



Five Year Forecast Financial Report

May, 2020

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

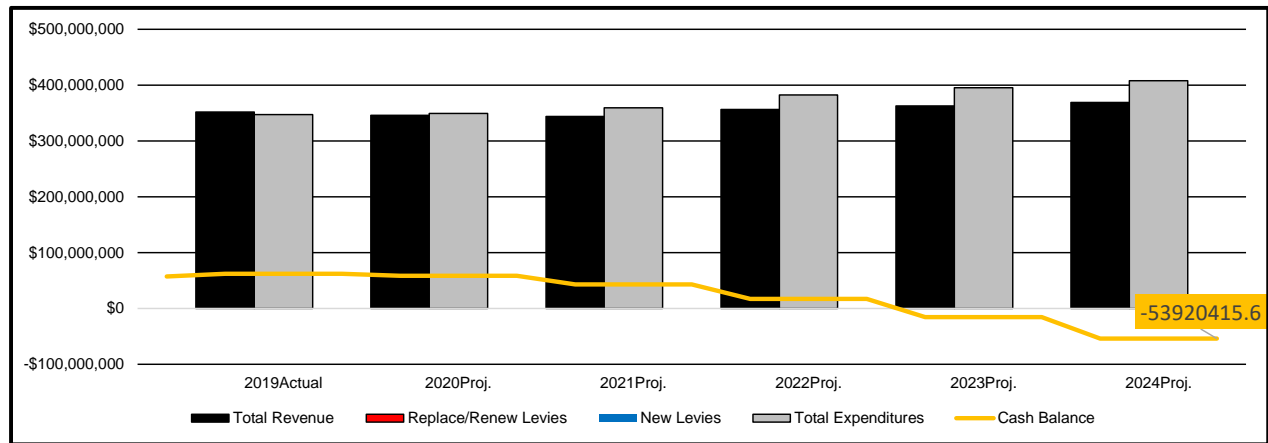
Forecast Purpose/Objectives

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.

Forecast Summary



Note: Cash balance includes any existing levy modeled as renewed during the forecast.

Cash balance is not reduced for encumbrances.

Financial Forecast	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	62,100,702	58,470,160	42,980,205	17,225,131	(15,382,497)
+ Revenue	345,824,839	344,043,559	356,434,778	362,618,259	369,194,956
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(349,455,381)	(359,533,513)	(382,189,853)	(395,225,886)	(407,732,875)
= Revenue Surplus or Deficit	(3,630,542)	(15,489,954)	(25,755,075)	(32,607,627)	(38,537,919)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	58,470,160	42,980,205	17,225,131	(15,382,497)	(53,920,416)

Analysis Without Renewal Levies Included:

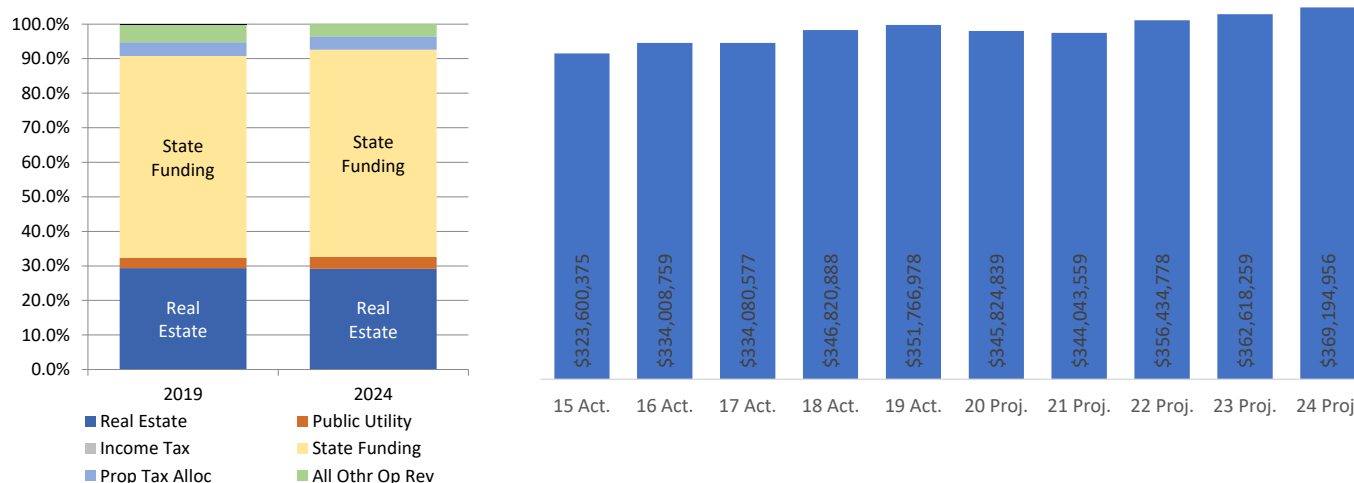
Revenue Surplus or Deficit w/o Levies	(3,630,542)	(15,489,954)	(25,755,075)	(32,607,627)	(38,537,919)
Ending Balance w/o Levies	58,470,160	42,980,205	17,225,131	(15,382,497)	(53,920,416)

In FY 2020 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$3,630,542 in FY 2020. By the last year of the forecast, FY 2024, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$38,537,919. The district would need to cut its FY 2024 projected expenses by 10.44% in order to balance its budget without additional revenue.

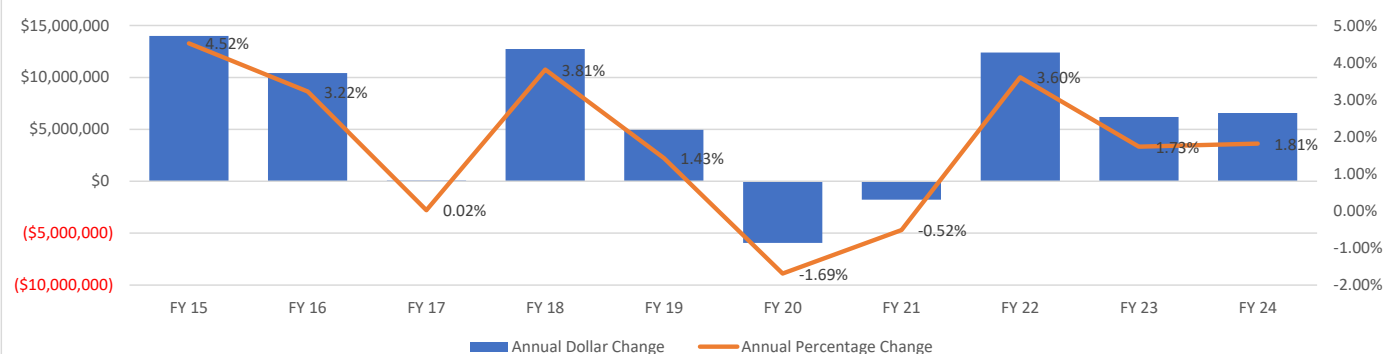
The district's cash balance is positive at year-end in FY 2020 and is projected to worsen by FY 2024. A worsening cash balance can erode the district's financial stability over time.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



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

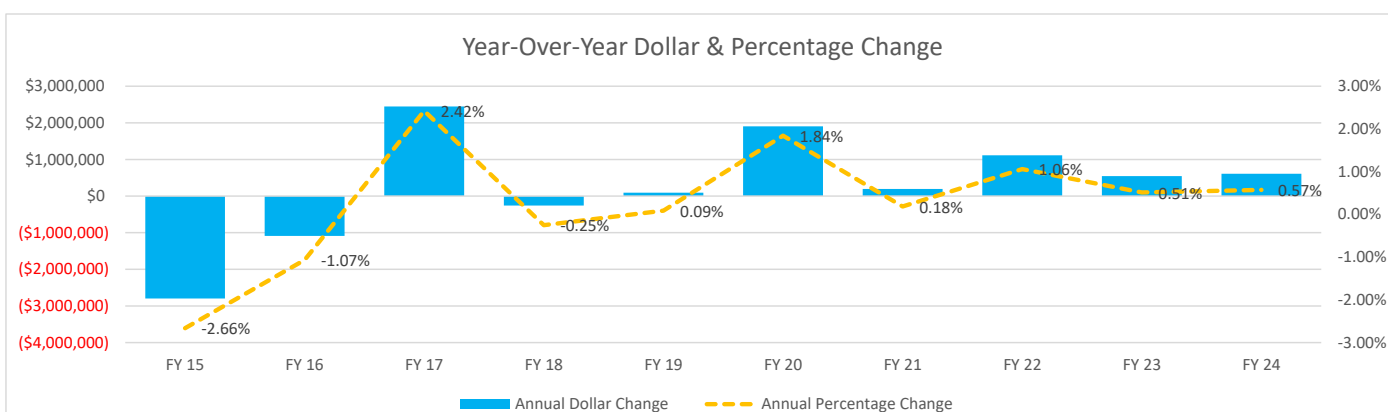
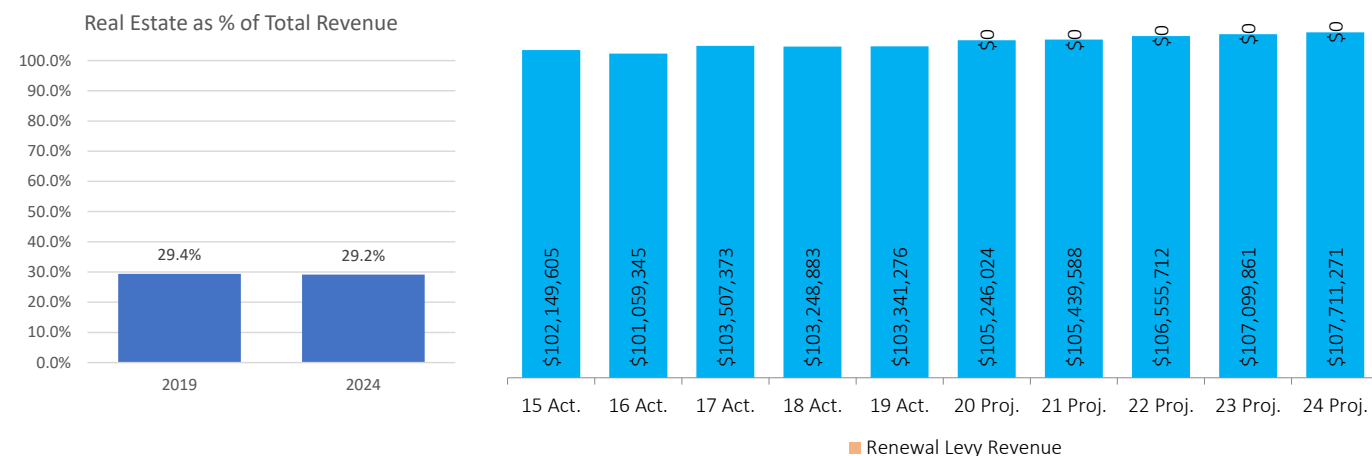
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance
Real Estate	(\$320,681)	\$873,999	\$1,194,680
Public Utility	\$555,879	\$423,383	(\$132,497)
Income Tax	\$0	\$0	\$0
State Funding	\$8,120,834	\$3,253,193	(\$4,867,641)
Prop Tax Alloc	(\$1,297,889)	(\$32,664)	\$1,265,226
All Othr Op Rev	\$1,338,035	(\$985,527)	(\$2,323,562)
Other Sources	\$35,161	(\$46,788)	(\$81,949)
Total Average Annual Change	\$8,431,338 2.60%	\$3,485,596 0.99%	(\$4,945,743) -1.61%

