



**Akron Public
Schools®**

Five Year Forecast Financial Report

November, 2021

Ryan Pendleton, CFO

Table of Contents

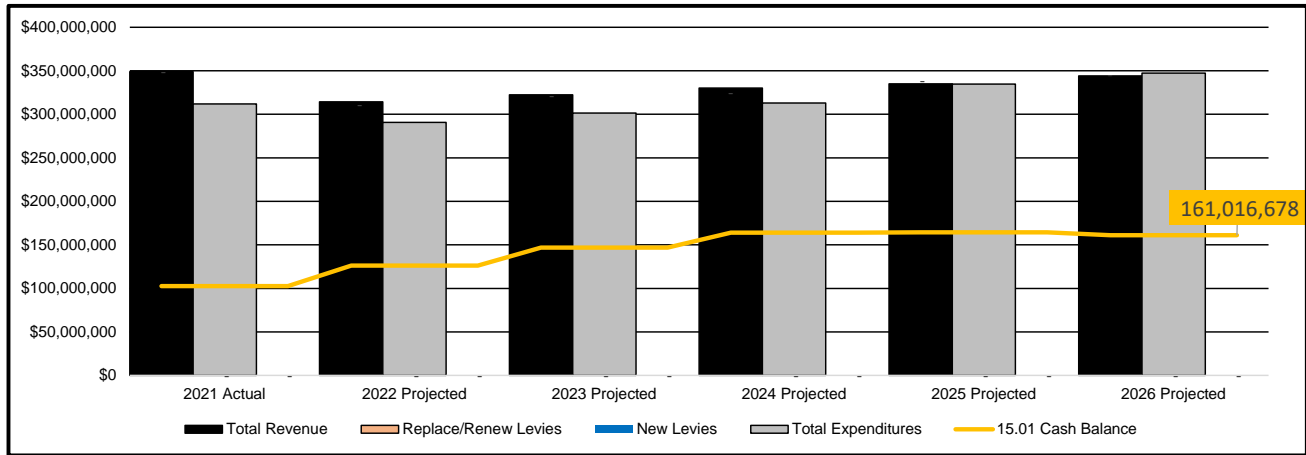
	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22

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 (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	102,614,823	126,106,330	146,876,391	164,059,459	164,387,267
+ Revenue	314,263,061	322,346,001	330,065,048	335,008,147	344,075,298
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(290,771,554)	(301,575,940)	(312,881,980)	(334,680,339)	(347,445,887)
= Revenue Surplus or Deficit	23,491,507	20,770,061	17,183,068	327,808	(3,370,589)
Line 7.020 Ending Balance with renewal/new levies	126,106,330	146,876,391	164,059,459	164,387,267	161,016,678

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	23,491,507	20,770,061	17,183,068	327,808	(3,370,589)
Ending Balance w/o Levies	126,106,330	146,876,391	164,059,459	164,387,267	161,016,678

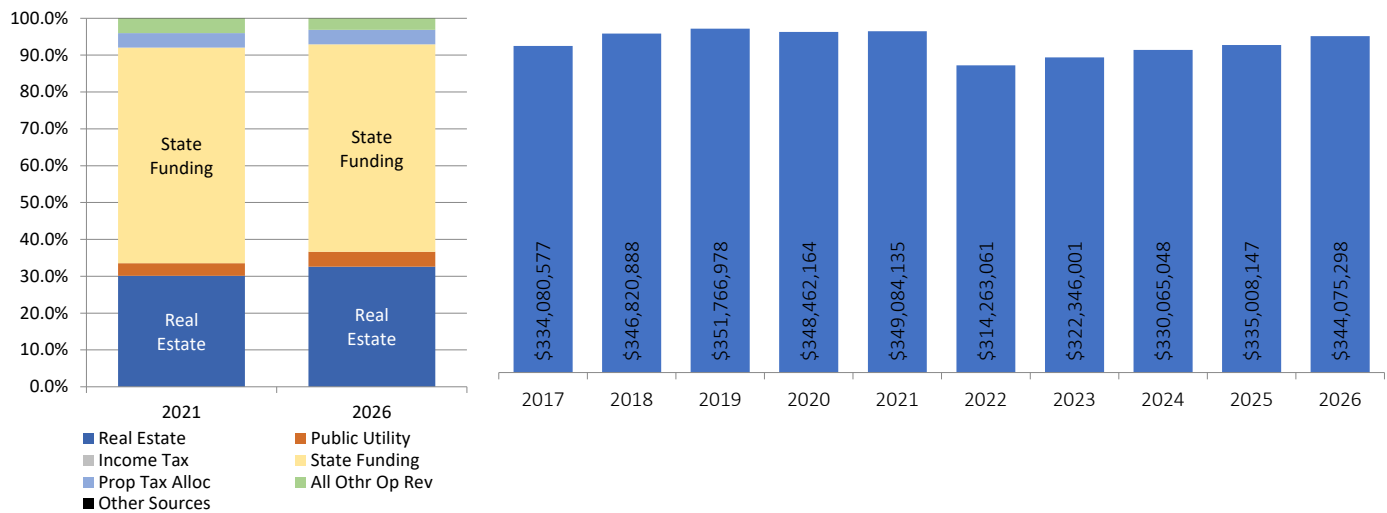
In FY 2022 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$23,491,507 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$3,370,589. The district would need to cut its FY 2026 projected expenses by 0.97% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2022 and is projected to improve by FY 2026. A worsening cash balance can erode the district's financial stability over time.

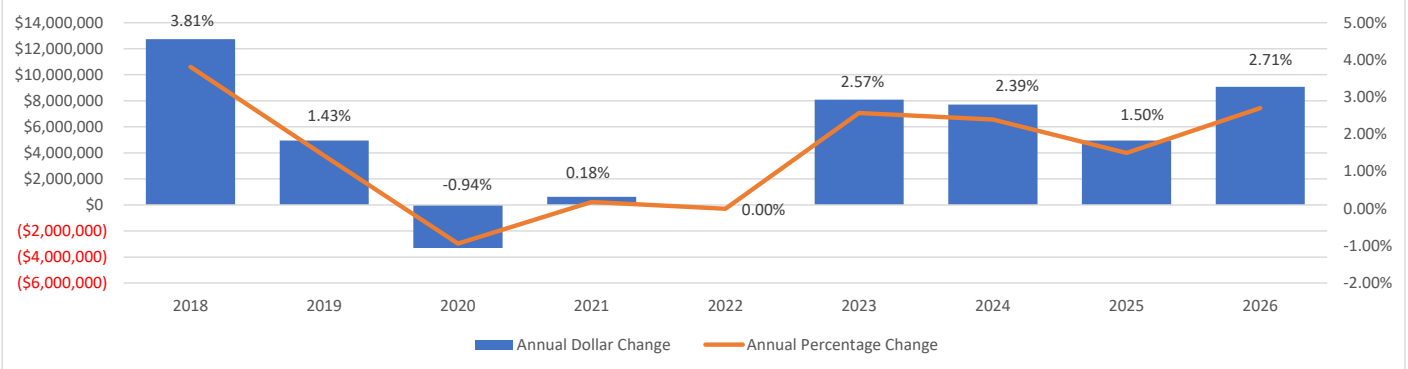
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$3,225,103 in FY 2022. Historical trends as well as reasonable future estimates indicate that the fully phased-in formula should not be included in this forecast. As information changes the estimates will be updated. The district is considered a formula district in FY 2022. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



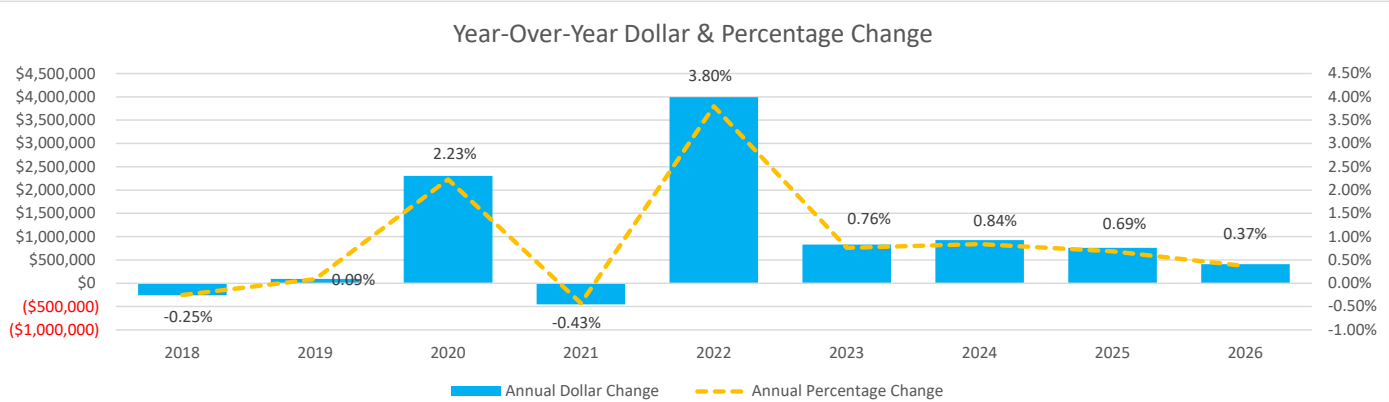
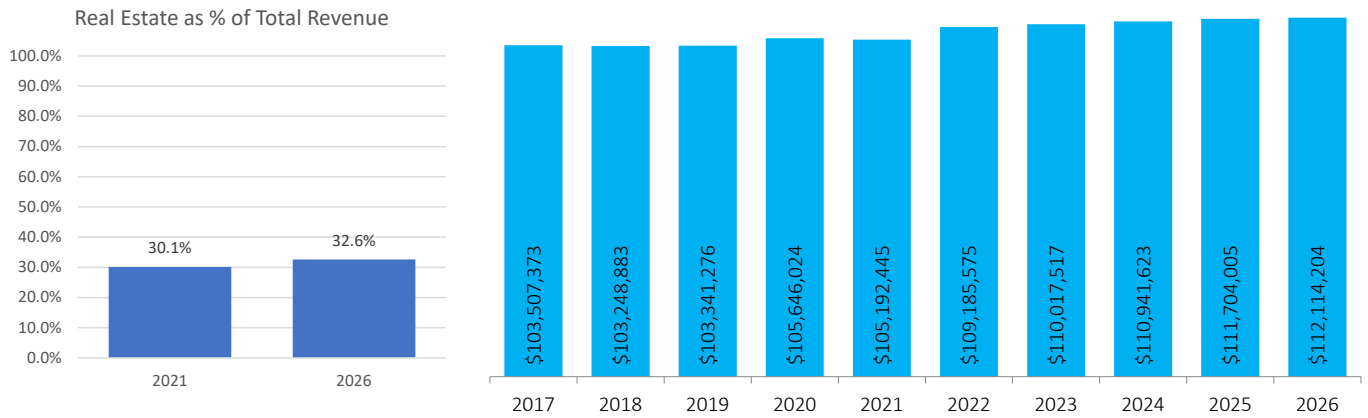
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 0.22% or \$754,416 annually during the past five years and is projected to increase 1.81% or \$7,453,059 annually through FY2026. State Funding has the most projected average annual variance compared to the historical average at \$5,741,153.
Real Estate	\$647,854	\$1,384,352	\$736,498	
Public Utility	\$632,293	\$420,101	(\$212,193)	
Income Tax	\$0	\$0	\$0	
State Funding	\$590,338	\$6,331,492	\$5,741,153	
Prop Tax Alloc	(\$215,067)	(\$50,092)	\$164,975	
All Othr Op Rev	(\$718,039)	(\$626,806)	\$91,233	
Other Sources	(\$182,965)	(\$5,988)	\$176,977	
Total Average Annual Change	\$754,416 0.22%	\$7,453,059 1.81%	\$6,698,644 1.60%	

Note: Expenditure average annual change is projected to be > \$7,129,097 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).



