



**Akron Public
Schools®**

Five Year Forecast Financial Report

November, 2020

Ryan Pendleton, CFO

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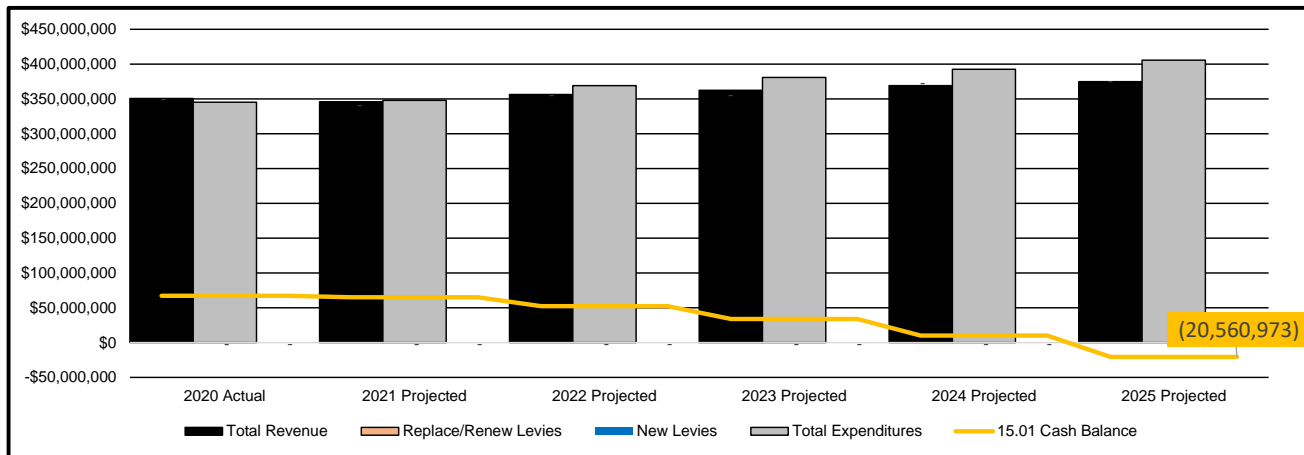
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Forecast Purpose/Objectives

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.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.



Note: Cash balance includes any existing levy modeled as renewed during the forecast.
Cash balance is not reduced for encumbrances.

Financial Forecast	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Beginning Balance	67,242,284	65,005,659	52,241,565	33,981,754	10,235,750
+ Revenue	345,816,245	356,356,571	362,466,840	368,986,632	374,760,682
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(348,052,870)	(369,120,665)	(380,726,651)	(392,732,635)	(405,557,405)
= Revenue Surplus or Deficit	(2,236,625)	(12,764,094)	(18,259,811)	(23,746,003)	(30,796,723)
Ending Balance with renewal levies	65,005,659	52,241,565	33,981,754	10,235,750	(20,560,973)
Note: Not Reduced for Encumbrances					

Analysis Without Renewal Levies Included:

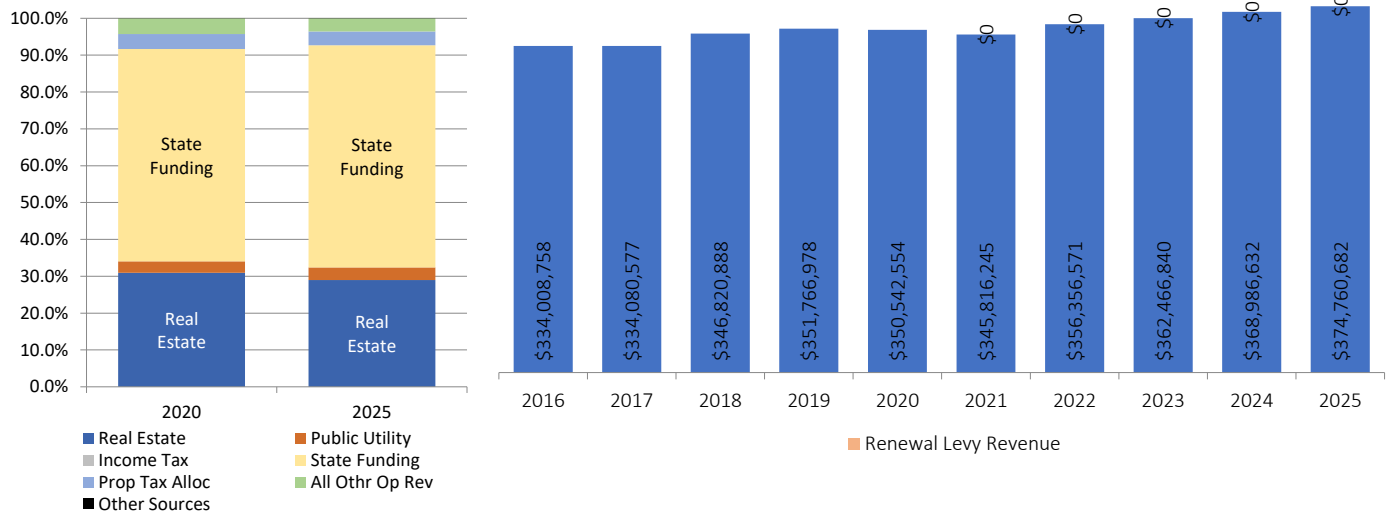
Revenue Surplus or Deficit w/o Levies	(2,236,625)	(12,764,094)	(18,259,811)	(23,746,003)	(30,796,723)
Ending Balance w/o Levies	65,005,659	52,241,565	33,981,754	10,235,750	(20,560,973)

In FY 2021 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$2,236,625 in FY 2021. By the last year of the forecast, FY 2025, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$30,796,723. The district would need to cut its FY 2025 projected expenses by 7.59% in order to balance its budget without additional revenue.

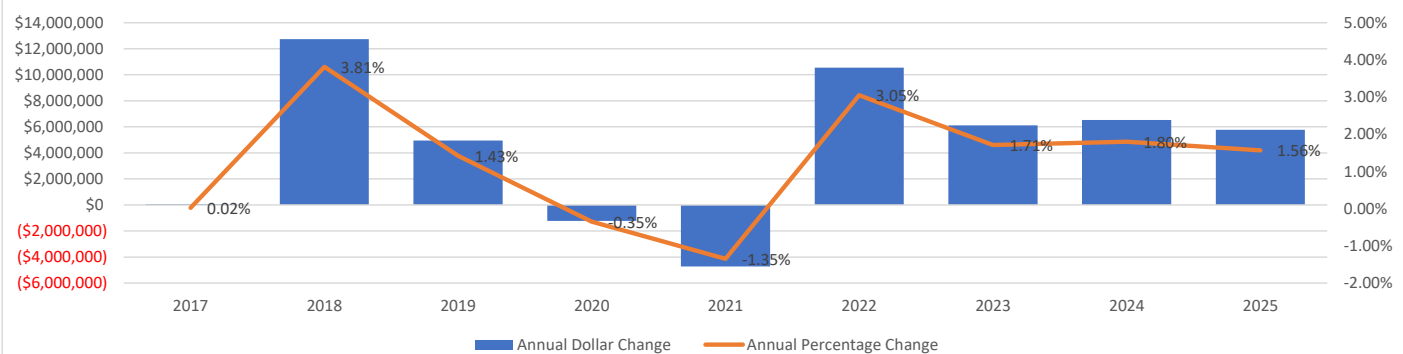
The district's cash balance is positive at year-end in FY 2021 and is projected to worsen by FY 2025. A worsening cash balance can erode the district's financial stability over time.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



3-Year Historical Actual Average Annual Dollar Change
Compared to 5-Year Projected

