



Akron Public Schools®

Five Year Forecast Financial Report

May, 2022

Ryan Pendleton, CFO/Treasurer

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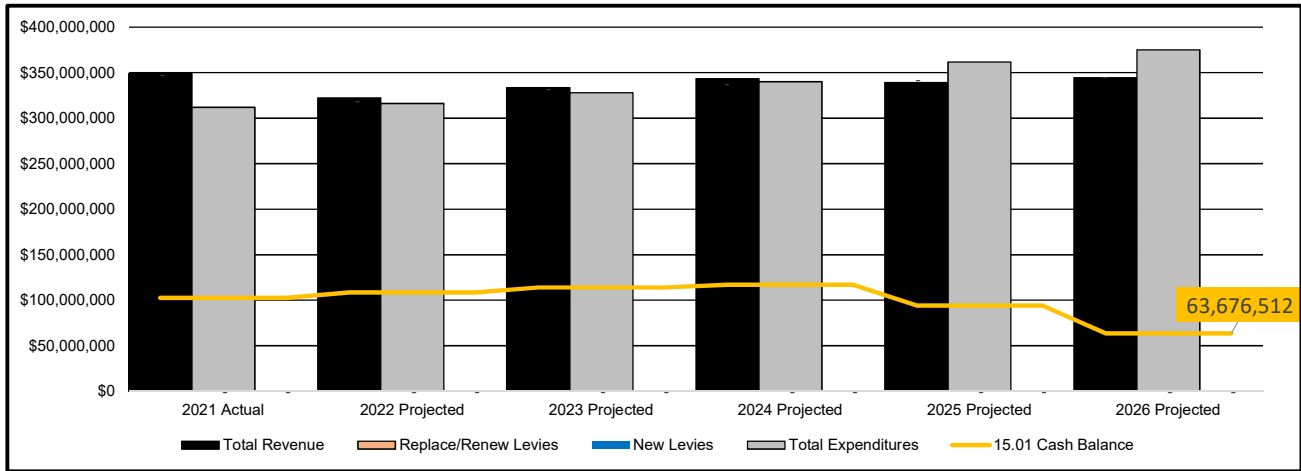
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Forecast Purpose/Objectives

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 (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	108,469,430	113,860,330	116,915,791	94,270,787
+ Revenue	322,017,976	333,439,630	343,059,182	338,941,027	344,438,548
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(316,163,369)	(328,048,730)	(340,003,722)	(361,586,030)	(375,032,823)
= Revenue Surplus or Deficit	5,854,607	5,390,900	3,055,460	(22,645,003)	(30,594,276)
Line 7.020 Ending Balance with renewal/new levies	108,469,430	113,860,330	116,915,791	94,270,787	63,676,512

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	5,854,607	5,390,900	3,055,460	(22,645,003)	(30,594,276)
Ending Balance w/o Levies	108,469,430	113,860,330	116,915,791	94,270,787	63,676,512

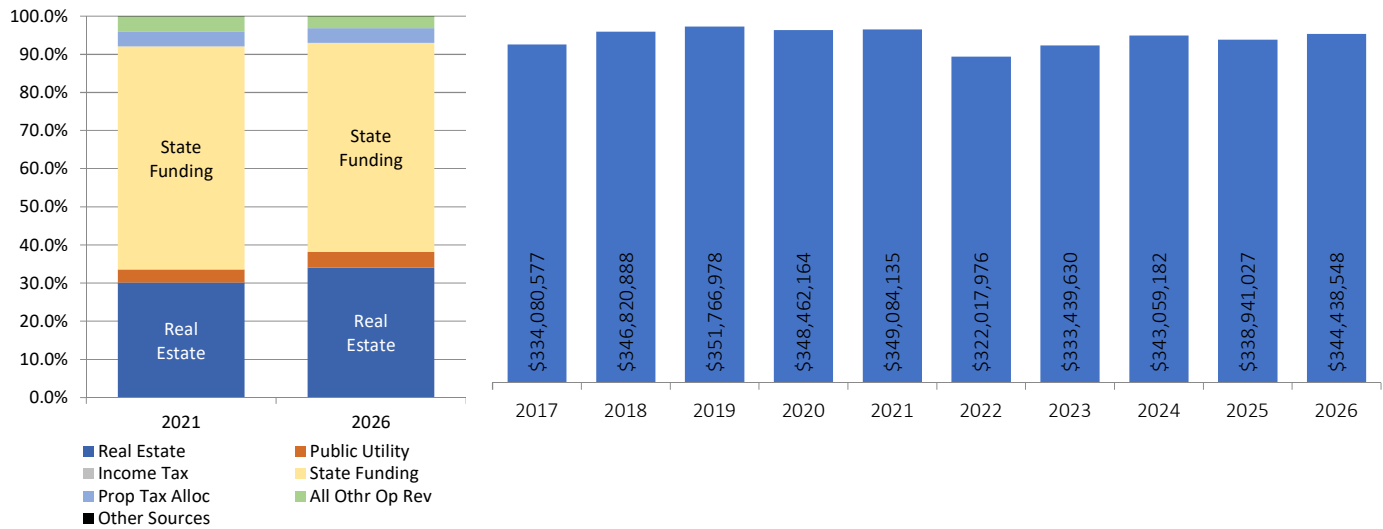
In FY 2022 a revenue surplus is expected. This means that expenditures are expected to be greater than revenue by \$5,854,607 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$30,594,276. The district would need to cut its FY 2026 projected expenses by 8.16% 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 worsen by FY 2026. Cash balances are projected to peak in FY 2024. A worsening cash balance can erode the district's financial stability over time.

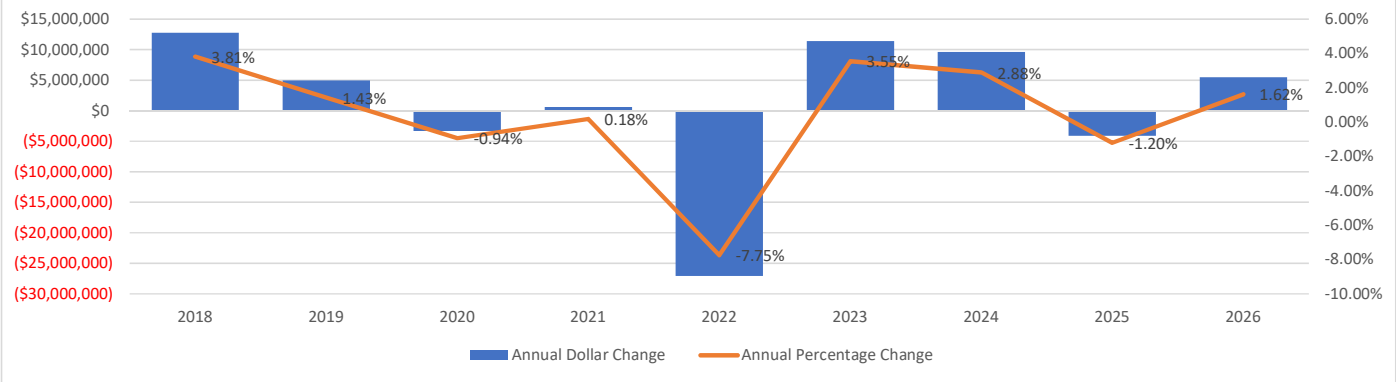
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$1,655,011 in FY 2022. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As the formula is not fully implemented in law, an assumption of 3% growth in fiscal years 2024 through 2026 has been made. 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



