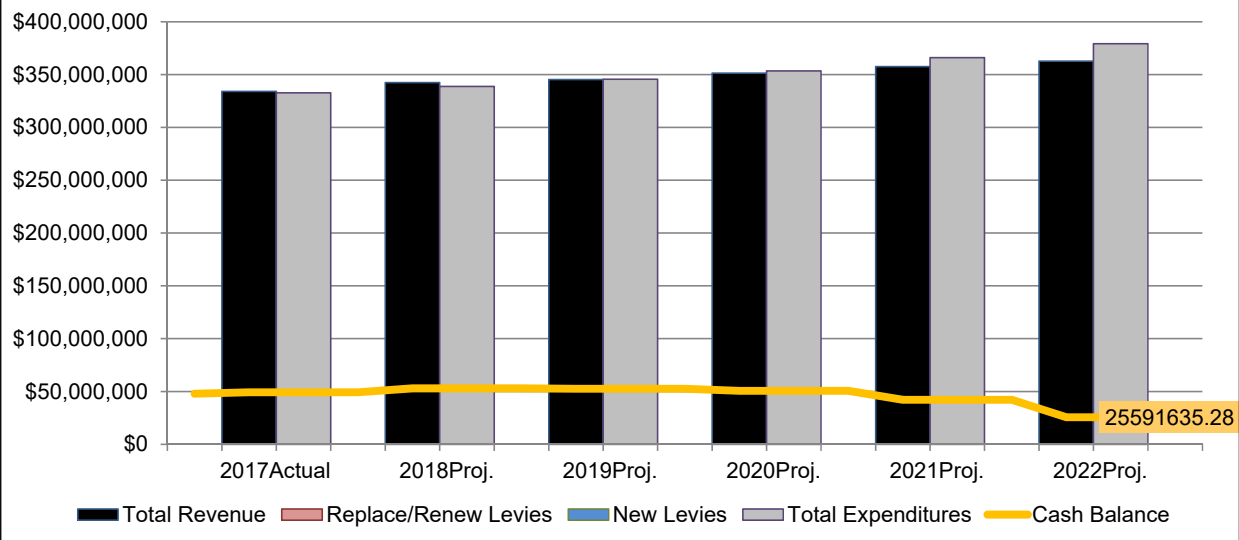
Summary:

This May update of the forecast reflects a much better financial condition than in October for three primary reasons. First, the district's health insurance changes and strong reserves result in less of an increase throughout the forecast. Secondly, community school tuition (purchased services) came in much lower in FY 2018 and are now projected to be less through FY 2022. Third, the district has worked to reduce operating costs by closing buildings in response to student enrollment and continues to reduce operating costs through the consolidation of the administration buildings. These changes are described in more detail on the individual notes but are certainly of positive impact.

Also included in this forecast is the I Promise School (IPS) with a cumulative cost through FY 2022 of \$8,110,745 which is partially offset by the central office consolidation that is expected to save \$3,113,435 through FY 2022. Please see page 24 of this report for more detail on IPS and the Central Office Consolidation. The current financial forecast also includes the FY 2018 building closure effort, and despite the effort, a trend toward revenue shortfall remains.

The district's current forecast indicates continued trend toward increasing revenue shortfall (yellow highlighted line). Revenue growth is not expected to keep pace with inflationary cost pressure. 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 an average annual pace of 1.66%, while projected expenditures are expected to grow at an average annual rate of 2.65%.

Forecast Update - Revenue, Expenditures, Levies, and Cash Balance



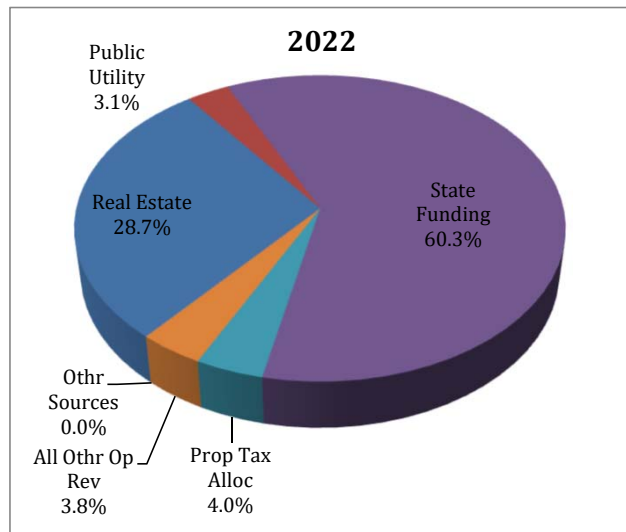
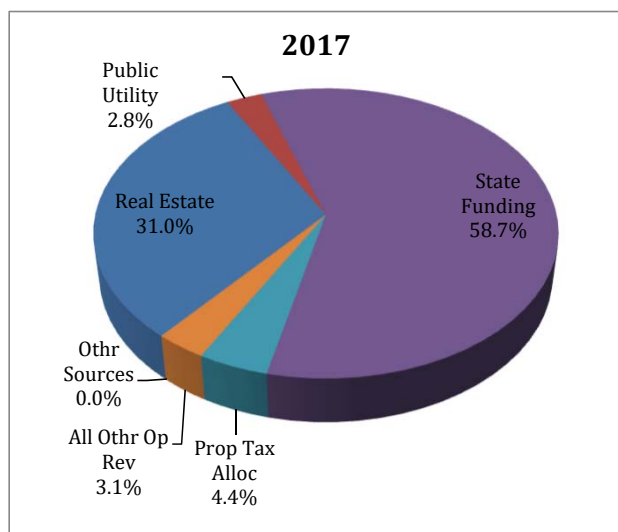
Revenue Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	
		2018	2019	2020	2021	2022	
Revenue:							
1.010-Real Estate	2.83%	-0.25%	-0.90%	0.75%	0.54%	0.59%	0.15%
1.020-Public Utility	9.89%	7.64%	3.45%	3.25%	3.00%	3.00%	4.07%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	2.85%	3.34%	1.71%	2.90%	2.71%	2.43%	2.62%
1.040-Restricted Aid	149.91%	-1.82%	0.52%	-0.75%	0.67%	-1.65%	-0.61%
1.045-Restr Federal SFSF	-93.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-8.97%	-0.56%	-0.19%	-0.13%	-0.01%	-0.01%	-0.18%
1.060-All Other Operating	5.04%	26.22%	2.16%	0.61%	0.44%	0.45%	5.98%
1.070-Total Revenue	3.08%	2.50%	0.83%	1.79%	1.74%	1.45%	1.66%
2.070-Total Other Sources	195.36%	206.89%	-24.71%	0.00%	0.00%	0.00%	36.44%
2.080-Total Rev & Other Srcs	3.07%	2.51%	0.82%	1.79%	1.74%	1.45%	1.66%

The above revenue summary reflects both the State and local economy and its impact on expected revenue for the district.

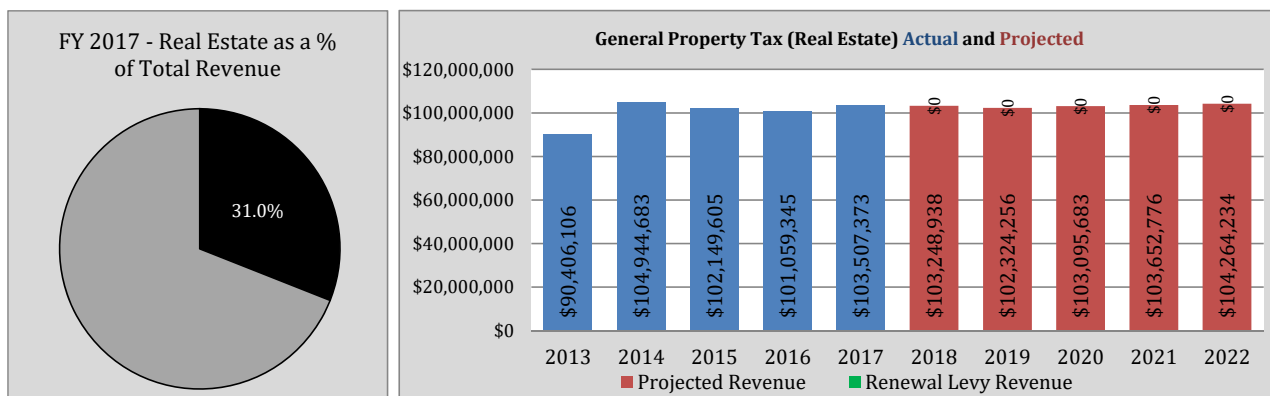
Property values remain consistent with previous assumptions. Unfortunately, we see little to no growth; past growth was attributed to a new levy passed in 2012. State funding is the only major contributor to revenue growth over the forecast period.

Operating total revenue average annual growth is projected to be 1.66% over the five year forecast period. Expenditures are projected to grow annually at an average rate of 2.69%



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 31.0% of total revenue in FY 2017. 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 in the last several years. Residential property (68% of the district's total property valuation) declined 17.2% from 2009 through 2016. The county's reappraisal is now complete and residential values increased just 1.6% compared to the 3.8% estimated in October. This small amount of growth in the 2017 tax year is expected to be followed by small declines in 2018 and 2019. A 5.0% increase is projected in 2020 when the county will be conducting its reappraisal of all property. The district's property values remain economically depressed relative to the state of Ohio as a whole.

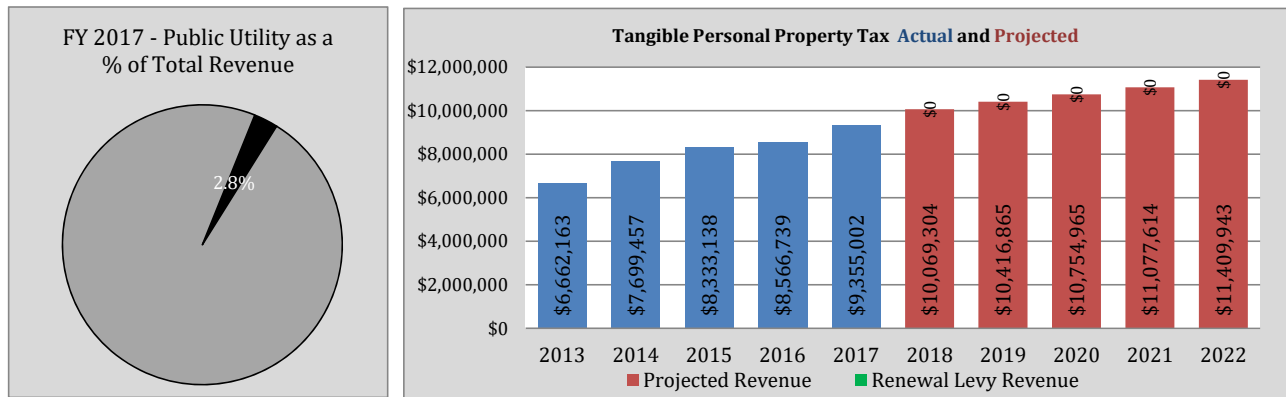
The district's gross (current + prior year delinquencies paid) improved to 98.4% in 2016 collections (2015 tax year) and slipped slightly to 98.2% in 2017. The forecast is modeling an average annual gross collection rate of 98.1% in 2018 through 2022 (collection years). There was some acceleration of taxpayer payments in response to federal tax law changes that improved first half collections for FY 2018 but will reduce second half collections in FY 2019.