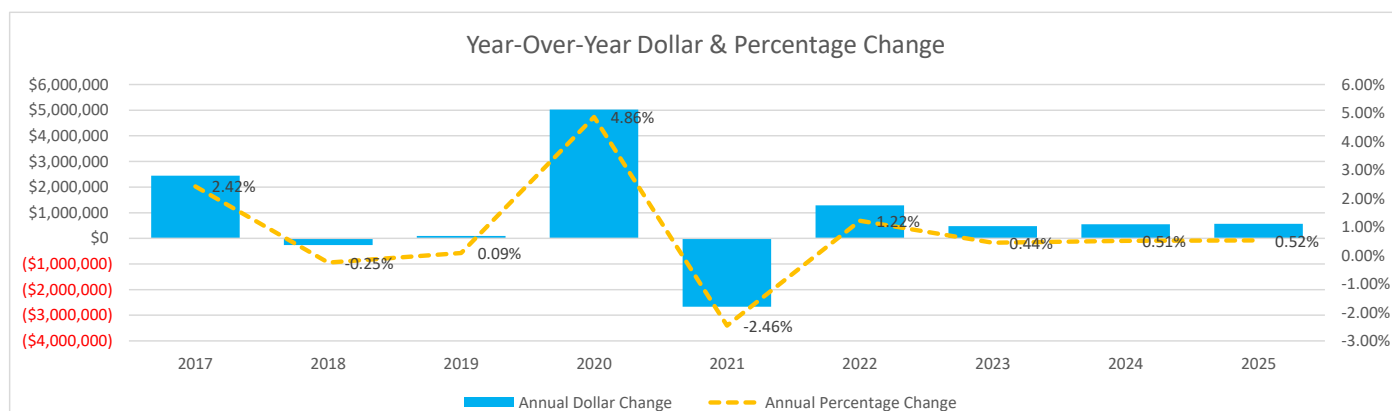
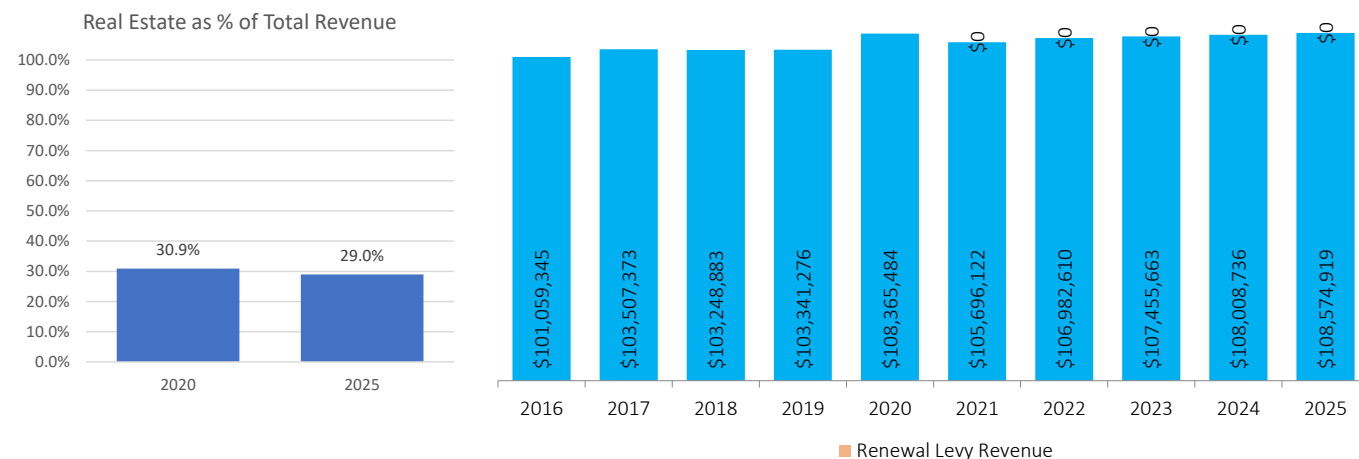
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 1.63% or \$5,487,326 annually during the past five years and is projected to increase 1.36% or \$4,843,626 annually through FY2025. State Funding has the most projected average annual variance compared to the historical average at \$2,859,478
Real Estate	\$1,619,370	\$41,887	(\$1,577,483)	
Public Utility	\$574,146	\$375,120	(\$199,026)	
Income Tax	\$0	\$0	\$0	
State Funding	\$1,932,423	\$4,791,901	\$2,859,478	
Prop Tax Alloc	(\$160,677)	(\$20,920)	\$139,757	
All Othr Op Rev	\$1,509,330	(\$344,362)	(\$1,853,692)	
Other Sources	\$12,734	\$0	(\$12,734)	
Total Average Annual Change	\$5,487,326 1.63%	\$4,843,626 1.36%	(\$643,700) -0.27%	

Note: Expenditure average annual change is projected

to be > \$12,031,297 On an annual average basis, expenditures are projected to grow faster than revenue.

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).



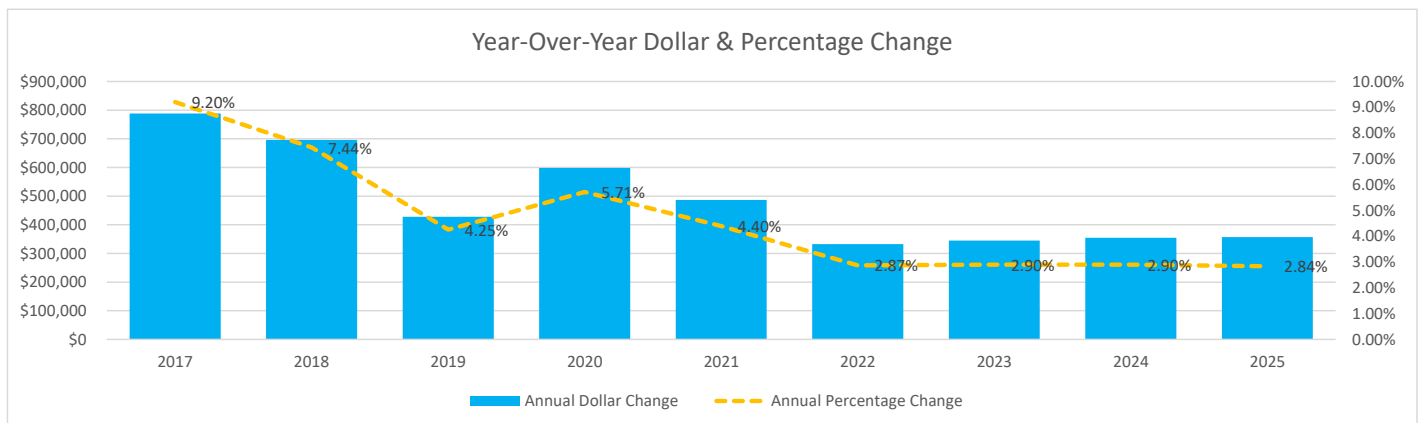
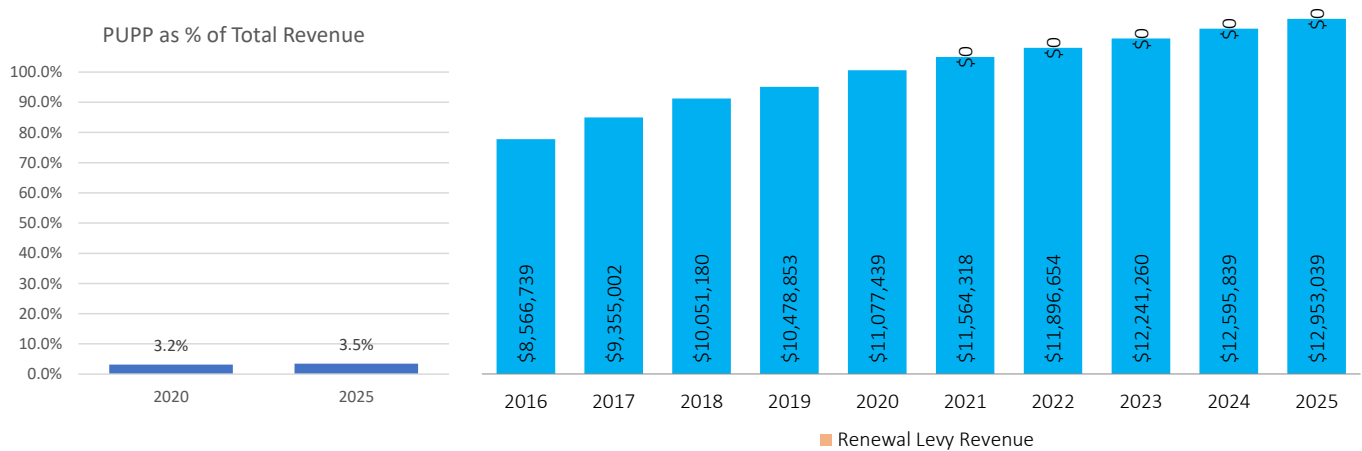
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2019	2,245,849,740	16,548,020	51.76	-	62.25	-	95.8%
2020	2,302,771,189	56,921,449	50.59	(1.17)	61.72	(0.53)	97.1%
2021	2,301,866,389	(904,800)	50.75	0.16	61.99	0.27	97.1%
2022	2,300,143,552	(1,722,837)	50.94	0.19	62.25	0.27	97.1%
2023	2,342,993,552	42,850,000	50.09	(0.85)	61.83	(0.42)	97.1%
2024	2,343,493,552	500,000	50.23	0.14	62.08	0.25	97.1%

Real estate property tax revenue accounts for 30.91% of total revenue. Class I or residential/agricultural taxes make up approximately 65.07% of the real estate property tax revenue. The Class I tax rate is 50.59 mills in tax year 2020. The projections reflect an average gross collection rate of 97.1% annually through tax year 2024. The revenue changed at an average annual historical rate of 1.57% and is projected to change at an average annual rate of 0.05% through FY 2025.