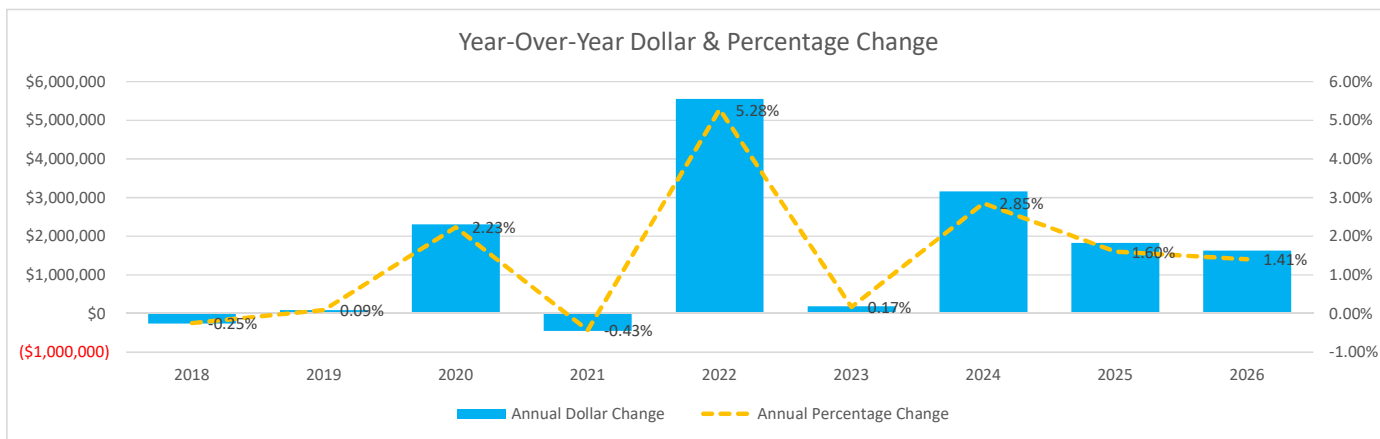
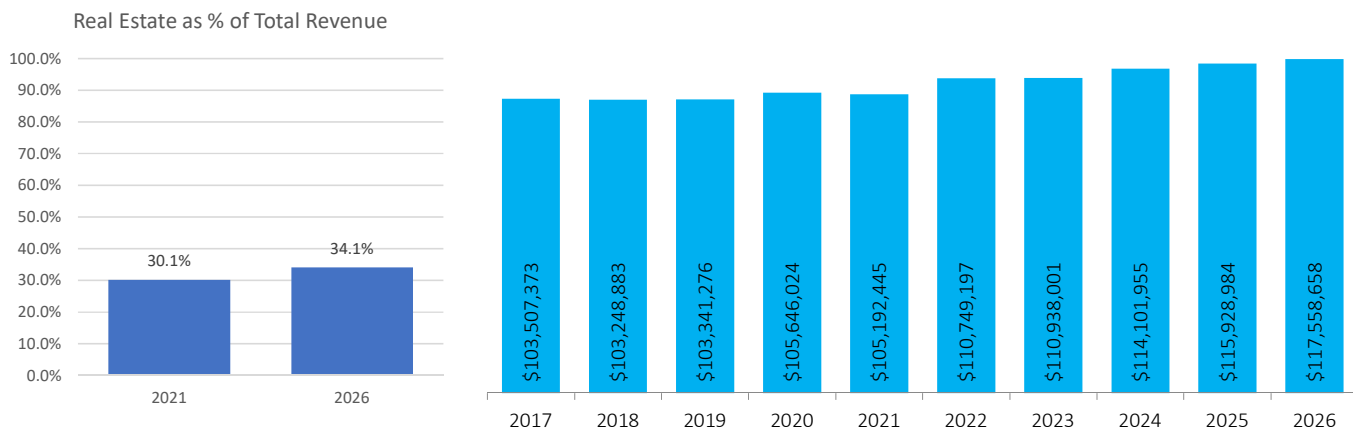
5-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 0.87% or \$3,015,075 annually during the past 5-Year period and is projected to decrease -0.28% or -\$929,118 annually through FY2026. State Funding has the most projected average annual variance compared to the historical average at -
Real Estate	826,620	2,473,243	\$1,646,623	\$5,248,955
Public Utility	\$676,264	\$420,101	(\$256,163)	
Income Tax	\$0	\$0	\$0	
State Funding	\$2,113,361	(3,135,595)	(\$5,248,955)	
Prop Tax Alloc	(\$744,225)	(\$50,092)	\$694,133	
All Othr Op Rev	\$132,482	(\$626,806)	(\$759,287)	
Other Sources	\$10,574	(\$9,968)	(\$20,543)	
Total Average Annual Change	3,015,075	(929,118)	(\$3,944,193)	
	0.87%	-0.28%	-1.15%	

Note: Expenditure average annual change is projected to be > \$12,646,484 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).



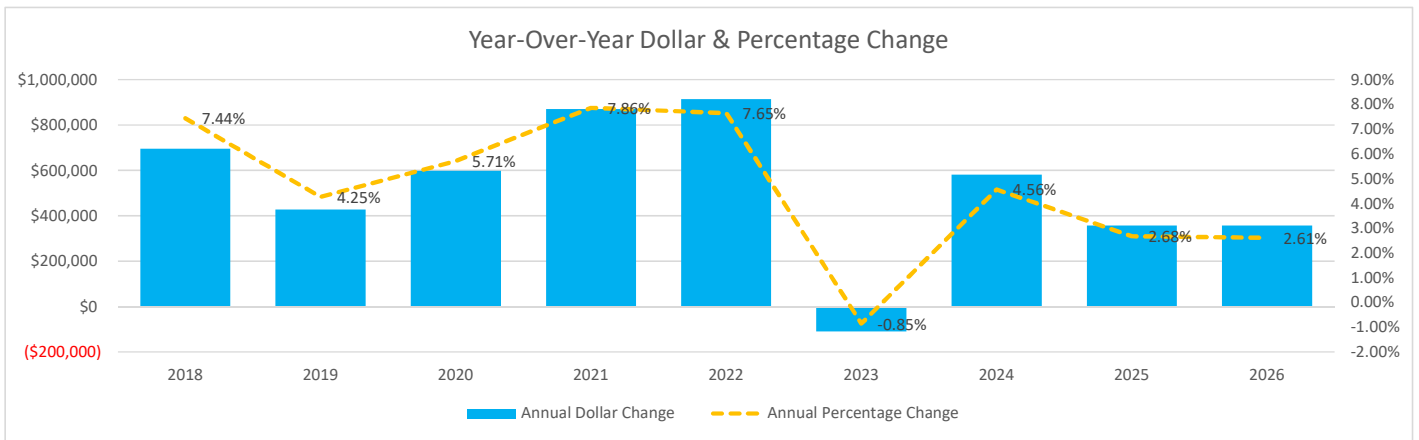
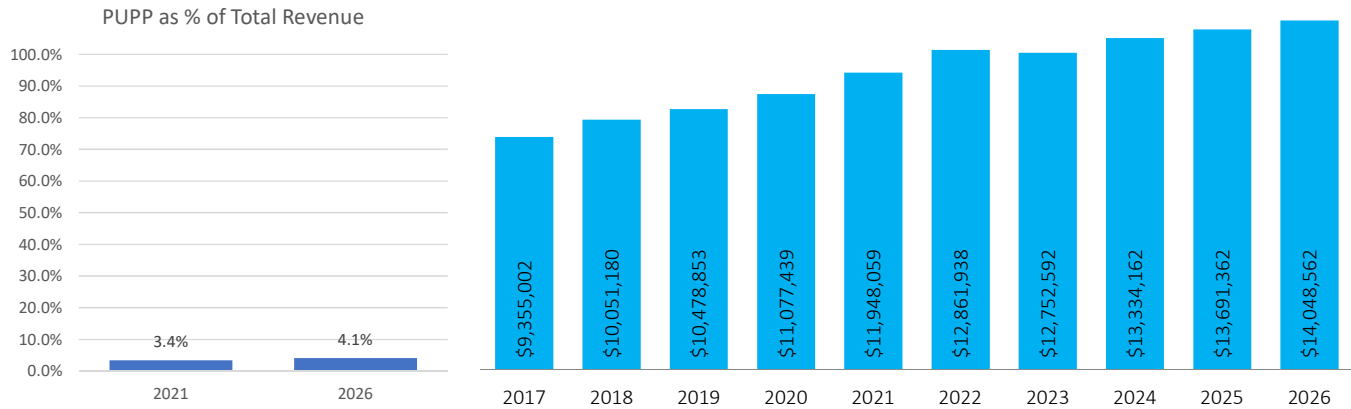
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2020	2,657,296,790	297,739,860	46.67	-	55.95	-	90.6%
2021	2,656,391,990	(904,800)	46.81	0.14	56.13	0.18	93.6%
2022	2,654,669,153	(1,722,837)	46.96	0.16	56.32	0.18	94.6%
2023	2,779,519,153	124,850,000	44.89	(2.08)	54.78	(1.53)	95.6%
2024	2,779,519,153	-	45.00	0.11	54.95	0.16	96.6%
2025	2,779,519,153	0	45.11	0.11	55.11	0.16	97.6%

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 95.6% annually through tax year 2025. The revenue changed at an average annual historical rate of 0.79% and is projected to change at an average annual rate of 2.17% through FY 2026.

*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.



