



# Akron Public Schools.

## Monthly Financial Report

*For the F.Y. 2018 Month Ending: March*

*Ryan Pendleton, CFO*

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## Overview

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

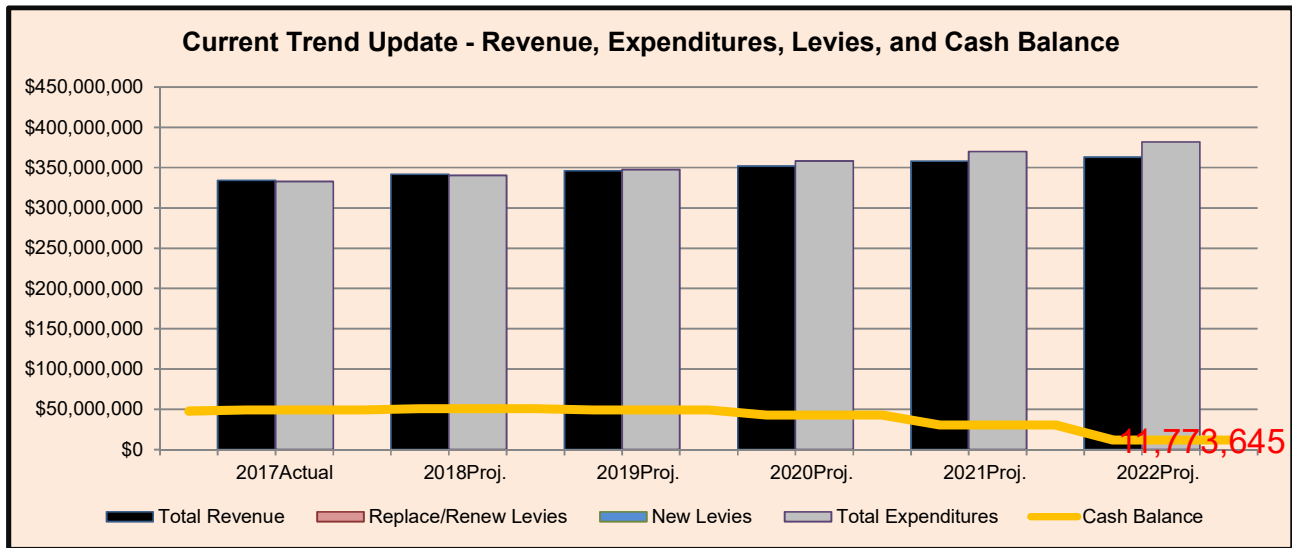
The district's enrollment both funded and students served by the district is down slightly. See page 10 for detail.

The district's actual monthly cash flow plus remaining estimated for health insurance shows that health insurance will remain virtually even with last year (page 12). In addition the modeled assumptions for health insurance now includes a 0% increase for FY 2019 and normal health insurance inflation (8.0%) for FY 2020 through FY 2022. These assumptions are being reviewed with the district's health insurance consultant and based upon those results will be included in the May forecast update.

The district's FY 2017 per pupil expenditures totaled \$14,419 as calculated by the Ohio Department of Education. The ODE's calculation of per pupil expenditure for the district's most like Akron is \$14,120. Akron is slightly higher but costs drifted closer to the peer group average in FY 2017 (page 13).

The district has not received its county auditor tax settlement sheet which is expected soon and will be included in this report upon receipt.

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



**Projected Revenue Surplus/(Shortfall) by Year**

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenue Surplus/ (Shortfall)	\$1,480,557	(\$1,381,267)	(\$6,705,133)	(\$12,014,452)	(\$18,842,574)