**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.



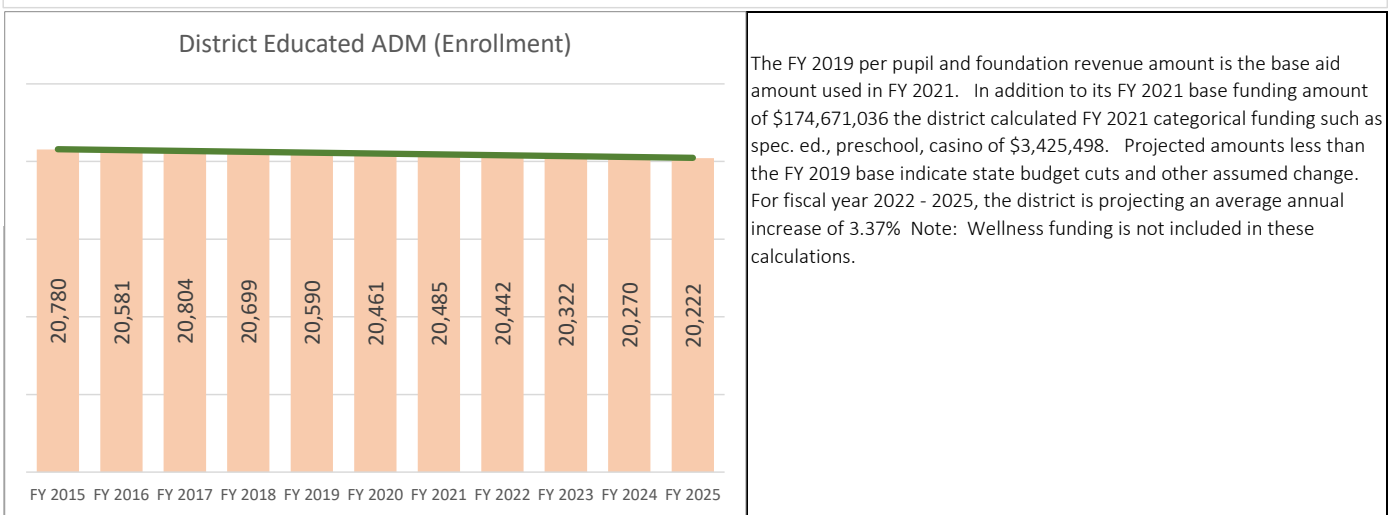
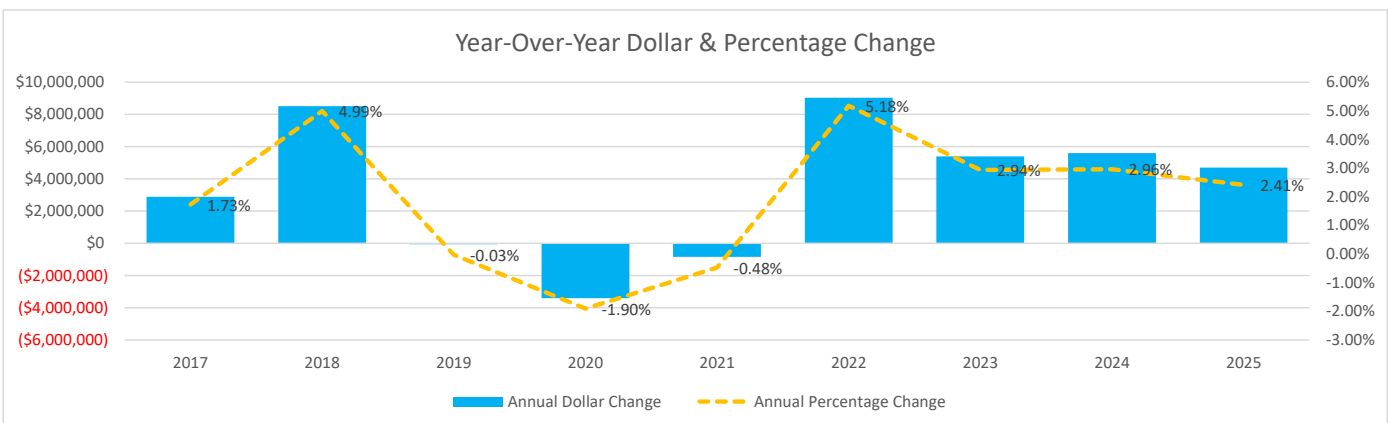
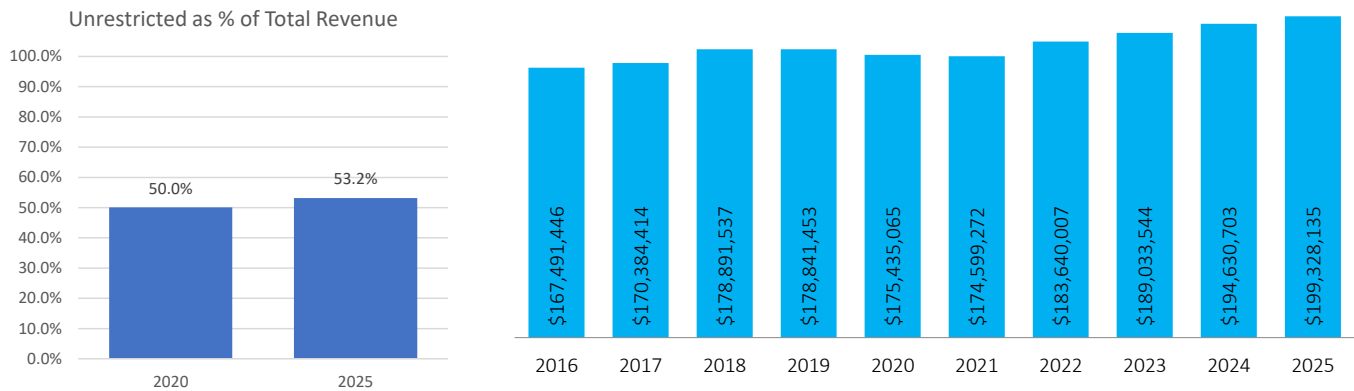
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2019	150,004,800	8,568,550	76.00	-	100.0%
2020	154,312,921	4,308,121	76.00	-	100.0%
2021	158,750,285	4,437,364	76.00	-	100.0%
2022	163,381,216	4,630,931	76.00	-	100.0%
2023	168,081,216	4,700,000	76.00	-	100.0%
2024	172,781,216	4,700,000	76.00	-	100.0%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 3.16% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2020 is 76. mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$574,146 and is projected to change at an average annual dollar amount of \$375,120 through FY 2025.

**Projected % trends include renewal levies*

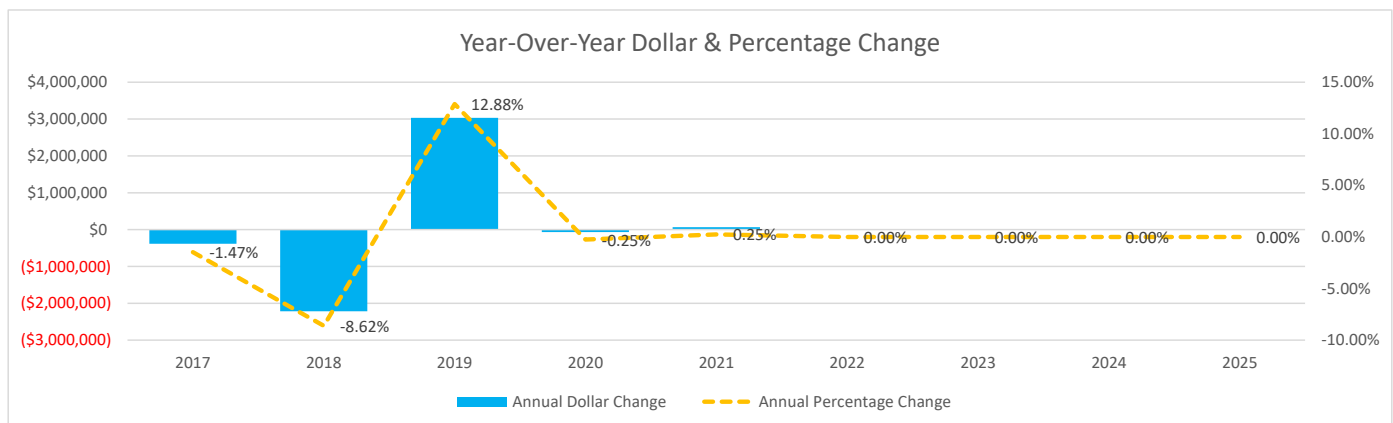
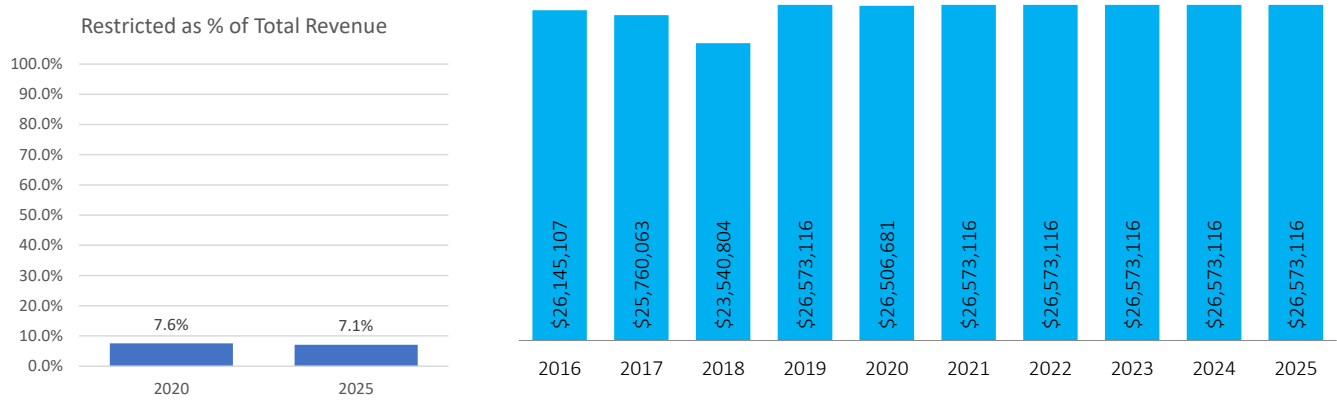
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