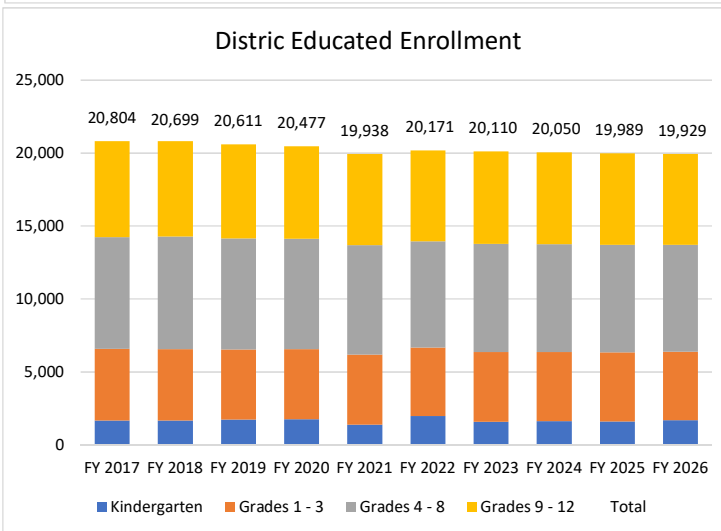
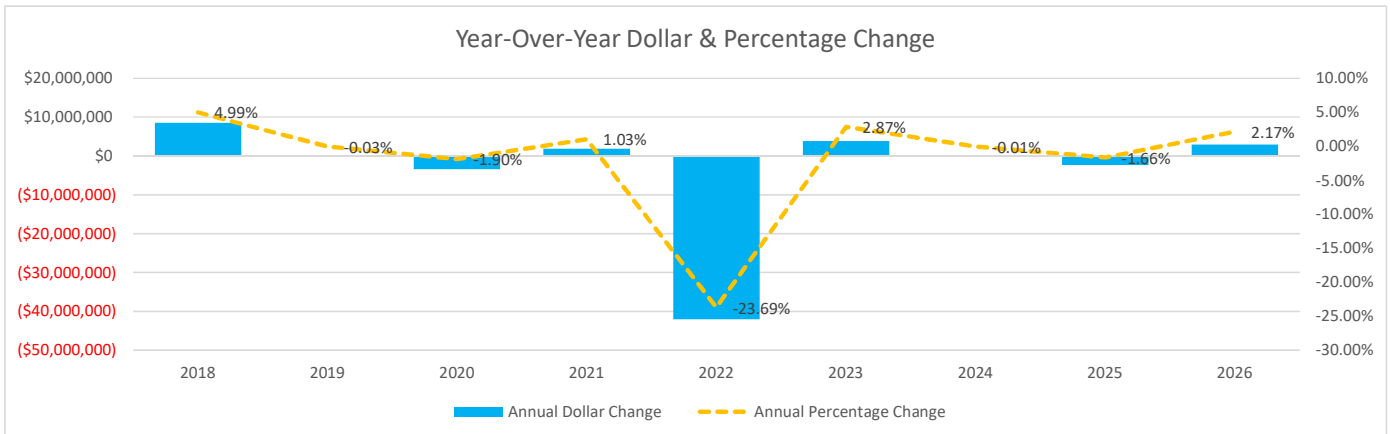
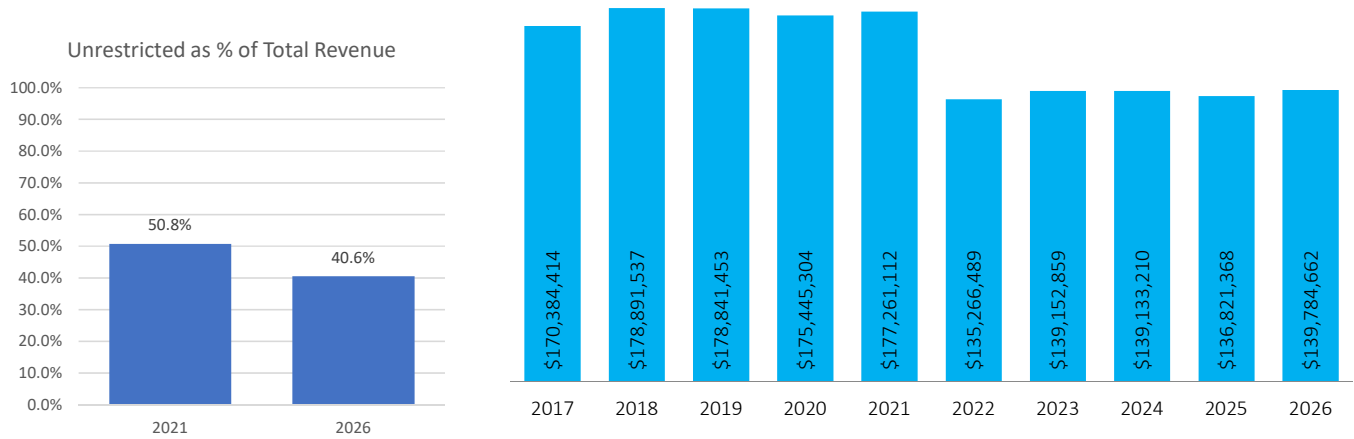
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2020	164,022,330	14,017,530	76.00	-	100.0%
2021	168,459,694	4,437,364	76.00	-	100.0%
2022	173,090,625	4,630,931	76.00	-	100.0%
2023	177,790,625	4,700,000	76.00	-	100.0%
2024	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 \$676,264 and is projected to change at an average annual dollar amount of \$420,101 through FY 2026.

*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



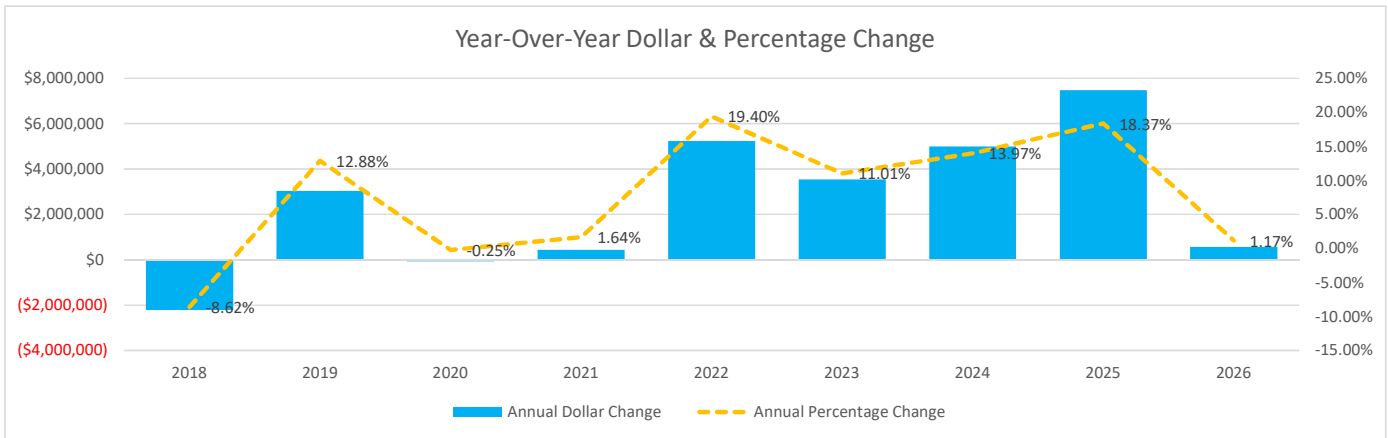
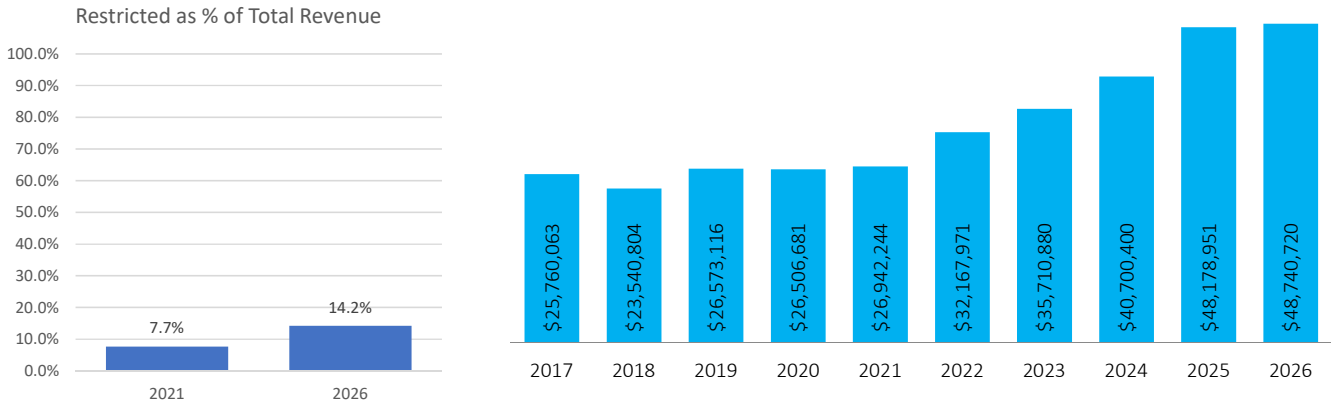
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual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

For Akron City School District the calculated Base Cost total is \$149,033,639 in FY 2022. The state's share of the calculated Base Cost total is \$106,099,649 or \$5,260 per pupil.

The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces 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. The FSFP is only projected as it is in law. Therefore, an additional 3% growth is projected in fiscal years 2024 through 2026.

1.040 & 1.045 - Restricted Grants-in-Aid

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

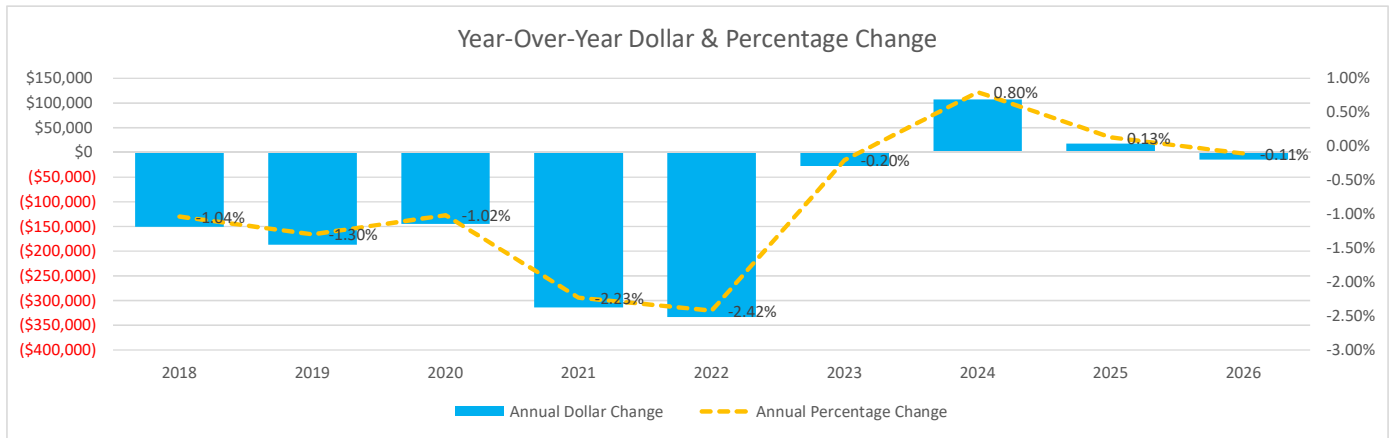
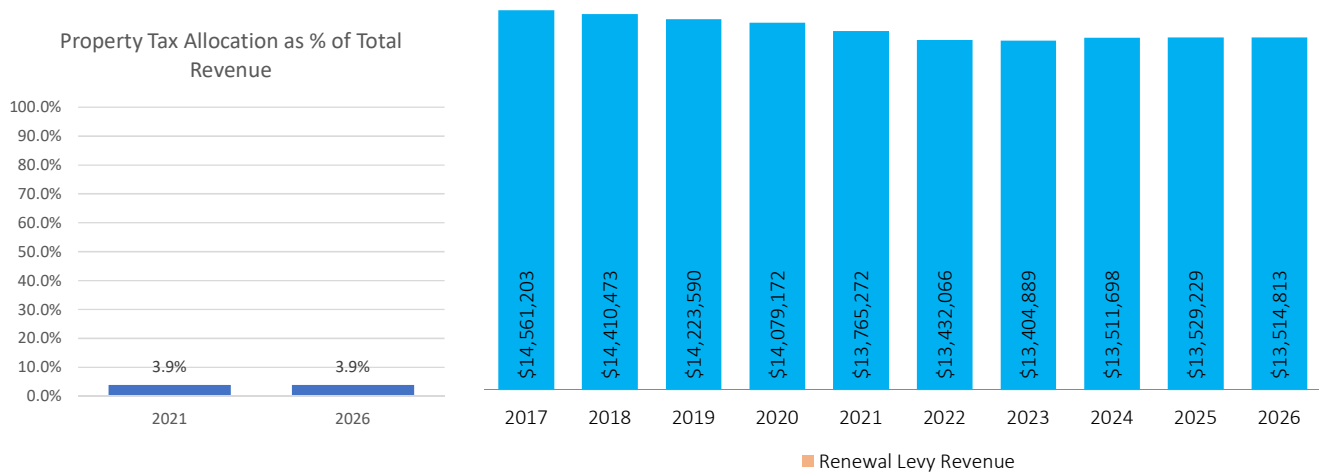


Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$1,133,813 and is projected to change annually on average by \$4,359,695. Restricted funds represent 7.72% of total revenue. 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 \$3,844,426. 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.

In addition to the Success & Wellness funding added to the general fund, the economic disadvantaged portion of the Fair School Funding Plan was phased-in at 0% in FY 2022 and 14% in FY 2023. As no further phases of the FSP are in law after FY 2023, projected phase-in percentages are as follows; FY 2024 - 30%, FY 2025 - 50%, FY 2026 - 50%. As more information becomes available in the next year the forecast and these assumptions will be updated.

1.050 - Property Tax Allocation

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

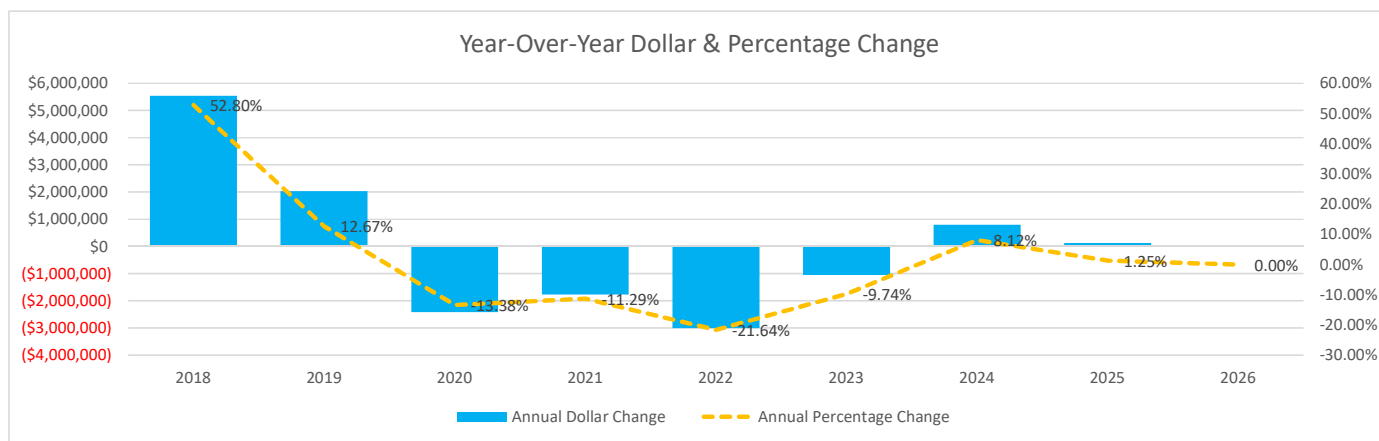
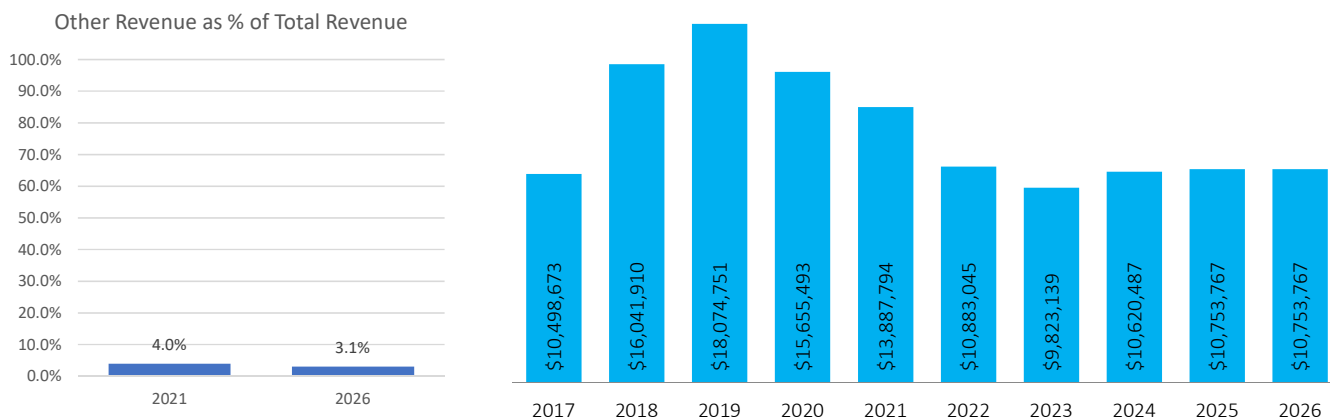


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, 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

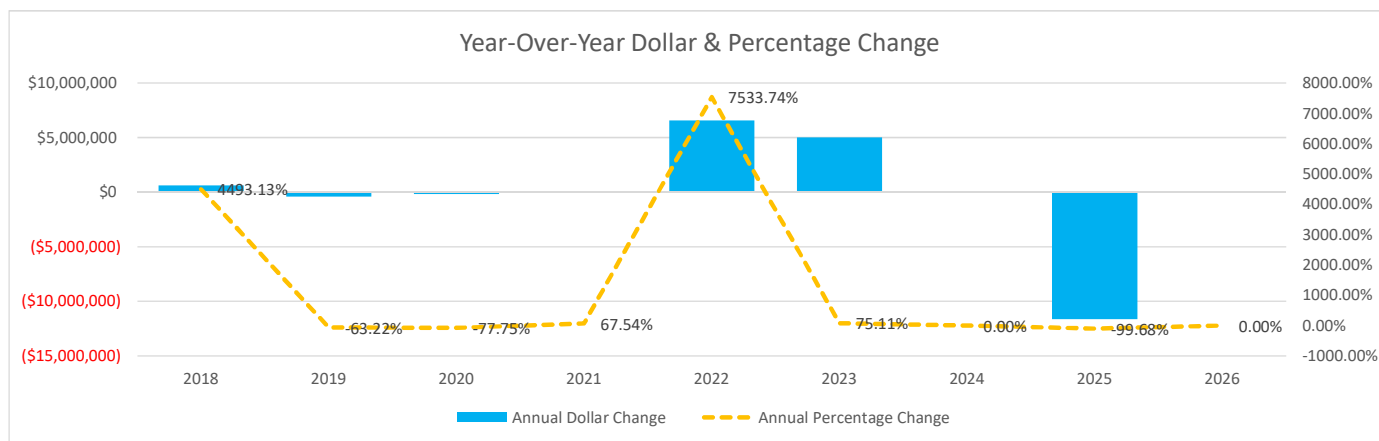
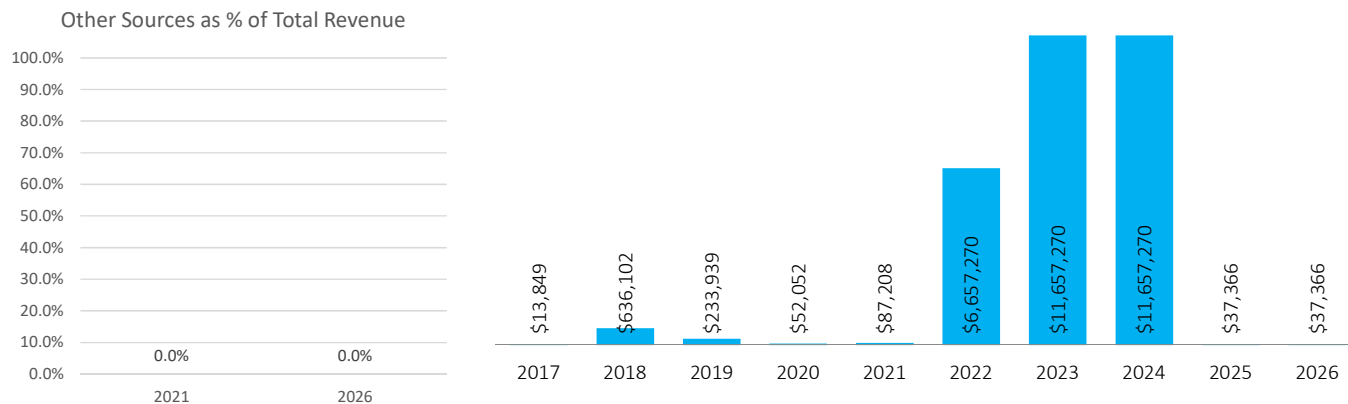
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$132,482. The projected average annual change is -\$626,806 through FY 2026. The FSFP 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.

