



**Akron Public
Schools®**

Monthly Financial Report

For the F.Y. 2018 Month Ending: April

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Overview

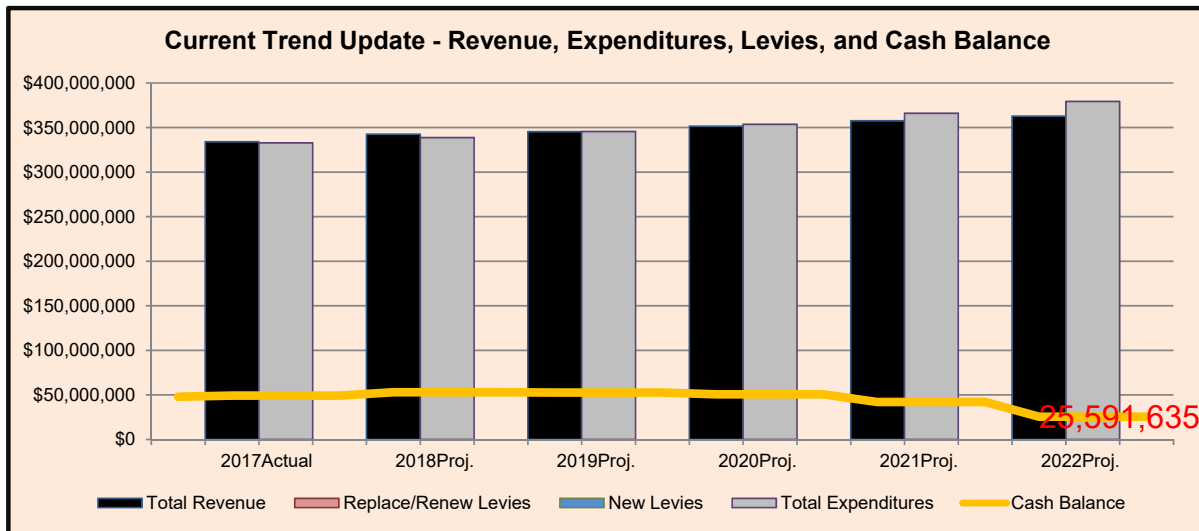
The district's current forecast indicates continued trend toward increasing revenue shortfall. The revenue projections for the district are stagnant in response to economic conditions. Local property values have not recovered from the Great Recession and historically enrollment has declined. These two conditions adversely impact local tax revenue and state per pupil funding. As a result revenue is projected to grow at an average annual pace of 1.77%, while projected expenditures are expected to grow at an average annual rate of 2.65%.

The district has worked to reduce operating costs by closing buildings in response to student enrollment. This May update of the forecast reflects a much better financial condition than in October for two primary reasons. First, the district's health insurance changes and strong reserves result in less of an increase throughout the forecast. Secondly, community school tuition (purchased services) came in much lower in FY 2018 and are now projected to be less through FY 2022.

Also included in this forecast is the I Promise School (IPS) with a cumulative cost through FY 2022 of \$8,110,745 which is partially offset by the central office consolidation that is expected to save \$3,113,435 through FY 2022. Please see page 11 of this report for more detail on IPS and the Central Office Consolidation. The current financial forecast also includes the FY 2018 building closure effort, and despite the effort, a trend toward revenue shortfall remains. Revenue growth is not expected to keep pace with inflationary cost pressure.

The current forecast trend points toward revenue shortfall but the situation is improved because of a reduction in the modeled health insurance increase.

Updated Forecast Trend For The Month of April, F.Y. 2018



Projected Revenue Surplus/(Shortfall) by Year					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenue Surplus/ (Shortfall)	\$3,718,870	(\$321,489)	(\$2,073,731)	(\$8,489,360)	(\$16,479,168)

Forecast Updated Trend			
Compared to Updated Trend Forecast as of 5/14/2018			
Variance between Prior and Current Forecast:	2018	2019	2020
Current Forecast Revenue Trend OVER/UNDER Prior	-0.10%	-0.09%	0.04%
Current Forecast Expenditure Trend OVER/UNDER Prior	-1.47%	-1.80%	-2.81%
Cumulative Variance \$\$\$ Impact on Ending Cash Balance	\$4,716,096	\$10,735,609	\$21,082,133

What are the current forecast trends?