Total revenue increased 2.60% or \$8,431,338 annually during the past five years and is projected to increase 0.99% or \$3,485,596 annually through FY2024. State Funding has the most projected average annual variance compared to the historical average at - \$4,867,641

Note: Expenditure average annual change is projected to be > \$12,121,404. 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).



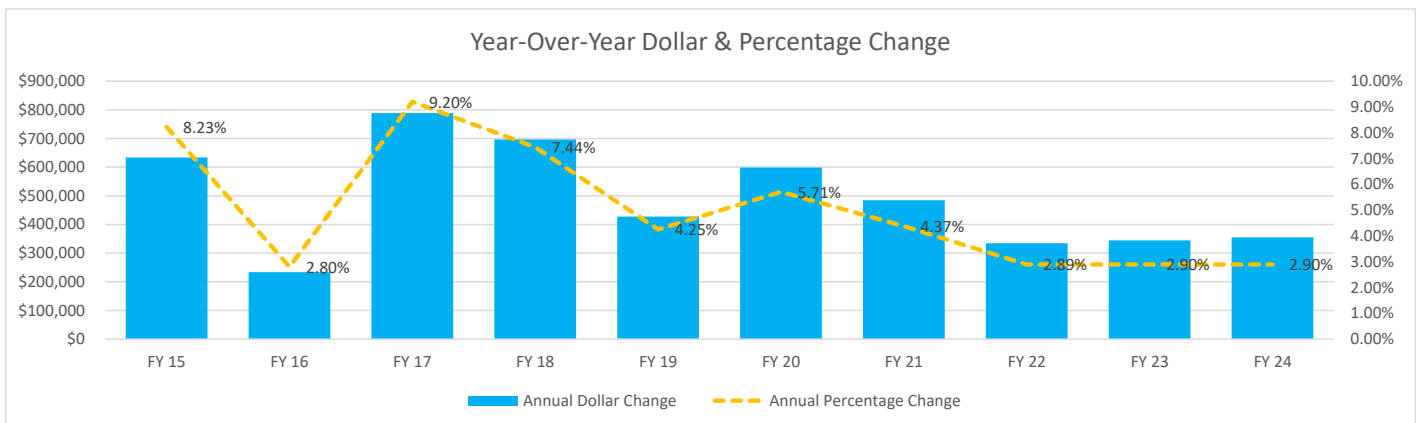
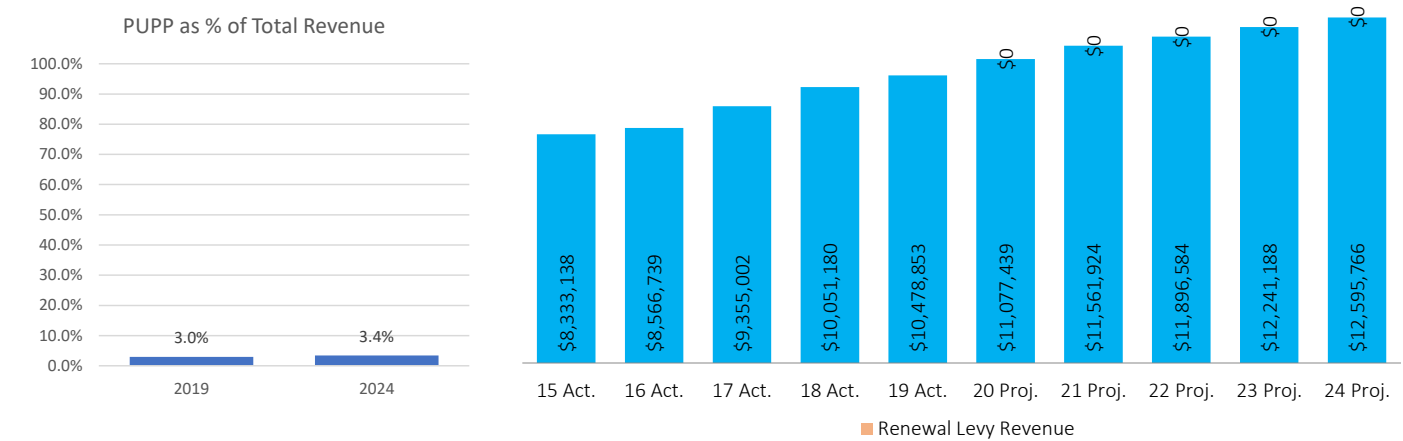
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2018	2,203,301,720	17,956,280	51.74	0.07	62.61	(0.18)	99.1%
2019	2,219,849,740	16,548,020	51.76	0.02	62.24	(0.38)	98.5%
2020	2,276,771,189	56,921,449	50.59	(1.17)	61.69	(0.55)	98.2%
2021	2,275,866,389	(904,800)	50.75	0.16	61.96	0.28	98.2%
2022	2,274,143,553	(1,722,837)	50.94	0.19	62.24	0.28	98.4%
2023	2,308,793,553	34,650,000	50.09	(0.85)	62.52	0.28	98.3%

Real estate property tax revenue accounts for 29.38% of total revenue. Class I or residential/agricultural taxes make up approximately 68.45% of the real estate property tax revenue. The Class I tax rate is 51.76 mills in tax year 2019. The projections reflect an average gross collection rate of 98.3% annually through tax year 2023. The revenue changed at an average annual historical rate of -0.29% and is projected to change at an average annual rate of 0.83% through FY 2024.

**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.



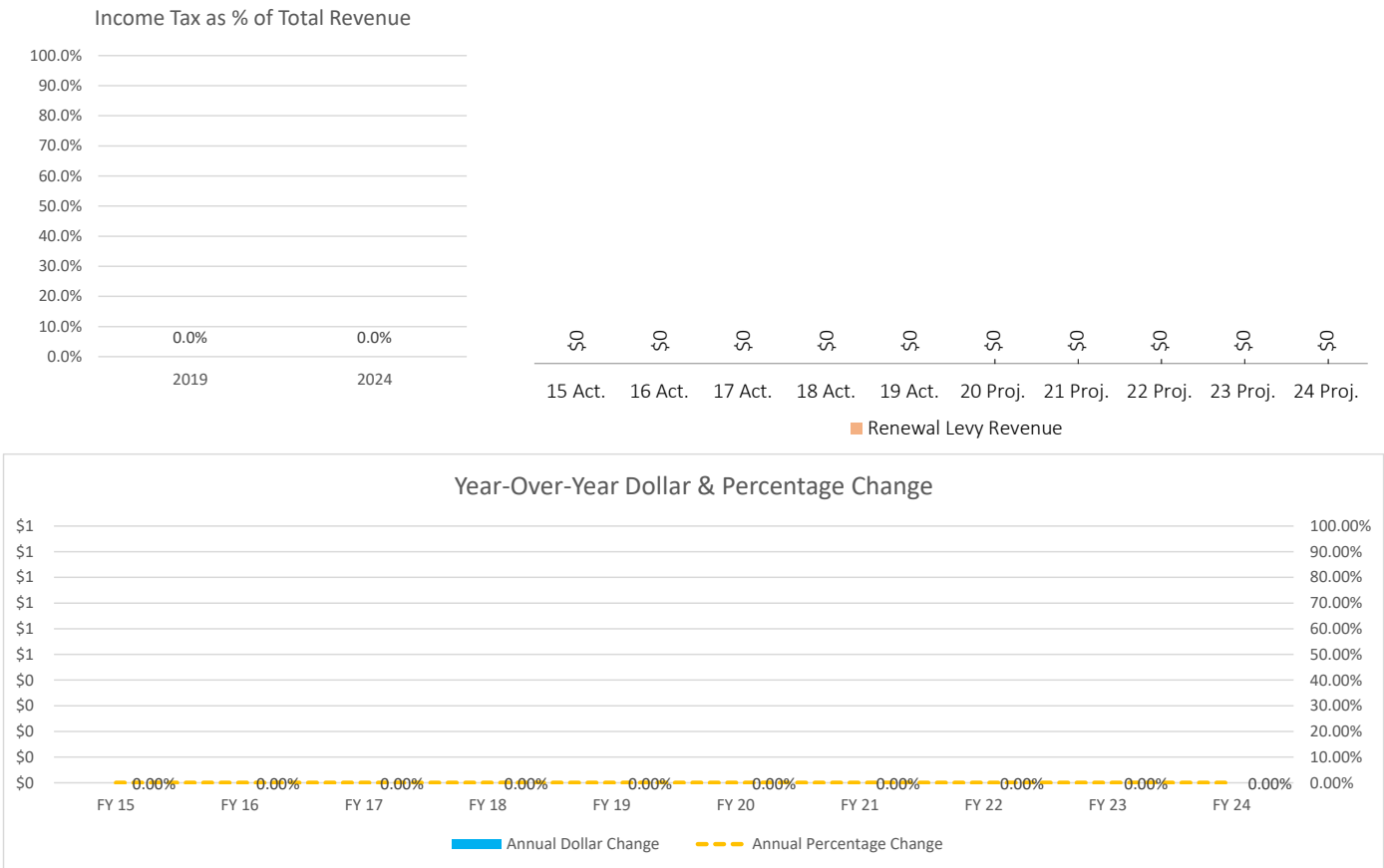
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2018	141,436,250	7,236,210	76.00	-	100.0%
2019	150,004,800	8,568,550	76.00	-	100.0%
2020	154,312,921	4,308,121	76.00	-	100.0%
2021	158,750,285	4,437,364	76.00	-	100.0%
2022	163,381,216	4,630,931	76.00	-	100.0%
2023	168,081,216	4,700,000	76.00	-	100.0%