Revenue is dependent upon valuations, tax rates, and collection (rate) performance by local taxpayers.

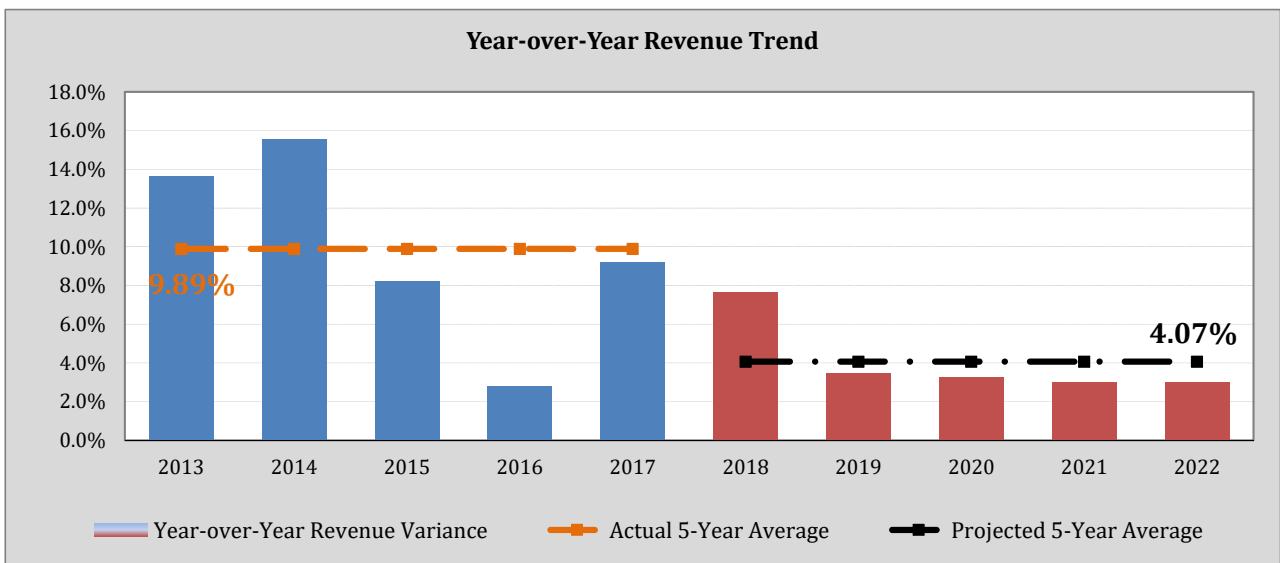
Tax Year	Real Property Valuation		65.31% of Total Real Estate Revenue		34.69% of Total Real Estate Revenue		Gross Collection Rate All Taxes	
	Year-Over-Year Valuation	Year-Over-Year Change	Effective Residential Tax Rate	Year-Over-Year Change	Effective Business Tax Rate	Year-Over-Year Change		
2013	2,257,504,970	(63,578,980)	50.56	0.12	62.40	0.49	97.8%	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	2,181,215,200	13,341,450	52.35	0.08	60.30	(0.70)	98.2%	Actual
2017	2,185,150,860	3,935,660	51.58	(0.77)	62.79	2.49	98.0%	Actual
2018	2,180,949,056	(4,201,804)	51.75	0.17	62.92	0.13	98.1%	Projected
2019	2,176,794,382	(4,154,674)	51.91	0.17	63.04	0.13	98.3%	Projected
2020	2,233,217,898	56,423,516	50.74	(1.17)	62.45	(0.59)	98.1%	Projected
2021	2,235,175,228	1,957,330	50.90	0.16	62.75	0.30	98.0%	Projected

1.020 - Public Utility Personal Property

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



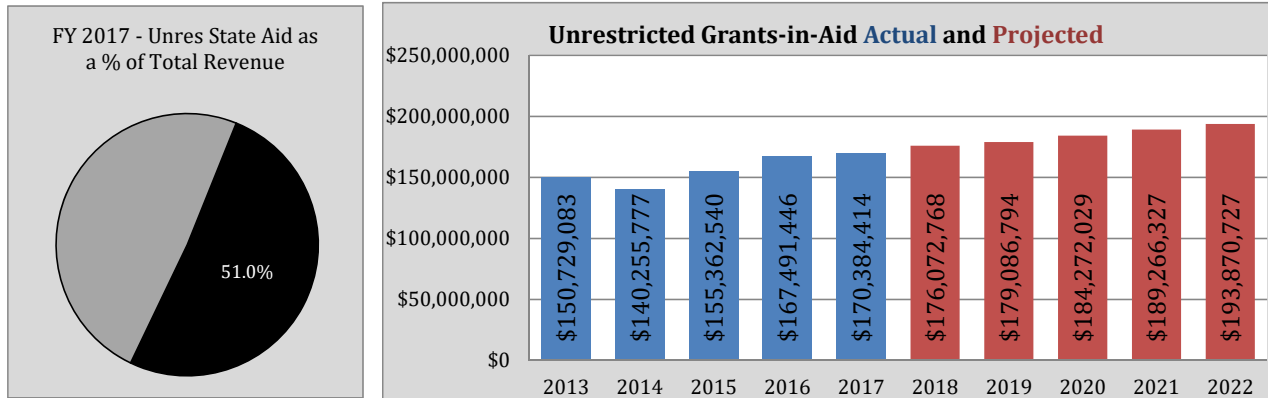
Public utility tax revenue is 2.8% of the district's revenue, but is expected to grow 3.1% per year in 2018 through 2021. The growth is attributable to ongoing infrastructure investment by power and gas companies.



*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



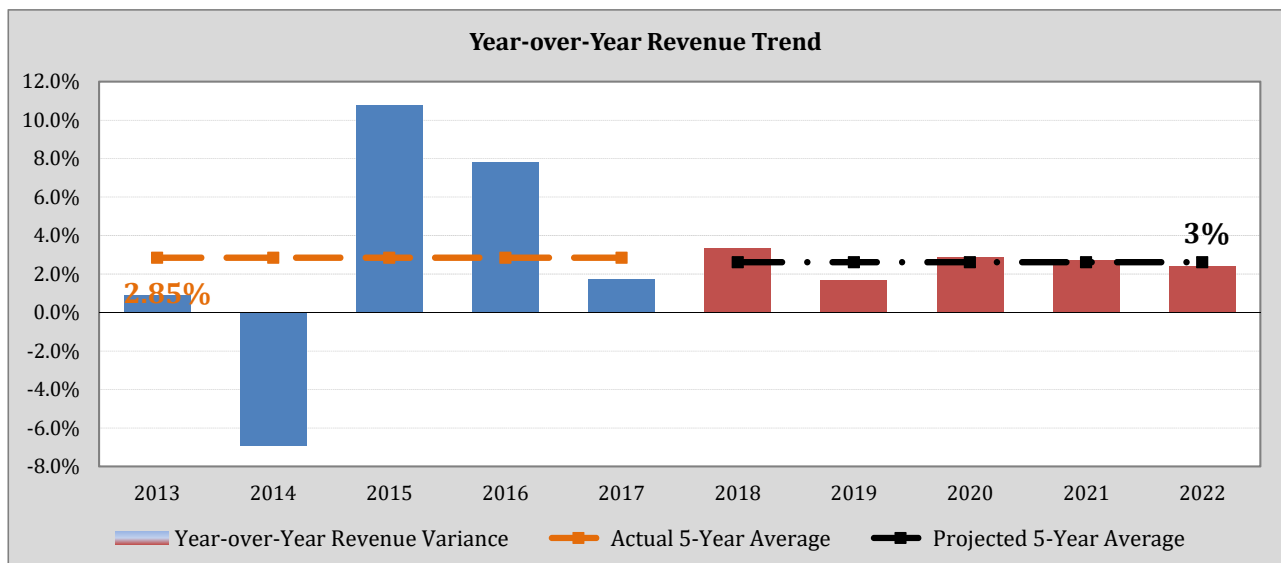
The state's per pupil funding formula generates 51.0% of the district's revenue.

The district's state share formula calculation in FY 2017 was 69.8%, which provided \$4,188 of the state's FY 2017 core statewide aid per pupil of \$6,000. The district's state share index is projected to increase to 72.4% in FY 2018 and FY 2019 and is expected to increase to 76.2% in FY 2022. The growth in state share under the current state formula is attributable to stable enrollment and depressed property values relative to the state of Ohio as a whole.

The forecast assumes stable funded enrollment. The district could generate additional funding if its enrollment exceeds the funded estimates. The calculations will be monitored on a semi-annual basis.

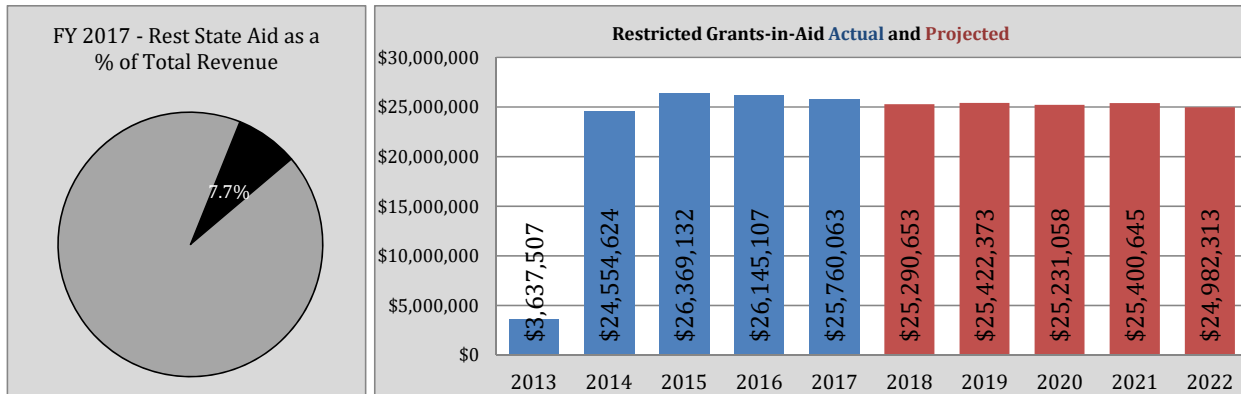
Casino revenue is estimated at \$49.50 per pupil, and is projected to be \$1,030,818 in FY 2018.

FY 2019 is the second year of the state's two-year budget. History has shown that the state will revamp its per pupil funding formula in the next budget which could alter (improve or worsen) funding compared to what is forecasted now.