1.040 & 1.045 - Restricted Grants-in-Aid

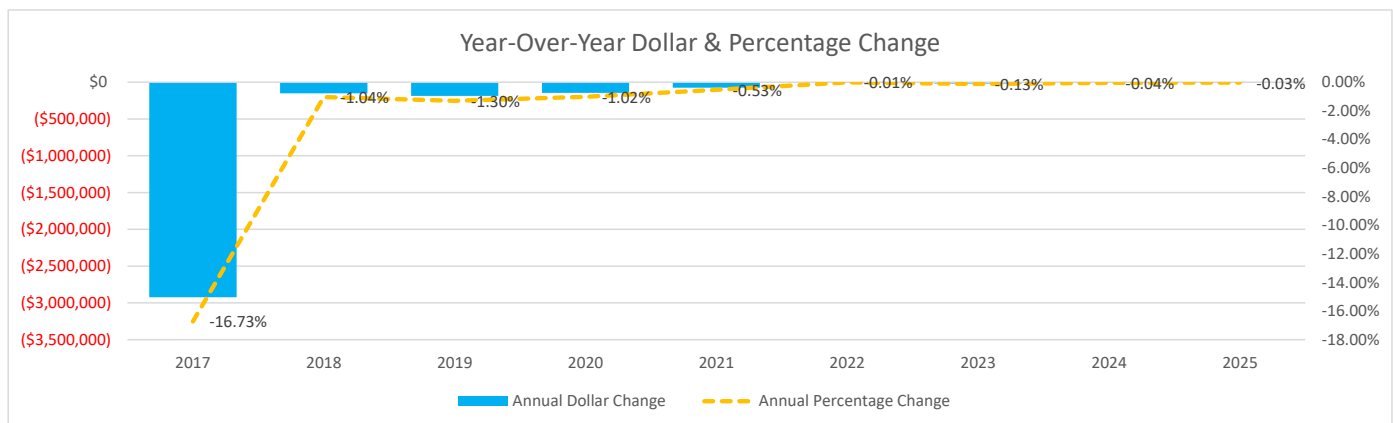
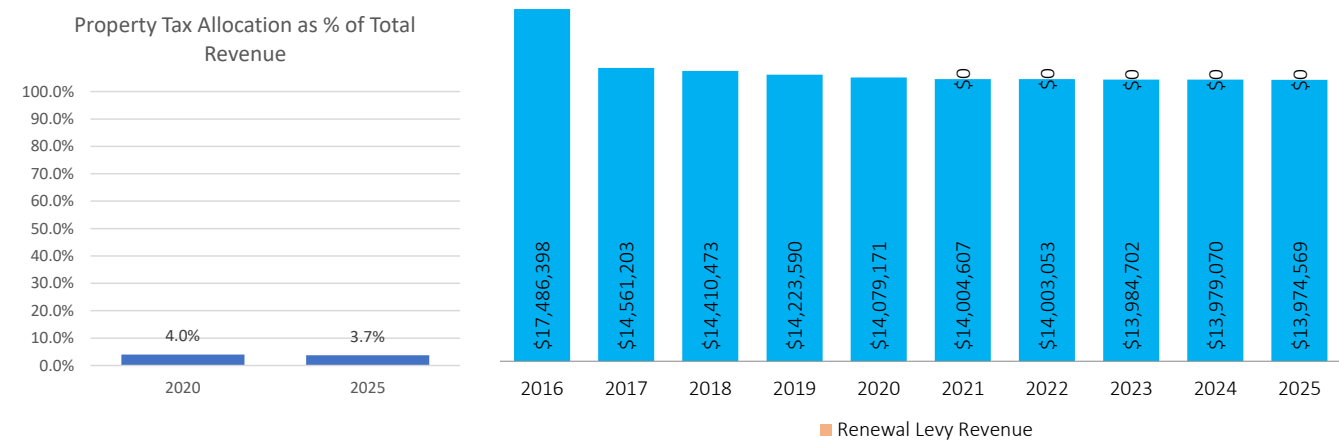
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$248,873 and is projected to change annually on average by \$13,287. Restricted funds represent 7.56% of total revenue.

1.050 - Property Tax Allocation

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

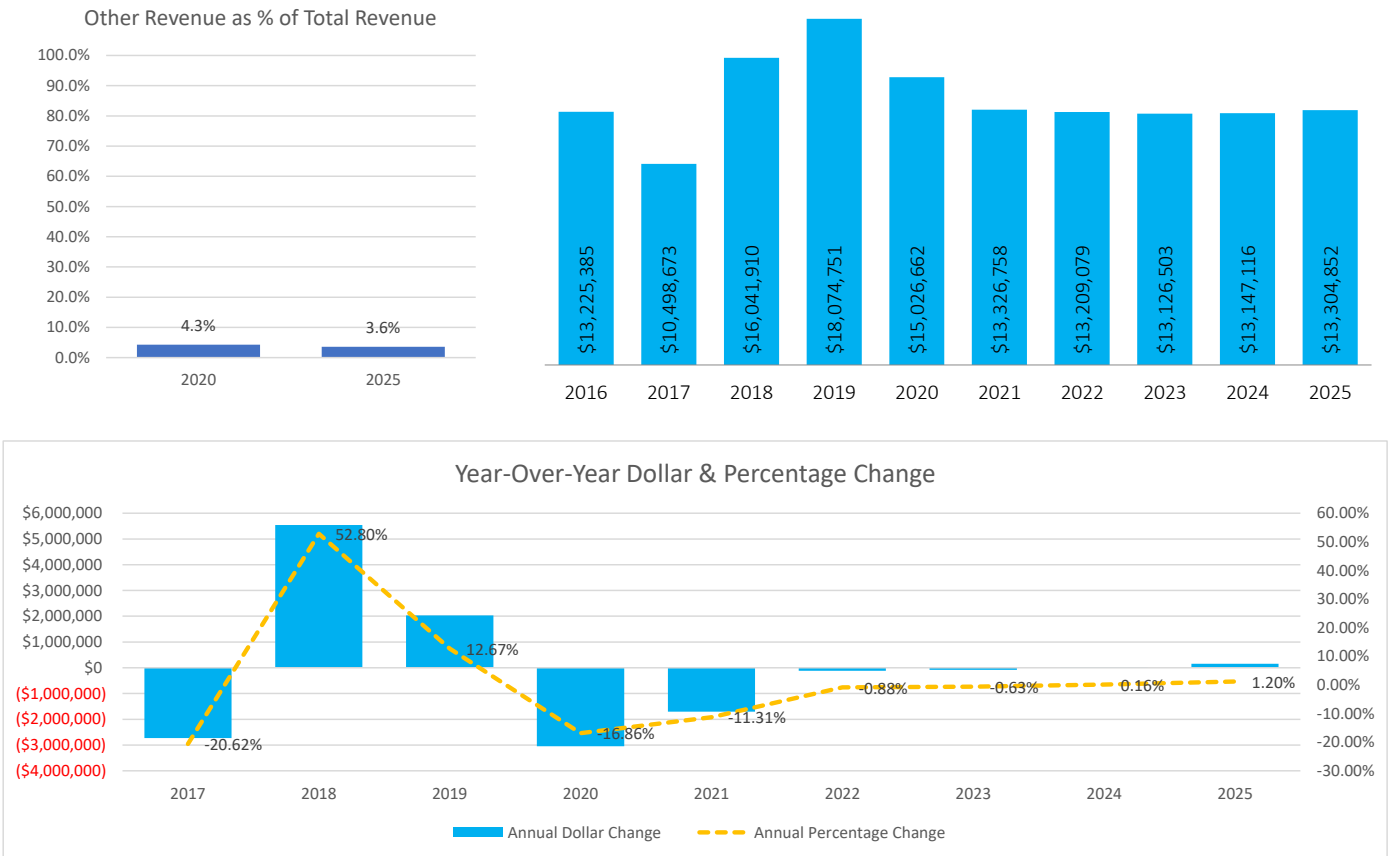


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2021, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 5.3% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

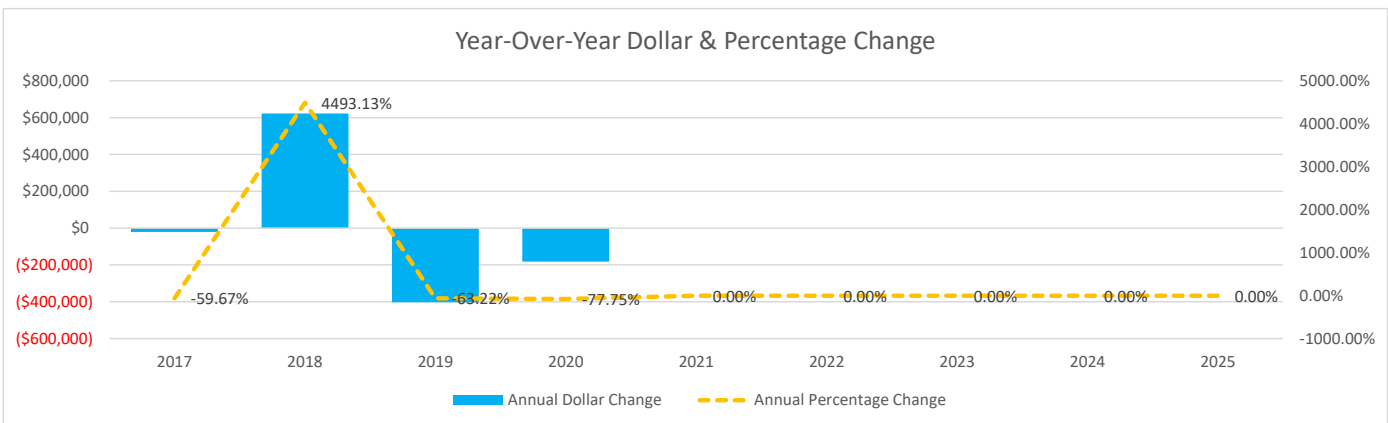
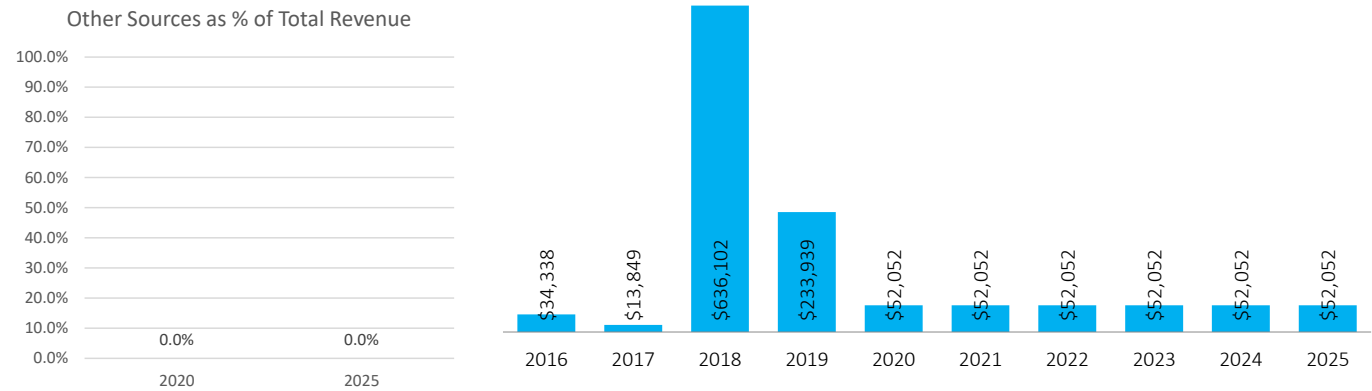
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$1,509,330. The projected average annual change is -\$344,362 through FY 2025.