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 2.98% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2019 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 \$555,879 and is projected to change at an average annual dollar amount of \$423,383 through FY 2024.

**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.

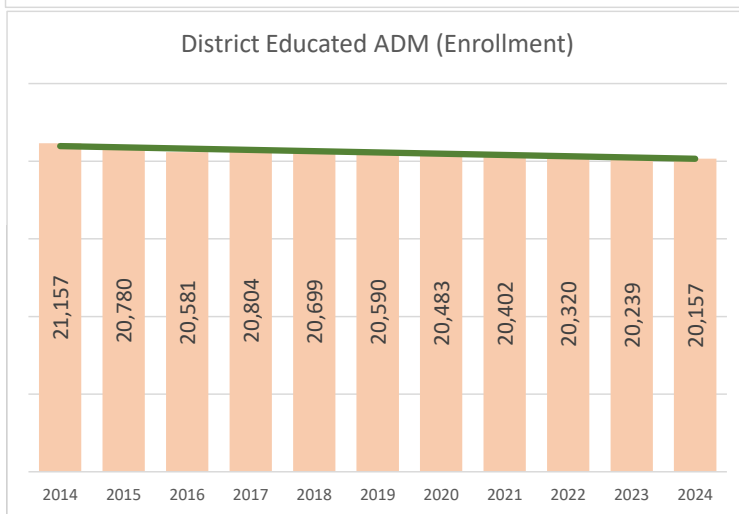
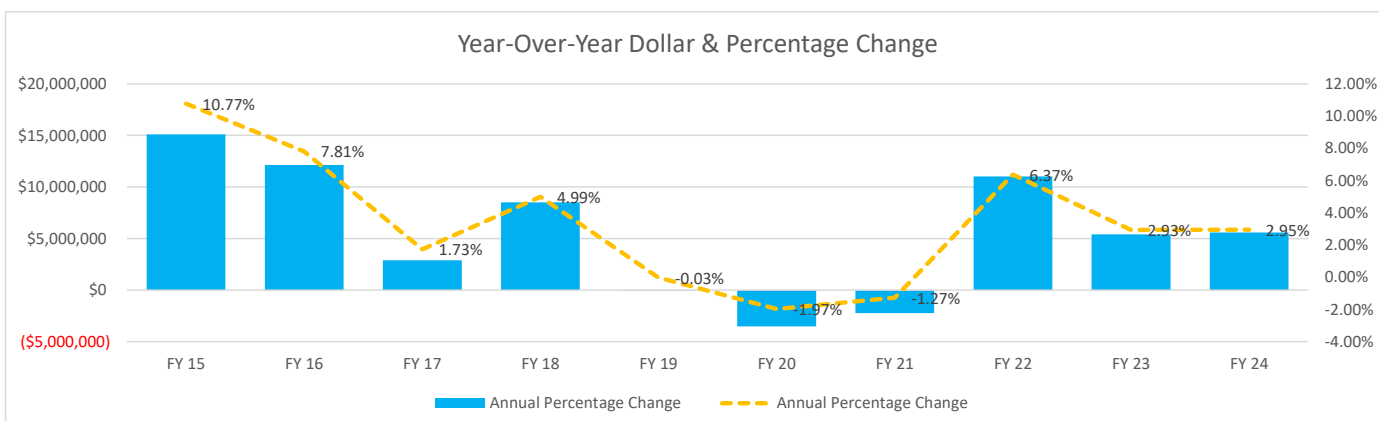
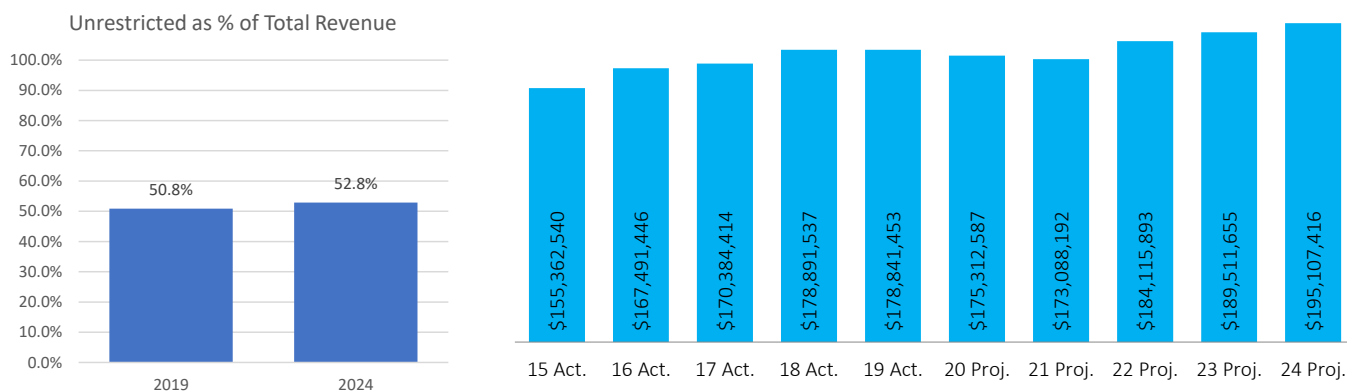


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

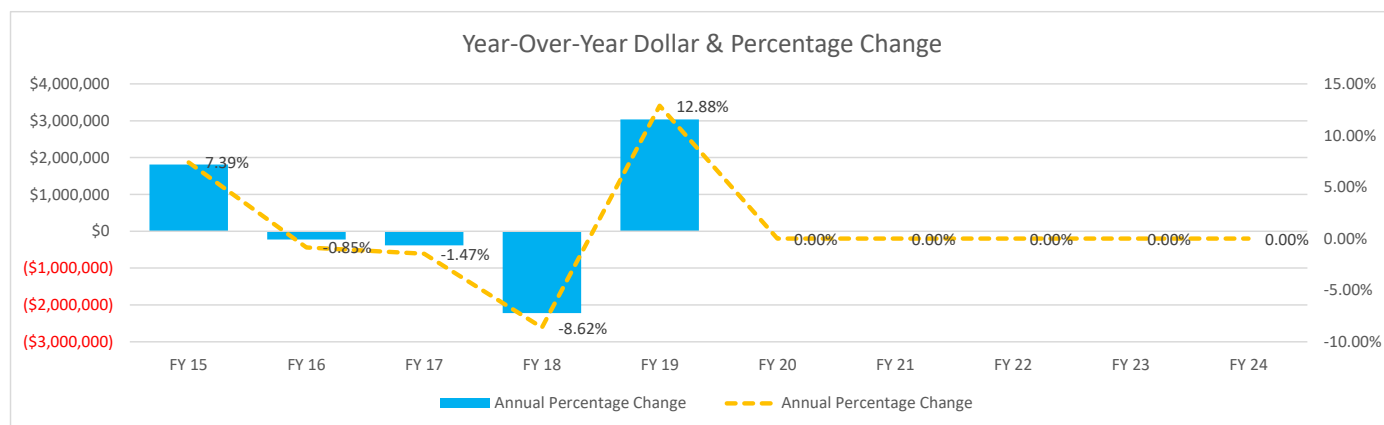
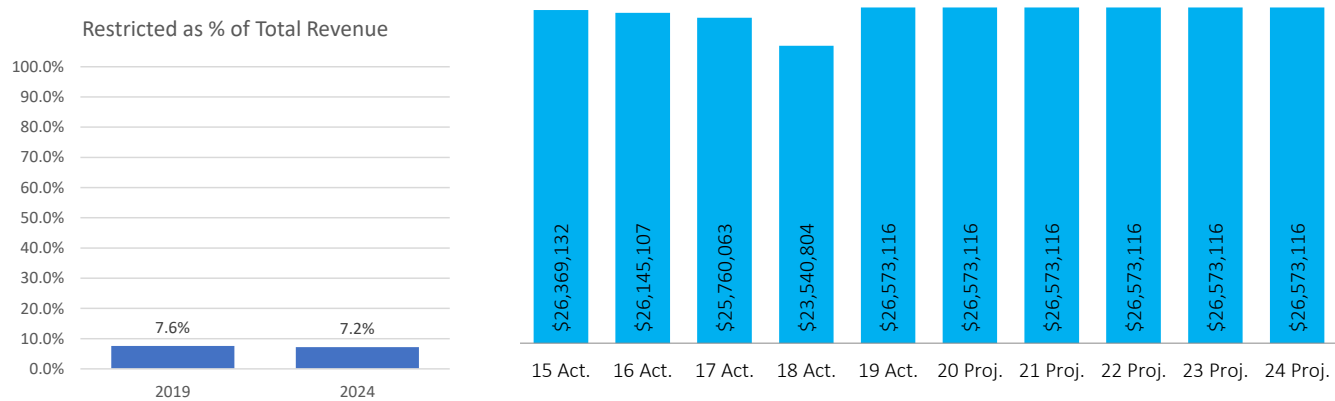
Funds received through the State Foundation Program with no restriction.