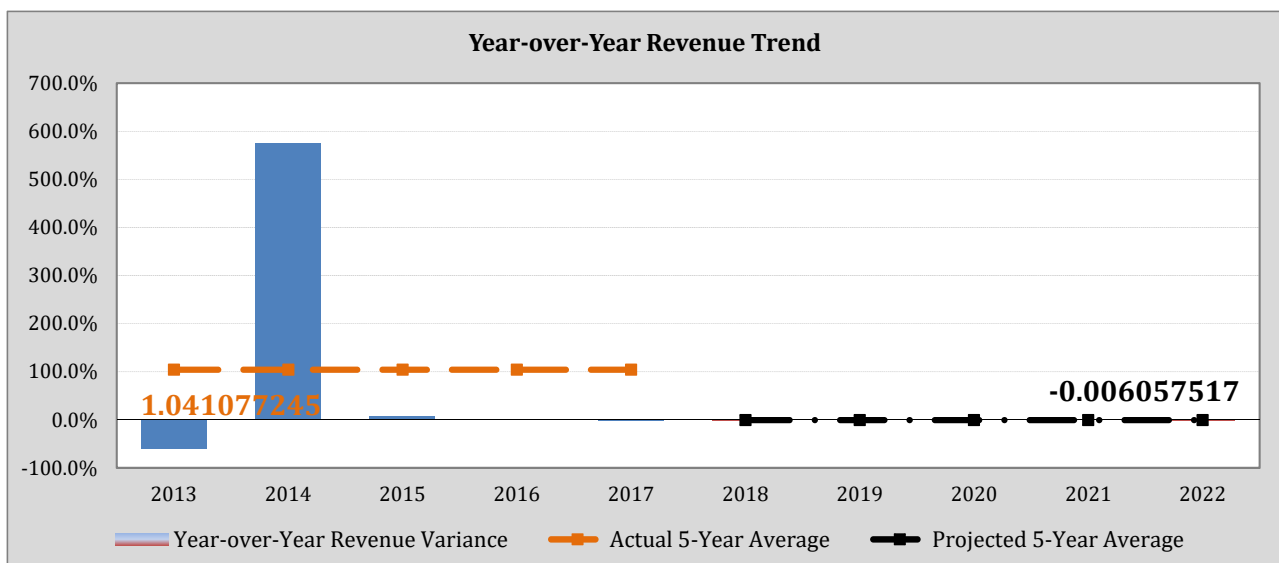


1.040 & 1.045 - Restricted Grants-in-Aid

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

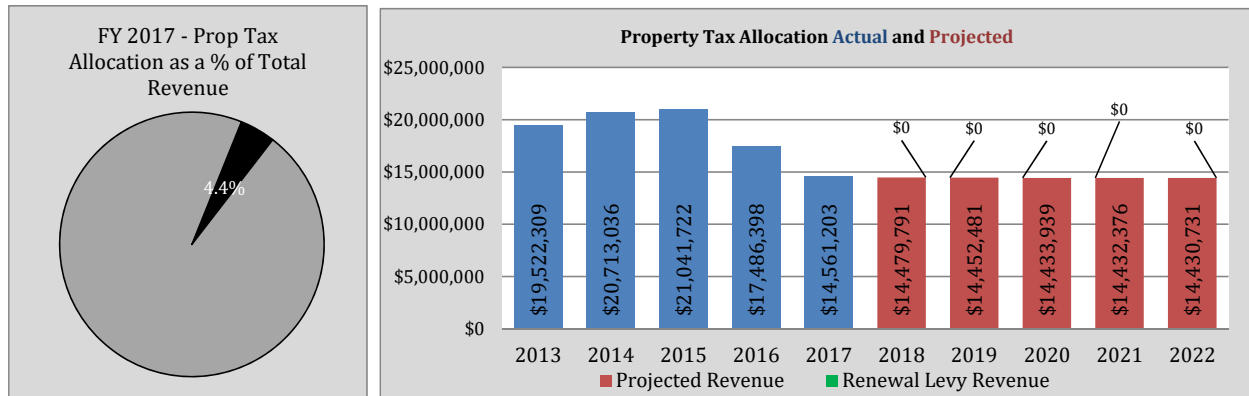


Restricted state aid complements unrestricted state aid as it is the portion of the funding formula that must be designated as restricted; the restricted category is primarily 'economic disadvantaged' funding. Economic disadvantaged funding totaled \$21.6 million in FY 2017, and it is primarily driven 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 2016). Career Technical Education funding of \$3.61 million (FY 2017) is also included in the restricted category.



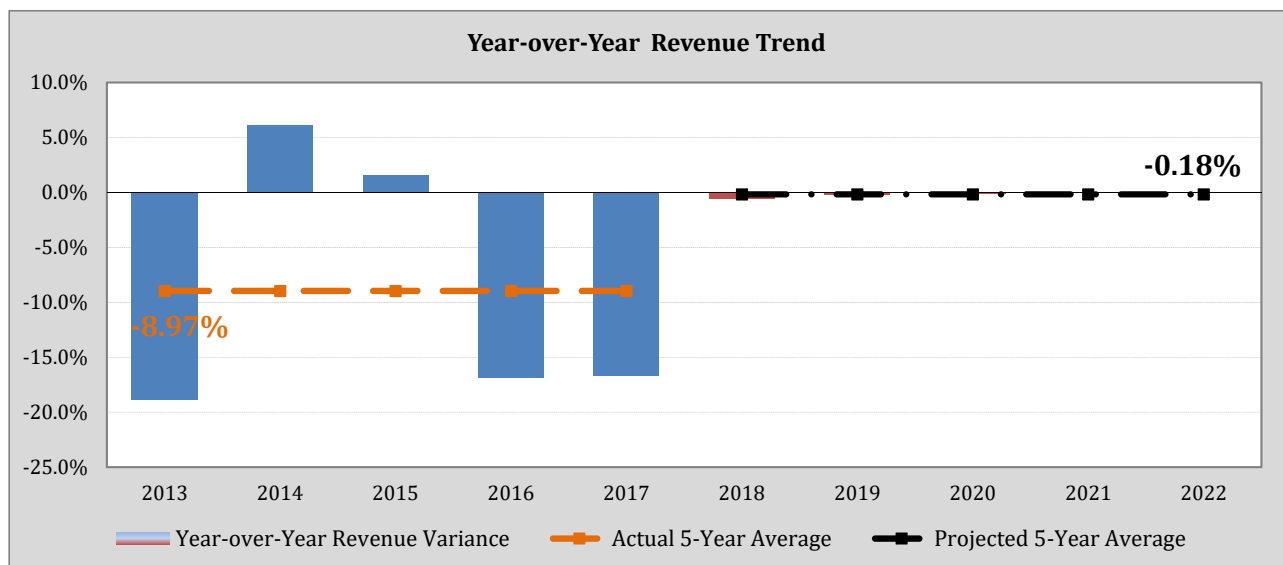
1.050 - Property Tax Allocation

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



Property tax allocation is now just 4.4% of the district's revenue after dropping from 6.5%. The category has declined significantly since 2011 because of the state's elimination of reimbursement for lost local personal property tax revenue. This category includes the state's reimbursements known as "rollback" and "homestead." These reimbursements reduce local taxpayer real estate tax obligations.

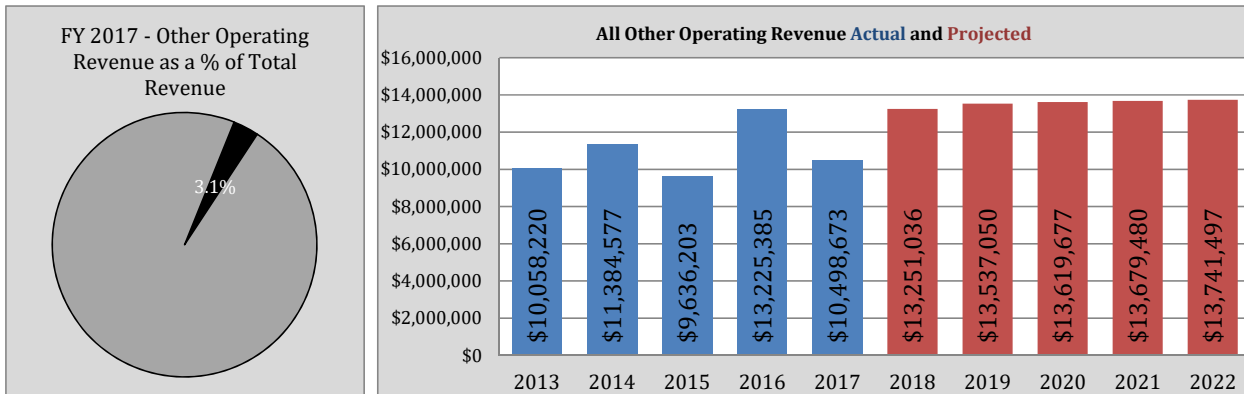
In addition to reimbursements for local residential real estate taxes, Akron also received reimbursement for Ohio's 2005 tax reform that eliminated local taxes on tangible personal property (equipment, inventory, etc.). This reimbursement was cut to \$5,652,518 in 2015, and was phased-out to \$0 in FY 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