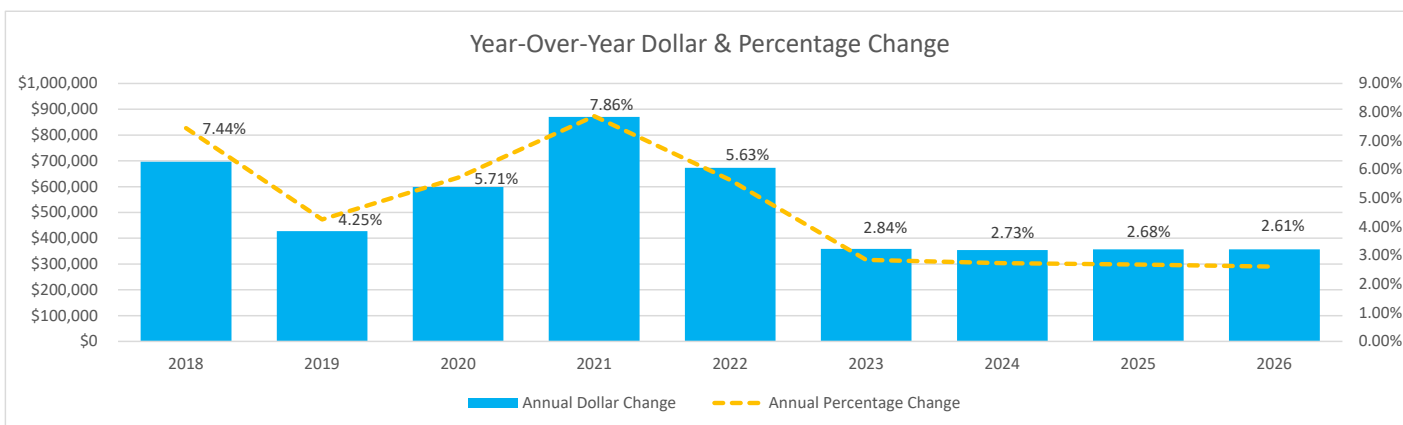
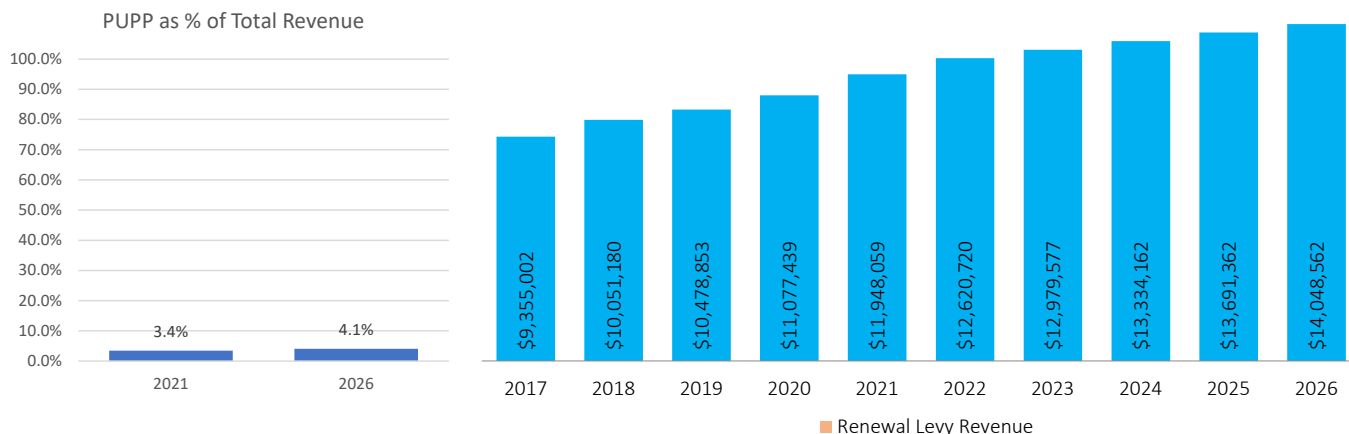
Values, Tax Rates and Gross Collections								Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change		
2020	2,657,296,790	297,739,860	46.67	(5.09)	55.95	(6.30)		90.6%
2021	2,656,391,990	(904,800)	46.81	0.14	56.13	0.18		92.1%
2022	2,654,669,153	(1,722,837)	46.96	0.16	56.32	0.18		92.3%
2023	2,779,519,153	124,850,000	44.89	(2.08)	54.78	(1.53)		92.6%
2024	2,780,019,153	500,000	45.00	0.11	54.95	0.16		92.6%
2025	2,780,019,153	0	45.11	0.11	55.11	0.16		92.6%

Real estate property tax revenue accounts for 30.13% of total revenue. Class I or residential/agricultural taxes make up approximately 64.89% of the real estate property tax revenue. The Class I tax rate is 46.81 mills in tax year 2021. The projections reflect an average gross collection rate of 92.4% annually through tax year 2025. The revenue changed at an average annual historical rate of 0.62% and is projected to change at an average annual rate of 1.25% through FY 2026. Collection rates were 98.12% in 2018 and 97.22% in 2019, dropping drastically to 89.99% in 2020 and 90.56% in 2021.

*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.



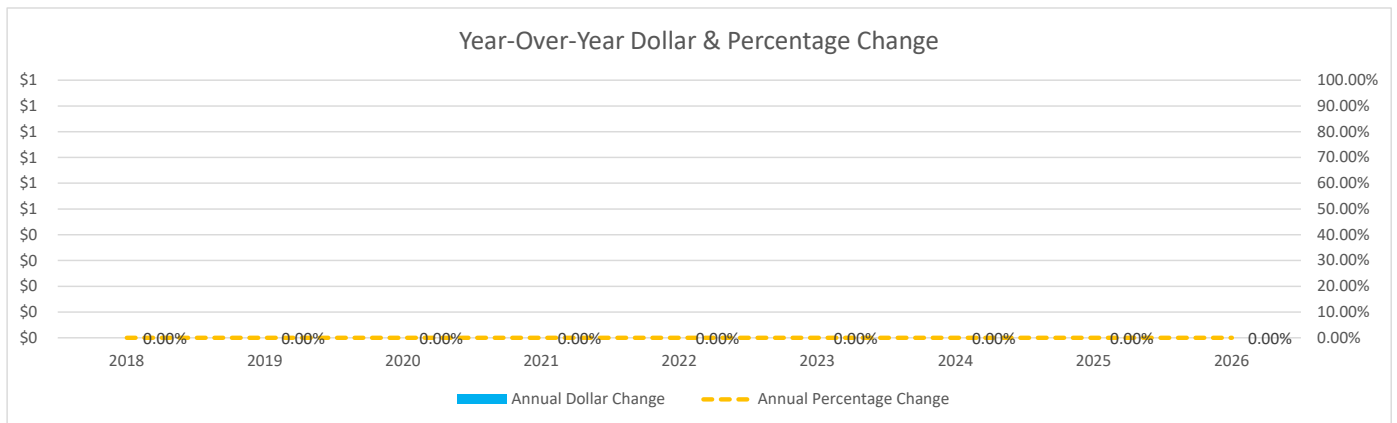
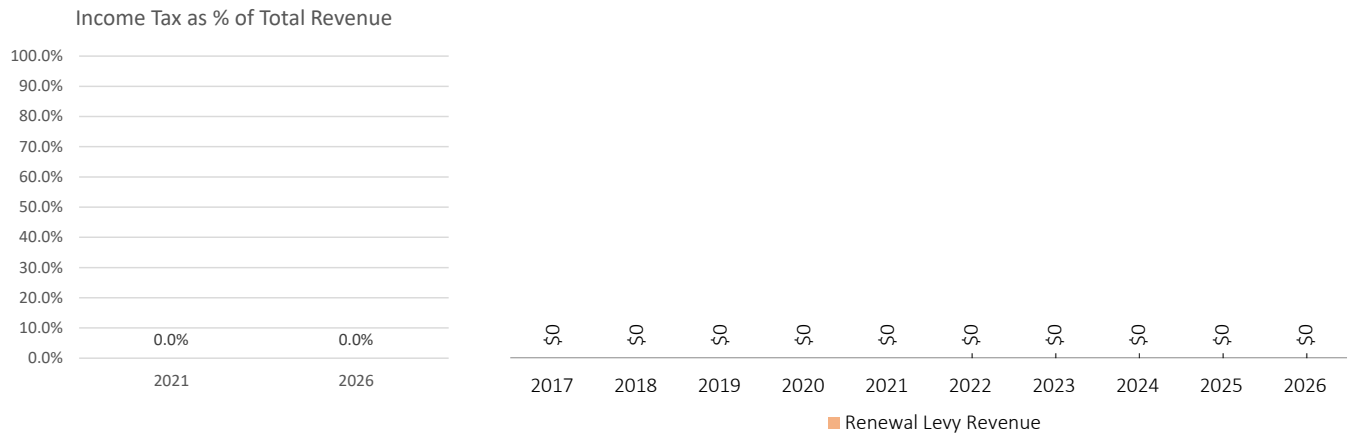
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2020	164,022,330	14,017,530	76.00	-		100.0%
2021	168,459,694	4,437,364	76.00	-		100.0%
2022	173,090,625	4,630,931	76.00	-		100.0%
2023	177,790,625	4,700,000	76.00	-		100.0%
2024	182,490,625	4,700,000	76.00	-		100.0%
2025	187,190,625	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 3.42% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 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 \$632,293 and is projected to change at an average annual dollar amount of \$420,101 through FY 2026.