The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2020. In addition to its FY 2019 base funding amount of \$200,883,577 the district is projected to receive FY 2020 categorical funding of \$5,120,789. These funds will be recorded in a special revenue fund and are not included in this forecast. The district has the option to move some expenditures from the general fund forecast to the special revenue fund receiving these dollars. For fiscal year 2022 - 2024, the district is projecting an average annual increase of 4.1%

1.040 & 1.045 - Restricted Grants-in-Aid

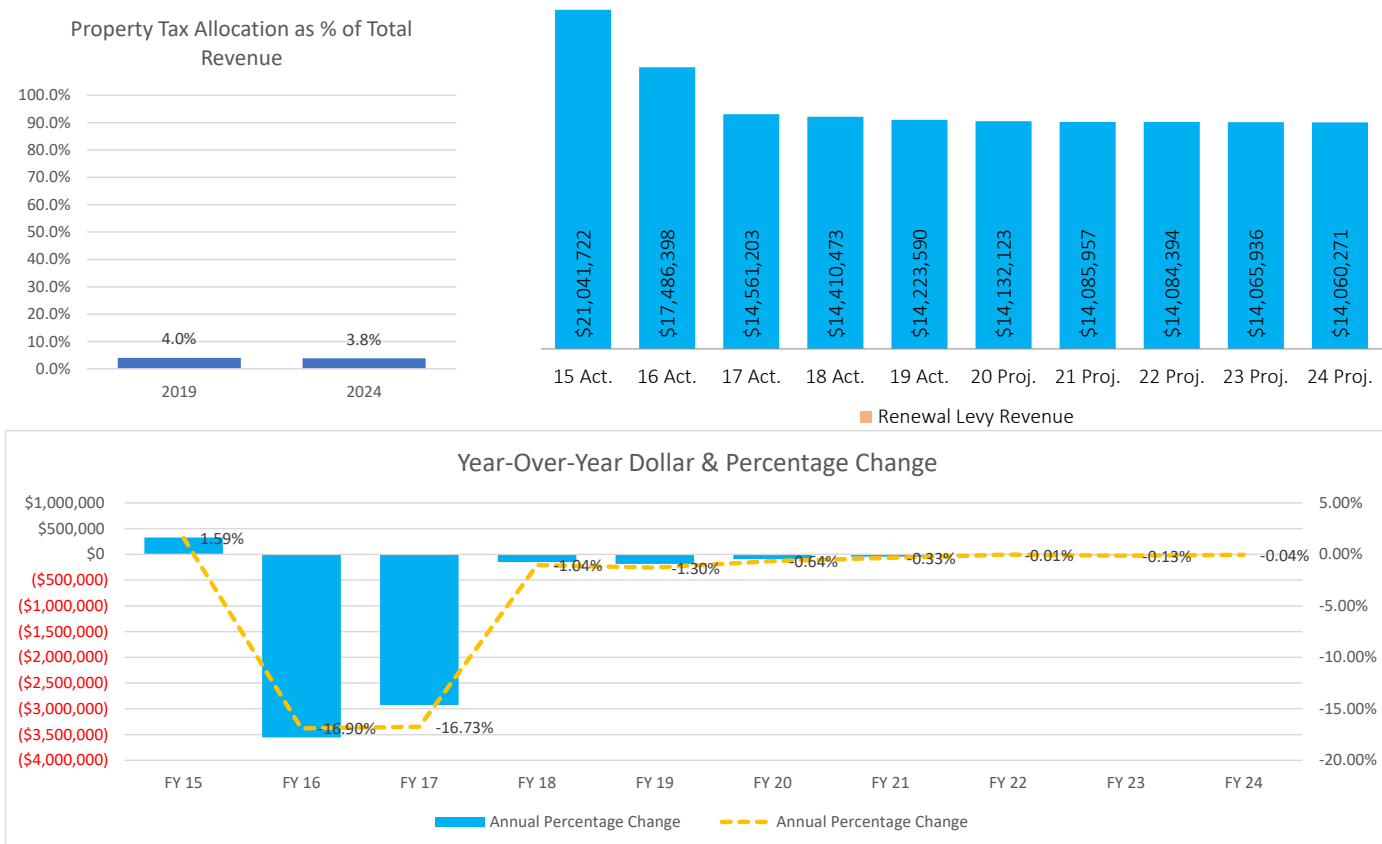
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$252,312 and is projected to change annually on average by \$0. Restricted funds represent 7.55% of total revenue.

1.050 - Property Tax Allocation

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

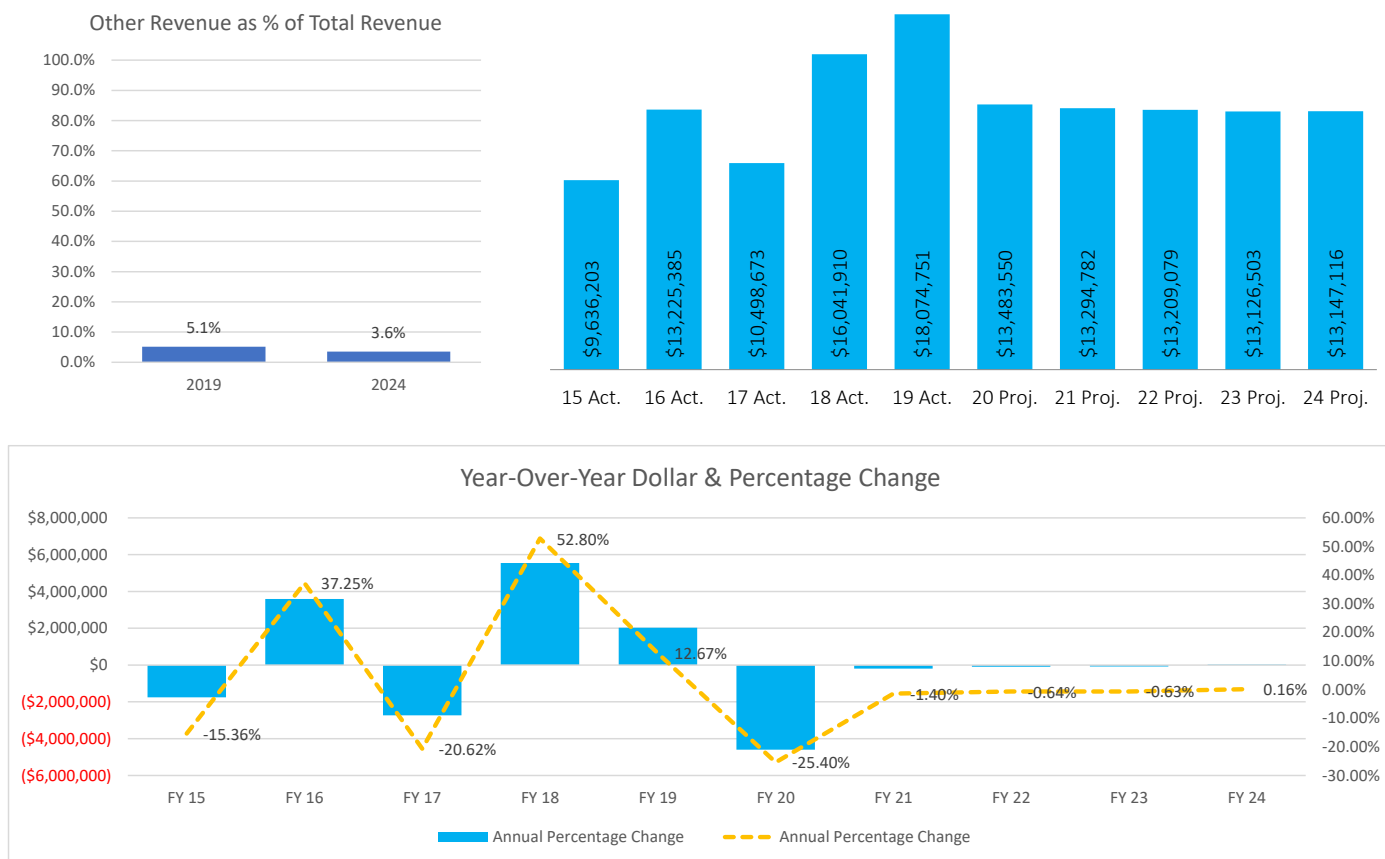


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2020, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 5.4% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