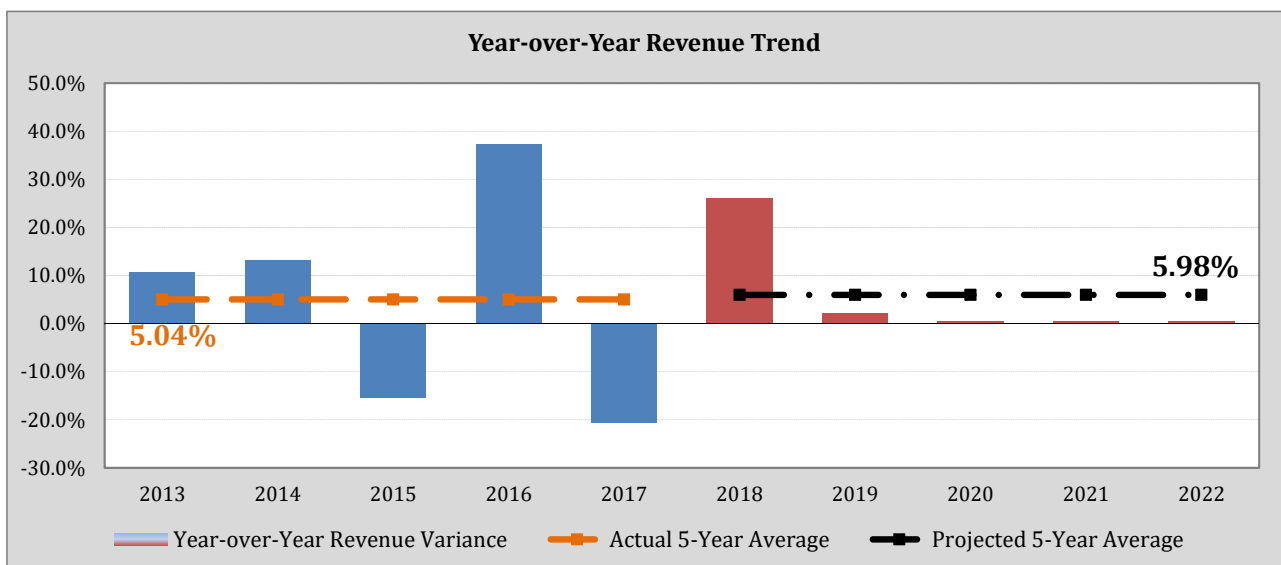
1.060 - All Other Operating Revenues

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



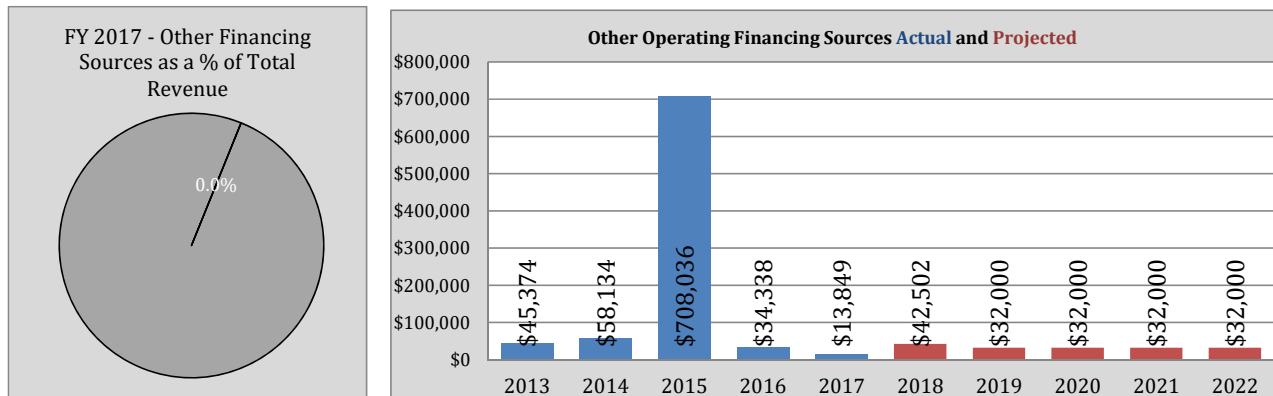
At 3.1%, the "other operating" category included open enrollment tuition at \$4,082,384 in FY 2017. Medicaid reimbursement totaled \$2,288,458 in FY 2017. Fiscal year 2017 revenue declined because of one-time refund money received from the Medicaid reimbursement program in the prior year, plus the deferral of tax incentive financing (TIF) payments from FY 2017 to FY 2018.

Business and payments in lieu of taxes (abatements and tax incentive financings) are expected to total \$3,072,506 in FY 2018. The timing and amount of these payments have been volatile and fluctuating over the past several years. The district and the City of Akron are working to establish the base annual level of revenue plus address arrearage issues. The annual revenue in FY 2018 of \$3,072,506 is the forecasted basis through FY 2022. Depending upon results from the City of Akron, these estimates could change.



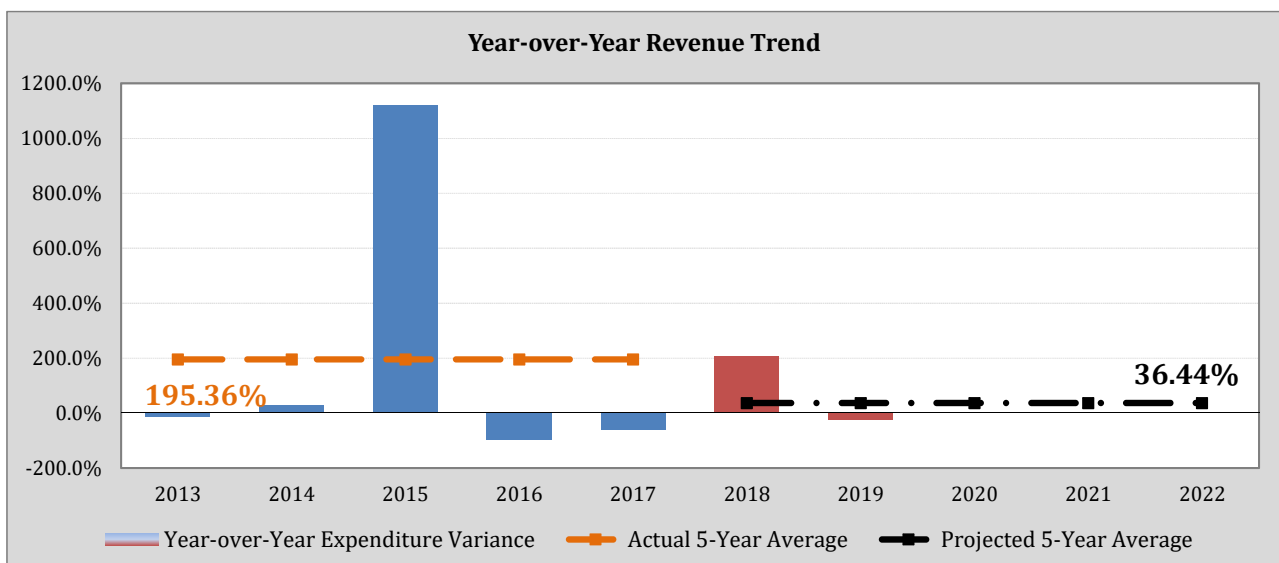
2.070 - Total Other Financing Sources

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 and were of a one-time nature.

The amounts are projected to be consistent and minimal from 2018 through 2022.

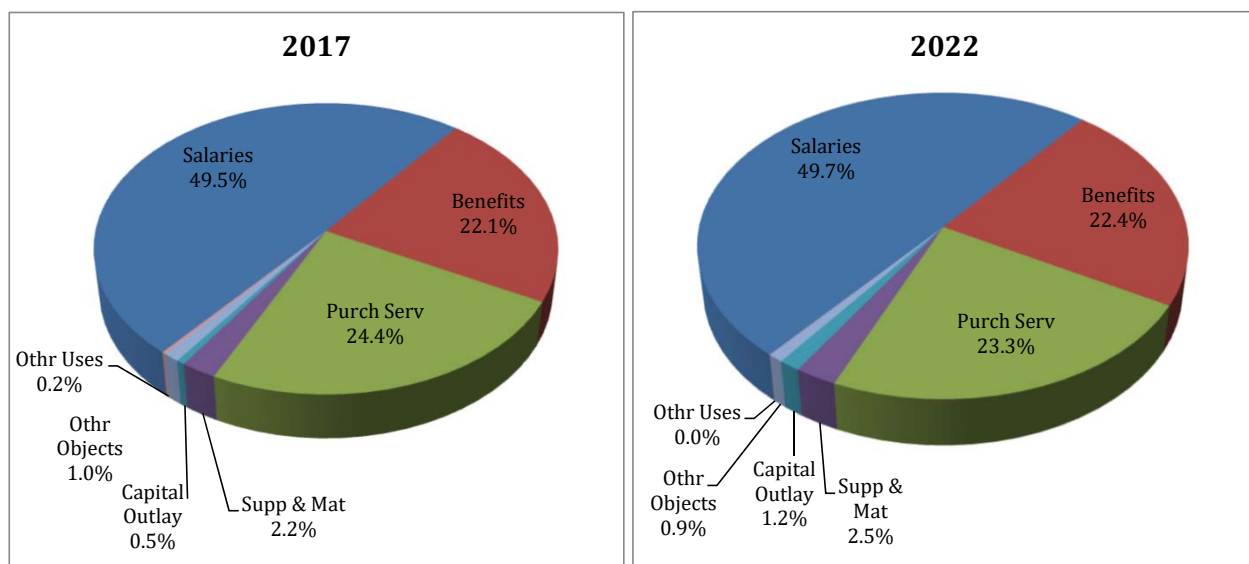


Expenditures Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
Expenditures:							
3.010-Salaries	0.79%	2.67%	2.92%	2.36%	2.91%	2.78%	2.73%
3.020-Benefits	2.27%	-0.99%	1.92%	1.43%	5.93%	6.23%	2.90%
3.030-Purchased Services	5.18%	-1.27%	1.24%	2.81%	2.86%	3.03%	1.74%
3.040-Supplies & Materials	4.76%	18.19%	-3.95%	3.82%	3.83%	3.83%	5.15%
3.050-Capital Outlay	58.09%	139.70%	4.99%	2.38%	2.40%	2.43%	30.38%
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	4.04%	-10.99%	7.24%	1.33%	1.33%	1.34%	0.05%
4.500-Total Expenditures	2.15%	1.83%	2.19%	2.29%	3.54%	3.60%	2.69%
5.040-Total Other Uses	80.92%	-10.74%	-81.24%	0.00%	0.00%	0.00%	-18.40%
5.050-Total Exp & Other Uses	2.19%	1.80%	2.02%	2.29%	3.54%	3.60%	2.65%

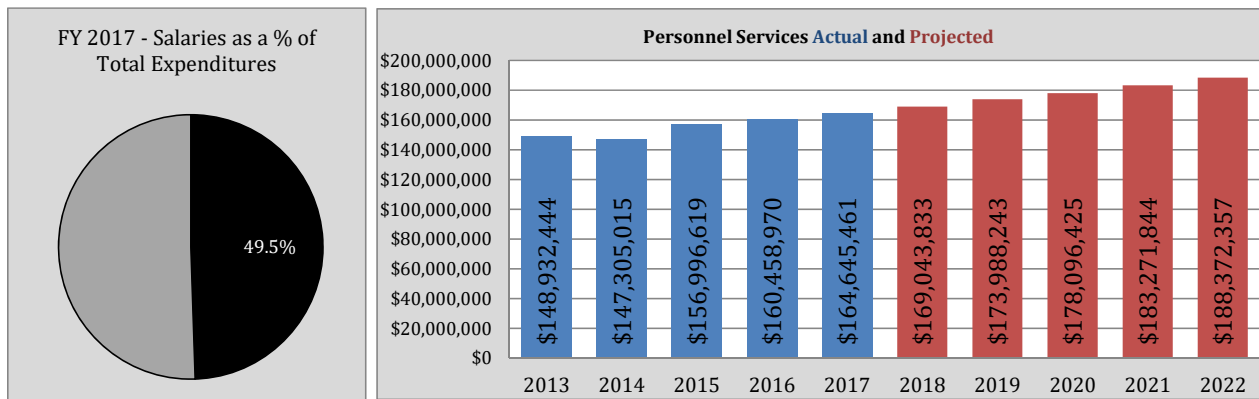
The expenditures overview summary reflects the projected expenditure trend for the next five years.

The District has made a conscious effort to align supply and material purchases. This best practice also helps with budgeting as expenses are more predictable. The district's average annual increase in operating expenditures is projected to be 2.69% which is down from October's 3.20%. The decrease in annual change in projected costs is primarily due to benefits and purchased services. Supplies and capital have fluctuated because of the timing of purchases, and payments for those purchases.