*Projected % trends include renewal levies

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

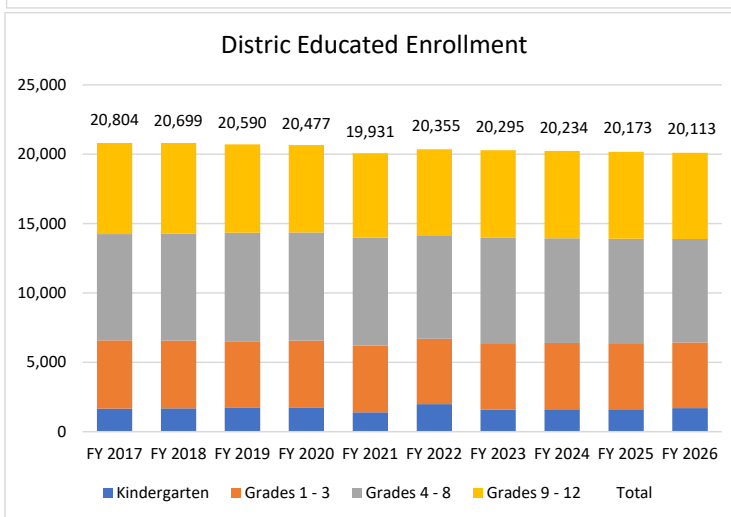
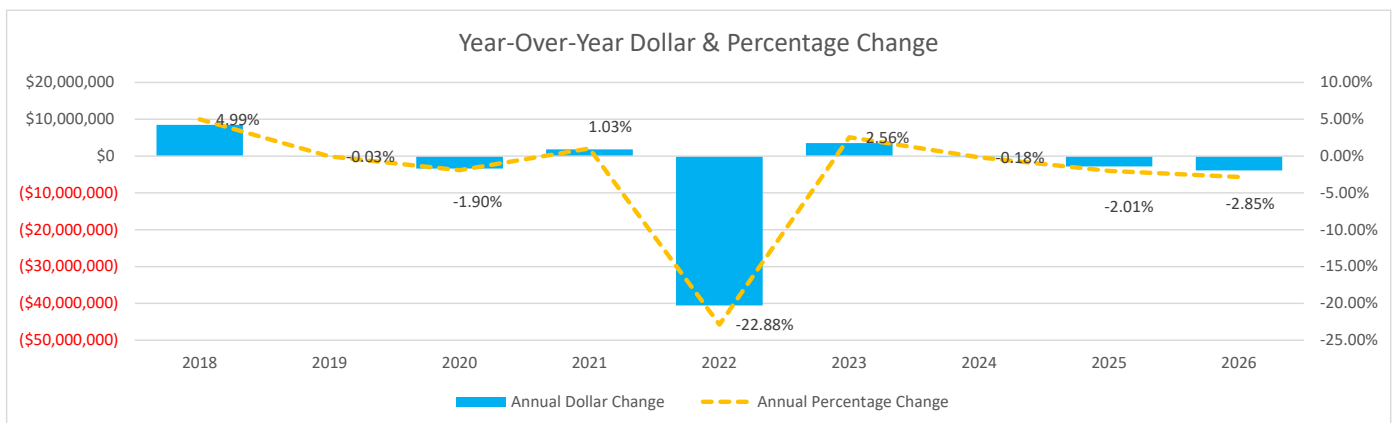
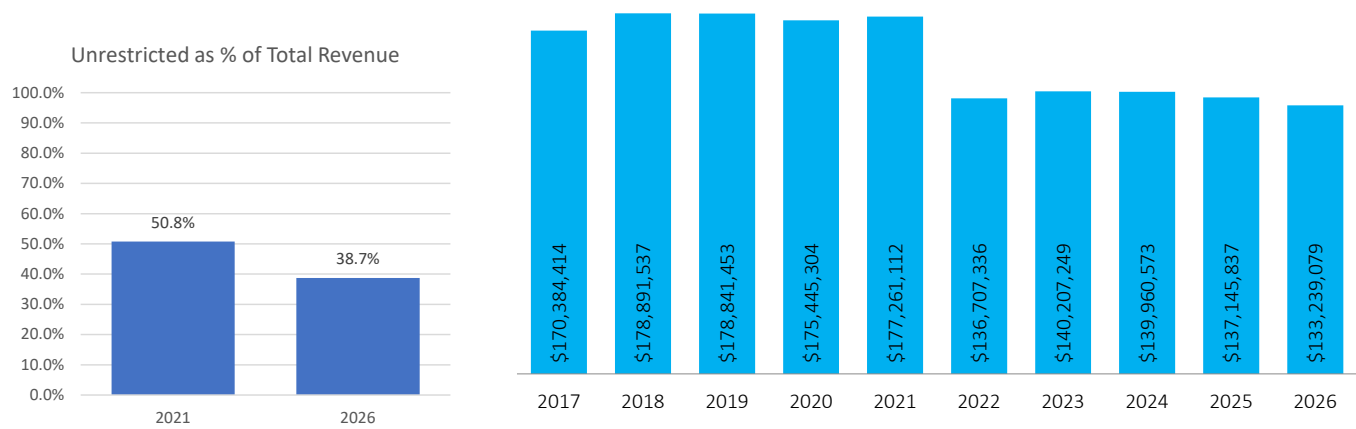


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



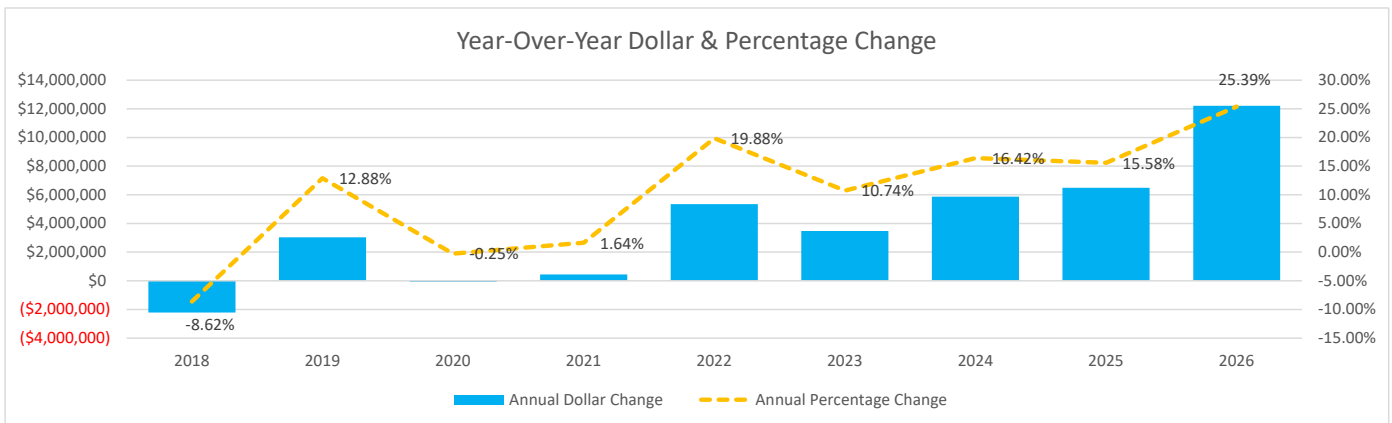
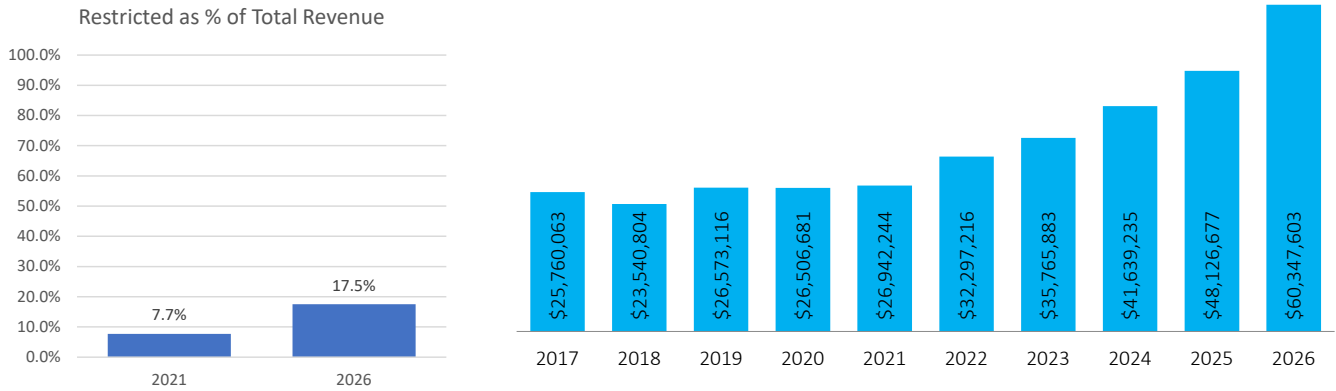
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Akron City School District the calculated Base Cost total is \$154,105,279 in FY 2022. The state's share of the calculated Base Cost total is \$112,210,778 or \$5,513 per pupil.