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.

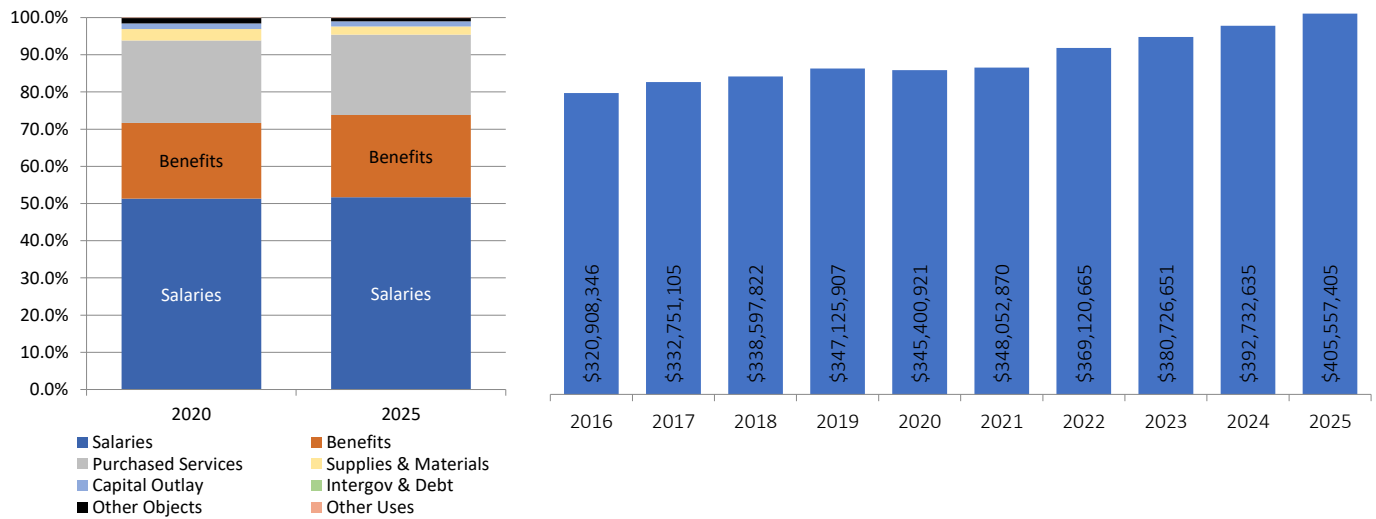


	2020	FORECASTED				
		2021	2022	2023	2024	2025
Transfers In	22,462	22,462	22,462	22,462	22,462	22,462
Advances In	-	-	-	-	-	-
All Other Financing Sources	29,590	29,590	29,590	29,590	29,590	29,590

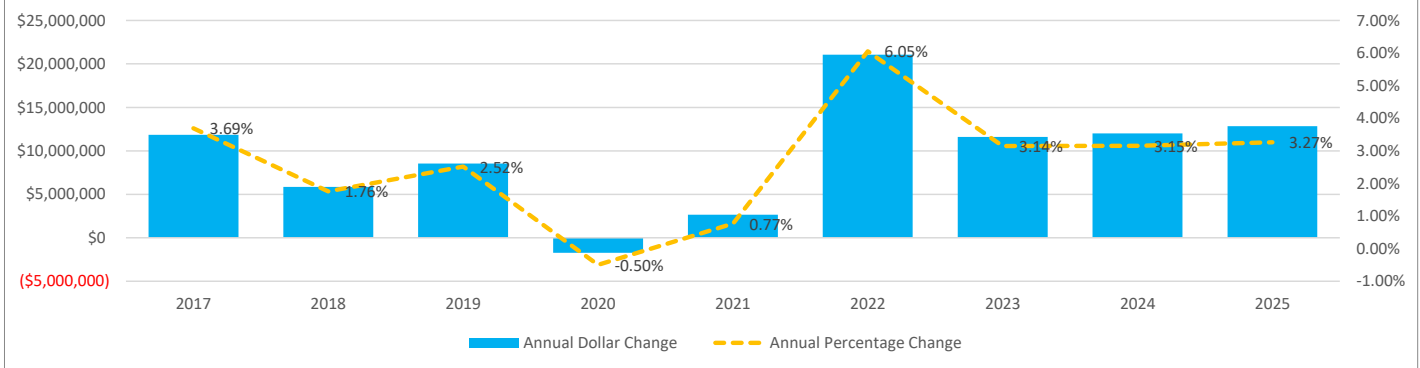
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2020 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2021. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$29,590 in FY 2021 and average \$29,590 annually through FY 2025.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



3-Year Historical Actual Average Annual Dollar Change
Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 1.26% or \$4,216,605 annually during the past five years and is projected to increase 3.48% or \$12,031,297 annually through FY2025. Benefits has the largest projected average annual variance compared to the historical average at \$5,008,214.
Salaries	\$4,224,696	\$6,494,733	\$2,270,038	
Benefits	(\$1,150,883)	\$3,857,331	\$5,008,214	
Purchased Services	(\$1,499,747)	\$2,222,483	\$3,722,230	
Supplies & Materials	\$1,062,272	(\$349,152)	(\$1,411,424)	
Capital Outlay	\$1,146,865	\$61,016	(\$1,085,849)	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$557,176	(\$294,141)	(\$851,318)	
Other Uses	(\$123,774)	\$39,025	\$162,799	
Total Average Annual Change	\$4,216,605 1.26%	\$12,031,297 3.48%	\$7,814,692 2.22%	

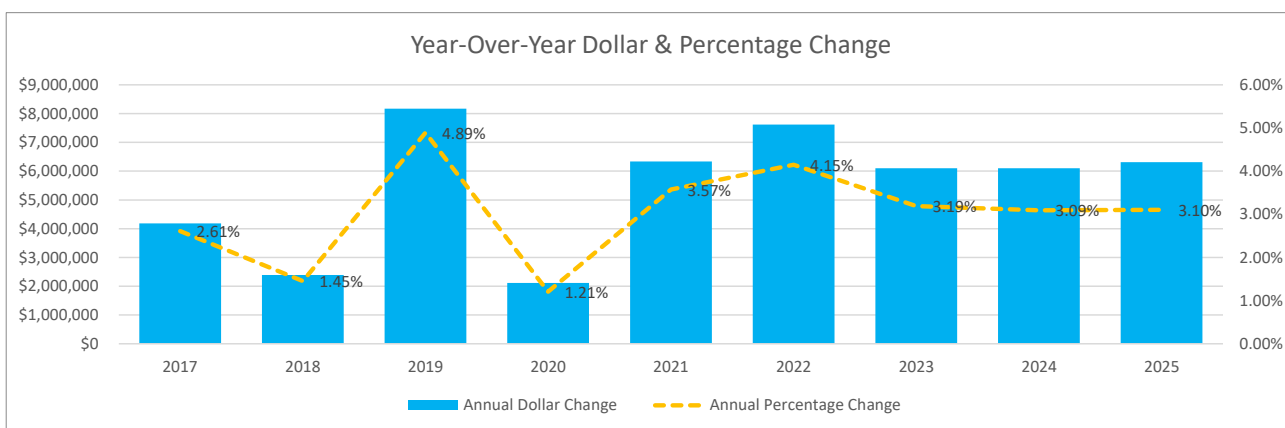
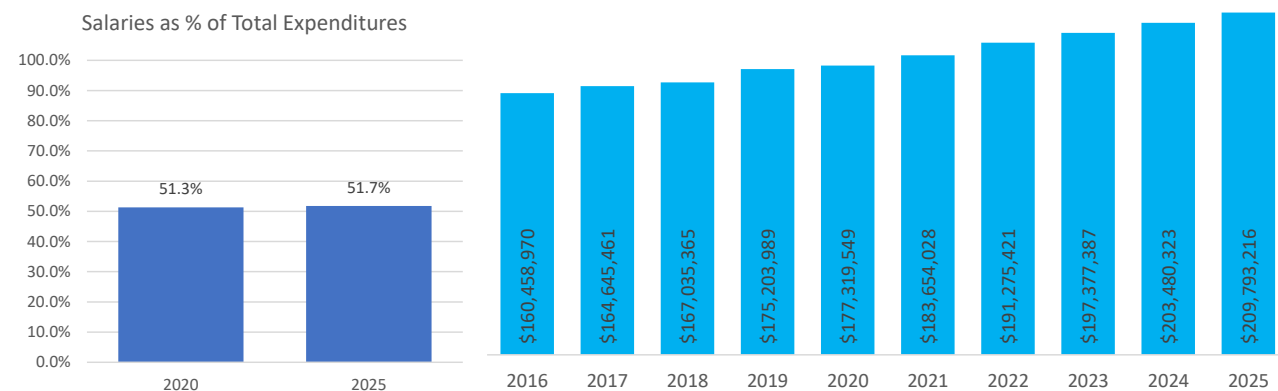
Note: Expenditure average annual change is projected