**Forecast Updated Trend**  
Compared to Updated Trend Forecast as of 4/15/2018

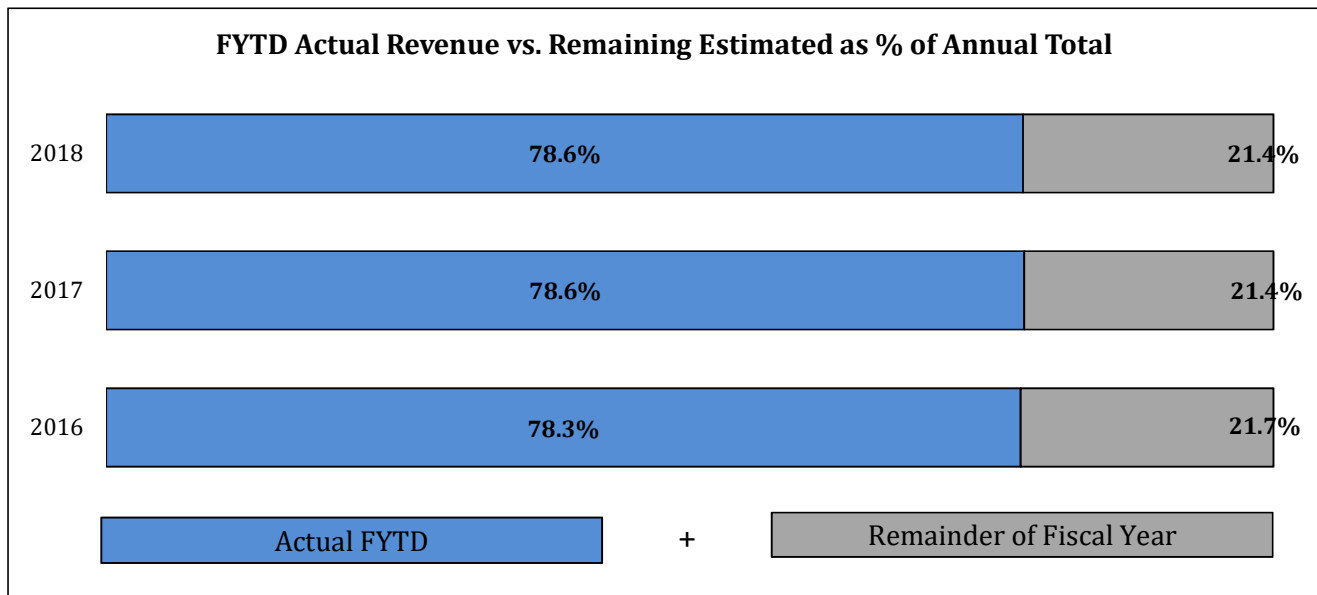
Variance between Prior and Current Forecast:	2018	2019	2020
Current Forecast Revenue Trend OVER/UNDER Prior	-0.26%	0.21%	0.18%
Current Forecast Expenditure Trend OVER/UNDER Prior	-0.98%	-1.21%	-1.40%
Cumulative Variance \$\$\$ Impact on Ending Cash Balance	\$2,477,782	\$7,437,517	\$13,152,639

What are the current forecast trends?

The above forecast reflects a 0% increase in health insurance cost for FY 2018 and FY 2019. The monthly cash flow through March for FY 2018 supports this assumption. Research is needed to determine if the 0% being modeled for FY 2019 will leave sufficient reserves. Because of the reduction in health insurance cost the current forecast trend is toward lower expenses and a cash balance that could increase by \$13,152,639 by fiscal 2020 year-end.