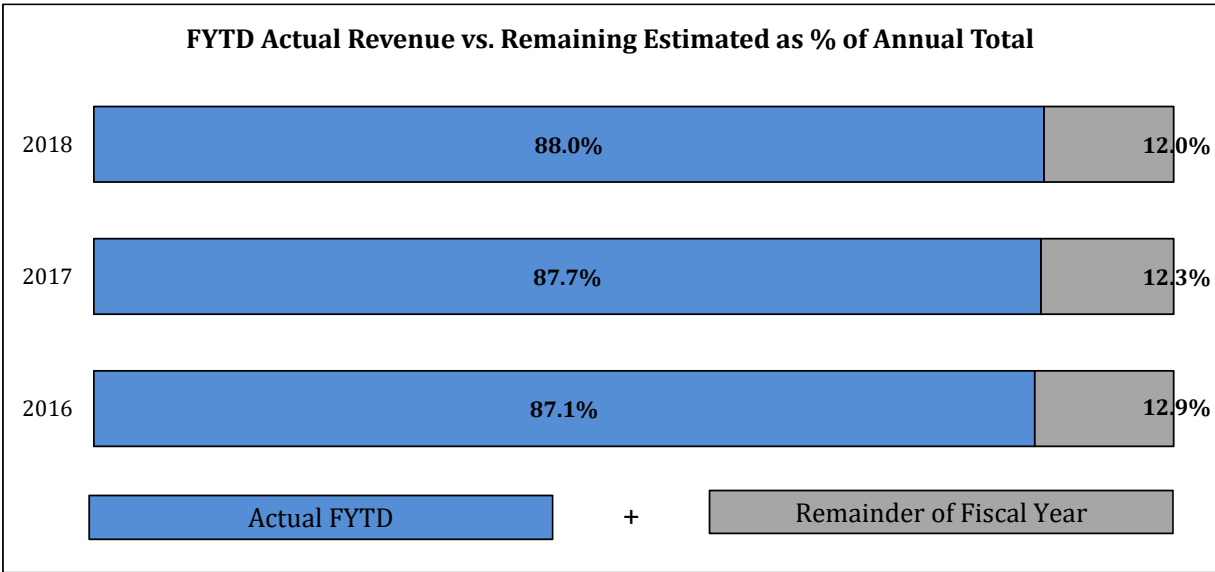
The above forecast now reflects a 0% increase in health insurance cost for FY 2018, 2019, and 2020 with a 7.0% increase in FY 2021 and 8.05% in FY 2022. The change incorporates the health insurance consultant's latest recommendations and an effort to align reserves with actuarial requirements. The impact on the ending cash balance is significant and further detailed on page 10.

The current forecast also reflects the district's start up of the I Promise School and savings from the central office consolidation (see page 15).



Fiscal Year To Date -- Year-Over-Year Revenue Comparison

Analysis of actual revenue for the fiscal year period July - April.