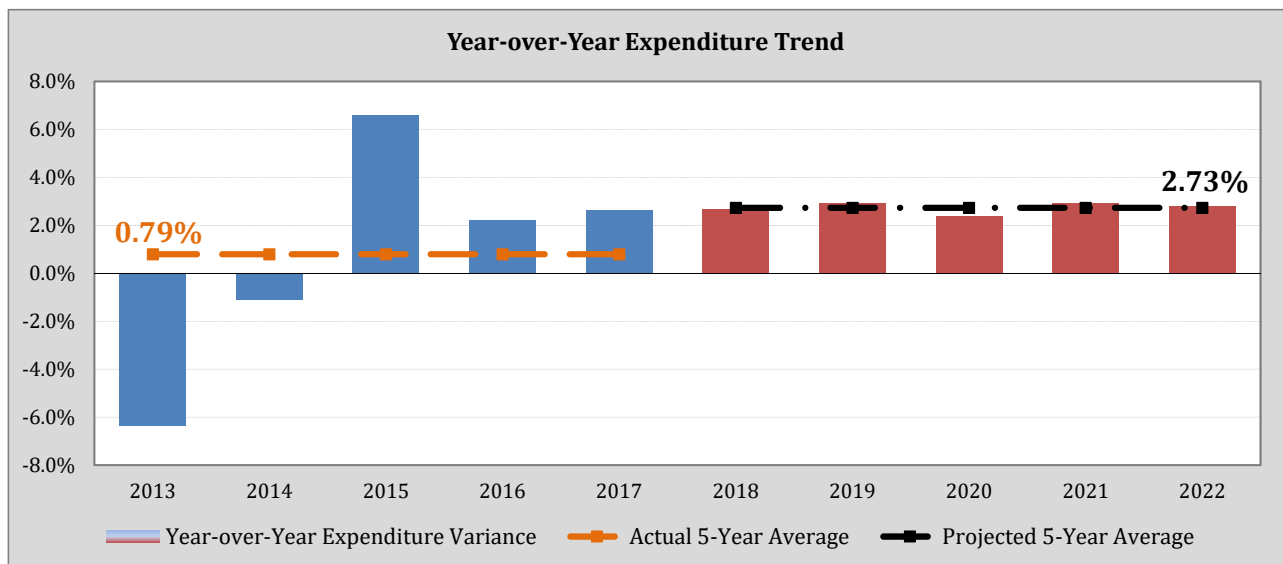


3.010 - Personnel Services

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

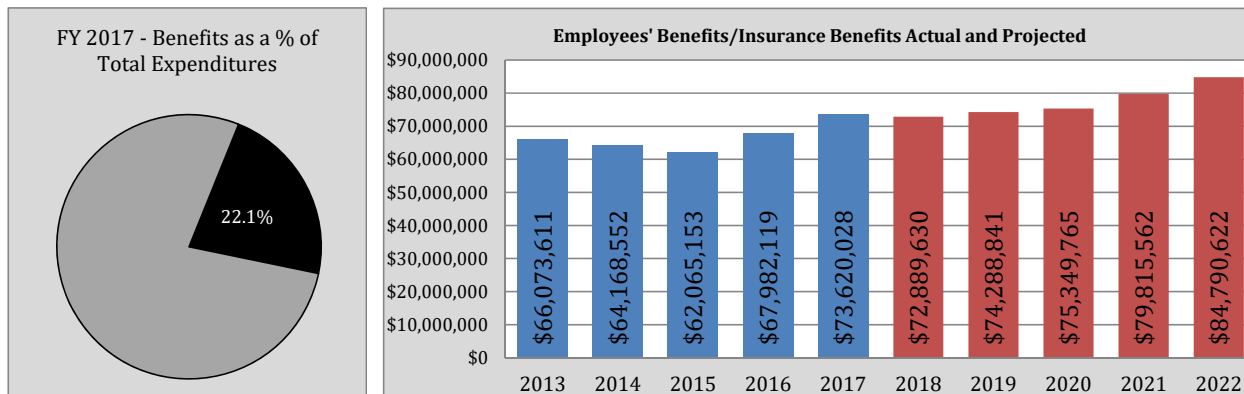


Salaries are half of the district's budget. The district cut costs in FY 2012, and the decline in salary cost continued through FY 2014. In FY 2015 the district's salary costs increased by 6.58%. Through FY 2016, salary costs remained below the FY 2011 level of \$162,371,841. Past growth was contained, in part, because of building closures, including FY 2018. The current forecast reflects continued increases that reflect inflationary trend, the addition of the I Promise School (see page 24) and savings from the central office consolidation.



3.020 - Employees' Benefits

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

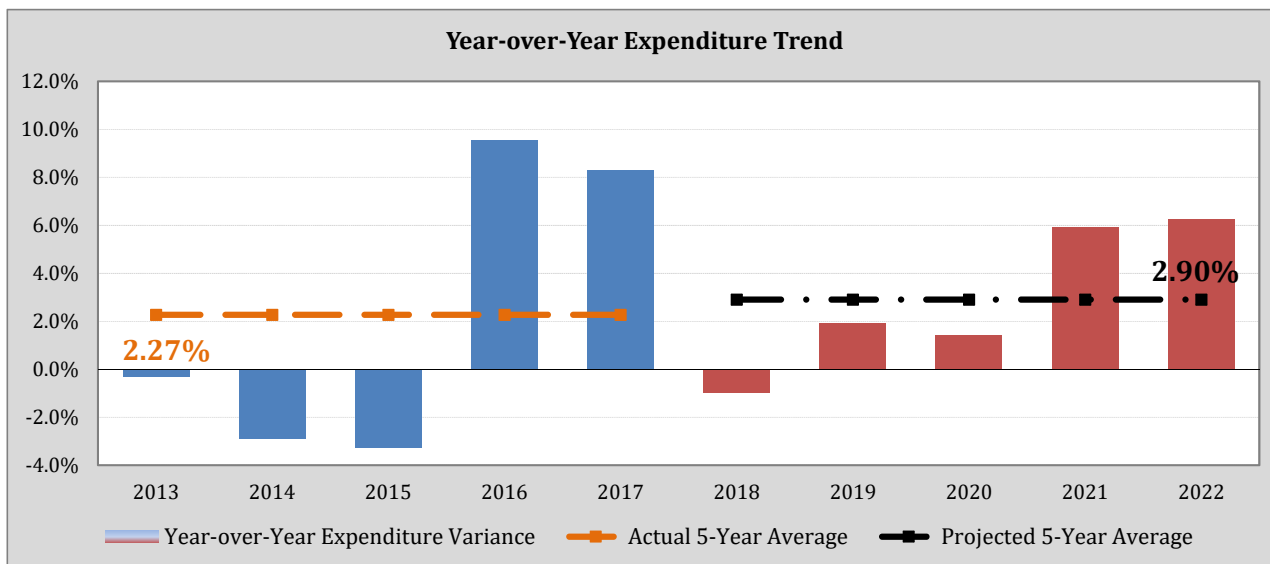


The third largest spending category is for fringe benefits at 22.1%, which is up from last year's level of 19.9% of the district's budget. Fringe benefit costs have increased at a rate of 2.27% annually over the past five years. Increases in cost would have been greater had there not been staffing reductions. The single biggest contributor to increases in benefits is for health insurance.

The fringe benefit costs are projected to increase 2.09% annually compared to October's 5.06% annually. The biggest contributor to this reduction is a change in the previously projected increase in the cost of health insurance. The district's plan design changes and current claims results, coupled with strong reserves, has enable to reduce its projected cost increases.

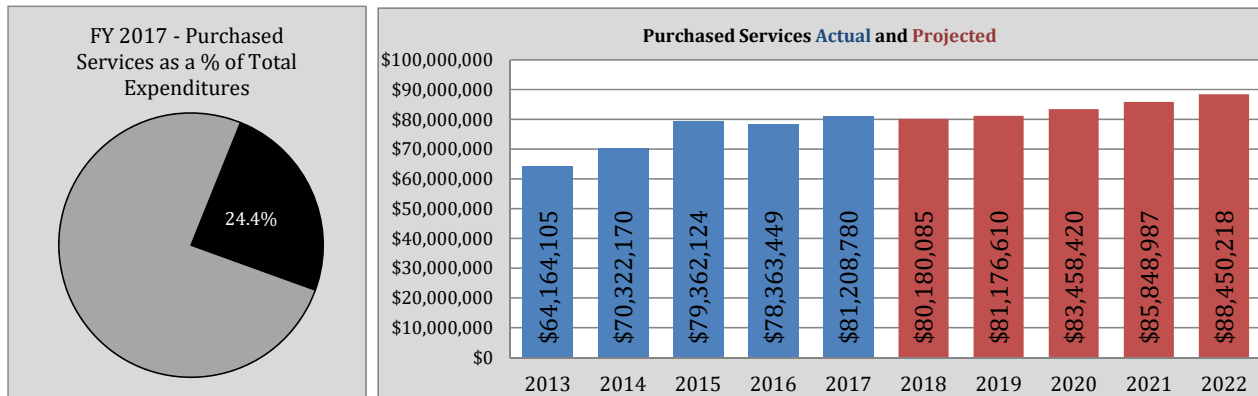
Health insurance premiums were 60.1% of total benefit cost in FY 2017, and totaled \$44.26 million. Because of an improvement in actual health care claims health insurance premiums are now projected to increase 0% in FY 2018, FY 2019 and FY 2020. The premium increase is forecasted to be 7% in FY 2021, and then 8% in FY 2022. This is a significant reduction from the increases recommended and included in the October, 2017 forecast.

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



3.030 - Purchased Services

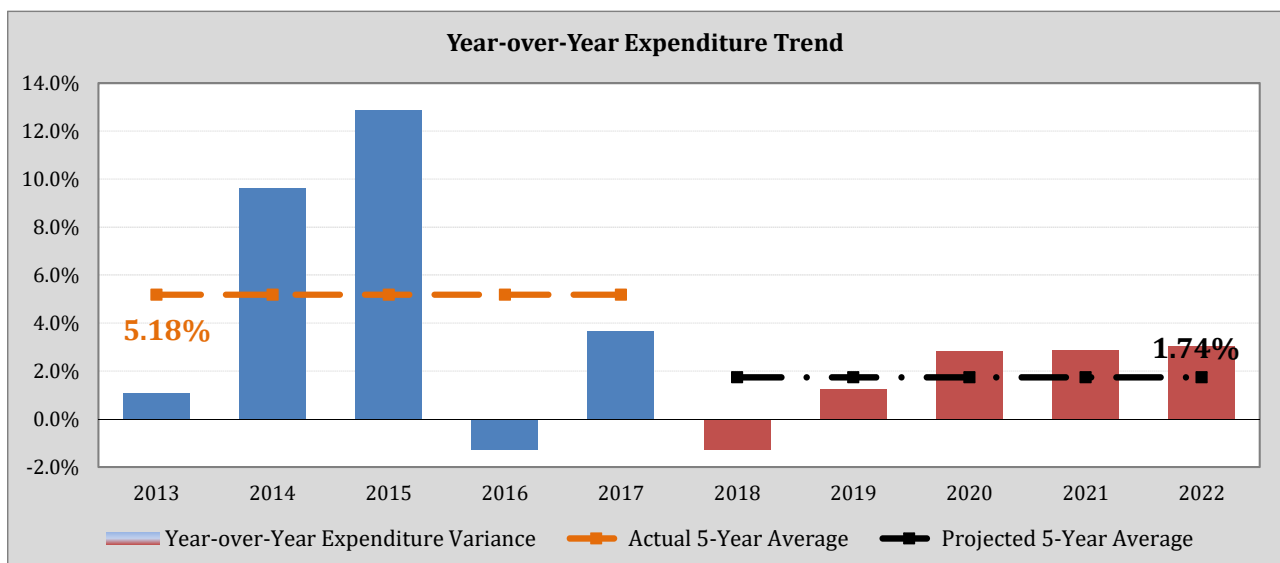
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



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 \$27,641,807 to community schools in FY 2017 which is down from FY 2016's \$30,211,446 level, and FY 2015's \$32,391,683 community school tuition amount. Vouchers totaled \$8,280,537 in FY 2017 which was up from the \$7,544,745 paid in FY 2016, and FY 2015's \$6,797,490 level. Open enrollment also increased in FY 2017 by \$1.0 million. Special education and regular education tuition paid through ODE's SF14 and SF14H program is expected to increase in FY 2018 because of the timing of FY 2017's payments that are being paid in FY 2018. The cost for these two forms of tuition plus excess cost (also special education) totaled \$11,474,843 in FY 2016, \$14,363,142 in FY 2017, and \$16,265,935 projected for FY 2018.