The FSFP change to district educated enrollment will reduce funded enrollment but also potentially reduce tuition cost. In FY 2021, the district had approximately \$49,876,564 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

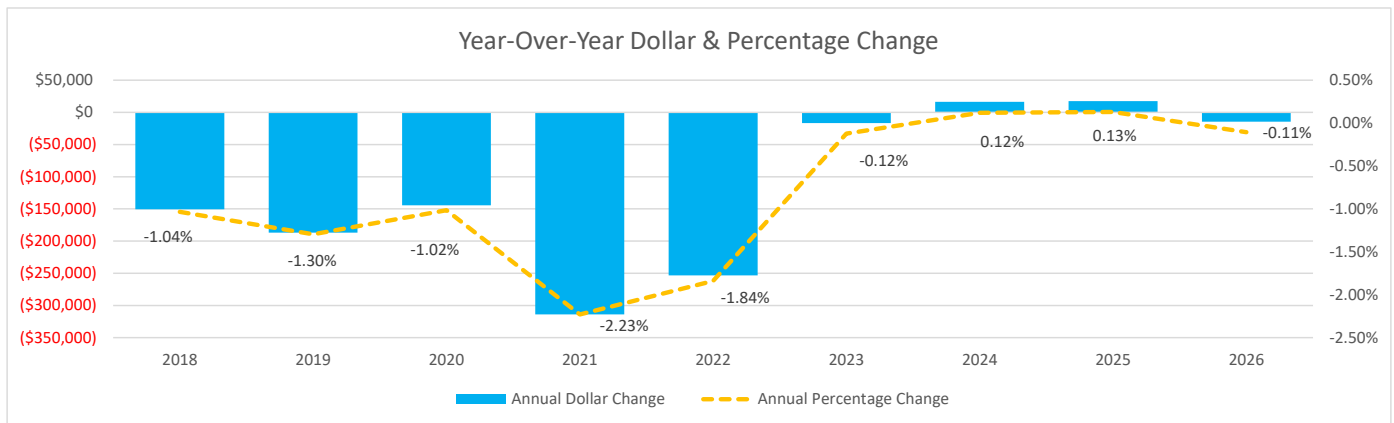
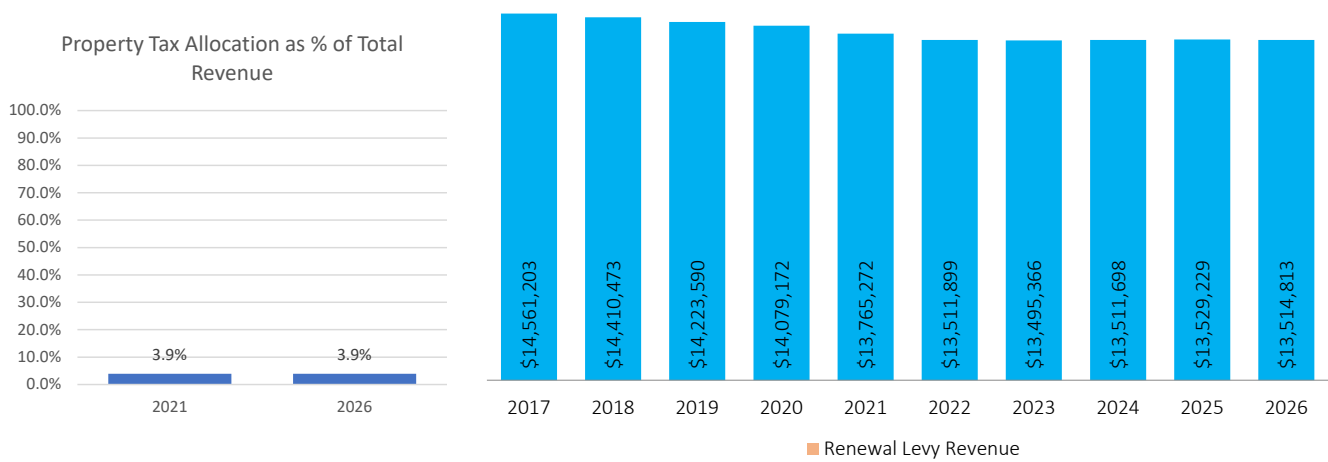
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$1,133,813 and is projected to change annually on average by \$6,681,072. Restricted funds represent 7.72% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$3,887,793. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

1.050 - Property Tax Allocation

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

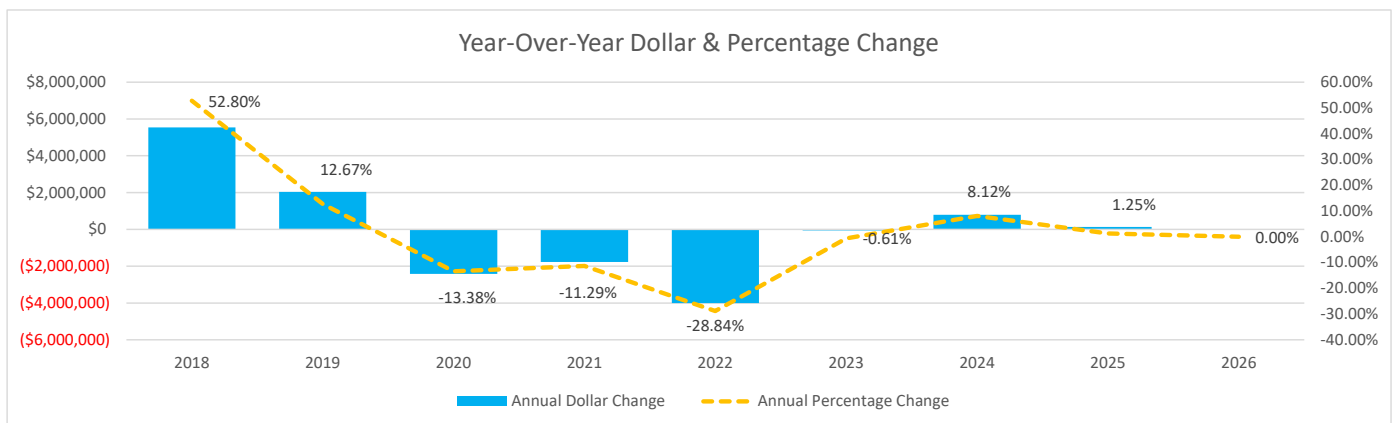
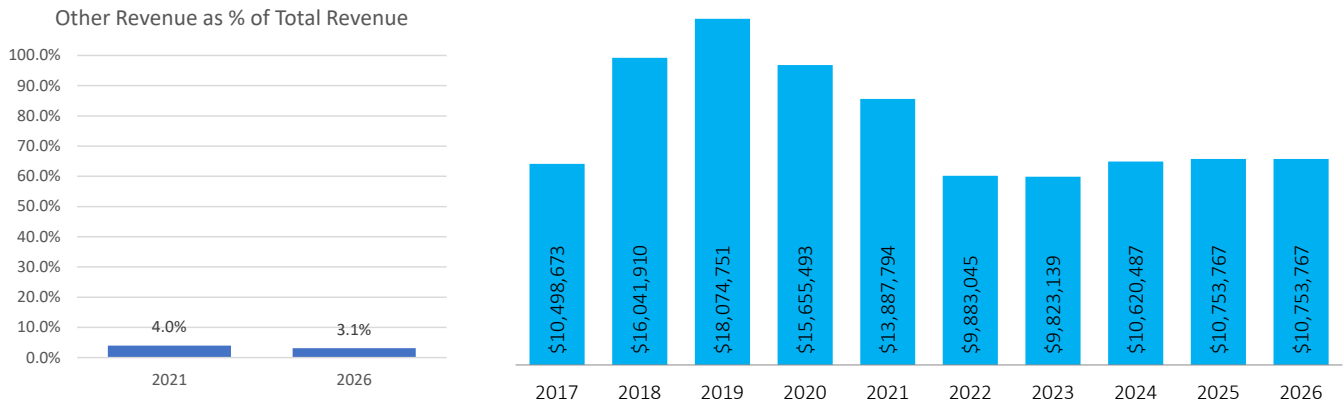


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 4.6% will be reimbursed in the form of qualifying homestead exemption credits.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

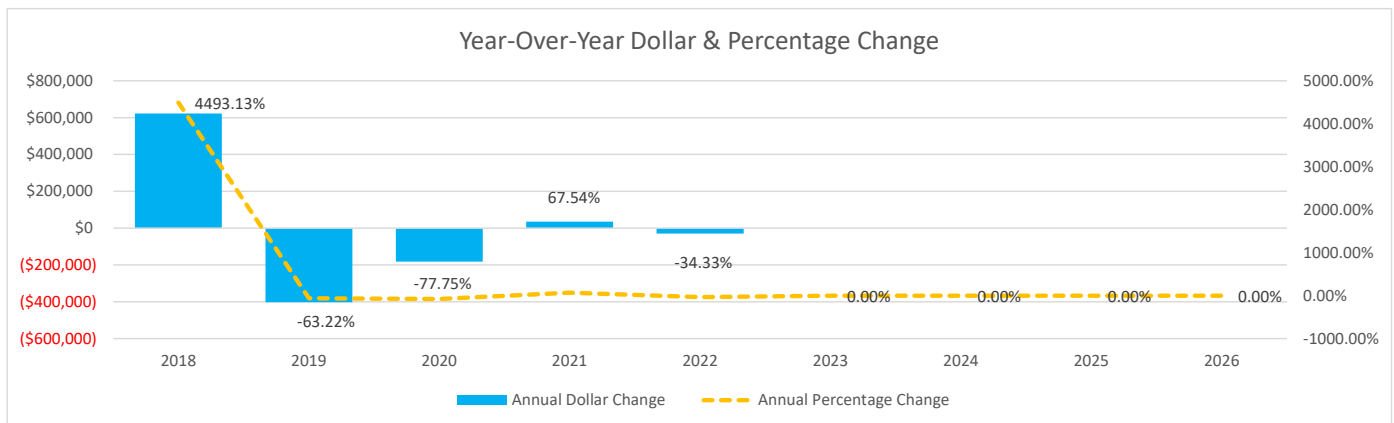
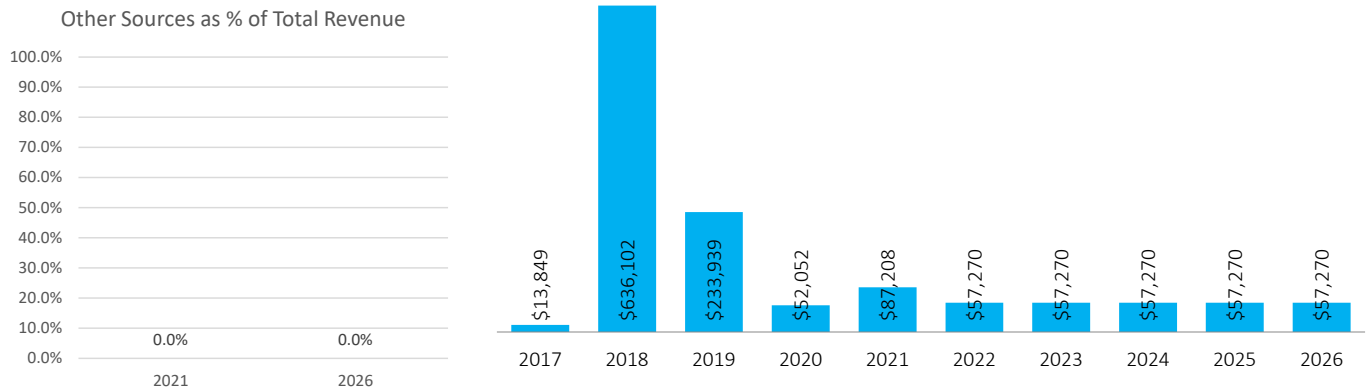
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 -\$718,039. The projected average annual change is -\$626,806 through FY 2026. The FSP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$4,081,089 in FY 2021.