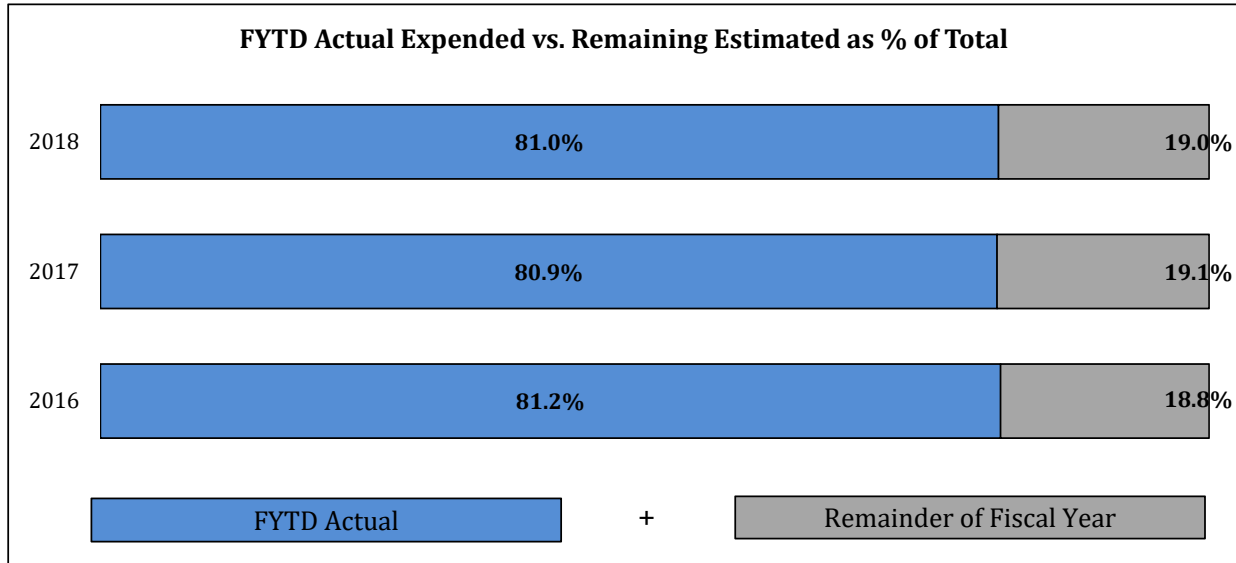
Percent of Annual Total		Actual Fiscal Year To Date Revenue, July - April			F.Y. 2018	
		2016 FYTD	2017 FYTD	2018 FYTD	YOY Change	
30.1%	Real Estate Taxes	101,059,345	104,085,484	103,248,883	\$ (836,601)	-0.8%
0.0%	Public Utility PP Taxes	8,566,739	9,355,002	10,051,180	\$ 696,177	7.4%
0.0%	Income Tax	-	-	-	\$ -	0.0%
58.8%	State Aid (Formula + Rest)	162,816,731	164,215,721	168,732,361	\$ 4,516,639	2.8%
4.2%	State Tax Reimb.	8,791,384	7,324,485	7,264,856	\$ (59,629)	-0.8%
3.9%	Other Revenue	9,750,454	8,027,818	11,721,996	\$ 3,694,178	46.0%
0.0%	Other Sources	45,635	19,624	632,431	\$ 612,807	3122.7%
100%	Total Revenue	291,030,288	293,028,135	301,651,706	\$ 8,623,572	2.9%
Total YOY Percentage Change					2.9%	

How does fiscal year-to-date revenue compare to prior years?

Revenue is up 2.9% over last year at this time. Other revenue is up primarily because of the catching up of tax incentive payments.

Fiscal Year To Date -- Year-Over-Year Expenditure Comparison

Analysis of Actual Expenditures for the fiscal year period July - April.