to be > \$12,031,297

On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

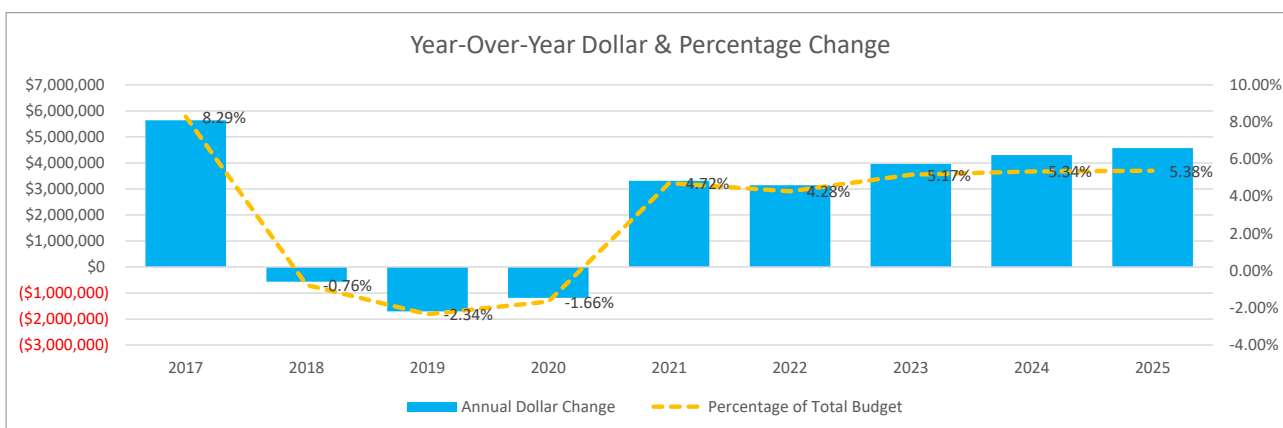
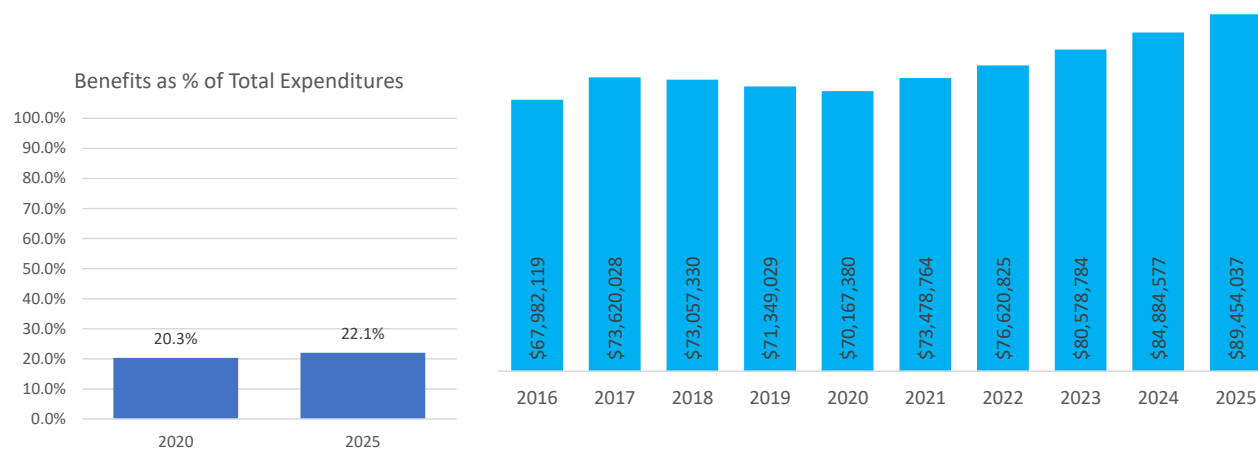
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 51.34% of total expenditures and increased at a historical average annual rate of 2.52% or \$4,224,696. This category of expenditure is projected to grow at an average annual rate of 3.42% or \$6,494,733 through FY 2025. The projected average annual rate of change is 0.90% more than the five year historical annual average.

3.020 - Employees' Benefits

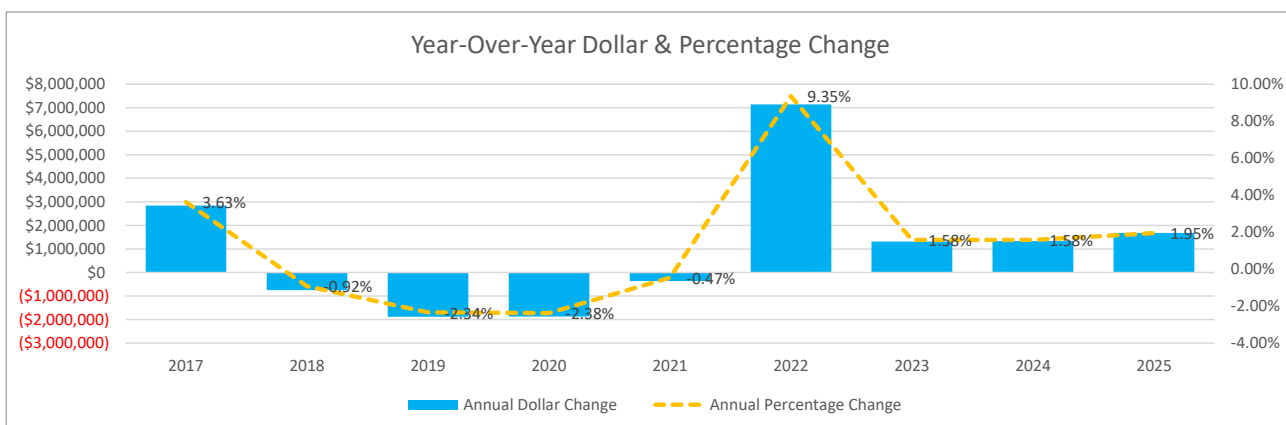
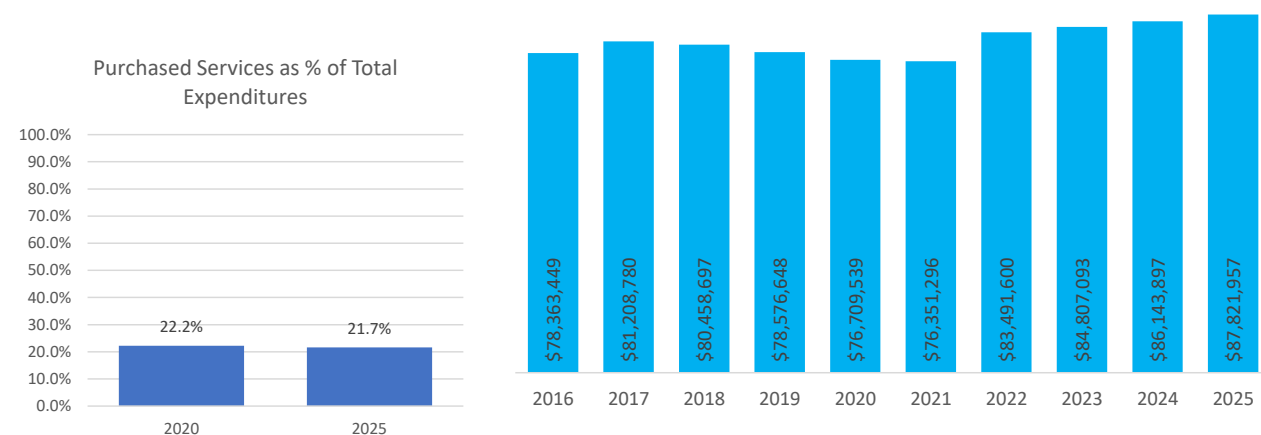
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 20.31% of total expenditures and decreased at a historical average annual rate of -1.59%. This category of expenditure is projected to grow at an annual average rate of 4.98% through FY 2025. The projected average annual rate of change is 6.56% more than the five year historical annual average.

3.030 - Purchased Services

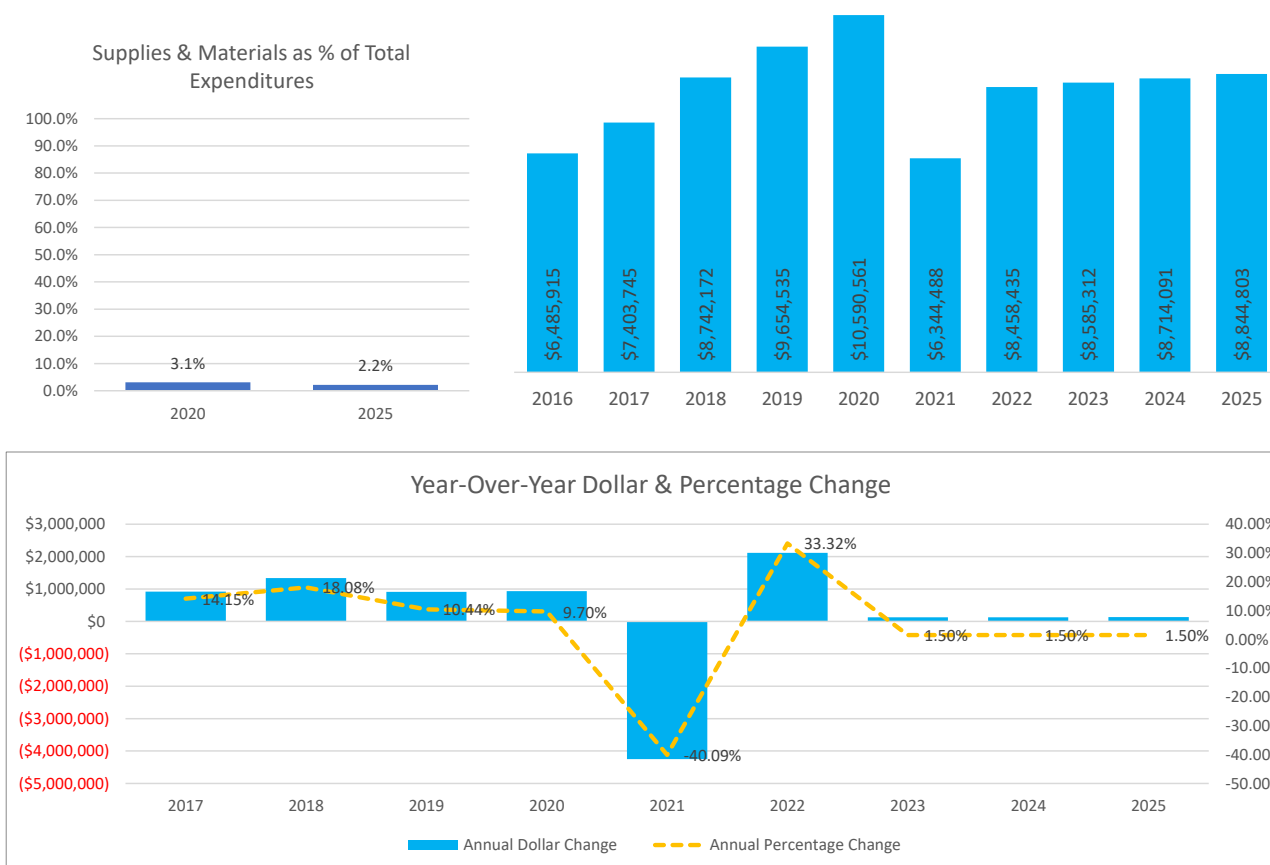
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 22.21% of total expenditures and decreased at a historical average annual rate of -1.88%. This category of expenditure is projected to grow at an annual average rate of 2.80% through FY 2025. The projected average annual rate of change is 4.68% more than the five year historical annual average.