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

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



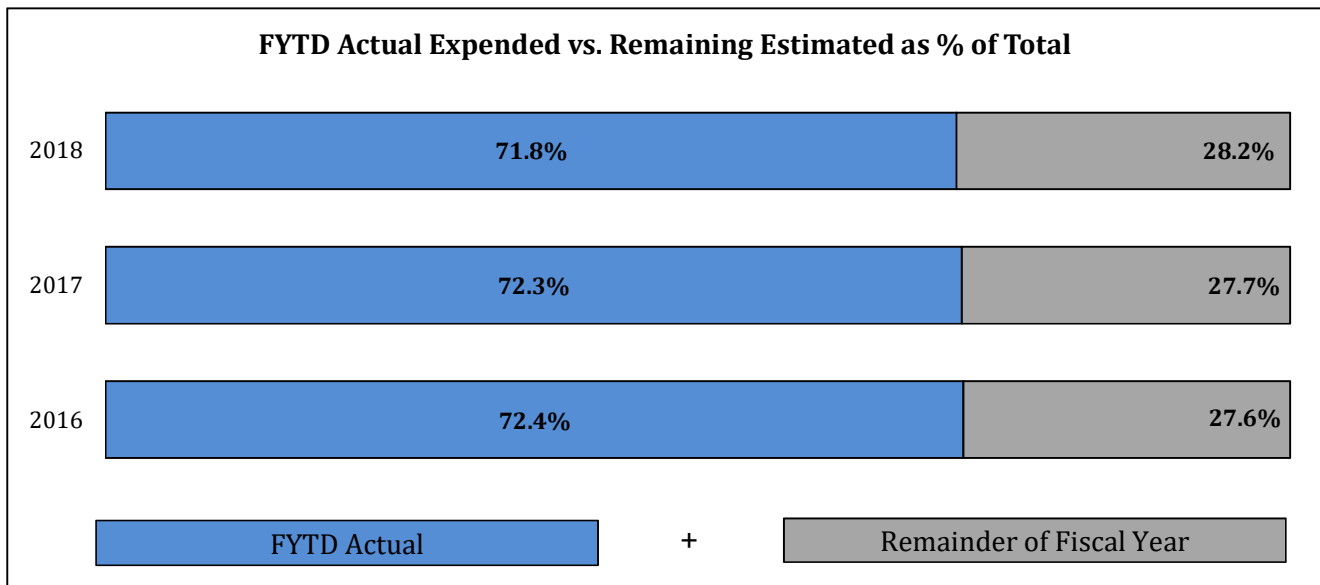
Percent of Annual Total		Actual Fiscal Year To Date Revenue, July - March			F.Y. 2018	
		2016 FYTD	2017 FYTD	2018 FYTD	YOY Change	
30.1%	Real Estate Taxes	92,385,678	96,173,028	92,836,656	\$ (3,336,373)	-3.5%
0.0%	Public Utility PP Taxes	4,175,142	4,404,571	4,950,435	\$ 545,864	12.4%
0.0%	Income Tax	-	-	-	\$ -	0.0%
58.9%	State Aid (Formula + Rest)	147,168,687	147,766,740	152,320,740	\$ 4,554,000	3.1%
4.2%	State Tax Reimb.	8,791,384	7,324,485	7,264,856	\$ (59,629)	-0.8%
3.9%	Other Revenue	9,092,061	7,044,782	11,127,759	\$ 4,082,978	58.0%
0.0%	Other Sources	45,635	19,624	77,485	\$ 57,861	294.8%
100%	<b>Total Revenue</b>	<b>261,658,587</b>	<b>262,733,231</b>	<b>268,577,931</b>	<b>\$ 5,844,701</b>	<b>2.2%</b>
<b>Total YOY Percentage Change</b>					<b>2.2%</b>	

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

Revenue is up 2.2% over last year at this time. Real estate revenue is down because of the timing of cash advances received from the county auditor. This is a timing issue and will be balanced. State aid is up in line with October forecasted amounts. 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 - March.