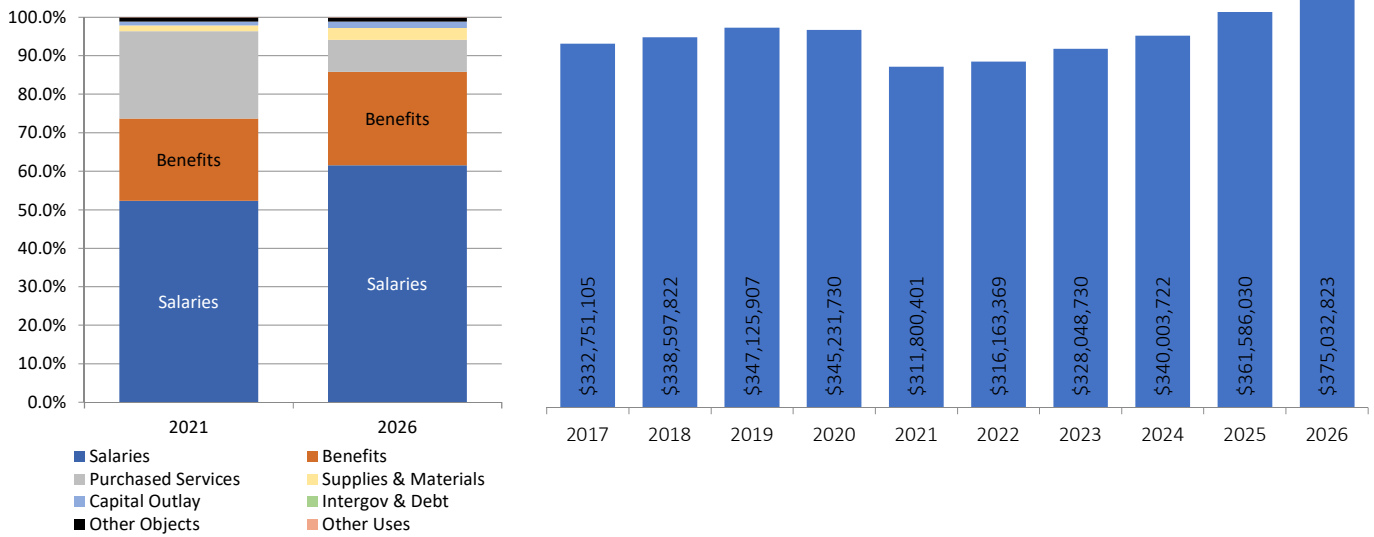


	2021	2022	2023	FORECASTED		
				2024	2025	2026
Transfers In	21,739	11,489	11,489	11,489	11,489	11,489
Advances In	-	-	-	-	-	-
All Other Financing Sources	65,470	6,645,781	11,645,781	11,645,781	25,877	25,877

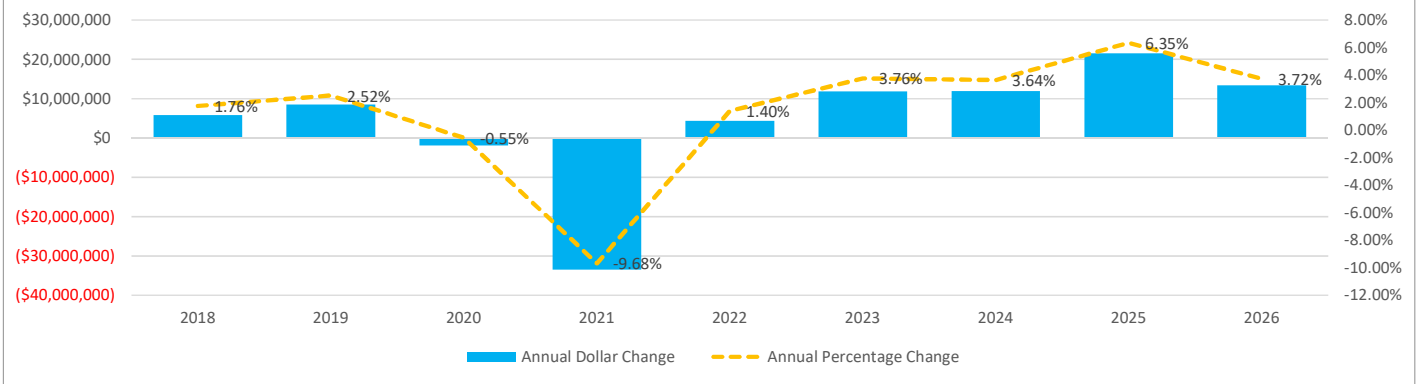
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$6,645,781 in FY 2022 and average \$5,835,829 annually through FY 2026.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



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

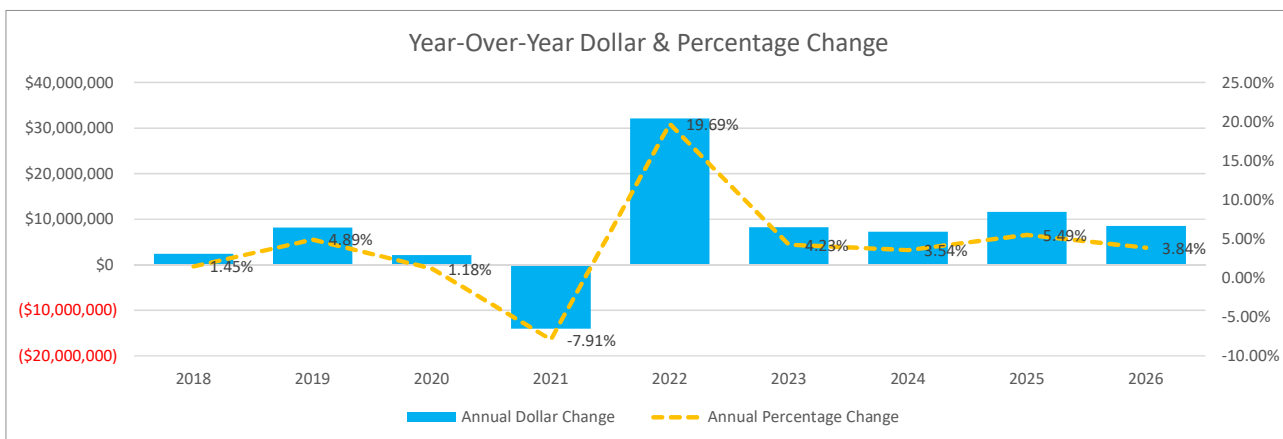
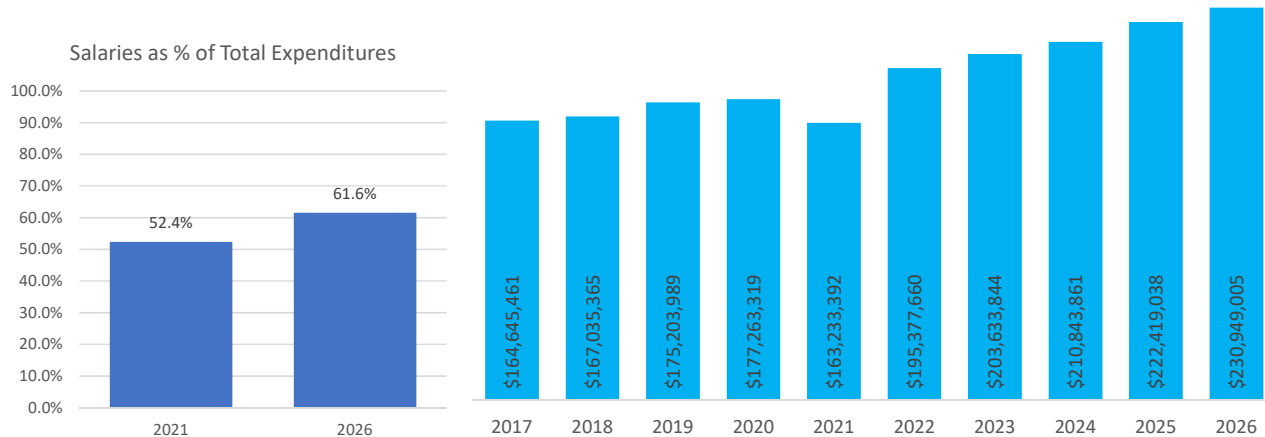
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures decreased -0.54% or -\$1,821,584 annually during the past 5-Year period and is projected to increase 4.06% or \$12,646,484 annually through FY2026. Salaries has the largest projected average annual variance compared to the historical average at \$12,988,238.
Salaries	554,884	13,543,123	\$12,988,238	There are many reasons why the historical average annual change varies greatly from the projections in the forecast. Two of the most important factors being the Fair School Funding Plan reducing Purchased Services by nearly \$50 million and the pandemic's impact on the ability to educate our scholars in the classroom.
Benefits	(\$268,895)	\$4,853,091	\$5,121,985	
Purchased Services	(\$1,539,078)	(\$7,850,877)	(\$6,311,799)	
Supplies & Materials	(\$383,364)	\$1,333,653	\$1,717,017	
Capital Outlay	(\$134,902)	\$647,507	\$782,409	
Intergov & Debt	(\$0)	\$0	\$0	
Other Objects	\$15,311	\$57,403	\$42,091	
Other Uses	(\$65,541)	\$62,585	\$128,126	
Total Average Annual Change	(\$1,821,584)	\$12,646,484	\$14,468,069	
	-0.54%	4.06%	4.60%	

Note: Revenue average annual change is projected to be > (\$929,118)

On an annual average basis, revenue are projected to contract while expenditures grows