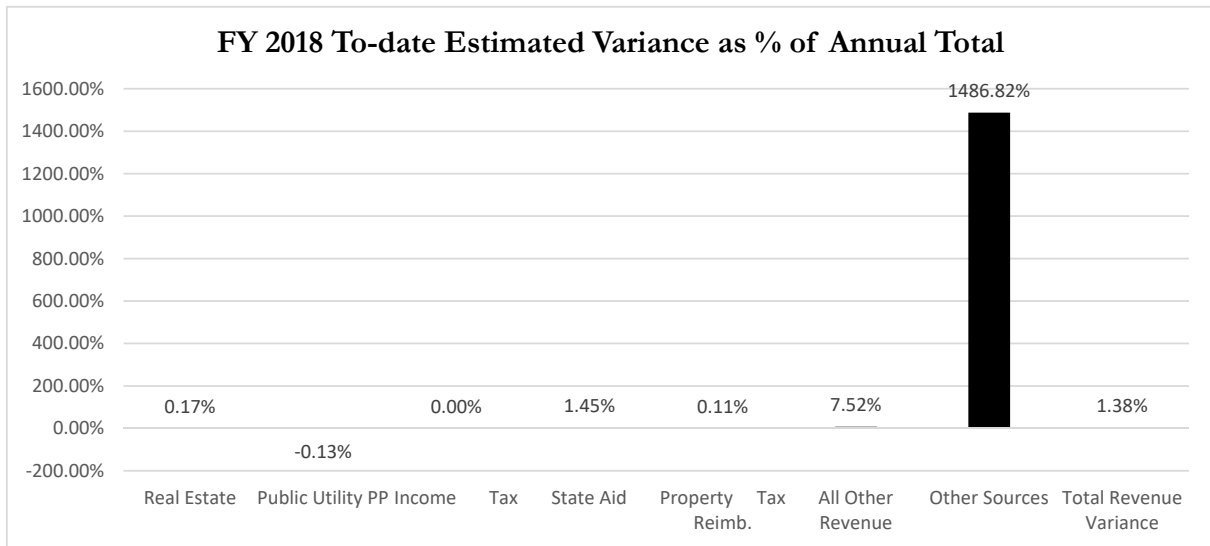


Percent of Annual Total		Actual Fiscal Year To Date Expenditures, July - April			F.Y. 2018	
		2016 FYTD	2017 FYTD	2018 FYTD	YOY Change	
49.9%	Salaries	131,091,262	132,642,788	136,112,719	\$ 3,469,930	2.6%
21.5%	Benefits	56,173,453	60,549,287	60,569,730	\$ 20,443	0.0%
23.7%	Purchased Services	63,718,077	65,437,169	64,085,839	\$ (1,351,330)	-2.1%
2.6%	Supplies	3,566,931	5,860,957	7,144,549	\$ 1,283,592	21.9%
1.2%	Capital	2,999,423	1,330,499	2,986,732	\$ 1,656,233	124.5%
0.0%	Debt, Intergov	-	-	-	\$ -	0.0%
0.9%	Other Objects	2,981,736	3,055,794	2,747,249	\$ (308,545)	-10.1%
0.2%	Other Uses	26,815	266,269	1,220,707	\$ 954,437	358.4%
100%	Total Expenditures	260,557,699	269,142,763	274,867,524	\$ 5,724,761	
Total YOY Percentage Change					2.1%	

How do fiscal year-to-date expenditures compare to prior years?

Expenditures are up just 2.1% over last year.