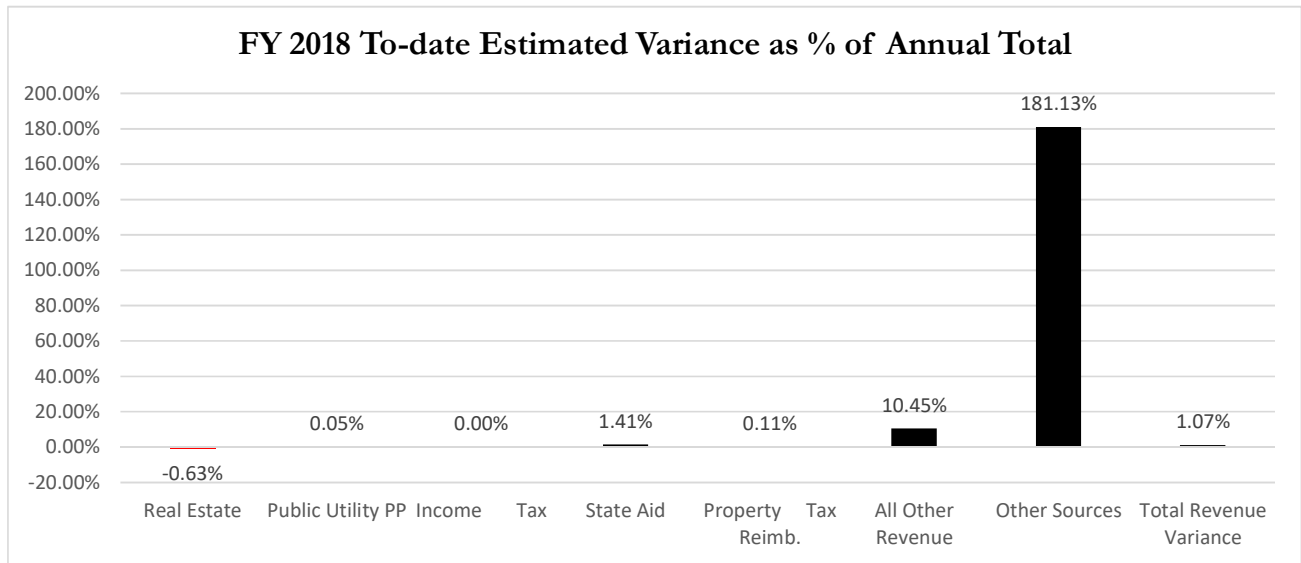


Percent of Annual Total		Actual Fiscal Year To Date Expenditures, July - March			F.Y. 2018	
		2016 FYTD	2017 FYTD	2018 FYTD	YOY Change	
49.7%	Salaries	117,609,106	119,017,867	122,448,199	\$ 3,430,331	2.9%
21.9%	Benefits	50,561,425	54,413,308	54,852,946	\$ 439,638	0.8%
23.6%	Purchased Services	56,741,361	58,532,547	56,522,205	\$ (2,010,343)	-3.4%
2.4%	Supplies	3,135,730	5,456,649	5,899,721	\$ 443,073	8.1%
1.2%	Capital	2,760,401	1,260,280	2,850,479	\$ 1,590,199	126.2%
0.0%	Debt, Intergov	-	-	-	\$ -	0.0%
1.0%	Other Objects	1,592,879	1,543,869	1,344,912	\$ (198,958)	-12.9%
0.2%	Other Uses	20,476	266,269	681,557	\$ 415,287	156.0%
100%	<b>Total Expenditures</b>	<b>232,421,377</b>	<b>240,490,791</b>	<b>244,600,019</b>	<b>\$ 4,109,228</b>	
					<b>Total YOY Percentage Change</b>	<b>1.7%</b>

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

Expenditures are up just 1.7% over last year led by a decrease in salaries and purchased services. Special education tuition and community school tuition combined continue to reflect a reduction of approximately \$2.0 million from original estimates for FY 2018.

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

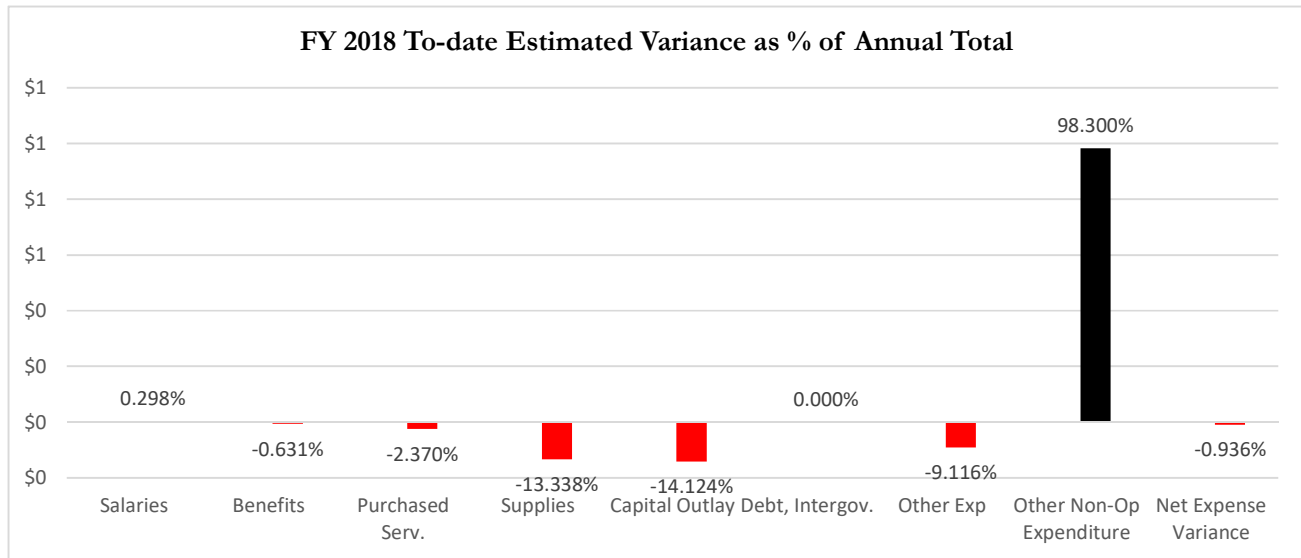


		2018 FYTD	2018 FYTD	2018 FYTD
		Actual	Estimated	Actual Over/
		July	July	(Under)
		through	through	Estimated
		March	March	Variance
<b>Revenue:</b>				
<b>For the F.Y. 2018 Period: July - March</b>				
K	Real Estate Taxes	92,836,656	93,488,015	(651,360)
L	Public Utility PP Taxes	4,950,435	4,945,735	4,700
M	Income Tax	-	-	-
N	State Aid (Formula + Restricted)	152,320,740	149,479,072	2,841,668
P	State Tax Reimb.	7,264,856	7,248,911	15,945
Q	Other Revenue	11,127,759	9,743,139	1,384,620
R	<b>Total Operating Revenue</b>	<b>268,500,446</b>	<b>264,904,872</b>	<b>3,595,574</b>
S	Other Non-Op Revenue	77,485	501	76,984
T	<b>Total Operating Revenue Plus Other Sources</b>	<b>268,577,931</b>	<b>264,905,373</b>	<b>3,672,558</b>

How do FYTD revenue cash flow estimates compare to actual?