3.010 - Personnel Services

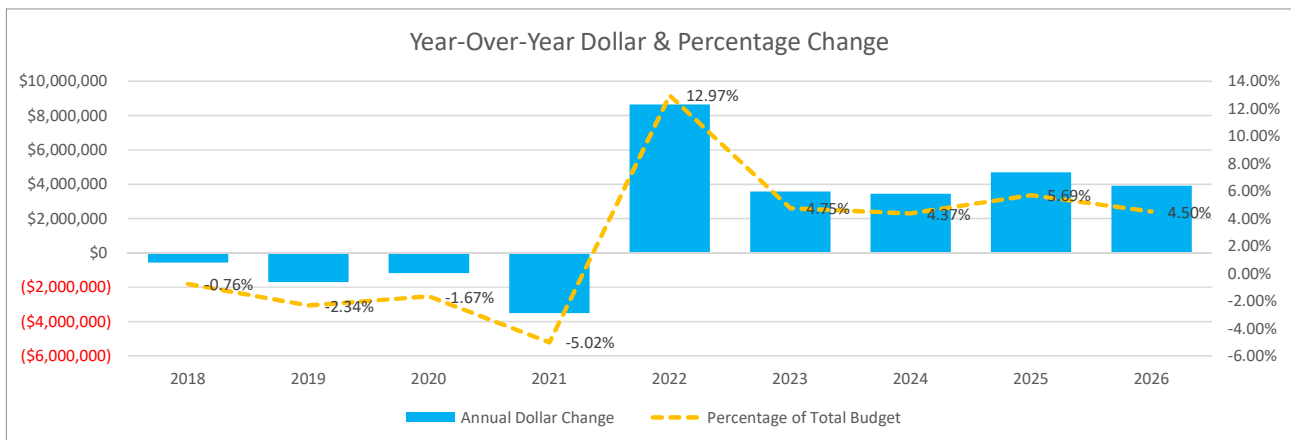
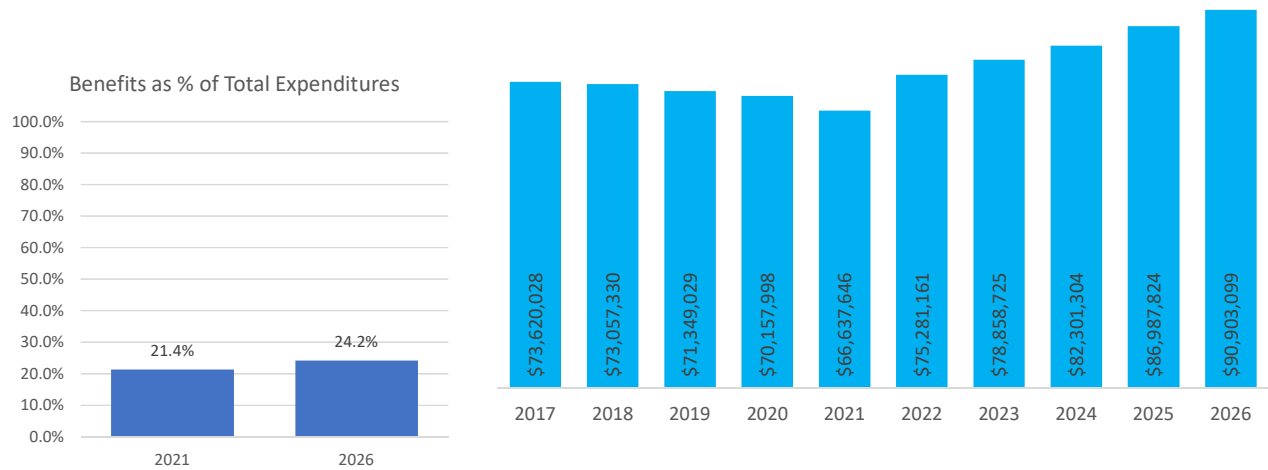
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 52.35% of total expenditures and increased at a historical average annual rate of 0.33% or \$554,884. This category of expenditure is projected to grow at an annual average rate of 6.37% or \$13,543,123 through FY 2026. The projected average annual rate of change is 6.04% more than the five year historical annual average. Included in this forecast is the assumption of 1.75% base increases, along with the historical annual average step increase of 2%.

3.020 - Employees' Benefits

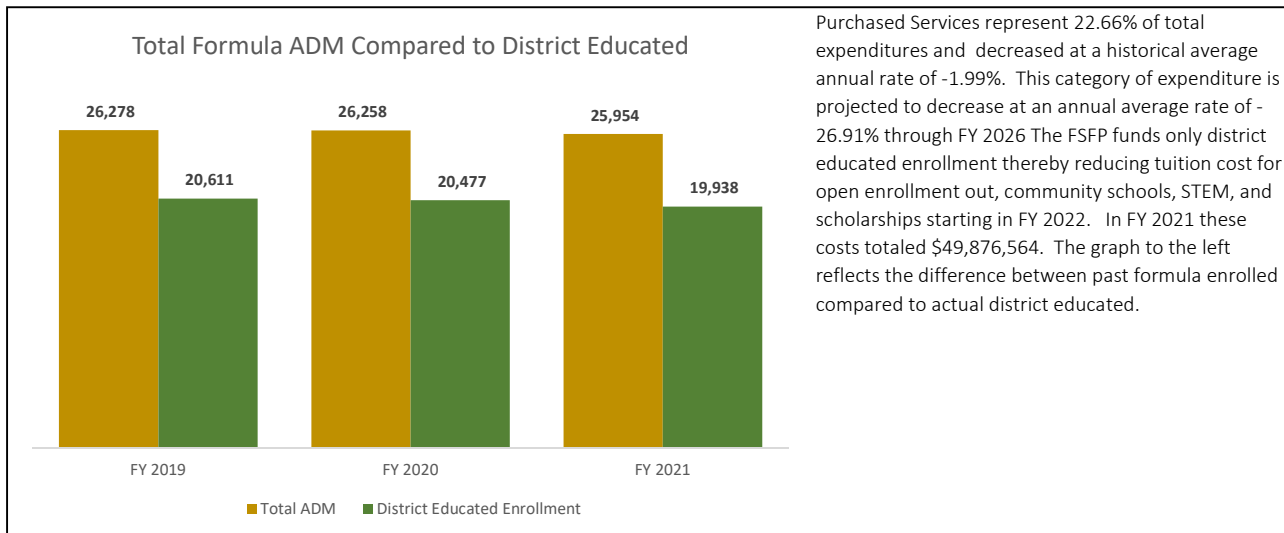
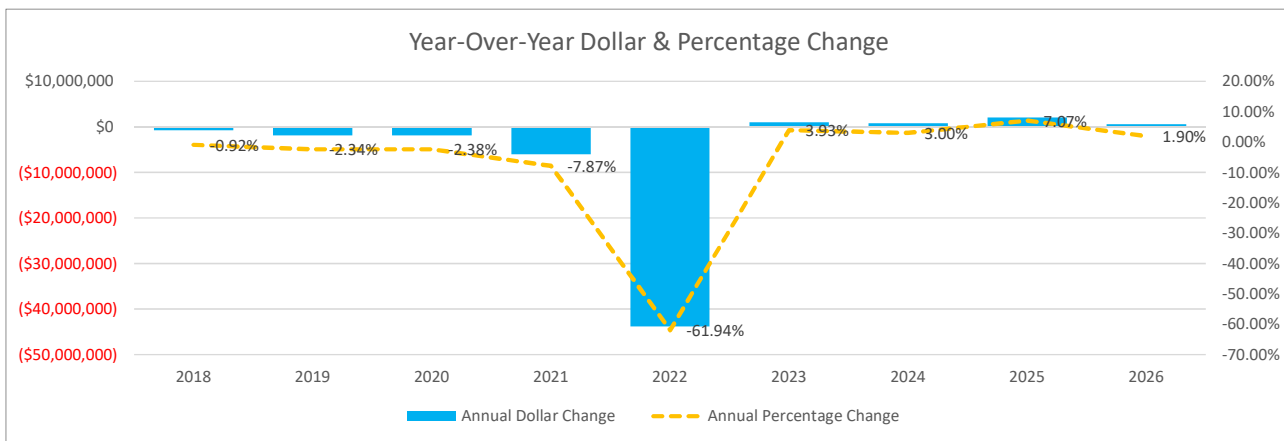
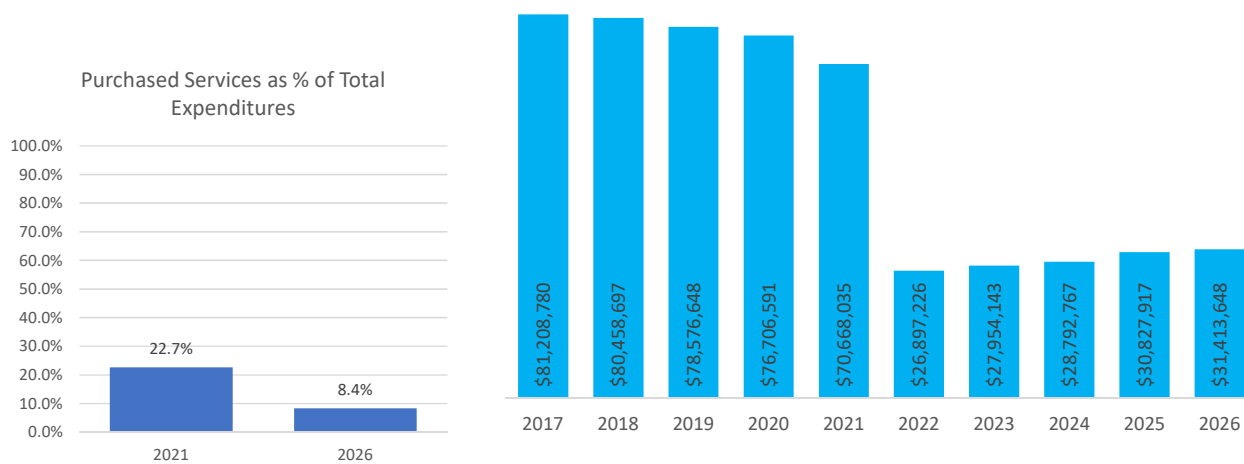
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 21.37% of total expenditures and decreased at a historical average annual rate of -0.38%. This category of expenditure is projected to grow at an annual average rate of 5.86% through FY 2026. The projected average annual rate of change is 6.24% more than the five year historical annual average. The employee cost of health insurance is projected to trend below inflation.