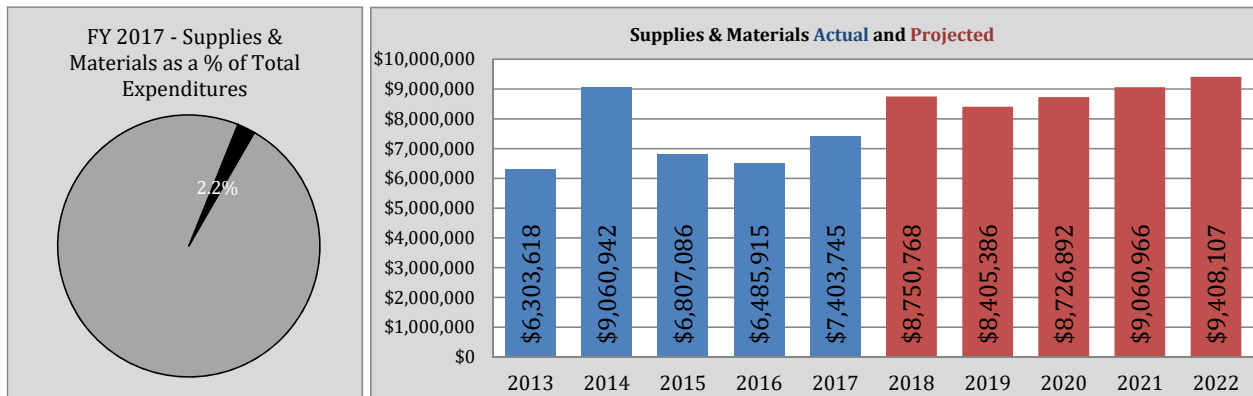
All tuition totaled \$56,143,085 in FY 2016 and \$59,765,168 in FY 2017, and FY 2018 is projected to total \$58,667,107 which is down from October's \$61,037,511 level. The primary reason that FY 2018 is now less than originally projected is less growth in community school tuition. This subdued growth is in the current forecasted amounts and is expected to contribute approximately \$16.0 million in reduced cost from FY 2018 through FY 2022. The \$16.0 million will improve the district's cash reserves.

Utilities totaled \$6,757,555 million in FY 2017. Transportation totaled \$6,038,552 in FY 2017, which is down considerably from FY 2016's level of \$7,032,069.



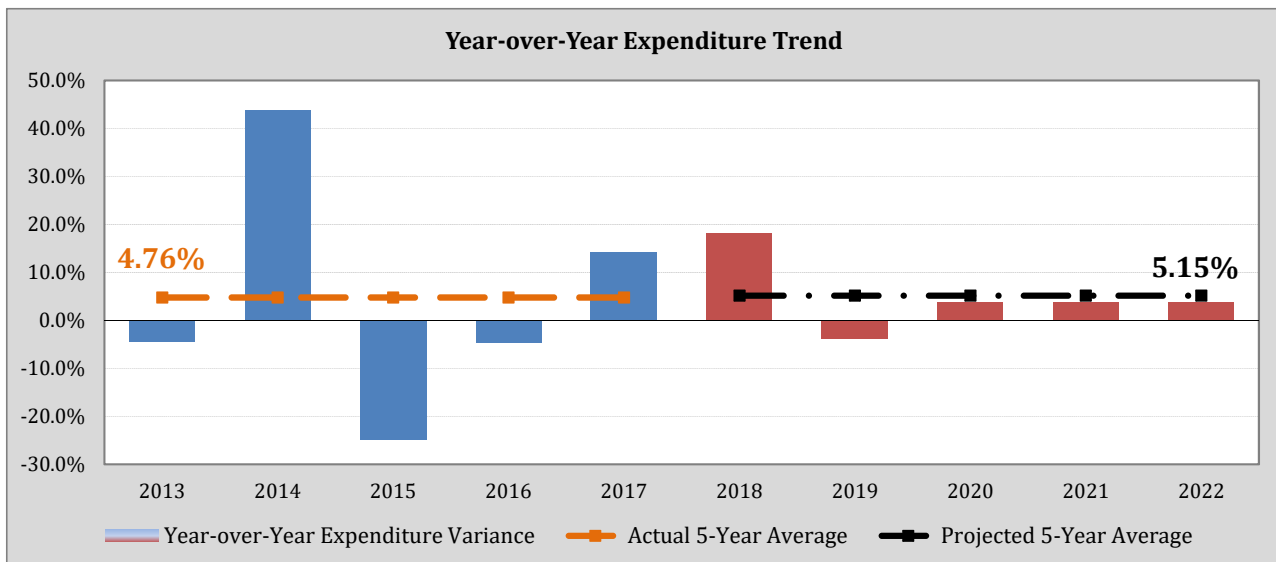
3.040 - Supplies & Materials

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



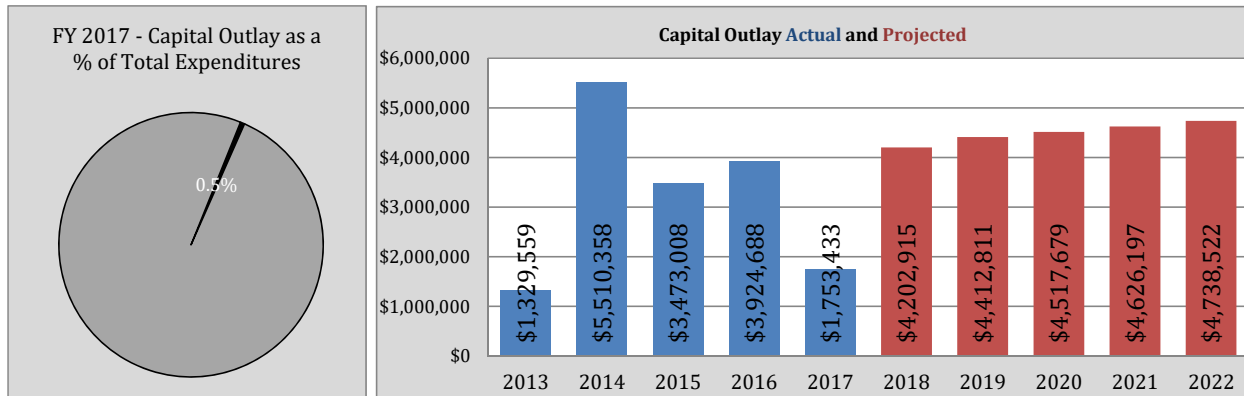
The district maintained supplies (including instructional) at 2.2% of the district's budget in FY 2017, which is up slightly from FY 2016's 2.0% level. The forecast projects FY 2018 expenditures at the May forecast level because of the deferral of FY 2017 expenses into FY 2018 due to timing (the FY 2018 cash flow through September is up 104% over the prior fiscal year).

The projected FY 2018 level serves as the basis for FY 2019 through FY 2022. If the district does not utilize these forecasted amounts then the district's cash balance could improve. Decisions will be made annually regarding the use of these projected funds.

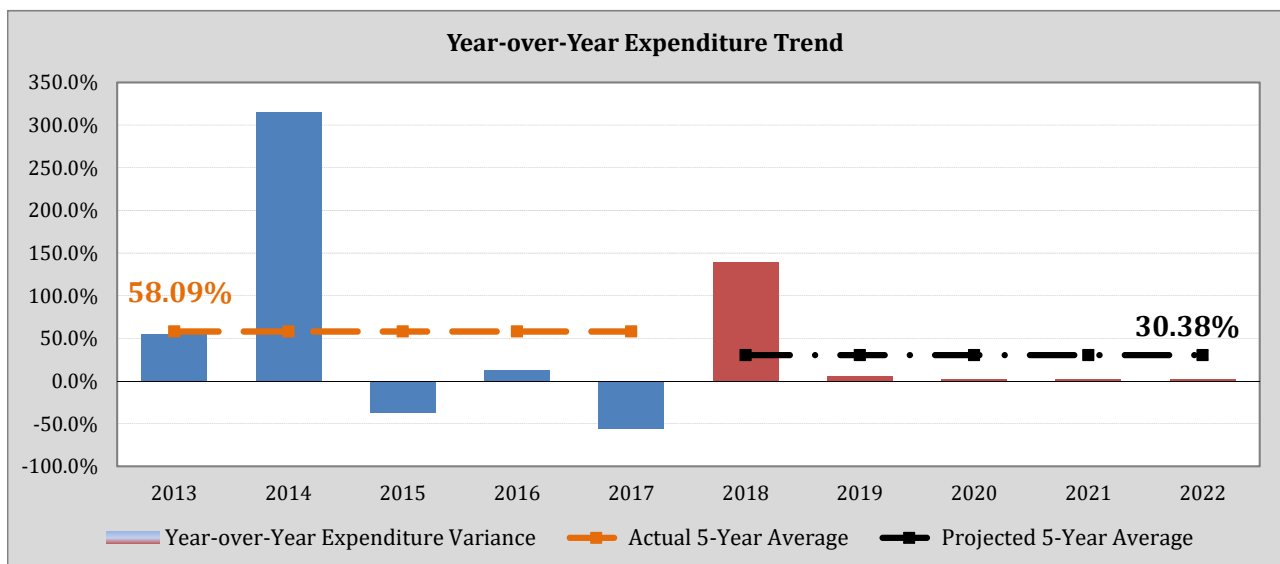


3.050 - Capital Outlay

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.

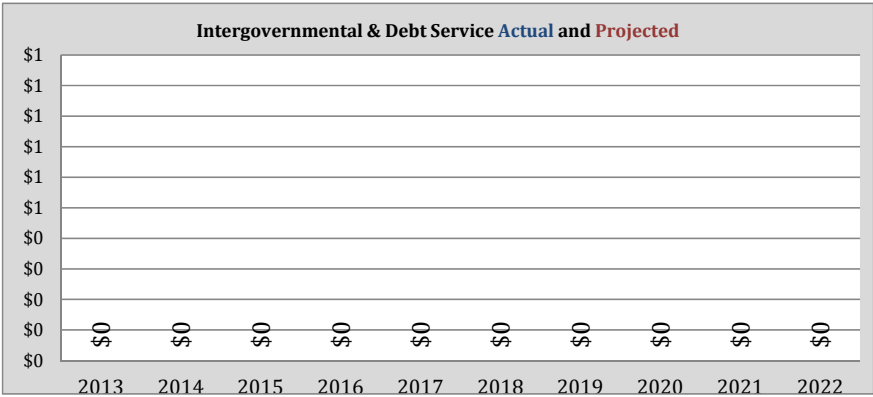
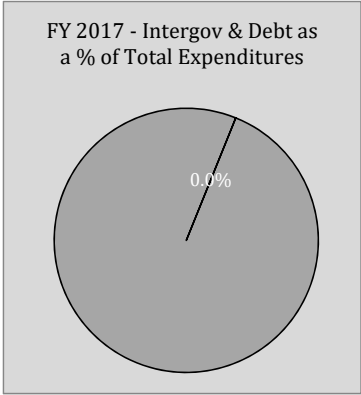


The district's capital outlay expenditures dropped to just 0.5% of the district's budget in FY 2017 because of the reduction in spending, and also the timing of some expenditures to be paid in FY 2018. The district's capital outlay expenditures in FY 2018 are more in line with historical trend and current need and serve as the basis for FY 2019 through FY 2022.