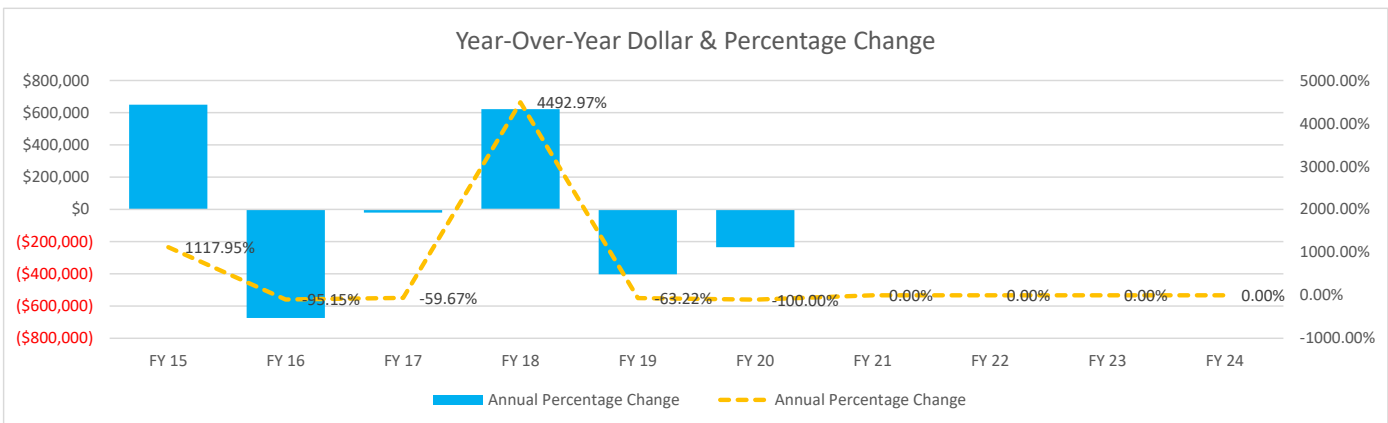
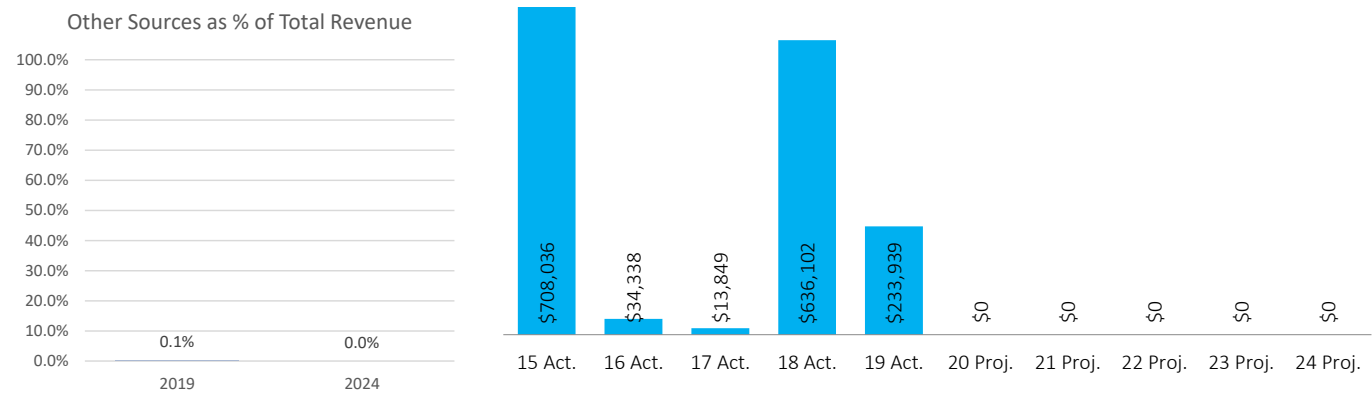
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$1,338,035. The projected average annual change is -\$985,527 through FY 2024.

2.070 - Total Other Financing Sources

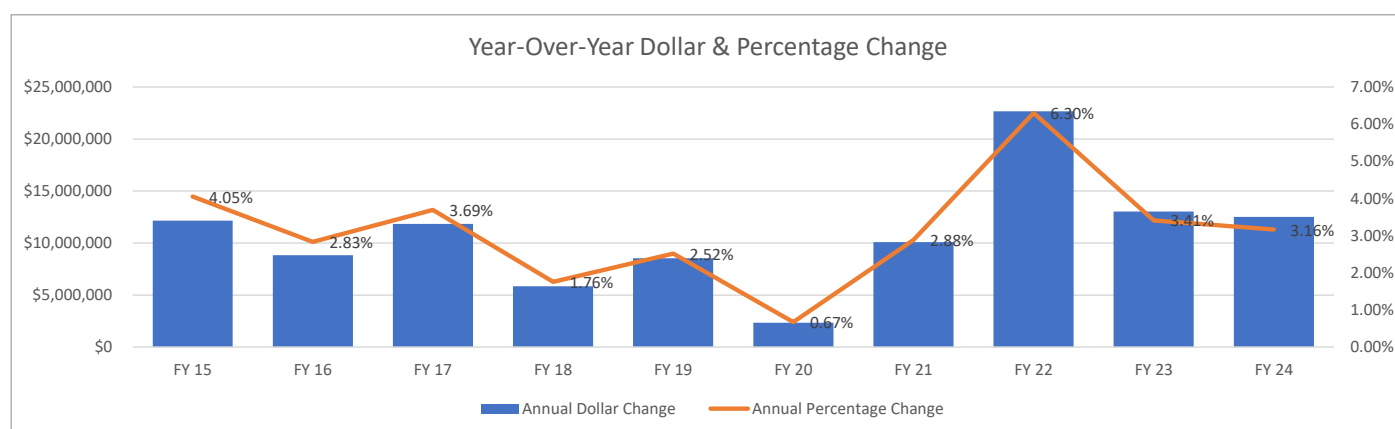
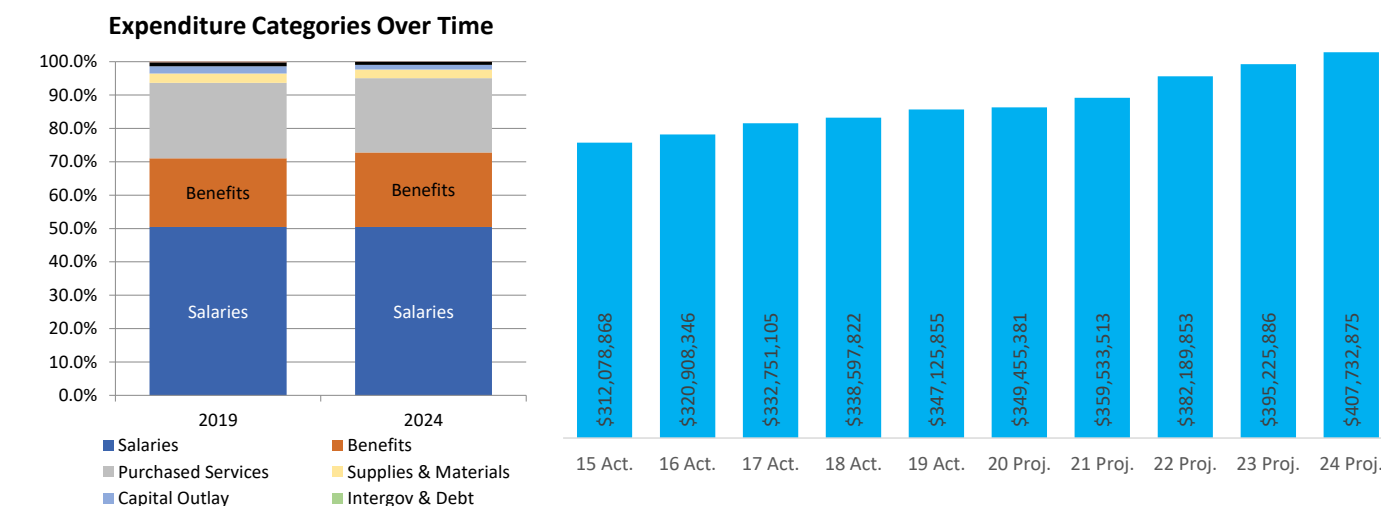
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Transfers In	28,435	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	205,505	-	-	-	-	-

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 2019 the district received \$0 as advances-in and is projecting advances of \$0 in FY 2020. 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 \$0 in FY 2020 and average \$0 annually through FY 2024.

Expenditure Categories and Forecast Year-Over-Year Projected Overview



5-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
Salaries	\$5,579,795	\$6,124,726	\$544,931
Benefits	\$1,436,095	\$3,904,939	\$2,468,843
Purchased Services	\$1,650,896	\$2,457,744	\$806,849
Supplies & Materials	\$118,719	\$214,343	\$95,625
Capital Outlay	\$392,469	(\$397,474)	(\$789,944)
Intergov & Debt	\$0	\$0	\$0
Other Objects	\$208,631	(\$101,396)	(\$310,027)
Other Uses	\$51,728	(\$81,478)	(\$133,206)
Total Average Annual Change	\$9,438,333	\$12,121,404	\$2,683,071
	2.97%	3.49%	0.52%

Total expenditures increased 2.97% or \$9,438,333 annually during the past five years and is projected to increase 3.49% or \$12,121,404 annually through FY2024. Benefits has the most projected average annual variance compared to the historical average at \$2,468,843.