3.030 - Purchased Services

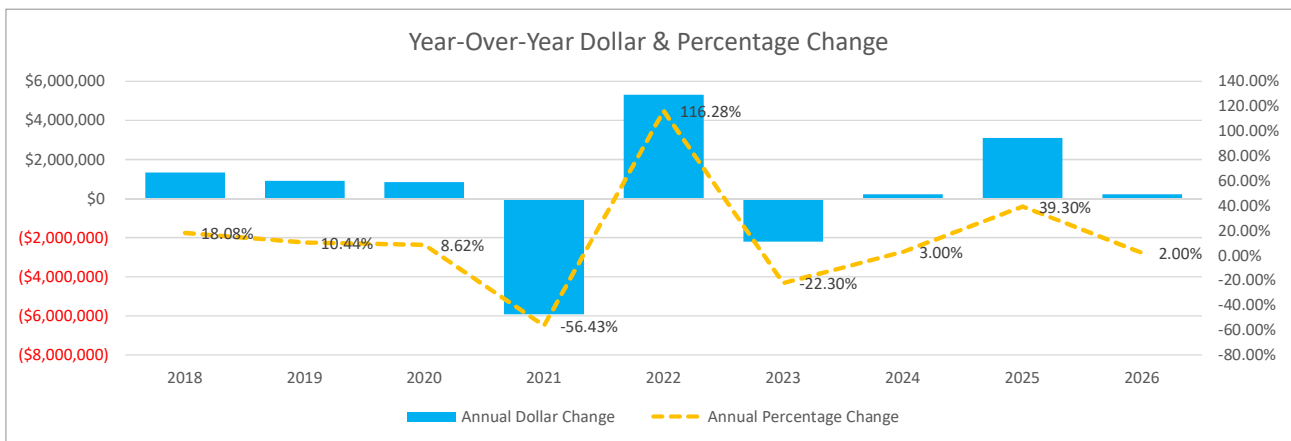
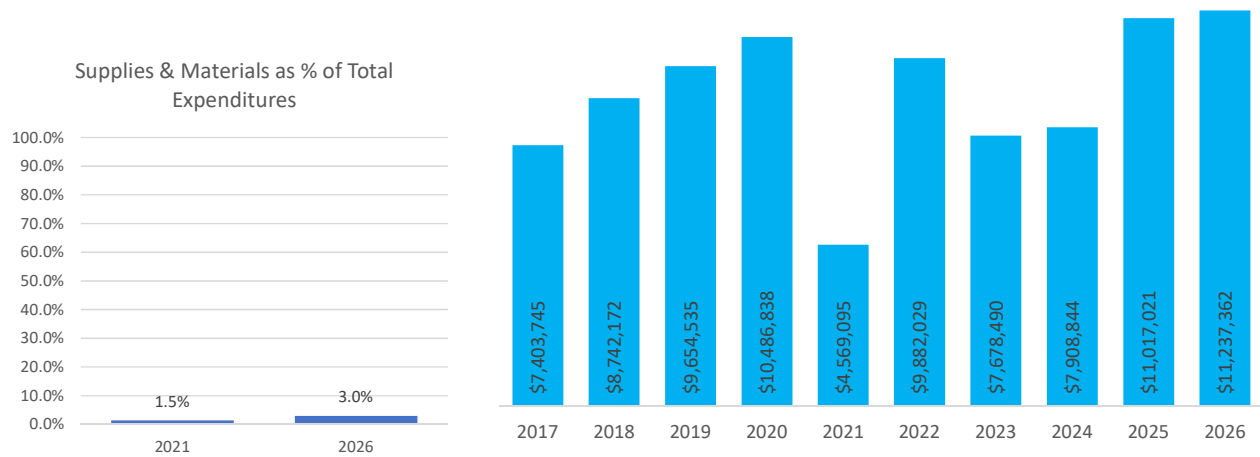
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 22.66% of total expenditures and decreased at a historical average annual rate of -1.99%. This category of expenditure is projected to decrease at an annual average rate of -26.91% through FY 2026. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$49,876,564. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

3.040 - Supplies & Materials

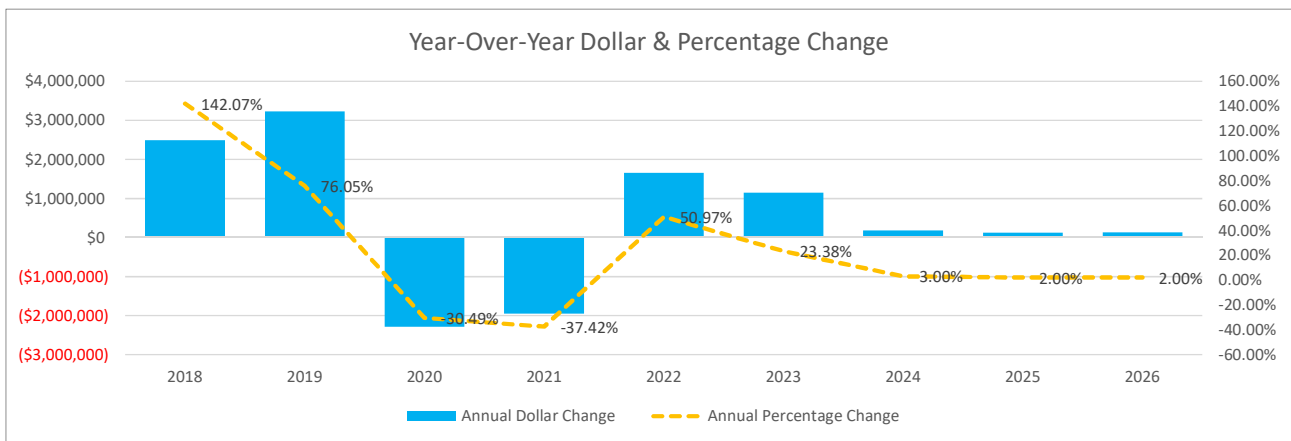
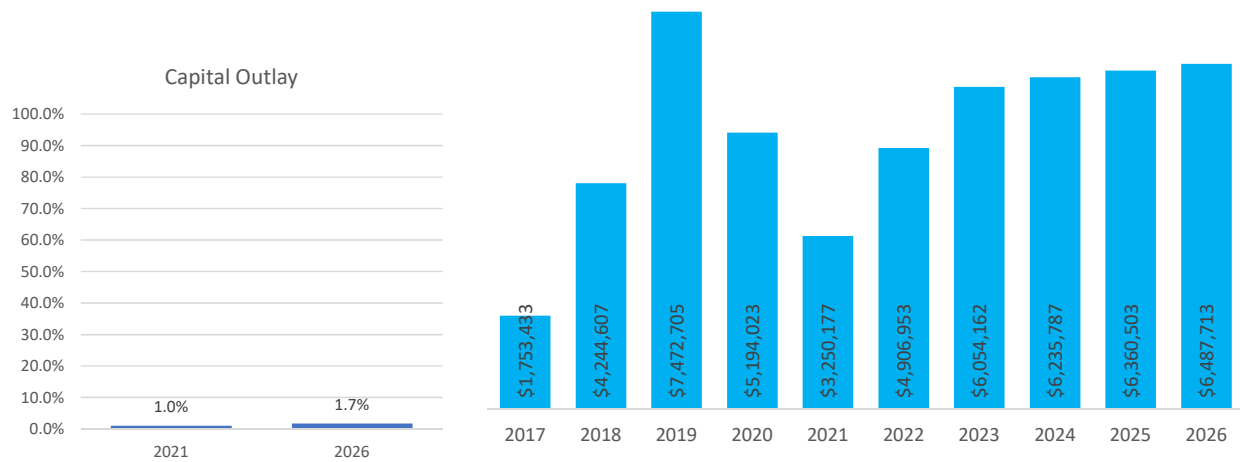
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 1.47% of total expenditures and decreased at a historical average annual rate of -4.69%. This category of expenditure is projected to grow at an annual average rate of 13.97% through FY 2026. The projected average annual rate of change is 18.66% more than the five year historical annual average. As our scholars were educated remotely for the majority of FY 2021, the cost of supplies and materials was greatly reduced. The increased costs in FY 2022 include the textbook adoption which will be voted on during the May 23, 2022 Board Meeting. In addition, diesel costs will continue to be monitored and adjusted for. In FY 2022, approximately \$450k will be spent on diesel fuel for buses.