Actual revenue is within 1.07%. Other revenue is up because of the TIF payments received in October.

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

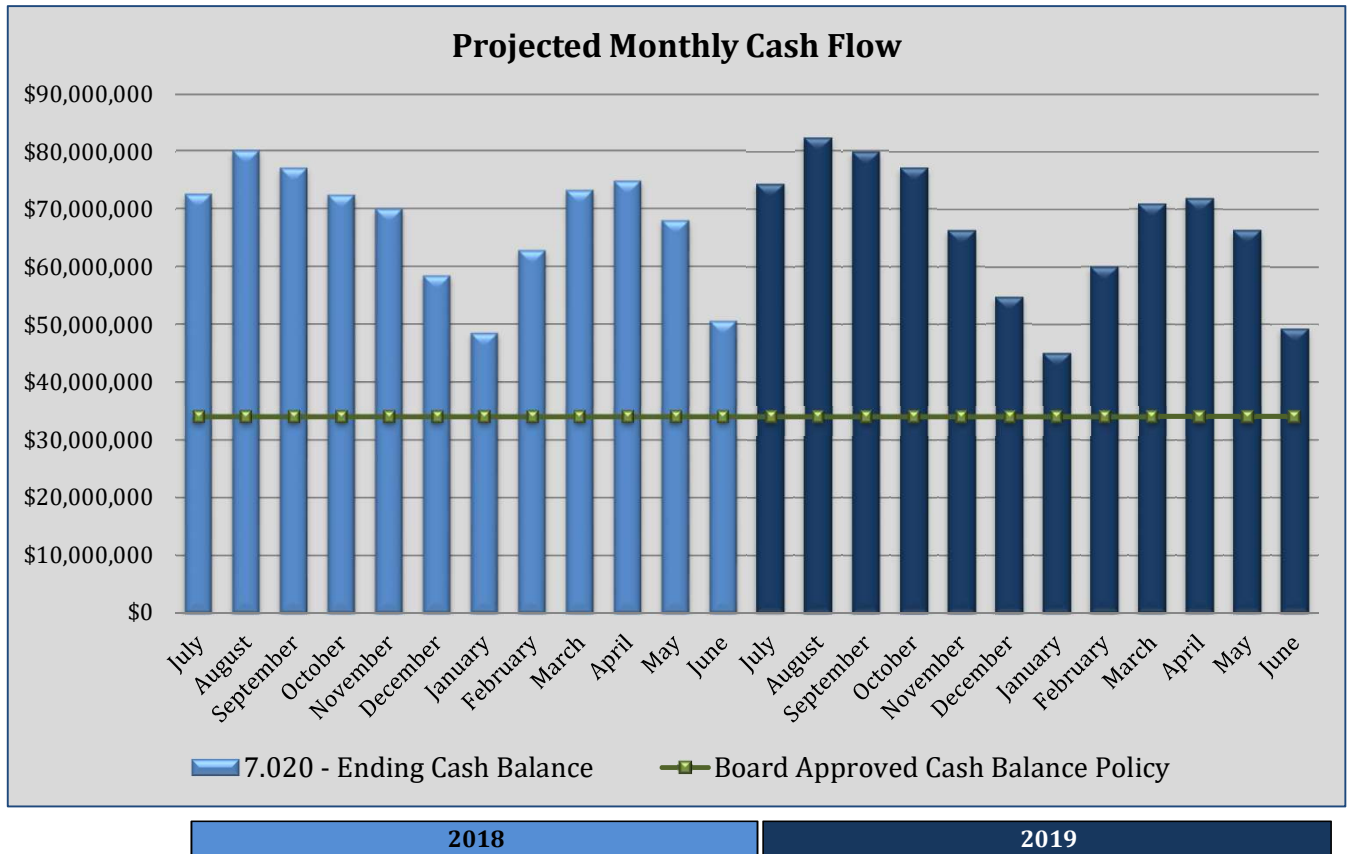


<b>Expenditures:</b>		<b>Actual</b>	<b>Estimated</b>	<b>Actual Over/ (Under) Estimate Variance</b>
<b>For the F.Y. 2018 Period: July - March</b>		<b>July - March</b>	<b>July - March</b>	
K	Salaries	122,448,199	121,945,050	503,148
L	Benefits	54,852,946	55,323,350	(470,404)
M	Purchased Services	56,522,205	58,427,598	(1,905,393)
N	Supplies	5,899,721	6,996,758	(1,097,037)
O	Capital	2,850,479	3,440,518	(590,038)
P	Debt, Intergov.	-	-	-
Q	Other Objects	1,344,912	1,654,136	(309,224)
R	<b>Total Operating Expenditures</b>	<b>243,918,462</b>	<b>247,787,411</b>	<b>(3,868,948)</b>
S	Other Non-Op Expenditures	681,557	501	681,055
T	<b>Total Operating Expenditures Plus Other Uses</b>	<b>244,600,019</b>	<b>247,787,912</b>	<b>(3,187,893)</b>

How do FYTD expenditure cash flow estimates compare to actual?

Expenditures are within -0.936% 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.