Fiscal Year To Date (July - April) Actual Revenue Compared to Estimates

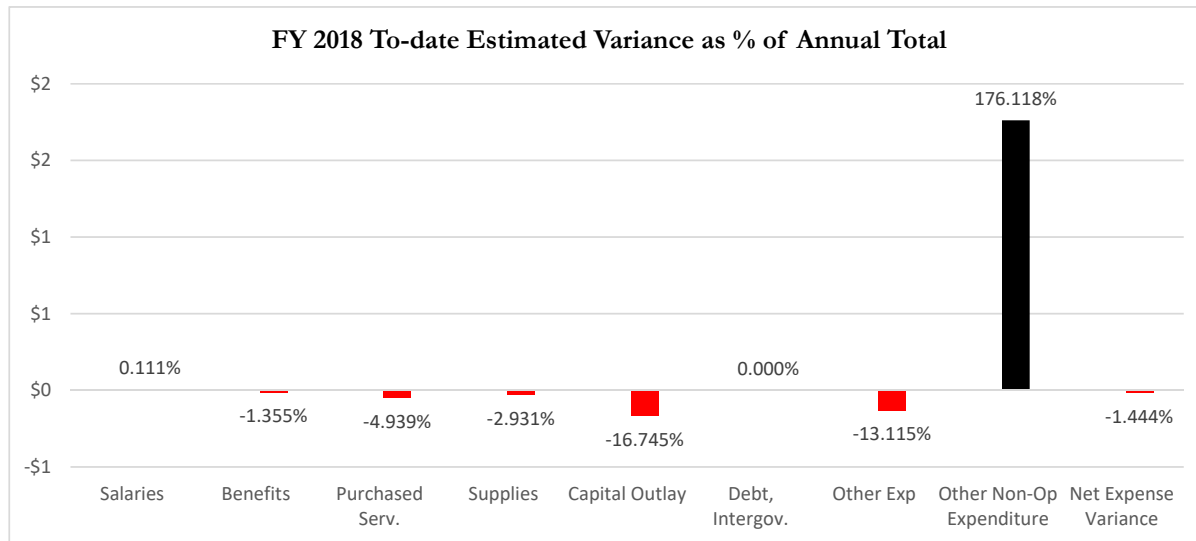


		2018 FYTD	2018 FYTD	2018 FYTD
		Actual	Estimated	Actual Over/
		July	July	(Under)
		through	through	Estimated
		April	April	Variance
Revenue:				
For the F.Y. 2018 Period: July - April				
K	Real Estate Taxes	103,248,883	103,076,076	172,807
L	Public Utility PP Taxes	10,051,180	10,064,604	(13,424)
M	Income Tax	-	-	-
N	State Aid (Formula + Restricted)	168,732,361	165,803,599	2,928,762
P	State Tax Reimb.	7,264,856	7,248,911	15,945
Q	Other Revenue	11,721,996	10,726,175	995,821
R	Total Operating Revenue	301,019,276	296,919,365	4,099,911
S	Other Non-Op Revenue	632,431	501	631,930
T	Total Operating Revenue Plus Other Sources	301,651,706	296,919,866	4,731,841

How do FYTD revenue cash flow estimates compare to actual?

Actual revenue is within 1.38%. Other revenue is up because of the TIF payments received in October.