3.050 - Capital Outlay

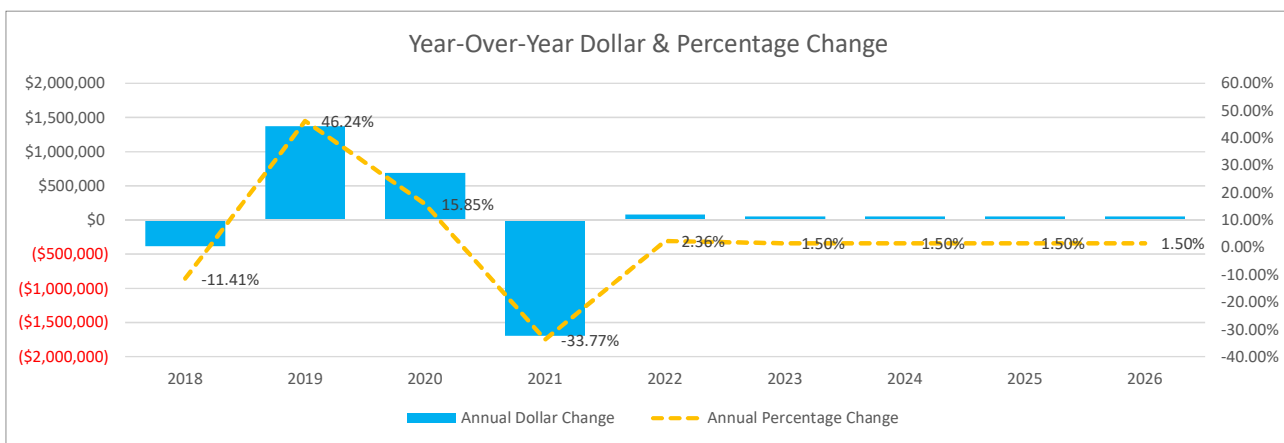
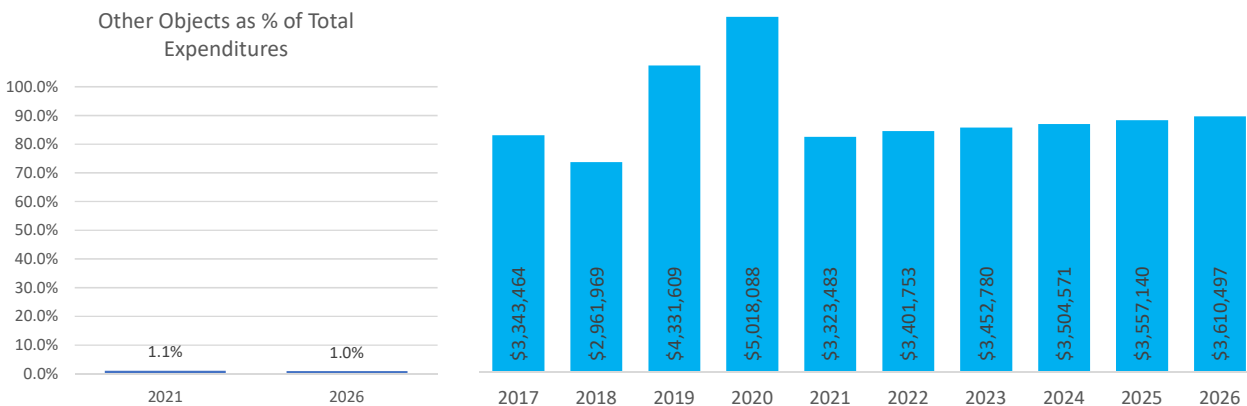
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 1.04% of total expenditures and decreased at a historical average annual amount of -\$134,902. This category of expenditure is projected to grow at an annual average rate of \$647,507 through FY 2026. The projected average annual change is more than the five year historical annual average. Capital Outlay expenditures slowed down the past two years due to the pandemic, but are projected to return to pre-pandemic levels by FY 2026.

4.300 - Other Objects

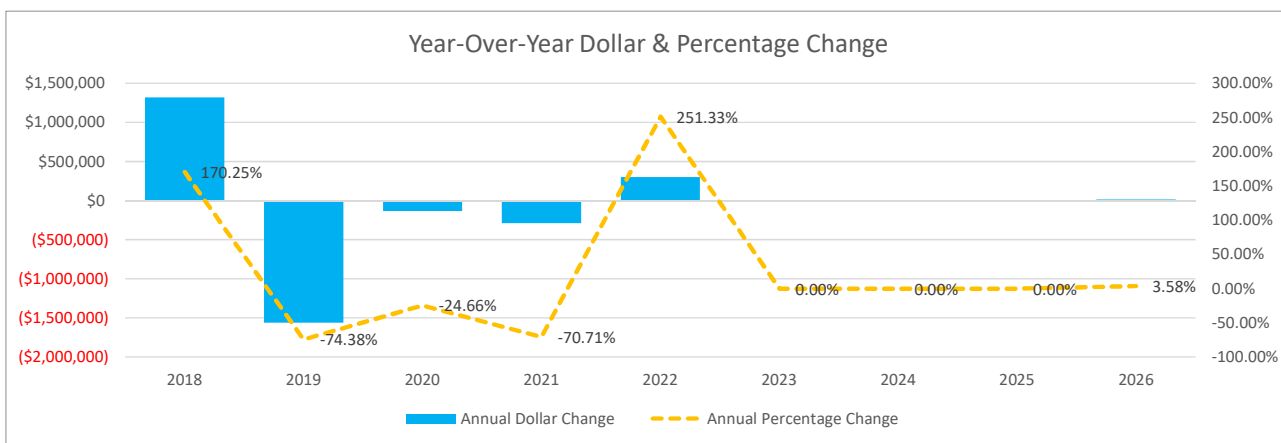
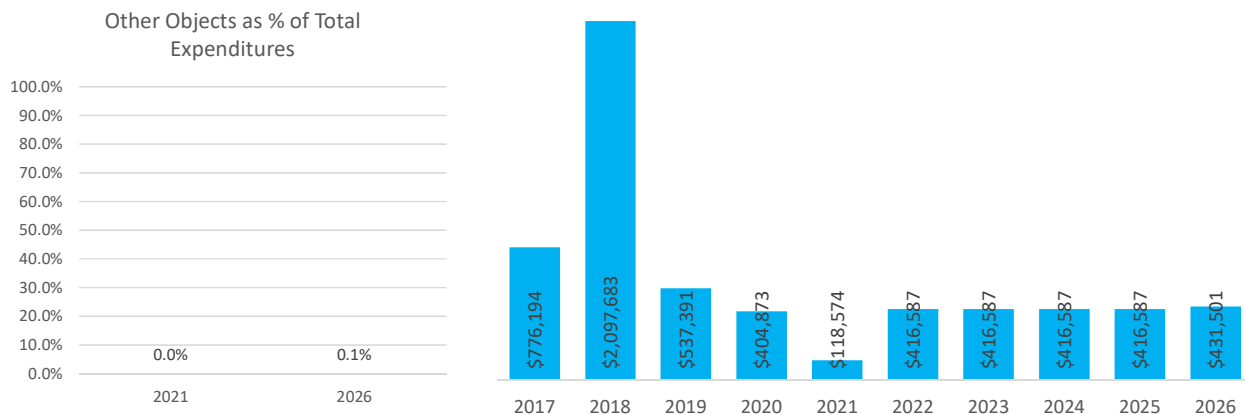
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.07% of total expenditures and increased at a historical average annual rate of 0.40%. This category of expenditure is projected to grow at an annual average rate of 1.64% through FY 2026. The projected average annual rate of change is 1.23% more 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.



	2021	2022	2023	FORECASTED		
				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	110,749,197	110,938,001	114,101,955	115,928,984	117,558,658
1.020 - Public Utility Personal Property	11,948,059	12,861,938	12,752,592	13,334,162	13,691,362	14,048,562
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	177,261,112	135,266,489	139,152,859	139,133,210	136,821,368	139,784,662
1.040 - Restricted Grants-in-Aid	26,942,244	32,167,971	35,710,880	40,700,400	48,178,951	48,740,720
1.050 - Property Tax Allocation	13,765,272	13,432,066	13,404,889	13,511,698	13,529,229	13,514,813
1.060 - All Other Operating Revenues	13,887,794	10,883,045	9,823,139	10,620,487	10,753,767	10,753,767
1.070 - Total Revenue	348,996,927	315,360,706	321,782,360	331,401,912	338,903,661	344,401,182
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	6,645,781	11,645,781	11,645,781	25,877	25,877
2.070 - Total Other Financing Sources	87,208	6,657,270	11,657,270	11,657,270	37,366	37,366
2.080 - Total Rev & Other Sources	349,084,135	322,017,976	333,439,630	343,059,182	338,941,027	344,438,548
Expenditures:						
3.010 - Personnel Services	163,233,392	195,377,660	203,633,844	210,843,861	222,419,038	230,949,005
3.020 - Employee Benefits	66,637,646	75,281,161	78,858,725	82,301,304	86,987,824	90,903,099
3.030 - Purchased Services	70,668,035	26,897,226	27,954,143	28,792,767	30,827,917	31,413,648
3.040 - Supplies and Materials	4,569,095	9,882,029	7,678,490	7,908,844	11,017,021	11,237,362
3.050 - Capital Outlay	3,250,177	4,906,953	6,054,162	6,235,787	6,360,503	6,487,713
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	3,323,483	3,401,753	3,452,780	3,504,571	3,557,140	3,610,497
4.500 - Total Expenditures	311,681,827	315,746,782	327,632,143	339,587,135	361,169,443	374,601,323
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	316,163,369	328,048,730	340,003,722	361,586,030	375,032,823
6.010 - Excess of Rev Over/(Under) Exp	37,283,734	5,854,607	5,390,900	3,055,460	(22,645,003)	(30,594,276)
7.010 - Cash Balance July 1 (No Levies)	65,331,089	102,614,823	108,469,430	113,860,330	116,915,791	94,270,787
7.020 - Cash Balance June 30 (No Levies)	102,614,823	108,469,430	113,860,330	116,915,791	94,270,787	63,676,512
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	102,614,823	108,469,430	113,860,330	116,915,791	94,270,787	63,676,512
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	108,469,430	113,860,330	116,915,791	94,270,787	63,676,512
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	108,469,430	113,860,330	116,915,791	94,270,787	63,676,512