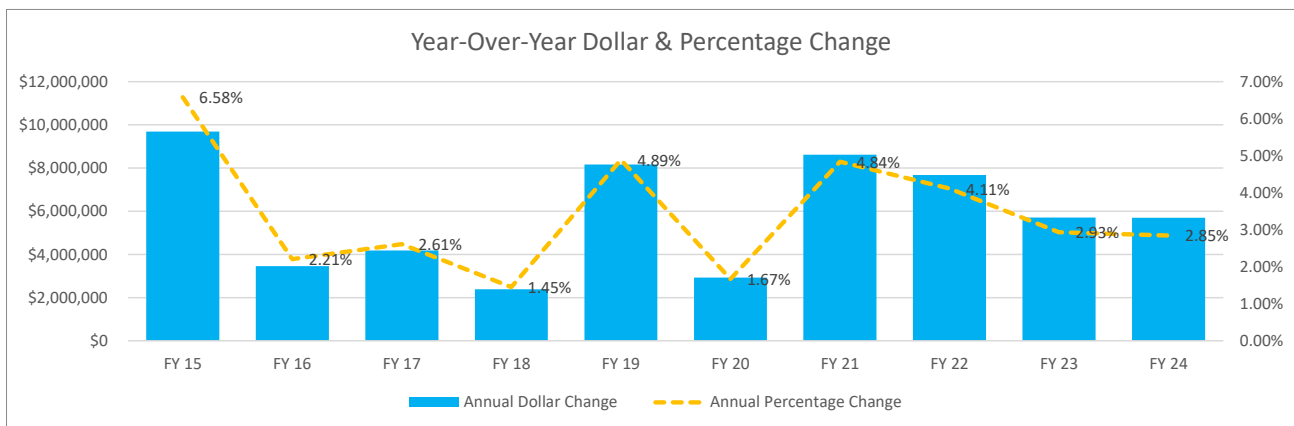
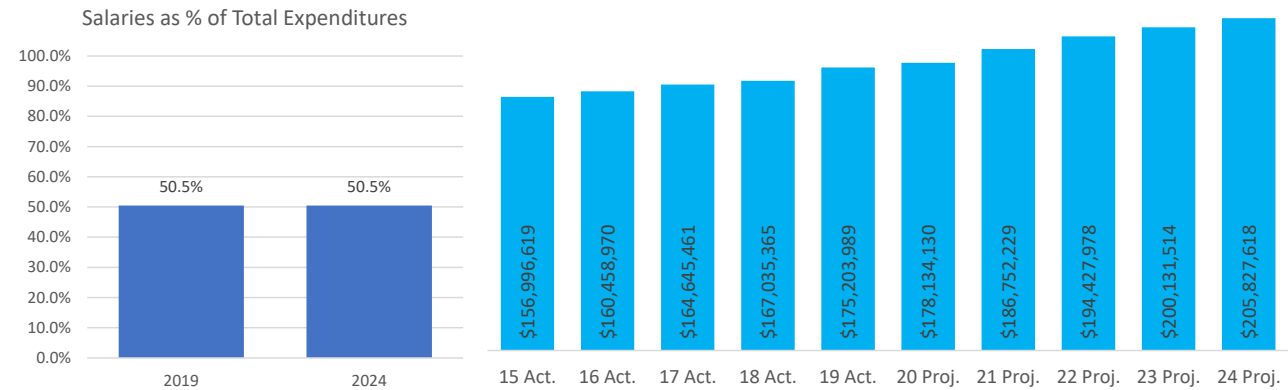
Note: Expenditure average annual change is projected

to be > \$12,121,404

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 50.47% of total expenditures and increased at a historical average annual rate of 3.55% or \$5,579,795. This category of expenditure is projected to grow at an average annual rate of 3.28% or \$6,124,726 through FY 2024. The projected average annual rate of change is -0.27% less than the five year historical annual average.

3.020 - Employees' Benefits

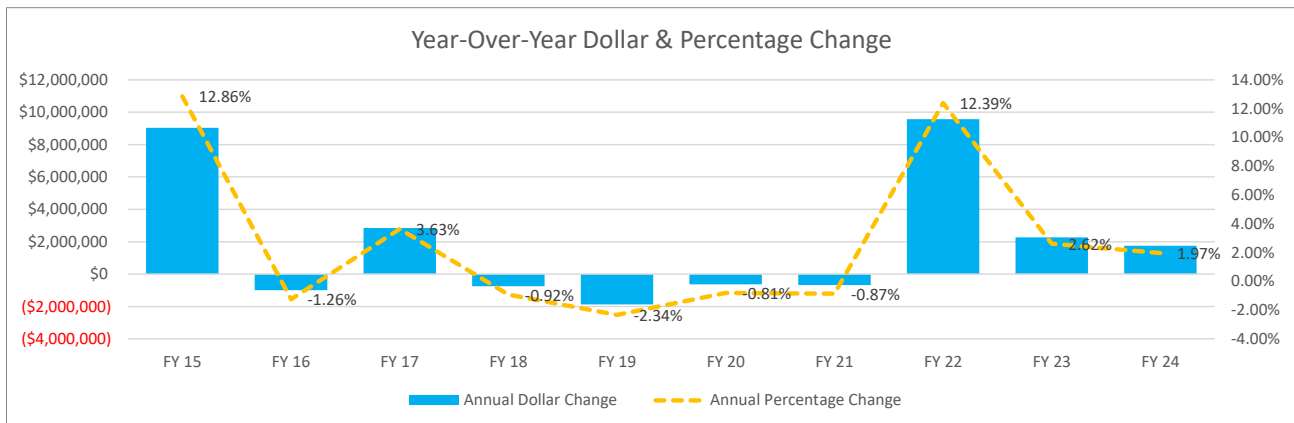
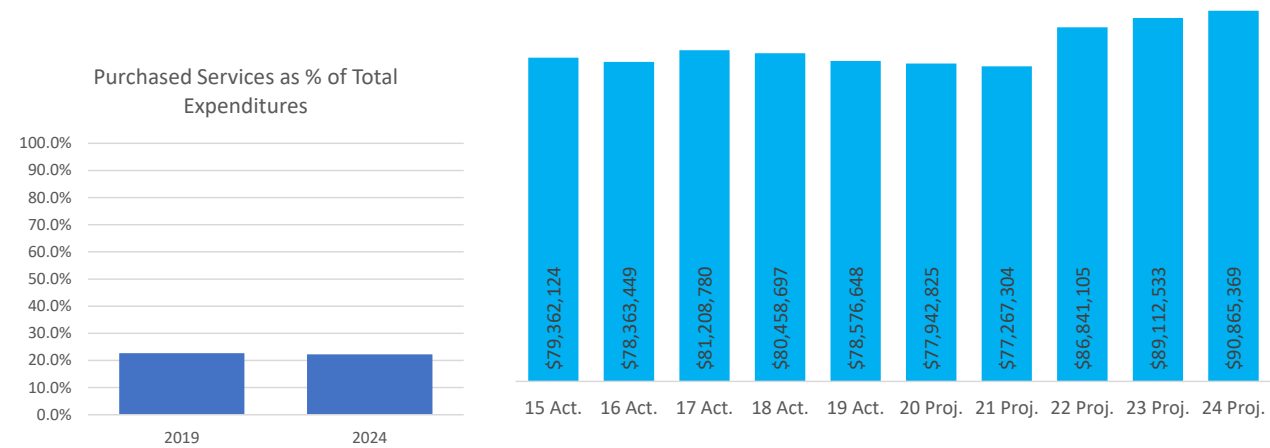
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 20.55% of total expenditures and increased at a historical average annual rate of 2.29% in the previous five years. This category of expenditure is projected to grow at an annual average rate of 4.99% through FY 2024. The projected average annual rate of change is 2.70% more than the five year historical annual average.

3.030 - Purchased Services

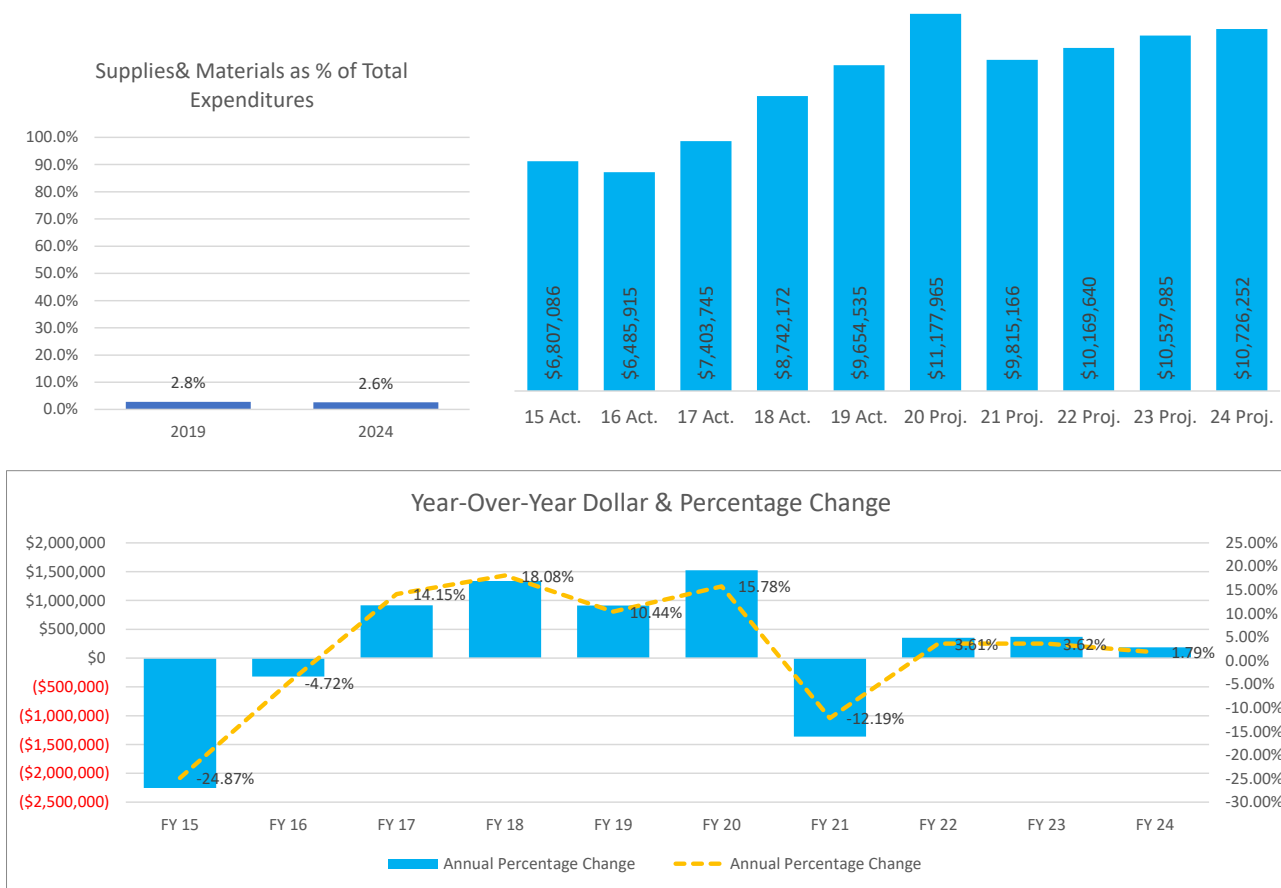
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



Purchased Services represent 22.64% of total expenditures and increased at a historical average annual rate of 2.39%. This category of expenditure is projected to grow at an annual average rate of 3.06% through FY 2024. The projected average annual rate of change is 0.67% more than the five year historical annual average.