3.040 - Supplies & Materials

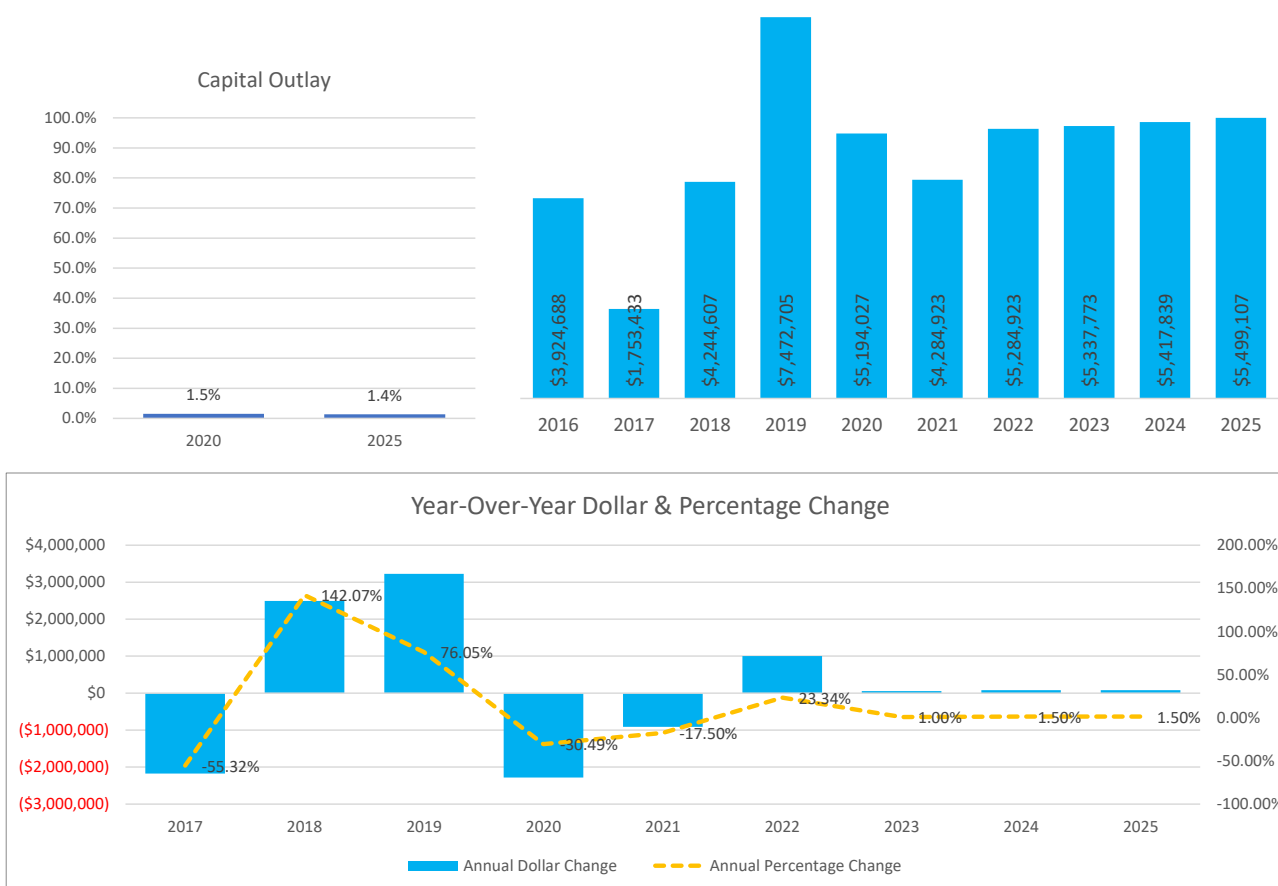
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 3.07% of total expenditures and increased at a historical average annual rate of 12.74%. This category of expenditure is projected to decrease at an annual average rate of -0.45% through FY 2025. The projected average annual rate of change is -13.19% less than the five year historical annual average.

3.050 - Capital Outlay

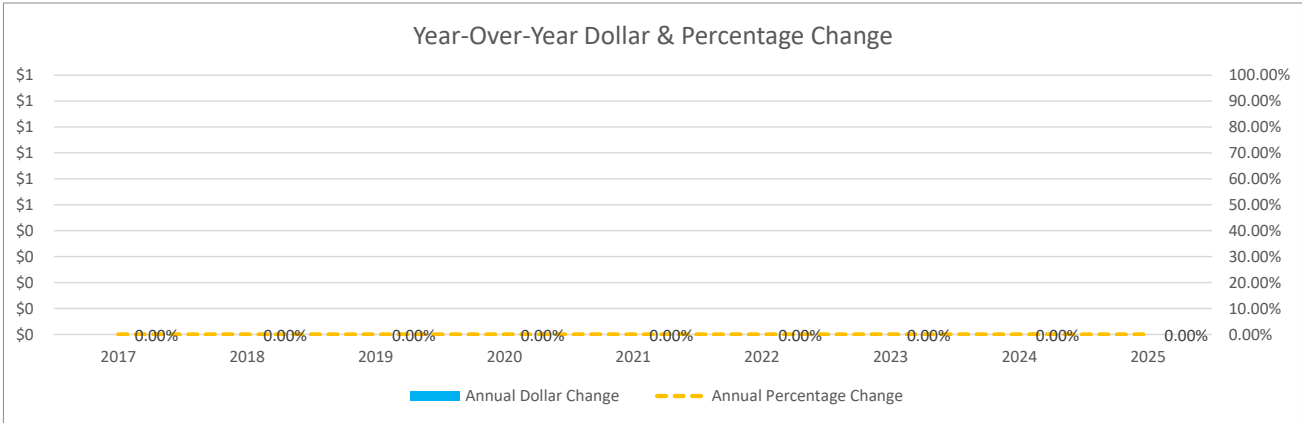
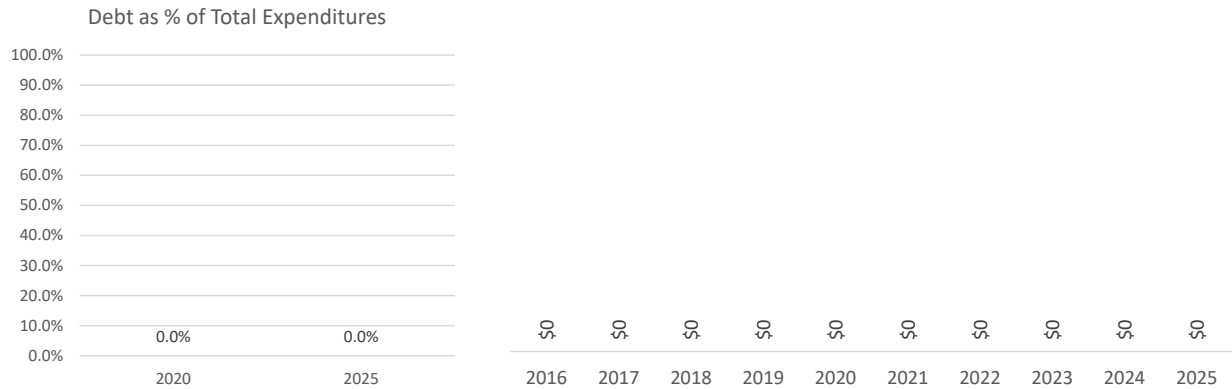
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 1.50% of total expenditures and increased at a historical average annual amount of \$1,146,865. This category of expenditure is projected to grow at an annual average amount of \$61,016 through FY 2025. The projected average annual change is less than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