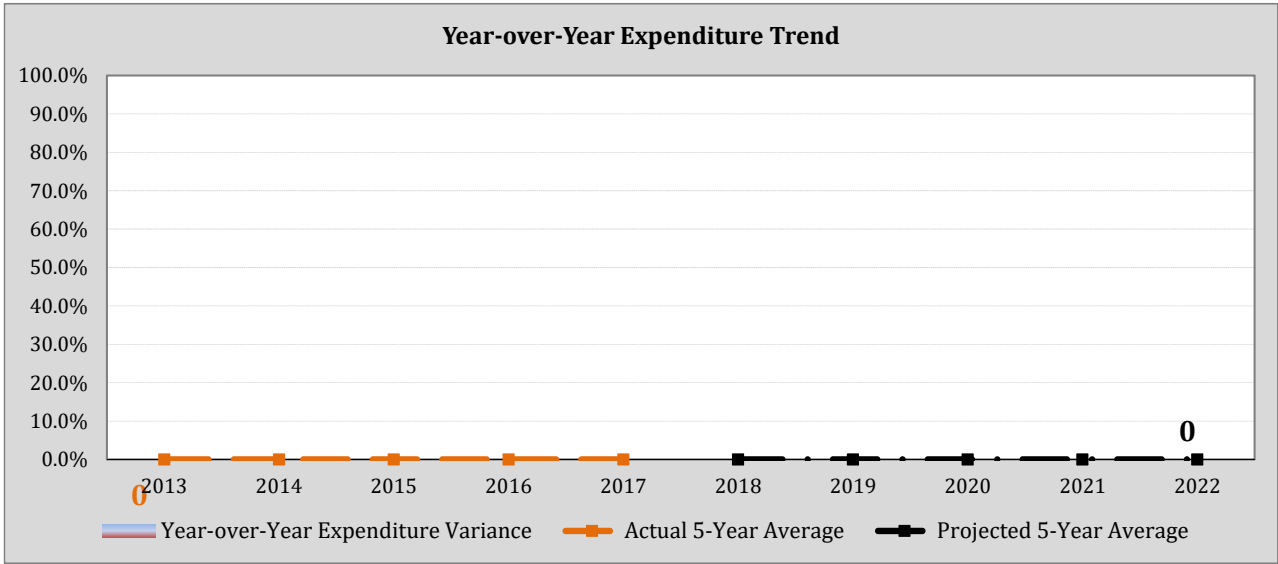


3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.

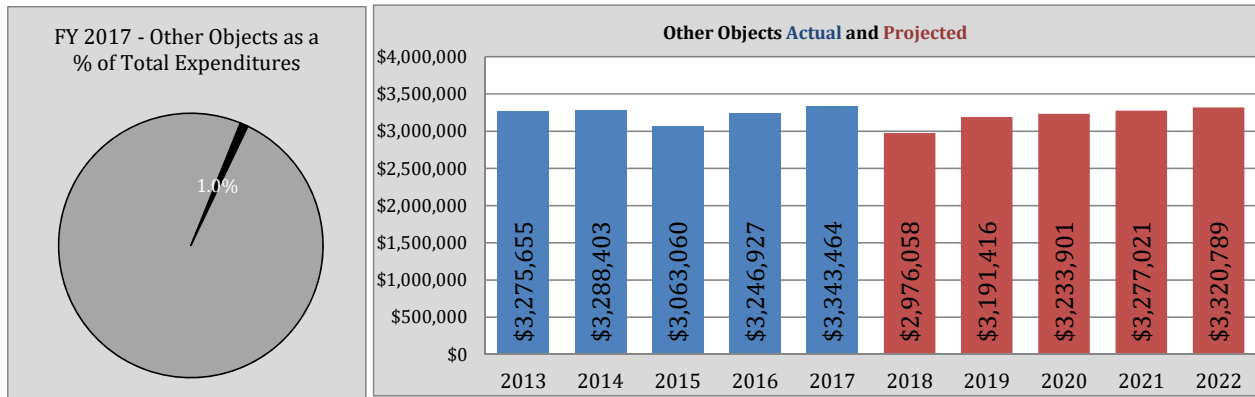


The district does not have any general fund debt.

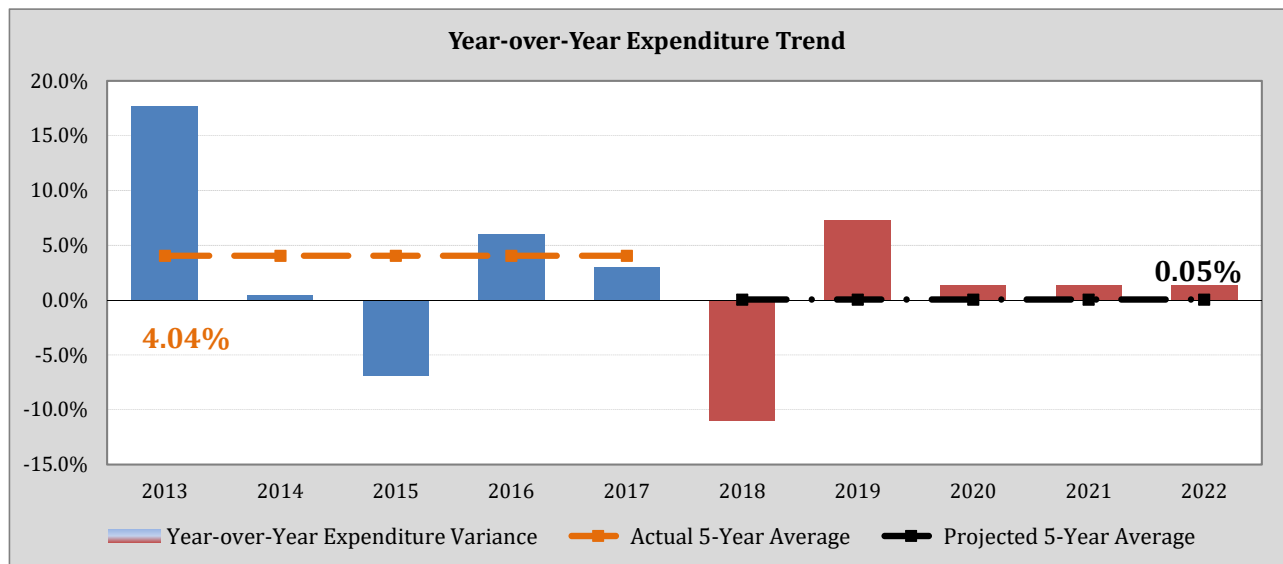


4.300 - Other Objects

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

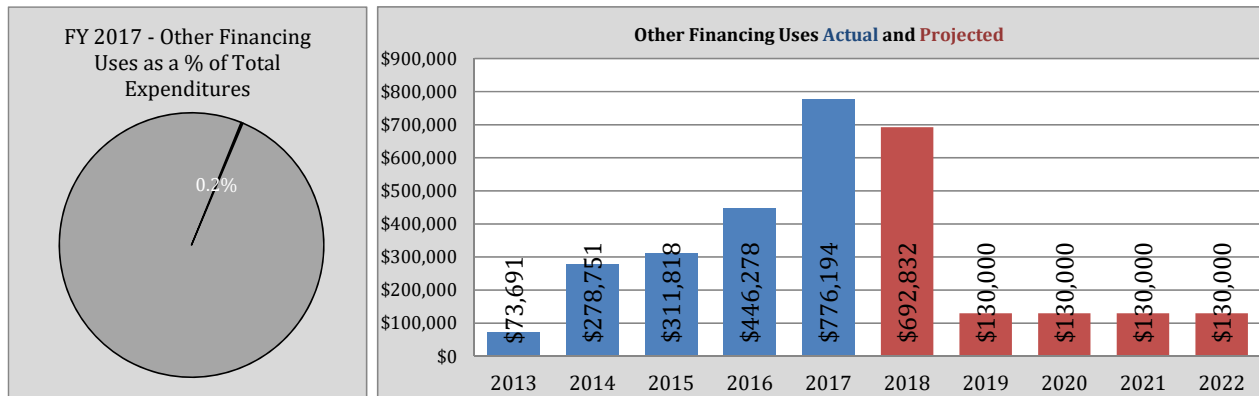


Making up 1% of the total expenditures, other objects include county auditor and treasurer fees totaling \$2.19 million in FY 2017, and makes up the majority of the other operating expenditure category.