## Enrollment Per Ohio Department of Education Funding Reports

Line	FYE 2016	FYE 2017	FY 2018	
			February #1	March #1
1 Formula ADM	26,789	26,693	26,637	26,602
2 Resident / Adjusted Total ADM	26,788	26,692	26,637	26,602
3 Resident ADM (District Educated)	19,988	20,147	20,103	20,037
4 Open Enrollment In ADM	593	657	636	650
5 Open Enrollment Out ADM	1,981	2,081	2,061	2,063
6 Community School ADM	3,455	3,041	3,002	3,034
7 Scholarship ADM	1,363	1,421	1,470	1,468
8 Career Tech ADM (Incl. Contract)	2	2	0	1
9 Limited English Proficient ADM	1,514	1,738	1,835	1,846
10 Special Education ADM	4,646	4,538	4,514	4,547
11 Economic Disadvantaged ADM	24,161	24,107	23,986	23,944
12 Economic Disadvantaged %	90.2%	90.3%	90.0%	90.0%

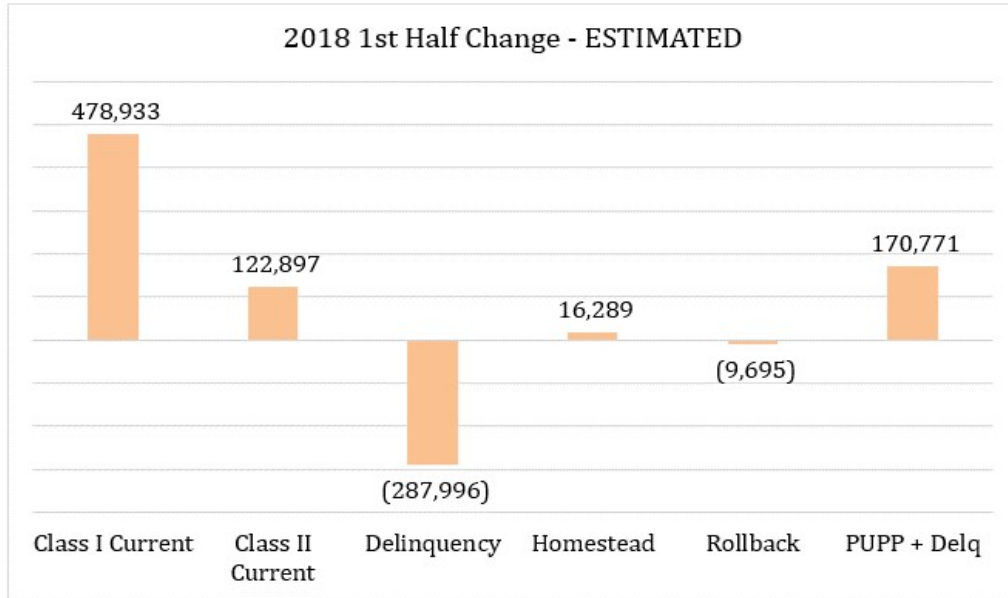
According to the March, 2018 Ohio Department of Education funding reports the district's formula funded ADM (line 1) stands at 26,602 which is down 91 students from 2017. Monthly variances in enrollment numbers are common throughout the year and the district expects the numbers to continue to fluctuate slightly during the remaining months of the year.