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.

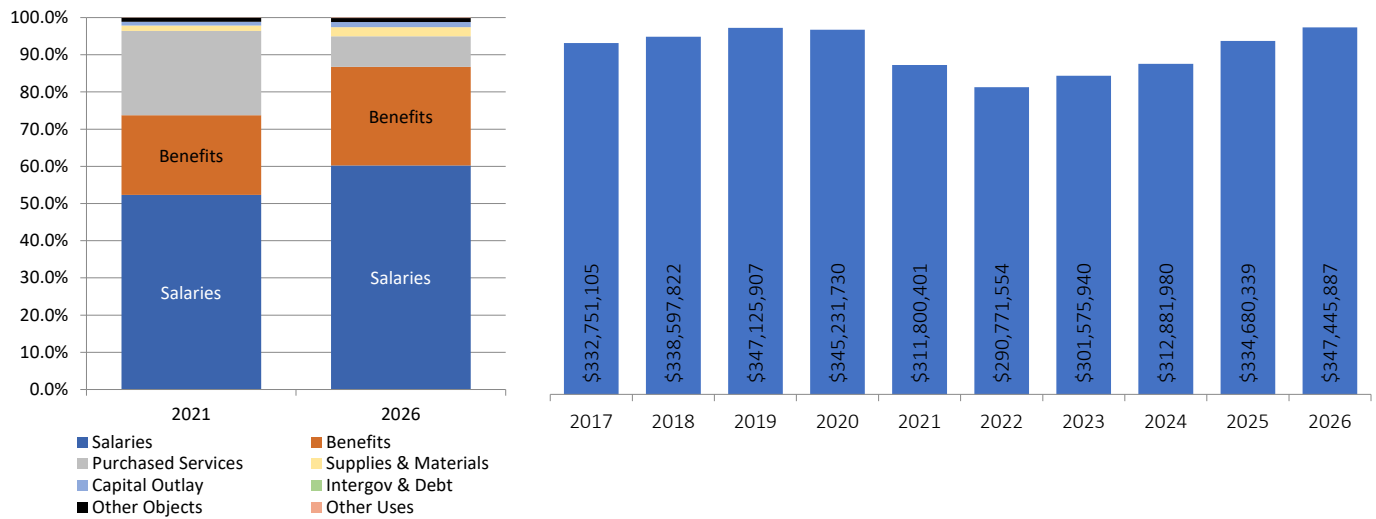


	2021	FORECASTED				
		2022	2023	2024	2025	2026
Transfers In	21,739	11,489	11,489	11,489	11,489	11,489
Advances In	-	-	-	-	-	-
All Other Financing Sources	65,470	45,781	45,781	45,781	45,781	45,781

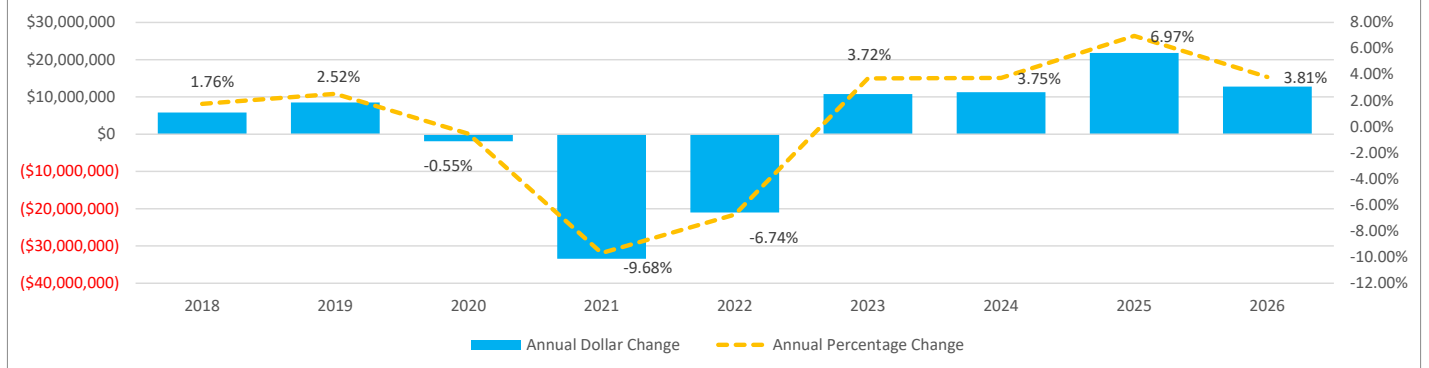
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$45,781 in FY 2022 and average \$45,781 annually through FY 2026.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



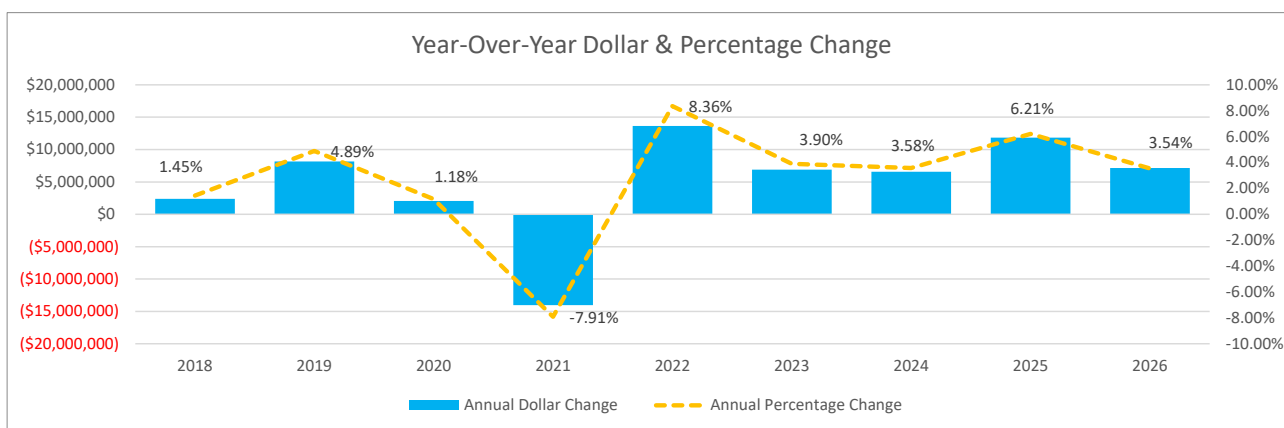
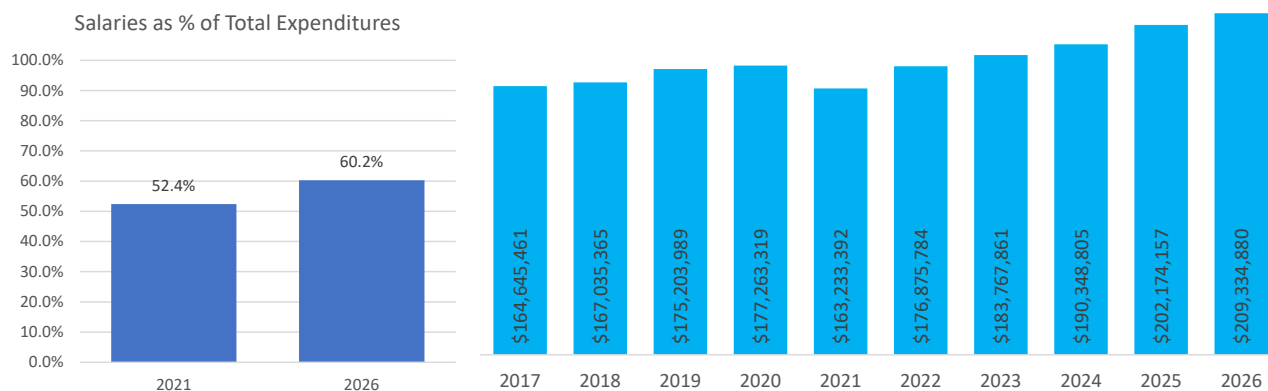
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures decreased -2.67% or -\$8,932,474 annually during the past five years and is projected to increase 2.29% or \$7,129,097 annually through FY2026. Salaries has the largest projected average annual variance compared to the historical average at \$10,487,622.
Salaries	(\$1,267,324)	\$9,220,298	\$10,487,622	
Benefits	(\$2,139,895)	\$5,078,835	\$7,218,730	
Purchased Services	(\$3,263,554)	(\$8,423,277)	(\$5,159,723)	
Supplies & Materials	(\$1,391,026)	\$781,703	\$2,172,729	
Capital Outlay	(\$331,477)	\$346,686	\$678,163	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$120,505	\$62,267	(\$58,238)	
Other Uses	(\$659,703)	\$62,585	\$722,288	
Total Average Annual Change	(\$8,932,474)	\$7,129,097	\$16,061,571	
	-2.67%	2.29%	4.96%	

Note: Expenditure average annual change is projected to be > \$7,129,097 On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