Fiscal Year To Date (July - April) Actual Expenditures Compared to Estimates

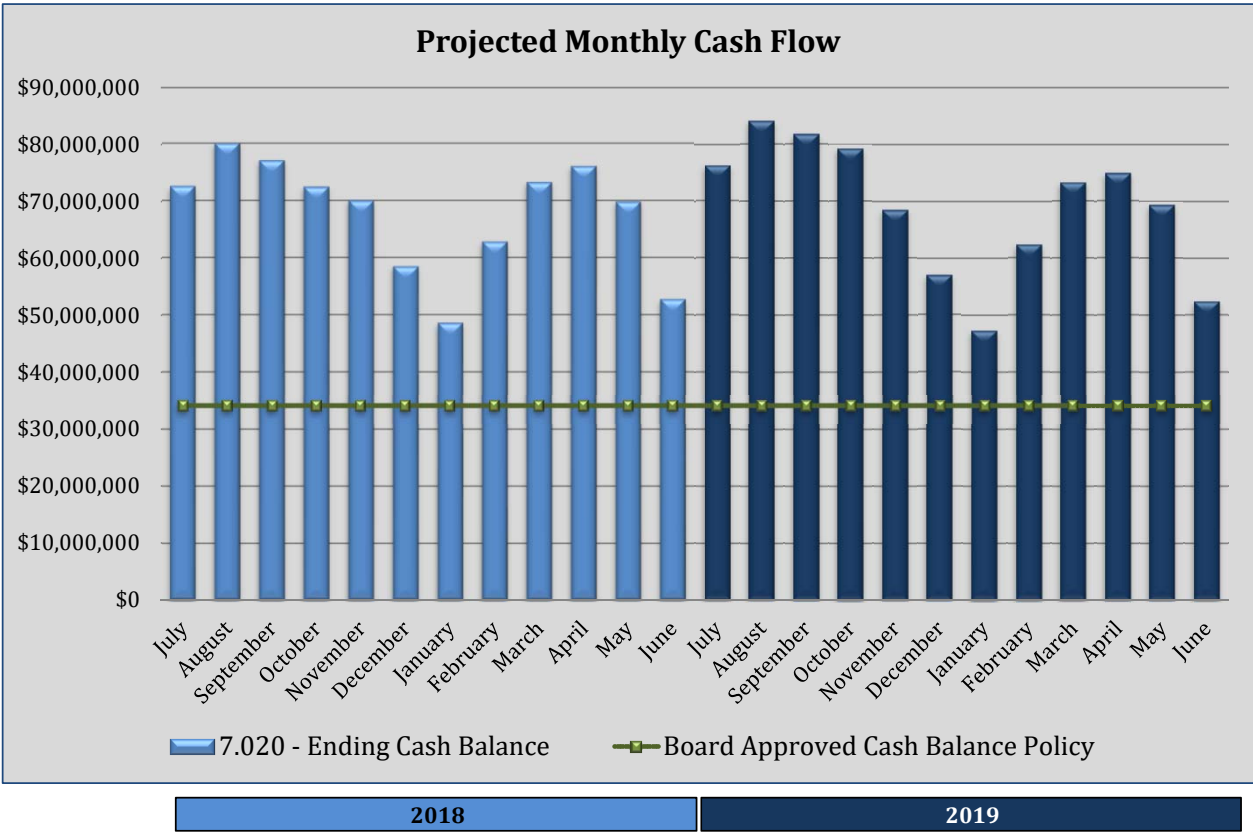


		Actual	Estimated	Actual Over/ (Under) Estimate Variance
		July - April	July - April	
Expenditures:				
For the F.Y. 2018 Period: July - April				
K	Salaries	136,112,719	135,925,561	187,157
L	Benefits	60,569,730	61,557,150	(987,420)
M	Purchased Services	64,085,839	68,045,850	(3,960,011)
N	Supplies	7,144,549	7,401,066	(256,517)
O	Capital	2,986,732	3,690,518	(703,785)
P	Debt, Intergov.	-	-	-
Q	Other Objects	2,747,249	3,137,549	(390,300)
R	Total Operating Expenditures	273,646,817	279,757,695	(6,110,877)
S	Other Non-Op Expenditures	1,220,707	501	1,220,205
T	Total Operating Expenditures Plus Other Uses	274,867,524	279,758,196	(4,890,672)

How do FYTD expenditure cash flow estimates compare to actual?

Expenditures are within -1.44% of estimated the cash flow estimates. Purchased services are trending lower because community school tuition did not increase as projected in October.

Monthly Cash Balance Estimates Fiscal Years 2018 and 2019



Monthly cash flow estimates

Cash reserves are adequate to cover monthly fluctuation.

Fringe Benefit Assumptions

	October, 2017		May, 2018	
	% Increase	\$ Increase	% Increase	\$ Increase
FY 2018	6.75%	\$3,000,000	0.00%	\$0
FY 2019	2.78%	\$1,200,000	0.00%	\$0
FY 2020	9%	\$4,400,000	0%	\$0
FY 2021	9%	\$4,700,000	7%	\$3,100,000
FY 2022	9%	\$4,900,000	8%	\$3,788,975

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

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

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

The driving forces behind less cost are a strong reserve balance and better than expected claims and cost associated with plan design changes. The table below compares the financial forecast increases in cost compared to the consultant's recommendation and the resulting realignment of reserves with actuarial requirements.