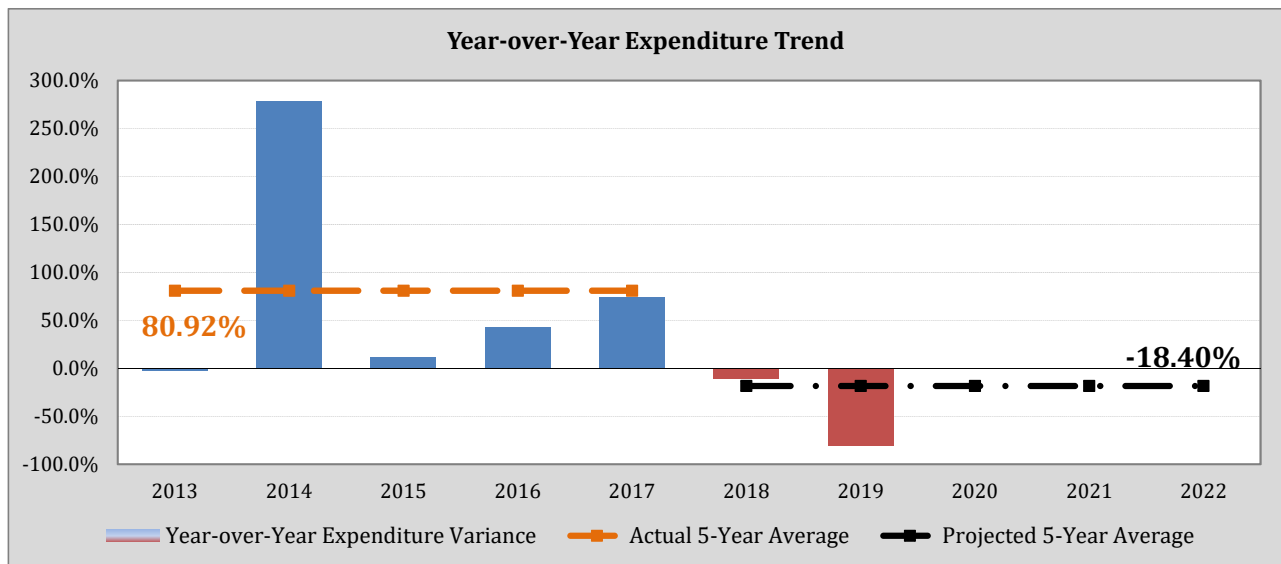


5.040 - Total Other Financing Uses

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. 2018

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar	Percent
		Forecast	Forecast	Difference	Difference
		Amounts For	Amounts For	Between	Between
		F.Y. 2018	F.Y. 2018	Previous	Previous
		Prepared on:	Prepared on:	and	and
		Oct '17 as Filed	5/14/2018	Current	Current
Revenue:					
1	Real Estate & Property Allocation	\$117,417,617	\$117,728,729	\$311,113	0.3%
2	Public Utility Personal Property	\$10,064,604	\$10,069,304	\$4,700	0.0%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$201,651,972	\$201,363,421	-\$288,551	-0.1%
5	Other Revenue	\$13,621,196	\$13,251,036	-\$370,160	-2.7%
6	Other Non Operating Revenue	\$42,502	\$42,502	\$0	0.0%
7	Total Revenue	\$342,797,890	\$342,454,992	-\$342,898	-0.1%
Expenditures:					
8	Salaries	\$167,626,789	\$169,043,833	\$1,417,044	0.8%
9	Fringe Benefits	\$76,602,162	\$72,889,630	-\$3,712,532	-4.8%
10	Purchased Services	\$83,642,083	\$80,180,085	-\$3,461,997	-4.1%
11	Supplies, Debt, Capital Outlay & Other	\$15,794,082	\$15,929,742	\$135,660	0.9%
12	Other Non Operating Expenditures	\$130,000	\$692,832	\$562,832	432.9%
13	Total Expenditures	\$343,795,116	\$338,736,122	-\$5,058,994	-1.5%
14	Revenue Over/(Under) Expenditures	-\$997,225	\$3,718,870	\$4,716,096	1.4%*
15	Ending Cash Balance	\$48,239,288	\$52,955,384	\$4,716,096	1.4%*

*Percentage expressed in terms of total expenditures

Line 4 - State revenue is down because the state's budget included less funding for Akron than was originally projected and because of prior year adjustments.

Line 9 - Benefits are down because of better than expected claims results, plan design changes, and strong reserves. See page 23 for more detailed explanation. This change has significantly improved results on the district's cash balance as explained on page 23.

Line 10 - Purchased services is down because community school decreased in FY 2017 and FY 2018 growth is subdued compared to past year. The current modeled change will improve the district's bottom line but if community school enrollment growth revives then there will be detrimental impact on the current financial forecast.

Akron Public Schools

Fiscal Year:	Actual	FORECASTED				
	2017	2018	2019	2020	2021	2022
Revenue:						
1.010 - General Property Tax (Real Estate)	103,507,373	103,248,938	102,324,256	103,095,683	103,652,776	104,264,234
1.020 - Public Utility Personal Property	9,355,002	10,069,304	10,416,865	10,754,965	11,077,614	11,409,943
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	170,384,414	176,072,768	179,086,794	184,272,029	189,266,327	193,870,727
1.040 - Restricted Grants-in-Aid	25,760,063	25,290,653	25,422,373	25,231,058	25,400,645	24,982,313
1.045 - Restricted Federal Grants - SFSS	-	-	-	-	-	-
1.050 - Property Tax Allocation	14,561,203	14,479,791	14,452,481	14,433,939	14,432,376	14,430,731
1.060 - All Other Operating Revenues	10,498,673	13,251,036	13,537,050	13,619,677	13,679,480	13,741,497
1.070 - Total Revenue	334,066,728	342,412,490	345,239,819	351,407,351	357,509,217	362,699,445
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	13,148	32,000	32,000	32,000	32,000	32,000
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	701	10,502	-	-	-	-
2.070 - Total Other Financing Sources	13,849	42,502	32,000	32,000	32,000	32,000
2.080 - Total Rev & Other Sources	334,080,577	342,454,992	345,271,819	351,439,351	357,541,217	362,731,445
Expenditures:						
3.010 - Personnel Services	164,645,461	169,043,833	173,988,243	178,096,425	183,271,844	188,372,357
3.020 - Employee Benefits	73,620,028	72,889,630	74,288,841	75,349,765	79,815,562	84,790,622
3.030 - Purchased Services	81,208,780	80,180,085	81,176,610	83,458,420	85,848,987	88,450,218
3.040 - Supplies and Materials	7,403,745	8,750,768	8,405,386	8,726,892	9,060,966	9,408,107
3.050 - Capital Outlay	1,753,433	4,202,915	4,412,811	4,517,679	4,626,197	4,738,522
3.060 - Intergovernmental	-	-	-	-	-	-
Debt Service:						
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	3,343,464	2,976,058	3,191,416	3,233,901	3,277,021	3,320,789
4.500 - Total Expenditures	331,974,911	338,043,290	345,463,307	353,383,081	365,900,577	379,080,614
Other Financing Uses						
5.010 - Operating Transfers-Out	776,194	542,832	130,000	130,000	130,000	130,000
5.020 - Advances-Out	-	150,000	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	776,194	692,832	130,000	130,000	130,000	130,000
5.050 - Total Exp and Other Financing Uses	332,751,105	338,736,122	345,593,307	353,513,081	366,030,577	379,210,614
6.010 - Excess of Rev Over/(Under) Exp	1,329,472	3,718,870	(321,489)	(2,073,731)	(8,489,360)	(16,479,168)
7.010 - Cash Balance July 1 (No Levies)	47,907,041	49,236,513	52,955,384	52,633,895	50,560,164	42,070,804
7.020 - Cash Balance June 30 (No Levies)	49,236,513	52,955,384	52,633,895	50,560,164	42,070,804	25,591,635
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	49,236,513	52,955,384	52,633,895	50,560,164	42,070,804	25,591,635
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	49,236,513	52,955,384	52,633,895	50,560,164	42,070,804	25,591,635
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	49,236,513	52,955,384	52,633,895	50,560,164	42,070,804	25,591,635

Fringe Benefit Assumptions

	October, 2017		May, 2018	
	% Increase	\$ Increase	% Increase	\$ Increase
FY 2018	6.75%	\$3,000,000	0.00%	\$0
FY 2019	2.78%	\$1,200,000	0.00%	\$0
FY 2020	9.00%	\$4,400,000	0.00%	\$0
FY 2021	9.00%	\$4,700,000	7.00%	\$3,100,000
FY 2022	9.00%	\$4,900,000	8.00%	\$3,788,975

The table to the left reflects the modeled health insurance premium change in October, 2017 versus the May, 2018 forecast update.

The impact of the reduction in growth trends is summarized in the table below and is expected to improve the cash balance by \$34,266,194.

Employee Benefit Cost October, 2017 Compared to May, 2018	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Five-Year Cumulative Total
Retirement & Health Insurance (May, 2018)	\$ 72,889,630	\$ 74,288,841	\$ 75,349,765	\$ 79,815,562	\$ 84,790,622	\$ 387,134,420
Retirement & Health Insurance (Oct, 2017)	\$ 76,602,162	\$ 78,557,657	\$ 83,419,656	\$ 88,624,017	\$ 94,197,122	\$ 421,400,614
Reduction In Projected Cost	\$ (3,712,532)	\$ (4,268,816)	\$ (8,069,891)	\$ (8,808,455)	\$ (9,406,500)	\$ (34,266,194)
						-8.1%

The driving forces behind less cost are due to the district's plan design changes and current claims results, coupled with strong reserves. The table below compares the financial forecast increases in cost compared to the consultant's recommendation and the resulting realignment of reserves with actuarial requirements.

Health Insurance Summary	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Forecast Change as of May, 2018		0%	0%	7%	8%	10%
240 Certified	\$ 31,526,161	\$ 31,526,161	\$ 31,526,161	\$ 33,732,992	\$ 36,431,631	\$ 40,074,794
250 Classified	\$ 11,297,779	\$ 11,297,779	\$ 11,297,779	\$ 12,088,623	\$ 13,055,713	\$ 14,361,285
Forecast Total General Fund	\$ 42,823,940	\$ 42,823,940	\$ 42,823,940	\$ 45,821,615	\$ 49,487,345	\$ 54,436,079
Other Funds + Employee Share	\$10,073,704	\$10,073,704	\$10,073,704	\$10,778,864	\$11,533,384	\$12,340,721
Insurance Consultant Recommendations		-2.46%	7.00%	8.00%	8.00%	8.00%
Plan Cost Per Consultant	\$52,897,644	\$51,598,396	\$55,210,284	\$59,627,106	\$64,397,275	\$69,549,057
General Fund Ratio	80.95%	80.95%	80.95%	80.95%	80.95%	80.95%
General Fund Need	\$42,820,643	\$41,768,902	\$44,692,725	\$48,268,143	\$52,129,594	\$56,299,962
Other Funds + Employee Share	\$10,073,704	\$9,829,494	\$10,517,559	\$11,358,964	\$12,267,681	\$13,249,095
Reserve Balance w/ FF % Chg	\$23,000,000	\$24,299,248	\$21,986,608	\$18,959,981	\$15,583,435	\$12,811,178

I Promise School and Central Office Consolidation

I Promise School

<u>FY</u>	<u>Base Salary</u>	<u>Fringe</u>	<u>Benefits</u>	<u>Purchase Services</u>	<u>Supplies</u>	<u>Total</u>
2019	\$1,855,684	\$322,072	\$672,354	\$50,265	\$10,000	\$2,910,374
2020	\$2,690,955	\$469,572	\$946,524	\$99,360	\$10,000	\$4,216,411
2021	\$4,013,101	\$700,286	\$1,392,051	\$138,280	\$10,000	\$6,253,718
2022	\$4,932,123	\$860,655	\$1,643,374	\$163,587	\$10,000	\$7,609,739
2023	\$5,295,794	\$924,116	\$1,700,493	\$180,342	\$10,000	\$8,110,745

Central Office Consolidation

	2019
Salaries	\$1,546,045
Retir	\$277,262
Health	\$232,042
Other	\$0
Total	\$2,055,349
90%	\$1,849,814
Salaries	\$1,391,441
Retir	\$249,536
Health	\$208,838
Other	\$0
	\$1,849,814

The district's consolidation of its central office is expected to generate operational savings of \$1,849,814 in FY 2019. The compounded impact through FY 2022 is expected to total \$3,114,435.

Forecast Summary - October, 2017 Compared to Current

October, 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Beginning Balance	49,236,513	48,239,288	41,898,286	29,478,031	11,022,274
+ Revenue	342,797,890	345,576,859	351,305,722	357,483,503	363,753,008
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(343,795,116)	(351,917,861)	(363,725,977)	(375,939,260)	(388,679,683)
= Revenue Surplus or Deficit	(997,225)	(6,341,002)	(12,420,255)	(18,455,757)	(24,926,675)
Ending Balance	48,239,288	41,898,286	29,478,031	11,022,274	(13,904,401)

May, 2018	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Beginning Balance	49,236,513	52,955,384	52,633,895	50,560,164	42,070,804
+ Revenue	342,454,992	345,271,819	351,439,351	357,541,217	362,731,445
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(338,736,122)	(345,593,307)	(353,513,081)	(366,030,577)	(379,210,614)
= Revenue Surplus or Deficit	3,718,870	(321,489)	(2,073,731)	(8,489,360)	(16,479,168)
Ending Balance	52,955,384	52,633,895	50,560,164	42,070,804	25,591,635