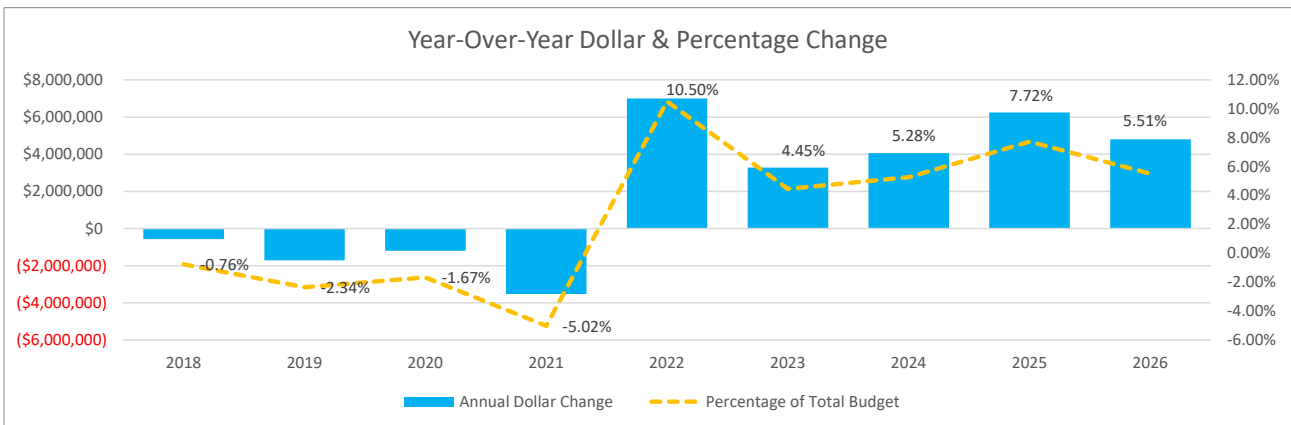
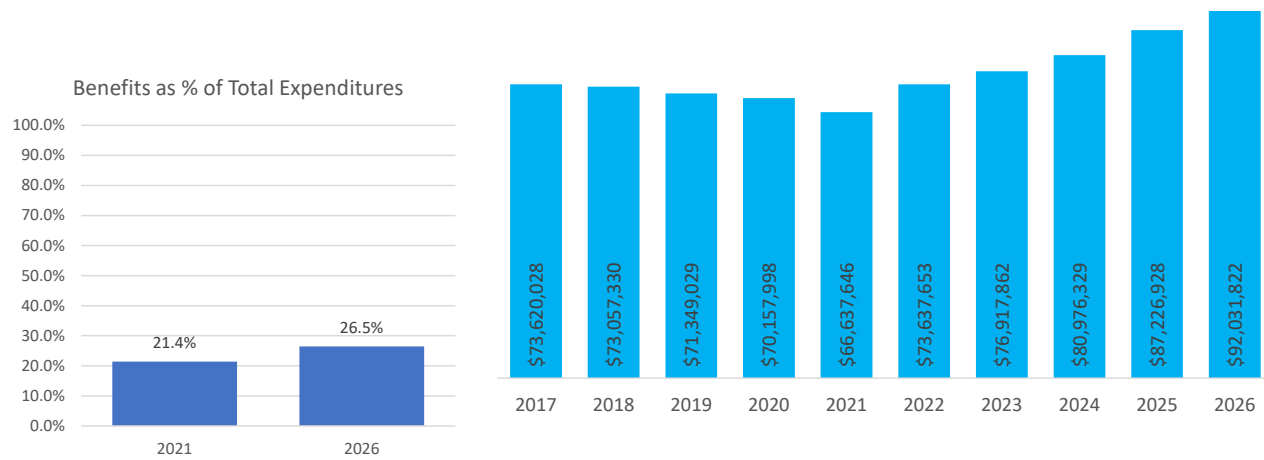
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 52.35% of total expenditures and decreased at a historical average annual rate of -0.74% or -\$1,267,324. This category of expenditure is projected to grow at an annual average rate of 4.79% or \$9,220,298 through FY 2026. The projected average annual rate of change is 5.53% more than the five year historical annual average.

3.020 - Employees' Benefits

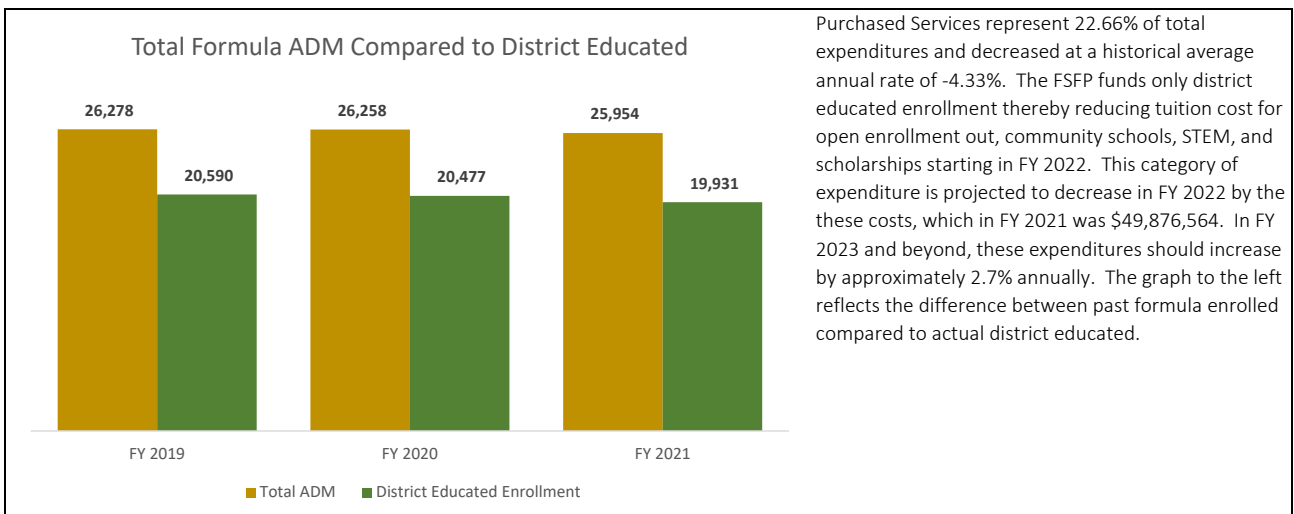
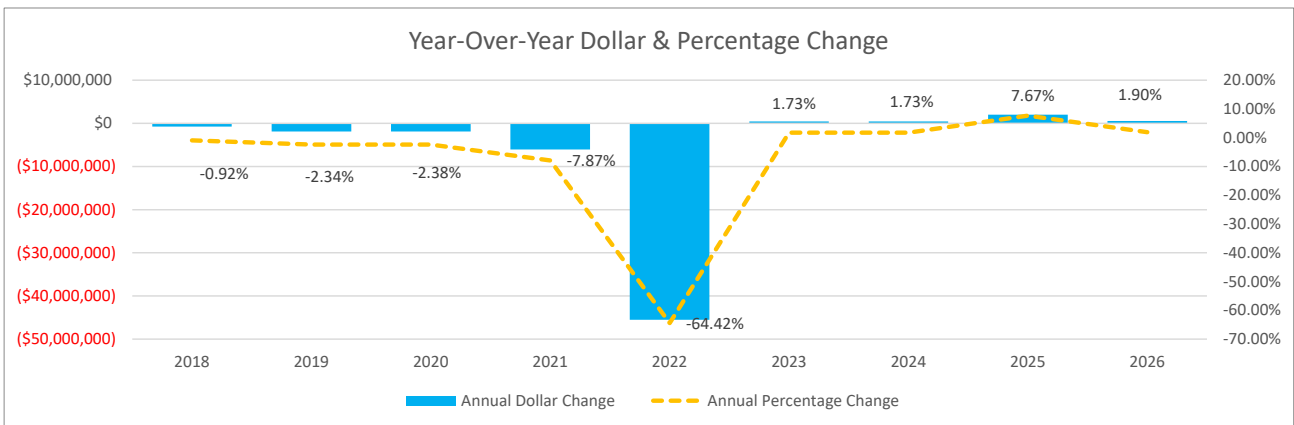
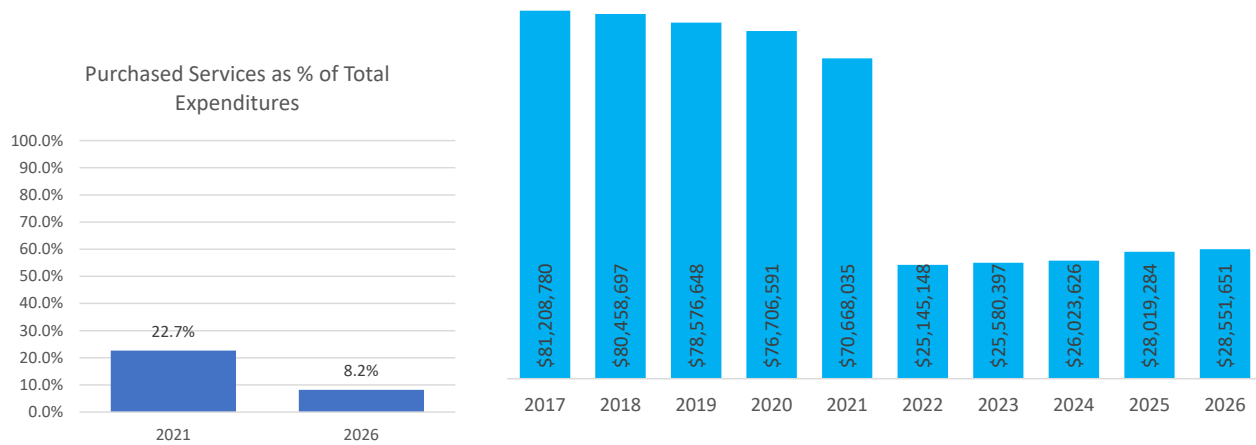
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 21.37% of total expenditures and decreased at a historical average annual rate of -3.08%. This category of expenditure is projected to grow at an annual average rate of 6.18% through FY 2026. The projected average annual rate of change is 9.27% more than the five year historical annual average.