Health Insurance Summary	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Forecast Change as of May, 2018		0%	0%	7%	8%	10%
240 Certified	\$ 31,526,161	\$ 31,526,161	\$ 31,526,161	\$ 33,732,992	\$ 36,431,631	\$ 40,074,794
250 Classified	\$ 11,297,779	\$ 11,297,779	\$ 11,297,779	\$ 12,088,623	\$ 13,055,713	\$ 14,361,285
Forecast Total General Fund	\$ 42,823,940	\$ 42,823,940	\$ 42,823,940	\$ 45,821,615	\$ 49,487,345	\$ 54,436,079
Other Funds + Employee Share	\$10,073,704	\$10,073,704	\$10,073,704	\$10,778,864	\$11,533,384	\$12,340,721
				\$ 2,997,676		
Insurance Consultant						
Recommendations		-2.46%	7.00%	8.00%	8.00%	8.00%
Plan Cost Per Consultant	\$52,897,644	\$51,598,396	\$55,210,284	\$59,627,106	\$64,397,275	\$69,549,057
General Fund Ratio	80.95%	80.95%	80.95%	80.95%	80.95%	80.95%
General Fund Need	\$42,820,643	\$41,768,902	\$44,692,725	\$48,268,143	\$52,129,594	\$56,299,962
Other Funds + Employee Share	\$10,073,704	\$9,829,494	\$10,517,559	\$11,358,964	\$12,267,681	\$13,249,095
Reserve Balance w/ FF % Chg	\$23,000,000	\$24,299,248	\$21,986,608	\$18,959,981	\$15,583,435	\$12,811,178



I Promise School and Central Office Consolidation

I Promise School

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

Central Office Consolidation

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

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

Forecast Comparison

October, 2017

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

May, 2018

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

The district's bottom line cash balance is improved in FY 2022 primarily because health insurance costs (employee benefits) are projected to be less than the October forecast. The table below compares the October fringe benefit costs with the current May, 2018 estimated costs. The reduction in cost trend is due to plan design changes, lower than estimated claims, and strong reserves.

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

AKRON PUBLIC SCHOOLS
MONTHLY RECONCILIATION
Apr 2018

Book Balance		Bank Balance	
USAS Accounting System		Month End Bank Account Balances	
Beginning Balance	173,358,910.20	005 - PNC Practical Nursing	-
Plus Receipts	61,740,206.74	007 - PNC Oma Evans	150,285.49
Less Expenditures	55,046,192.69	008 - HNB Schumacher	85.60
Ending Balance	180,052,924.25	009 - STAR Ohio	10,141,750.84
		017 - HNB AP/Payroll/CN/SA	78,710,160.60
		018 - PNC Building Fund	2,014,005.95
Outstanding Checks & Direct Deposits		021 - HNB FSA Account	298,638.13
005 - HNB Practical Nursing Checks	-	037 - USBank Construction	42,338,085.53
017 - HNB Accounts Payable Checks	3,189,462.28	038 - USBank PI Fund	15,392,163.42
017 - HNB Payroll Checks	127,449.76	039 - USBank General Fund	36,083,610.59
017 - HNB Deposit Outstanding on Munis	-		
	3,316,912.04		185,128,786.15
		Local Grant/Benefit CD's	
Pending Payroll Deductions		022 - HNB CD	35,313.60
Federal/Medicare Withholding	613,858.52	029 - HNB CD	5,000.00
State Tax	139,104.95	030 - HNB CD	-
City Tax	374,900.09	032 - HNB CD	92,388.38
SERS	29,721.64		132,701.98
School District Income Tax	1,617.96		
STRS	805,284.26	Flex Spending Account	
AXA	35,724.00	Prefunded Account	20,000.00
Valic	-	Withdrawals (Claims)	131,385.82
ING (Voya)	-	Settlement Credit	(6.95)
Lincoln	150.00	Service Charges	40.00
Ohio Deferred Comp	10,766.60		151,418.87
MG Trust (Aspire)	(250.00)		
Towpath			
	2,010,878.02		
		Miscellaneous Bank Adjustments	
Miscellaneous Book Adjustments		Petty Cash	1,000.00
021 - Inventory Allowance	62,336.44	Bank Charges to be Refunded	-
022 - Insurance Accrual	(37,934.22)	Outstanding Items	(2,563.87)
Timing Differences in Accounts Payable	(24.05)		(1,563.87)
Timing Differences in Accounts Receivable	6,250.65		
	30,628.82		
Adjusted Book Balance	\$ 185,411,343.13	Adjusted Bank Balance	\$ 185,411,343.13