3.040 - Supplies & Materials

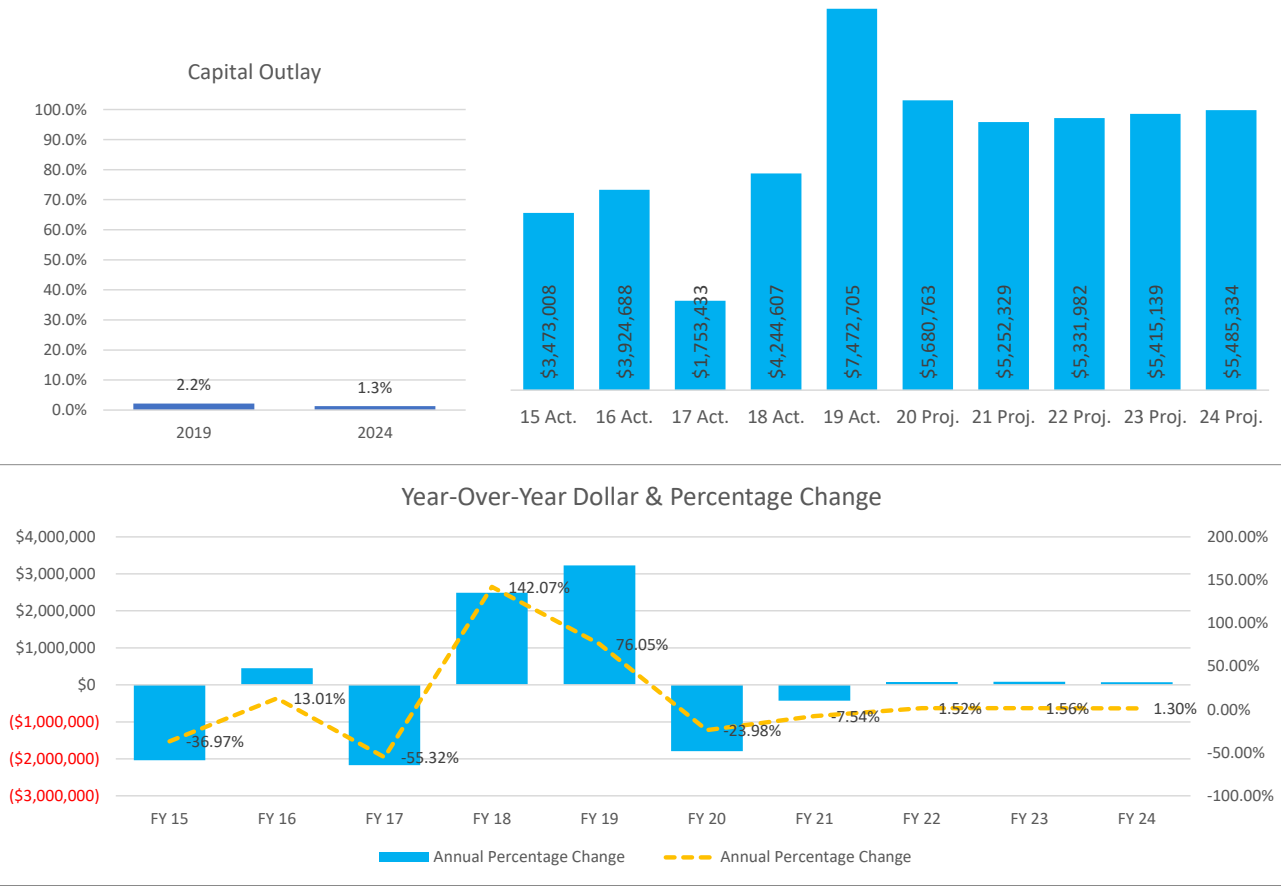
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.78% of total expenditures and increased at a historical average annual rate of 2.61%. This category of expenditure is projected to grow at an annual average rate of 2.52% through FY 2024. The projected average annual rate of change is -0.09% less than the five year historical annual average.

3.050 - Capital Outlay

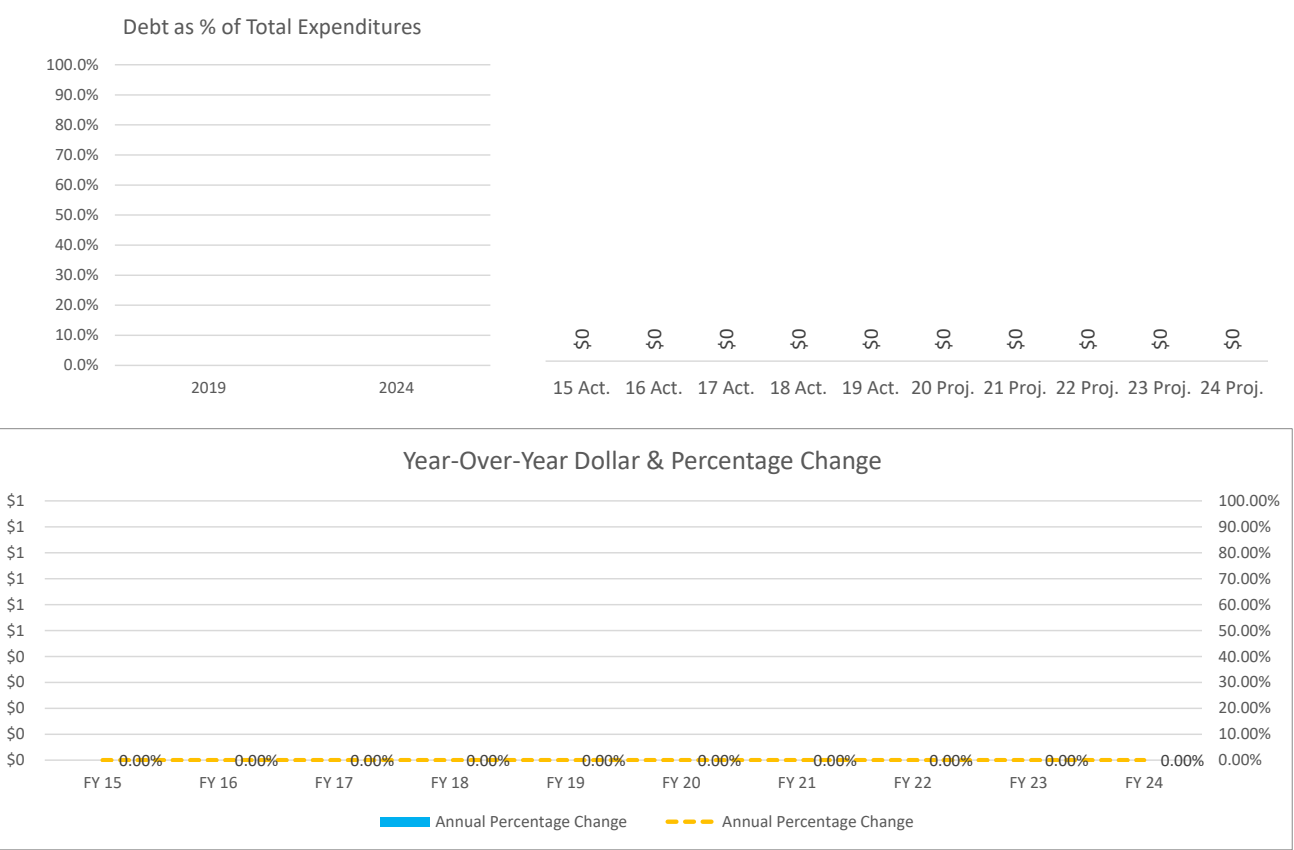
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 2.15% of total expenditures and increased at a historical average annual amount of \$392,469. This category of expenditure is projected to decrease at an annual average amount of - \$397,474 through FY 2024. The projected average annual change is less than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