3.030 - Purchased Services

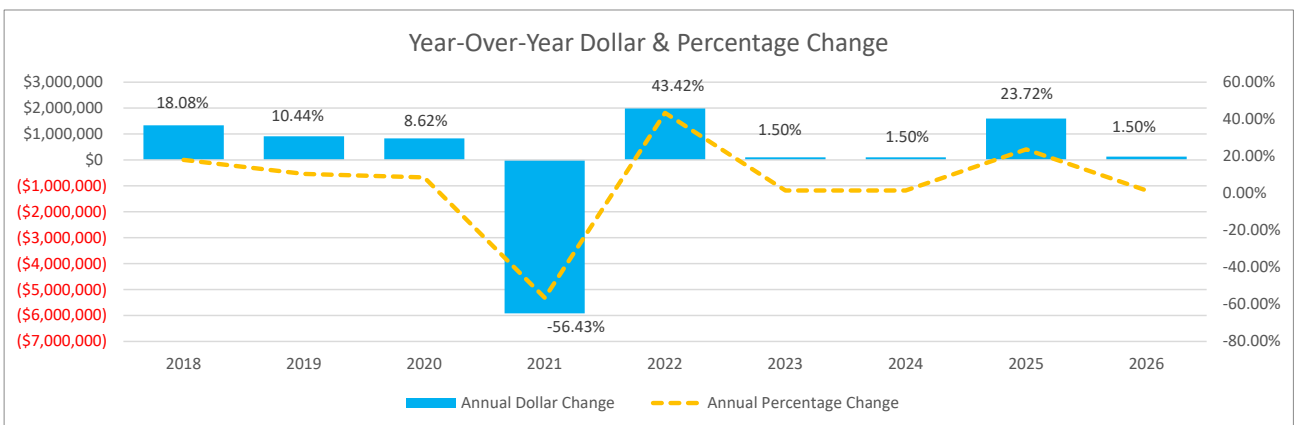
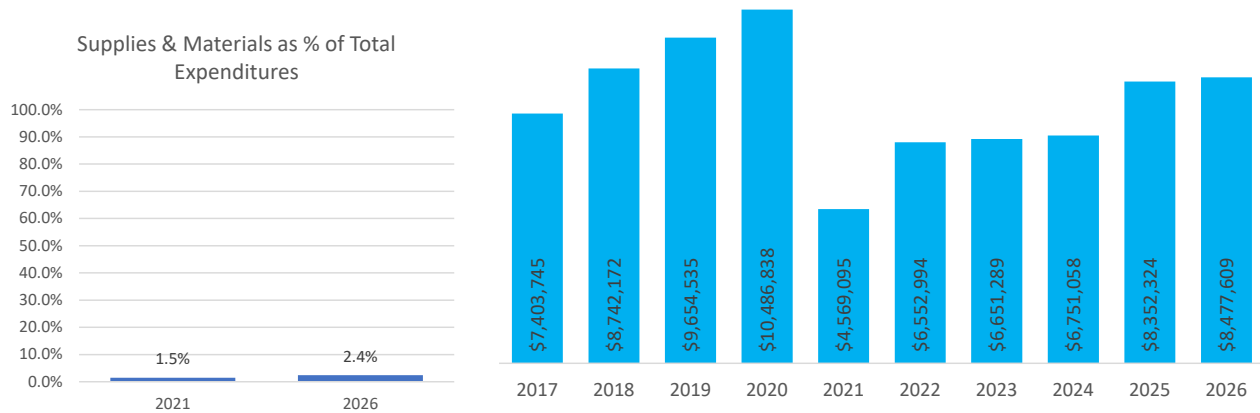
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 22.66% of total expenditures and decreased at a historical average annual rate of -4.33%. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This category of expenditure is projected to decrease in FY 2022 by these costs, which in FY 2021 was \$49,876,564. In FY 2023 and beyond, these expenditures should increase by approximately 2.7% annually. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

3.040 - Supplies & Materials

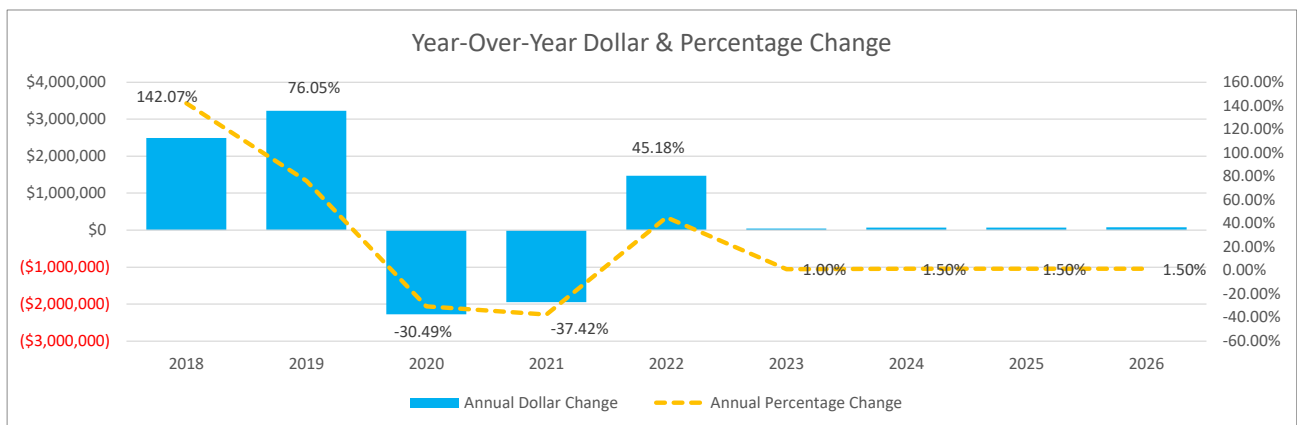
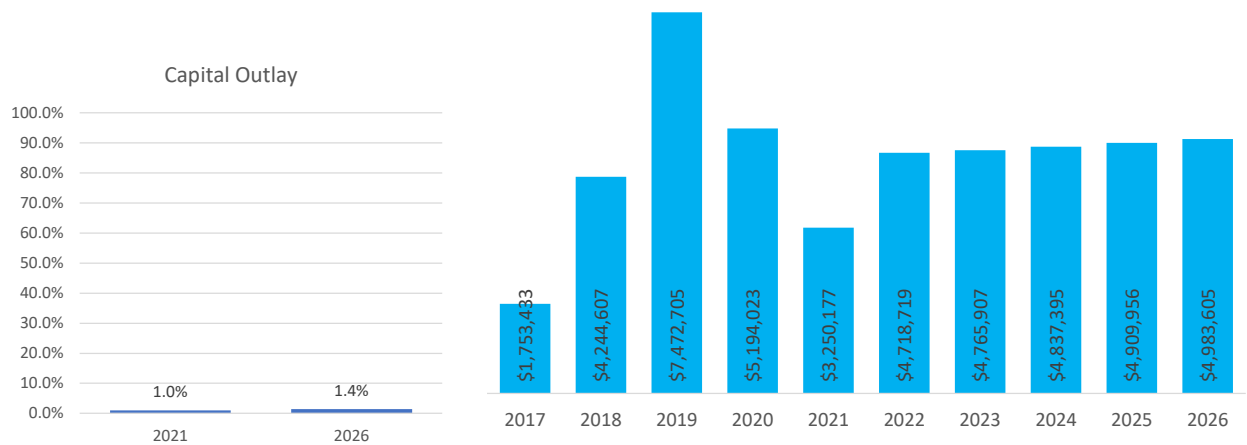
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 1.47% of total expenditures and decreased at a historical average annual rate of -16.89%. This category of expenditure is projected to grow at an annual average rate of 10.63% through FY 2026. The projected average annual rate of change is 27.51% more than the five year historical annual average.

3.050 - Capital Outlay

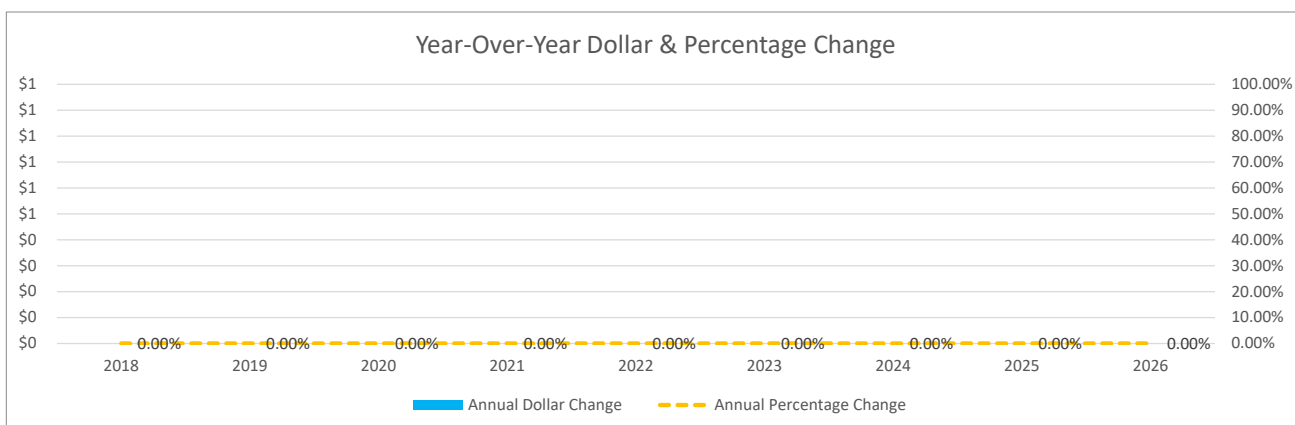
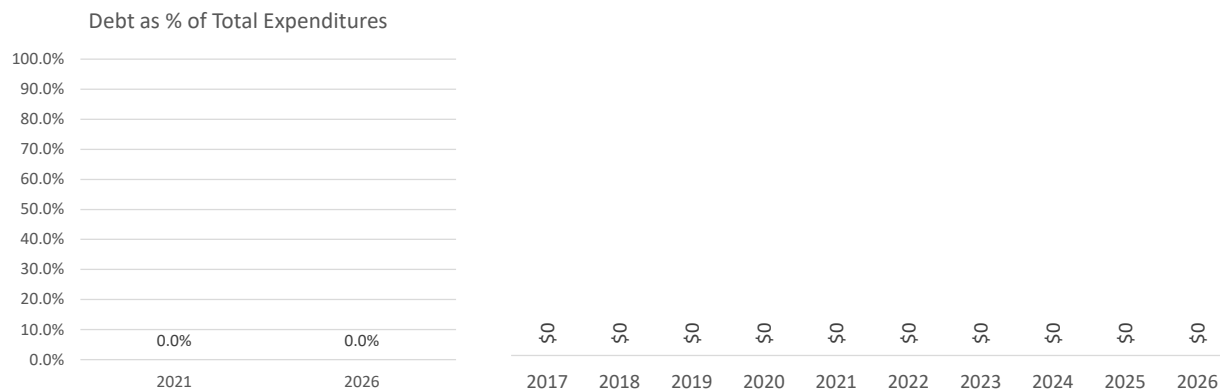
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 1.04% of total expenditures and decreased at a historical average annual amount of -\$331,477. This category of expenditure is projected to grow at an annual average rate of \$346,686 through FY 2026. The projected average annual change is more 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.