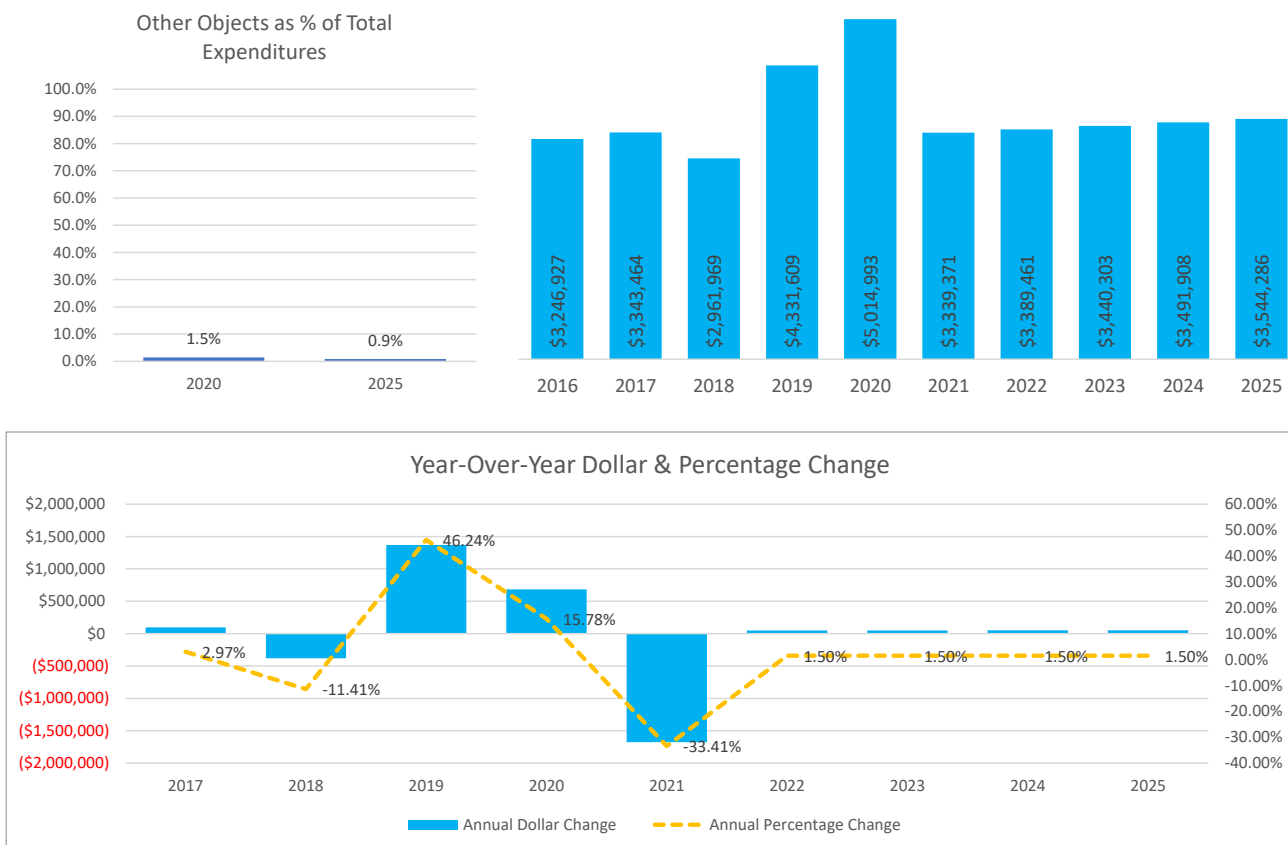
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

4.300 - Other Objects

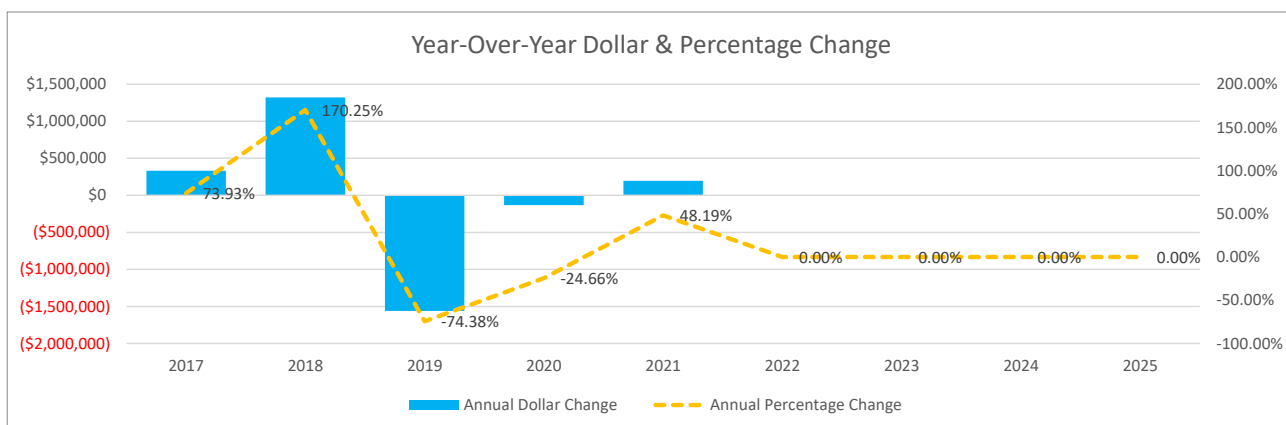
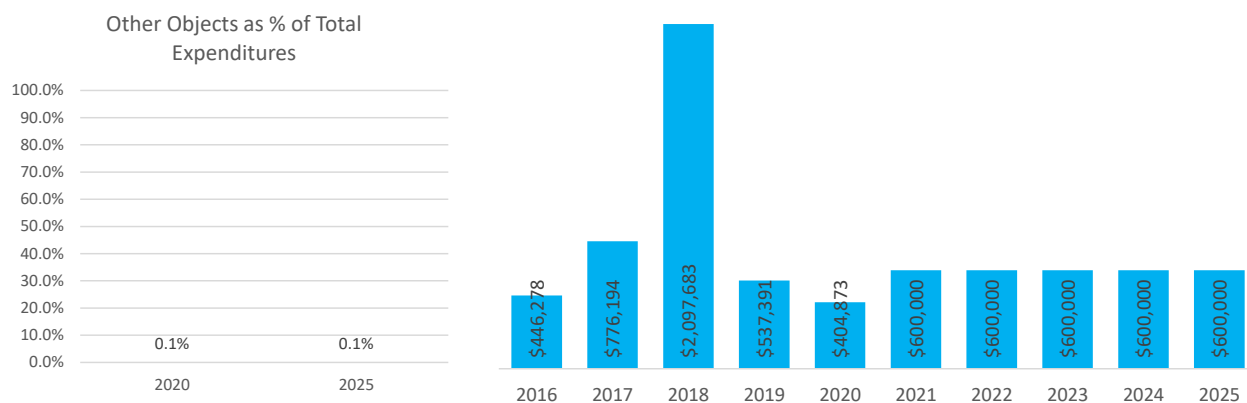
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.45% of total expenditures and increased at a historical average annual rate of 16.87%. This category of expenditure is projected to decrease at an annual average rate of -5.48% through FY 2025. The projected average annual rate of change is -22.35% less than the five year historical annual average.

5.040 - Total Other Financing Uses

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



		FORECASTED				
	2020	2021	2022	2023	2024	2025
Transfers Out	404,873	600,000	600,000	600,000	600,000	600,000
Advances Out	-	-	-	-	-	-
Other Financing Uses	-	-	-	-	-	-
Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2020 the district had no advances-out and has no advances-out forecasted through FY 2025. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2025. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.						

Akron City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2020	2021	2022	2023	2024	2025
Revenue:						
1.010 - General Property Tax (Real Estate)	108,365,484	105,696,122	106,982,610	107,455,663	108,008,736	108,574,919
1.020 - Public Utility Personal Property	11,077,439	11,564,318	11,896,654	12,241,260	12,595,839	12,953,039
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	175,435,065	174,599,272	183,640,007	189,033,544	194,630,703	199,328,135
1.040 - Restricted Grants-in-Aid	26,506,681	26,573,116	26,573,116	26,573,116	26,573,116	26,573,116
1.050 - Property Tax Allocation	14,079,171	14,004,607	14,003,053	13,984,702	13,979,070	13,974,569
1.060 - All Other Operating Revenues	15,026,662	13,326,758	13,209,079	13,126,503	13,147,116	13,304,852
1.070 - Total Revenue	350,490,502	345,764,193	356,304,519	362,414,788	368,934,580	374,708,630
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	22,462	22,462	22,462	22,462	22,462	22,462
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	29,590	29,590	29,590	29,590	29,590	29,590
2.070 - Total Other Financing Sources	52,052	52,052	52,052	52,052	52,052	52,052
2.080 - Total Rev & Other Sources	350,542,554	345,816,245	356,356,571	362,466,840	368,986,632	374,760,682
Expenditures:						
3.010 - Personnel Services	177,319,549	183,654,028	191,275,421	197,377,387	203,480,323	209,793,216
3.020 - Employee Benefits	70,167,380	73,478,764	76,620,825	80,578,784	84,884,577	89,454,037
3.030 - Purchased Services	76,709,539	76,351,296	83,491,600	84,807,093	86,143,897	87,821,957
3.040 - Supplies and Materials	10,590,561	6,344,488	8,458,435	8,585,312	8,714,091	8,844,803
3.050 - Capital Outlay	5,194,027	4,284,923	5,284,923	5,337,773	5,417,839	5,499,107
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	5,014,993	3,339,371	3,389,461	3,440,303	3,491,908	3,544,286
4.500 - Total Expenditures	344,996,048	347,452,870	368,520,665	380,126,651	392,132,635	404,957,405
Other Financing Uses						
5.010 - Operating Transfers-Out	404,873	600,000	600,000	600,000	600,000	600,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	404,873	600,000	600,000	600,000	600,000	600,000
5.050 - Total Exp and Other Financing Uses	345,400,921	348,052,870	369,120,665	380,726,651	392,732,635	405,557,405
6.010 - Excess of Rev Over/(Under) Exp	5,141,633	(2,236,625)	(12,764,094)	(18,259,811)	(23,746,003)	(30,796,723)
7.010 - Cash Balance July 1 (No Levies)	62,100,651	67,242,284	65,005,659	52,241,565	33,981,754	10,235,750
7.020 - Cash Balance June 30 (No Levies)	67,242,284	65,005,659	52,241,565	33,981,754	10,235,750	(20,560,973)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	67,242,284	65,005,659	52,241,565	33,981,754	10,235,750	(20,560,973)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	67,242,284	65,005,659	52,241,565	33,981,754	10,235,750	(20,560,973)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	67,242,284	65,005,659	52,241,565	33,981,754	10,235,750	(20,560,973)