The ODE's data also shows that the district is serving 110 fewer students than last year.

Community school enrollment increased 32 students from February but is down 7 students from FY 2017.

Limited English Proficient students increased 108 students in FY 2018 over FY 2017.

## Real Estate Collections - Estimated Vs. Actual



The district's actual property tax settlement has not been received from the county auditor. The information is expected soon and this page will be updated.

# Health Insurance Tracking

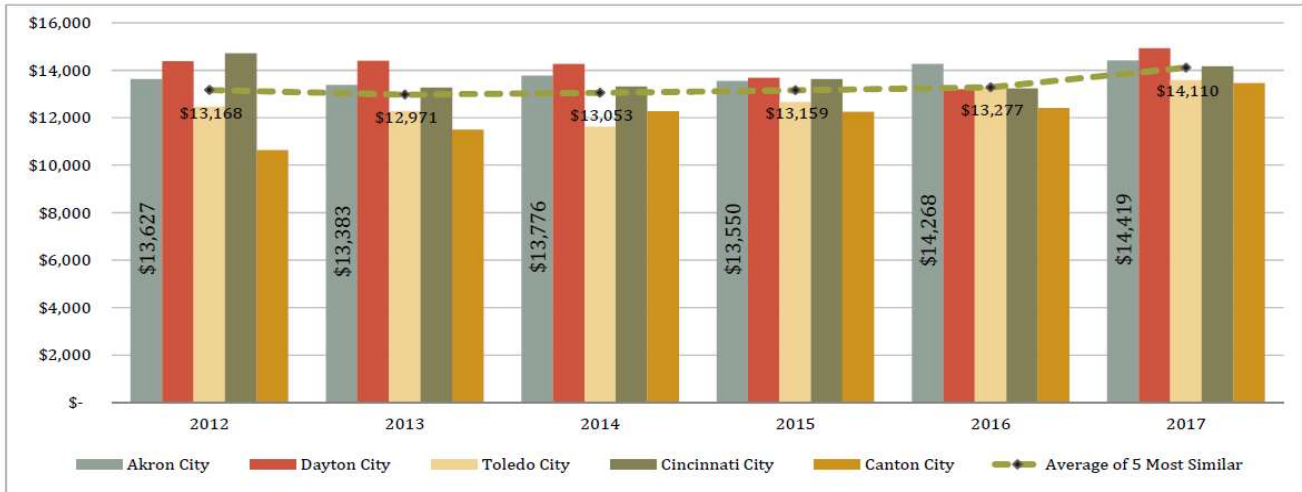
Combined Certified & Classified - Monthly Health Insurance Cost					
	Estimate	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	Object 240	2018	2017	2016	2015
July	\$ -	\$ 3,258,100	\$ 3,231,275	\$ 2,681,709	\$ 2,187,178
August	\$ -	\$ 3,251,120	\$ 3,235,665	\$ 2,851,426	\$ 2,710,213
September	\$ -	\$ 3,659,381	\$ 3,642,445	\$ 3,312,175	\$ 2,898,471
October	\$ -	\$ 3,818,512	\$ 3,789,654	\$ 3,494,120	\$ 3,027,632
November	\$ -	\$ 3,819,364	\$ 3,797,379	\$ 3,432,639	\$ 2,994,280
December	\$ -	\$ 3,819,175	\$ 3,808,554	\$ 3,457,183	\$ 3,008,830
January	\$ -	\$ 3,760,976	\$ 3,745,625	\$ 3,379,855	\$ 2,960,295
February	\$ 3,624,250	\$ 3,832,303	\$ 3,833,906	\$ 3,430,245	\$ 3,029,587
March	\$ 3,795,000	\$ 3,627,727	\$ 3,913,207	\$ 3,437,659	\$ 3,028,095
April	\$ 3,711,000	\$ -	\$ 3,768,635	\$ 3,271,090	\$ 2,809,136
May	\$ 3,711,000	\$ -	\$ 3,660,534	\$ 3,444,164	\$ 3,072,663
June	\$ 3,711,000	\$ -	\$ 3,836,848	\$ 3,256,518	\$ 2,820,807
<b>YTD</b>	<b>\$ 7,419,250</b>	<b>\$ 32,846,659</b>	<b>\$ 32,997,710</b>	<b>\$ 29,477,012</b>	<b>\$ 25,844,579</b>
<b>Remaining</b>	<b>\$ 11,385,000</b>	<b>\$ 11,385,000</b>	<b>\$ 11,266,017</b>	<b>\$ 9,971,773</b>	<b>\$ 8,702,606</b>
<b>Total</b>	<b>\$ 18,804,250</b>	<b>\$ 44,231,659</b>	<b>\$ 44,263,727</b>	<b>\$ 39,448,784</b>	<b>\$ 34,547,185</b>
Avg. Monthly Cost October - March		\$ 3,810,066			
March Payment		\$ 3,627,727			
March Variance		-4.79%			