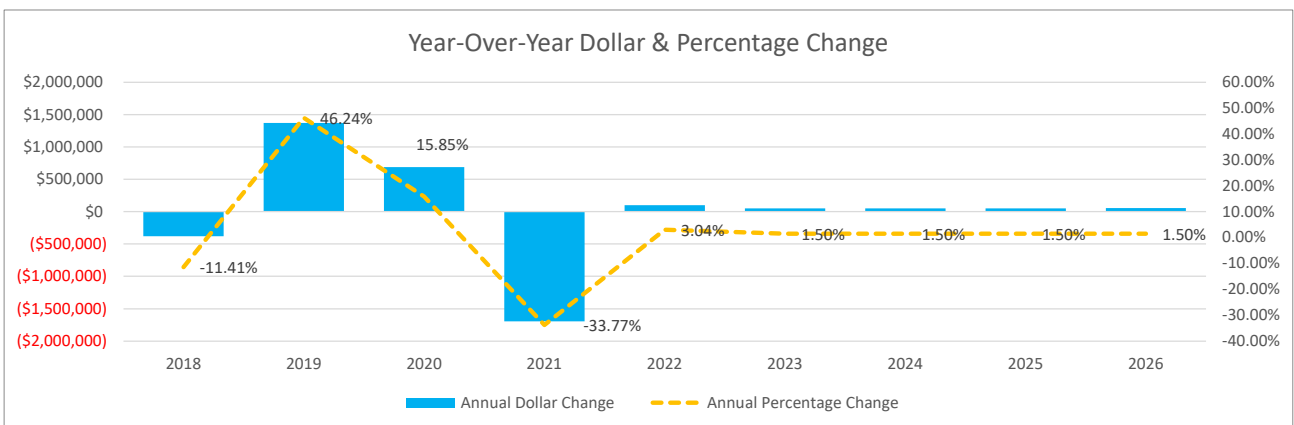
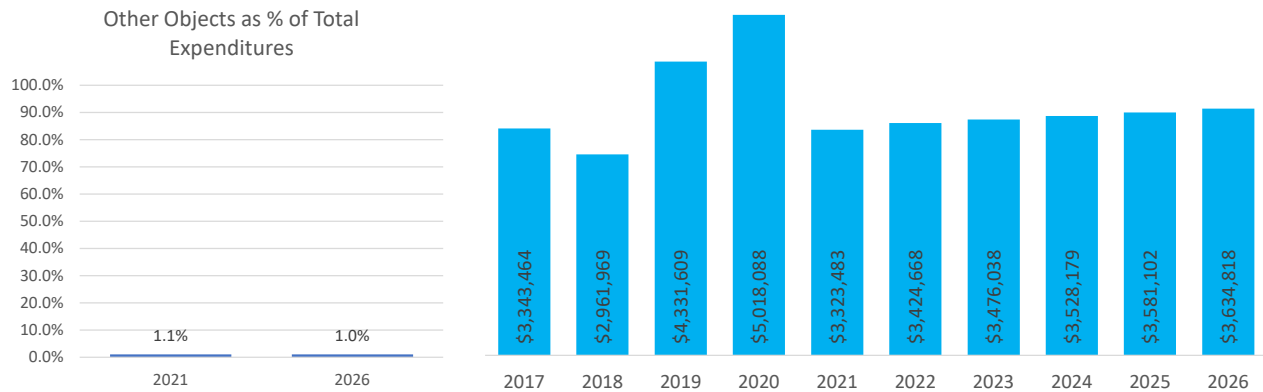


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

--

4.300 - Other Objects

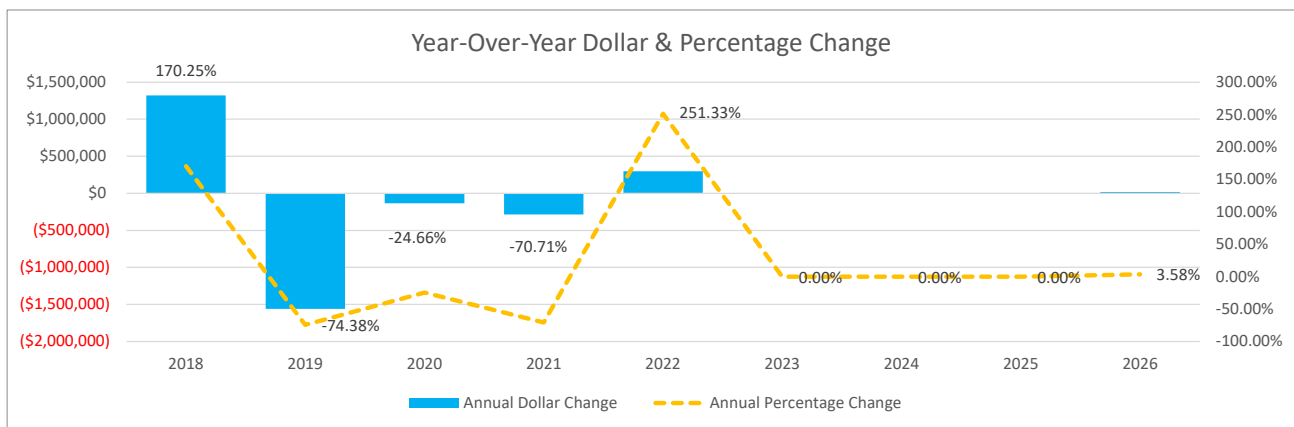
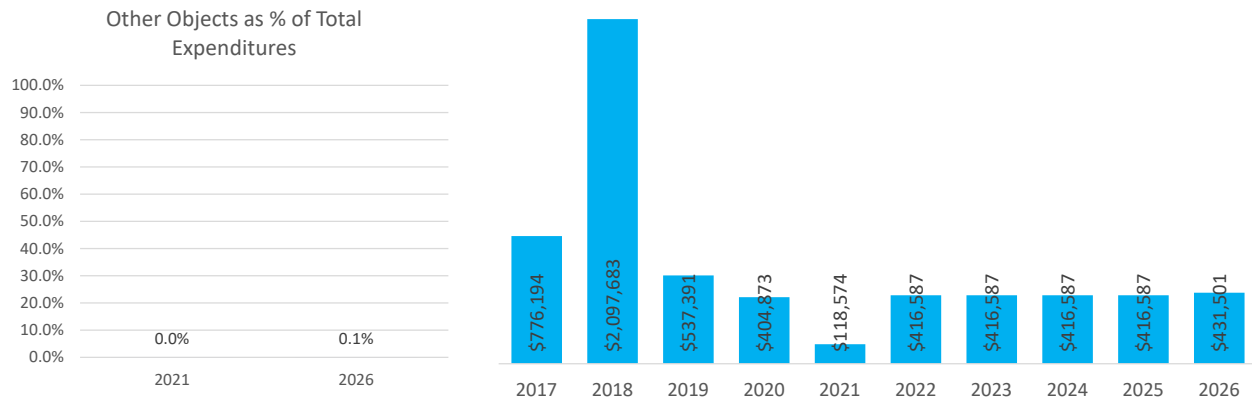
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.07% of total expenditures and increased at a historical average annual rate of 2.85%. This category of expenditure is projected to grow at an annual average rate of 1.76% through FY 2026. The projected average annual rate of change is -1.09% 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					
	2021	2022	2023	2024	2025	2026
Transfers Out	118,574	416,587	416,587	416,587	416,587	431,501
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 2021 the district had no advances-out and has no advances-out forecasted through FY 2026. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2026. 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				
	2021	2022	2023	2024	2025	2026
Revenue:						
1.010 - General Property Tax (Real Estate)	105,192,445	109,185,575	110,017,517	110,941,623	111,704,005	112,114,204
1.020 - Public Utility Personal Property	11,948,059	12,620,720	12,979,577	13,334,162	13,691,362	14,048,562
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	177,261,112	136,707,336	140,207,249	139,960,573	137,145,837	133,239,079
1.040 - Restricted Grants-in-Aid	26,942,244	32,297,216	35,765,883	41,639,235	48,126,677	60,347,603
1.050 - Property Tax Allocation	13,765,272	13,511,899	13,495,366	13,511,698	13,529,229	13,514,813
1.060 - All Other Operating Revenues	13,887,794	9,883,045	9,823,139	10,620,487	10,753,767	10,753,767
1.070 - Total Revenue	348,996,927	314,205,791	322,288,731	330,007,778	334,950,877	344,018,028
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	21,739	11,489	11,489	11,489	11,489	11,489
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	65,470	45,781	45,781	45,781	45,781	45,781
2.070 - Total Other Financing Sources	87,208	57,270	57,270	57,270	57,270	57,270
2.080 - Total Rev & Other Sources	349,084,135	314,263,061	322,346,001	330,065,048	335,008,147	344,075,298
Expenditures:						
3.010 - Personnel Services	163,233,392	176,875,784	183,767,861	190,348,805	202,174,157	209,334,880
3.020 - Employee Benefits	66,637,646	73,637,653	76,917,862	80,976,329	87,226,928	92,031,822
3.030 - Purchased Services	70,668,035	25,145,148	25,580,397	26,023,626	28,019,284	28,551,651
3.040 - Supplies and Materials	4,569,095	6,552,994	6,651,289	6,751,058	8,352,324	8,477,609
3.050 - Capital Outlay	3,250,177	4,718,719	4,765,907	4,837,395	4,909,956	4,983,605
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	3,323,483	3,424,668	3,476,038	3,528,179	3,581,102	3,634,818
4.500 - Total Expenditures	311,681,827	290,354,967	301,159,353	312,465,393	334,263,752	347,014,386
Other Financing Uses						
5.010 - Operating Transfers-Out	118,574	416,587	416,587	416,587	416,587	431,501
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	118,574	416,587	416,587	416,587	416,587	431,501
5.050 - Total Exp and Other Financing Uses	311,800,401	290,771,554	301,575,940	312,881,980	334,680,339	347,445,887
6.010 - Excess of Rev Over/(Under) Exp	37,283,734	23,491,507	20,770,061	17,183,068	327,808	(3,370,589)
7.010 - Cash Balance July 1 (No Levies)	65,331,089	102,614,823	126,106,330	146,876,391	164,059,459	164,387,267
7.020 - Cash Balance June 30 (No Levies)	102,614,823	126,106,330	146,876,391	164,059,459	164,387,267	161,016,678
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	102,614,823	126,106,330	146,876,391	164,059,459	164,387,267	161,016,678
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	102,614,823	126,106,330	146,876,391	164,059,459	164,387,267	161,016,678
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	102,614,823	126,106,330	146,876,391	164,059,459	164,387,267	161,016,678