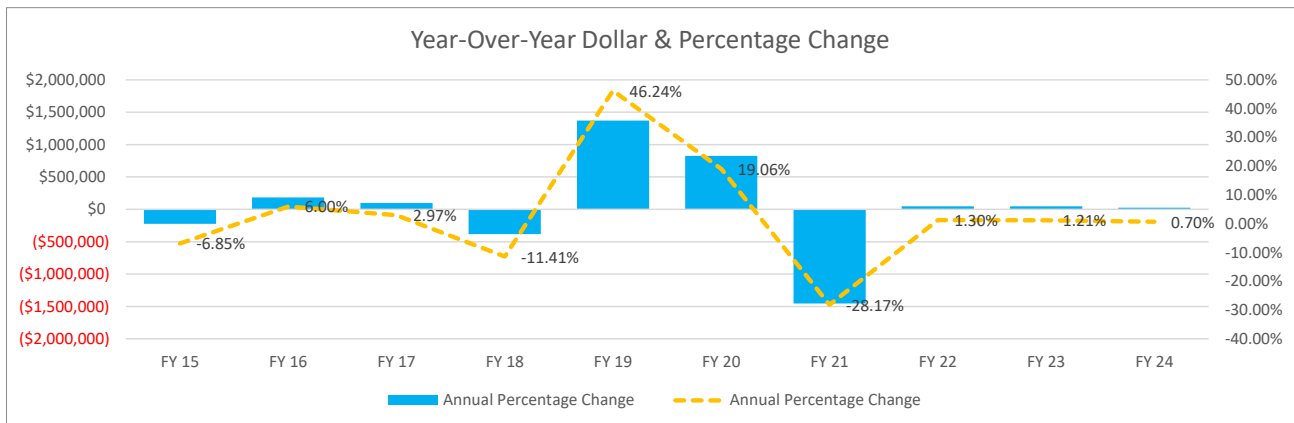
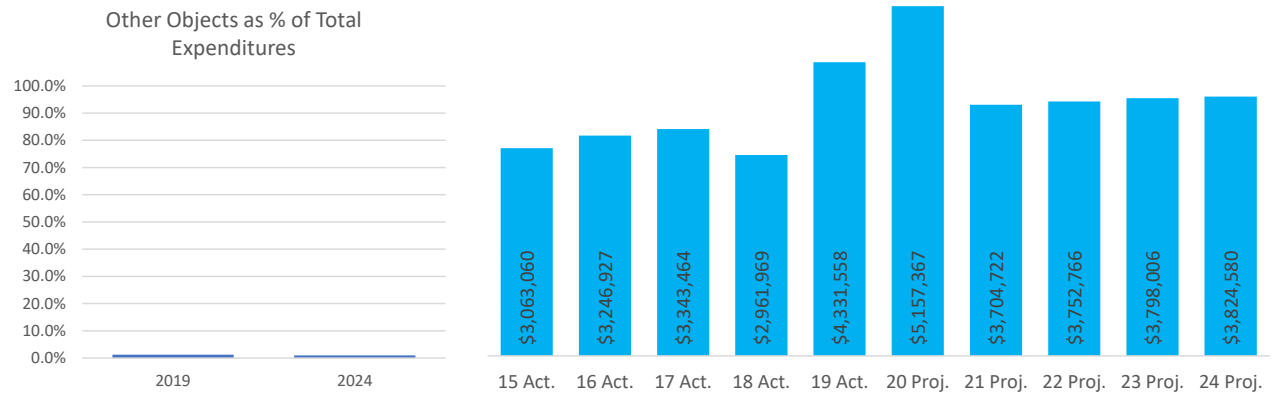
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

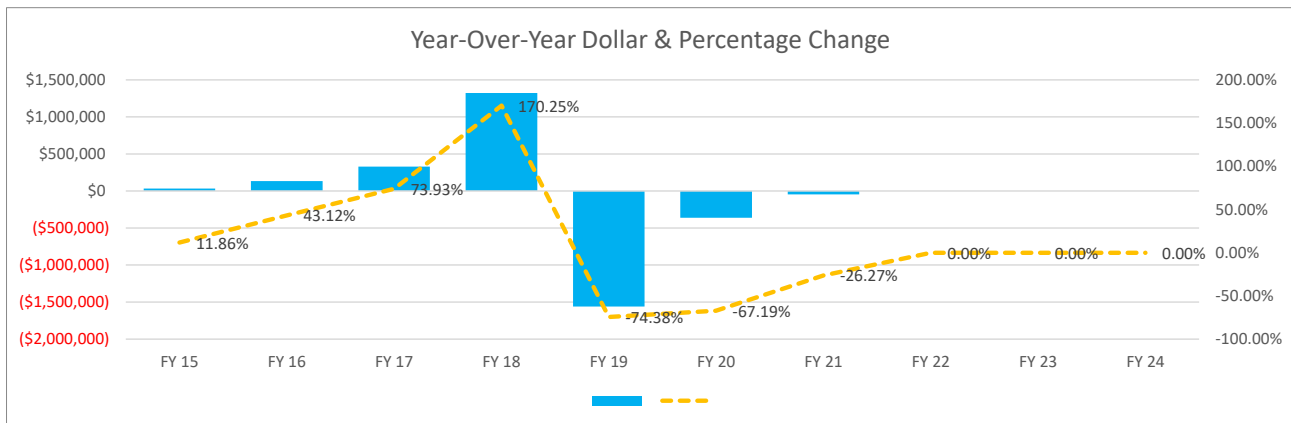
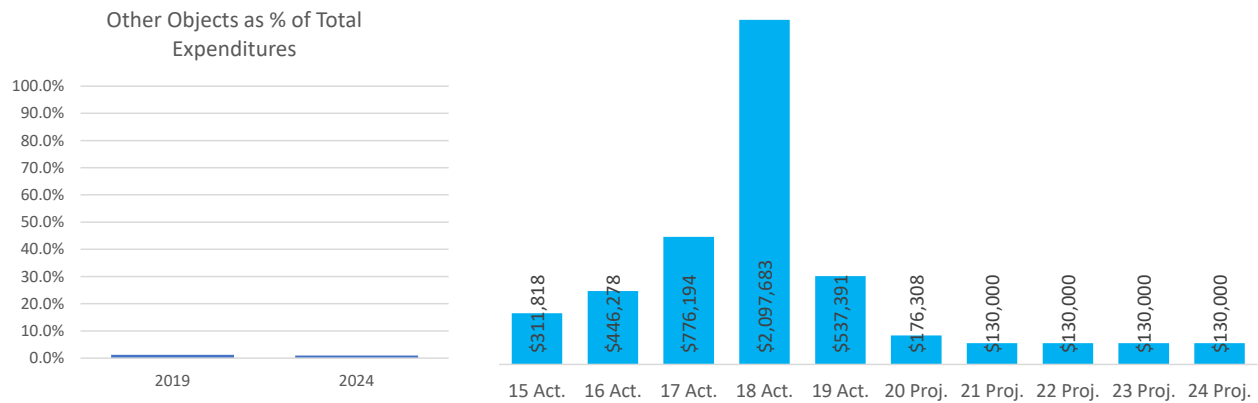
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.25% of total expenditures and increased at a historical average annual rate of 7.39%. This category of expenditure is projected to decrease at an annual average rate of -1.18% through FY 2024. The projected average annual rate of change is -8.57% 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.



	2019	2020	2021	2022	2023	2024
Transfers Out	537,391	130,000	130,000	130,000	130,000	130,000
Advances Out	-	-	-	-	-	-
Other Financing Uses	-	46,308	-	-	-	-

Other uses includes revenue that is 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 2019 the district had no advances-out and has no advances-out forecasted through FY 2024. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2024. 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 Public Schools

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
Revenue:						
1.010 - General Property Tax (Real Estate)	103,341,276	105,246,024	105,439,588	106,555,712	107,099,861	107,711,271
1.020 - Public Utility Personal Property	10,478,853	11,077,439	11,561,924	11,896,584	12,241,188	12,595,766
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	178,841,453	175,312,587	173,088,192	184,115,893	189,511,655	195,107,416
1.040 - Restricted Grants-in-Aid	26,573,116	26,573,116	26,573,116	26,573,116	26,573,116	26,573,116
1.050 - Property Tax Allocation	14,223,590	14,132,123	14,085,957	14,084,394	14,065,936	14,060,271
1.060 - All Other Operating Revenues	18,074,751	13,483,550	13,294,782	13,209,079	13,126,503	13,147,116
1.070 - Total Revenue	351,533,039	345,824,839	344,043,559	356,434,778	362,618,259	369,194,956
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	28,435	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	205,505	-	-	-	-	-
2.070 - Total Other Financing Sources	233,939	-	-	-	-	-
2.080 - Total Rev & Other Sources	351,766,978	345,824,839	344,043,559	356,434,778	362,618,259	369,194,956
Expenditures:						
3.010 - Personnel Services	175,203,989	178,134,130	186,752,229	194,427,978	200,131,514	205,827,618
3.020 - Employee Benefits	71,349,029	71,186,023	76,611,763	81,536,382	86,100,709	90,873,722
3.030 - Purchased Services	78,576,648	77,942,825	77,267,304	86,841,105	89,112,533	90,865,369
3.040 - Supplies and Materials	9,654,535	11,177,965	9,815,166	10,169,640	10,537,985	10,726,252
3.050 - Capital Outlay	7,472,705	5,680,763	5,252,329	5,331,982	5,415,139	5,485,334
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	4,331,558	5,157,367	3,704,722	3,752,766	3,798,006	3,824,580
4.500 - Total Expenditures	346,588,464	349,279,073	359,403,513	382,059,853	395,095,886	407,602,875
Other Financing Uses						
5.010 - Operating Transfers-Out	537,391	130,000	130,000	130,000	130,000	130,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	46,308	-	-	-	-
5.040 - Total Other Financing Uses	537,391	176,308	130,000	130,000	130,000	130,000
5.050 - Total Exp and Other Financing Uses	347,125,855	349,455,381	359,533,513	382,189,853	395,225,886	407,732,875
6.010 - Excess of Rev Over/(Under) Exp	4,641,123	(3,630,542)	(15,489,954)	(25,755,075)	(32,607,627)	(38,537,919)
7.010 - Cash Balance July 1 (No Levies)	57,459,579	62,100,702	58,470,160	42,980,205	17,225,131	(15,382,497)
7.020 - Cash Balance June 30 (No Levies)	62,100,702	58,470,160	42,980,205	17,225,131	(15,382,497)	(53,920,416)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	62,100,702	58,470,160	42,980,205	17,225,131	(15,382,497)	(53,920,416)
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	62,100,702	58,470,160	42,980,205	17,225,131	(15,382,497)	(53,920,416)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	62,100,702	58,470,160	42,980,205	17,225,131	(15,382,497)	(53,920,416)