	Actual		Projected			
	2017	2018	2019	2020	2021	2022
Actual Amount Expended in Prior Year:	67,982,119	73,620,028	74,497,133	75,215,004	79,459,501	83,996,543
Historical Info - District's General Fund Health Insurance Expenses:						
FY 2016 Posted Ins. Expense:	\$39,448,784					
FY 2017 Posted Ins. Expense:		\$44,263,727				
% of Total Line 3.02>	58.0%	60.1%				
Use Express Model?	Yes	% Change	13.0%	0.00%	0.00%	8.00%
Dollar Impact of Express Modeling Health Insurance			5,128,342	-	3,541,098	3,824,386
					4,130,337	

Posted health insurance cost dropped 4.79% in March. The remaining (April - June) cash flow was adjusted to reflect this latest development. The result is that the FY 2018 annual cost of \$44,231,659 is virtually equal with FY 2019 cost.

It is believed that even at this 'flat' level that the district's self-funded reserves are sufficient. An analysis is needed to determine the FY 2019 through FY 2022 year-over-year change to support the above current modeling for year-over-year change.

## Ohio Department of Education Per Pupil Expenditures - FY 2017



The district's spending is slightly above the peer group identified as most similar by the Ohio Department of Education (ODE). The district has made effort to contain cost by closing buildings. Some evidence of this impact is demonstrated in FY 2017 as the district's per pupil cost moved closer to the peer group average.

**AKRON PUBLIC SCHOOLS  
MONTHLY RECONCILIATION  
Mar 2018**

Book Balance	Bank Balance
<b>USAS Accounting System</b>	<b>Month End Bank Account Balances</b>
Beginning Balance 162,832,576.44	005 - PNC Practical Nursing 28,430.00
Plus Receipts 50,710,445.41	007 - PNC Oma Evans 150,270.17
Less Expenditures 40,183,035.11	008 - HNB Schumacher 85.60
Ending Balance <u>173,359,986.74</u>	009 - STAR Ohio 10,126,832.43
	017 - HNB AP/Payroll/CN/SA 69,904,181.30
<b>Outstanding Checks &amp; Direct Deposits</b>	018 - PNC Building Fund 2,013,714.78
005 - HNB Practical Nursing Checks -	021 - HNB FSA Account 332,361.56
017 - HNB Accounts Payable Checks 662,346.53	037 - USBank Construction 42,045,686.20
017 - HNB Payroll Checks 136,143.71	038 - USBank PI Fund 15,392,996.63
017 - HNB Deposit Outstanding on Munis -	039 - USBank General Fund 36,048,975.05
<u>798,490.24</u>	<u>176,043,533.72</u>
	<b>Local Grant/Benefit CD's</b>
<b>Pending Payroll Deductions</b>	022 - HNB CD 35,313.60
Federal/Medicare Withholding 682,808.72	029 - HNB CD 5,000.00
State Tax 142,250.87	030 - HNB CD -
City Tax 408,965.63	032 - HNB CD 92,388.38
SERS 840,271.09	<u>132,701.98</u>
School District Income Tax 1,643.91	
STRS 29,222.99	<b>Flex Spending Account</b>
AXA -	Prefunded Account 20,000.00
Valic -	Withdrawals (Claims) 97,662.39
ING (Voya) -	Settlement Credit (6.95)
Lincoln -	Service Charges 40.00
Ohio Deferred Comp -	<u>117,695.44</u>
MG Trust (Aspire) (250.00)	
Towpath <u>2,104,913.21</u>	
	<b>Miscellaneous Bank Adjustments</b>
<b>Miscellaneous Book Adjustments</b>	Petty Cash 1,000.00
021 - Inventory Allowance 36,627.24	Bank Charges to be Refunded 30.00
022 - Insurance Accrual (5,571.14)	Outstanding Items -
Timing Differences in Accounts Payable (78.02)	<u>1,030.00</u>
Timing Differences in Accounts Receivable 592.87	
<u>31,570.95</u>	
<b>Adjusted Book Balance</b> \$ 176,294,961.14	<b>Adjusted Bank Balance</b> \$ 176,294,961.14