



**Akron Public
Schools®**

Monthly Financial Report

For the F.Y. 2017 Month Ending: February

3/20/2017

Ryan Pendleton, CFO



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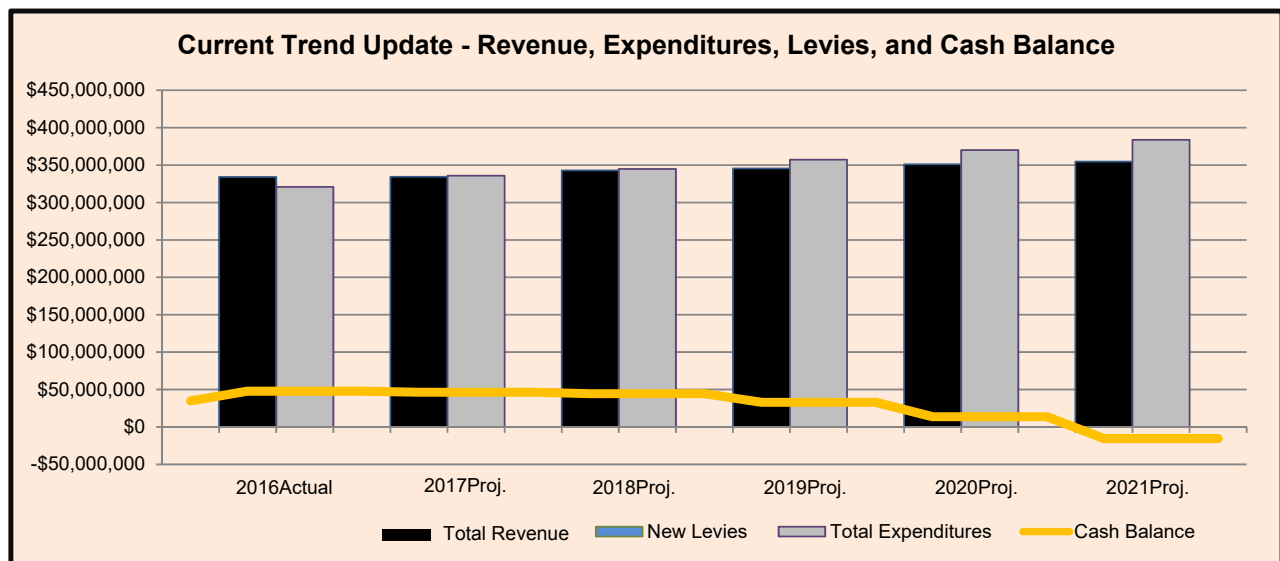
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Updated Forecast Trend For The Month of February, F.Y. 2017



| Projected Revenue Surplus/(Shortfall) by Year | | | | | |
|---|---------------|---------------|----------------|----------------|----------------|
| | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
| Revenue Surplus/ (Shortfall) | (\$1,490,083) | (\$1,875,949) | (\$11,625,148) | (\$19,146,960) | (\$29,198,149) |

| Forecast Updated Trend | | | |
|---|-------------|-----------|---------------|
| Compared to Updated Trend Forecast as of 3/20/2017 | | | |
| Variance between Prior and Current Forecast: | 2017 | 2018 | 2019 |
| Current Forecast Revenue Trend OVER/ UNDER Prior | -0.16% | 0.35% | -0.61% |
| Current Forecast Expenditure Trend OVER/ UNDER Prior | 0.00% | 0.00% | 0.00% |
| Cumulative Variance \$\$\$ Impact on Ending Cash Balance | (\$548,451) | \$651,542 | (\$1,464,286) |

What are the current forecast trends?

Consistent with previous forecast the trend is toward revenue shortfall.

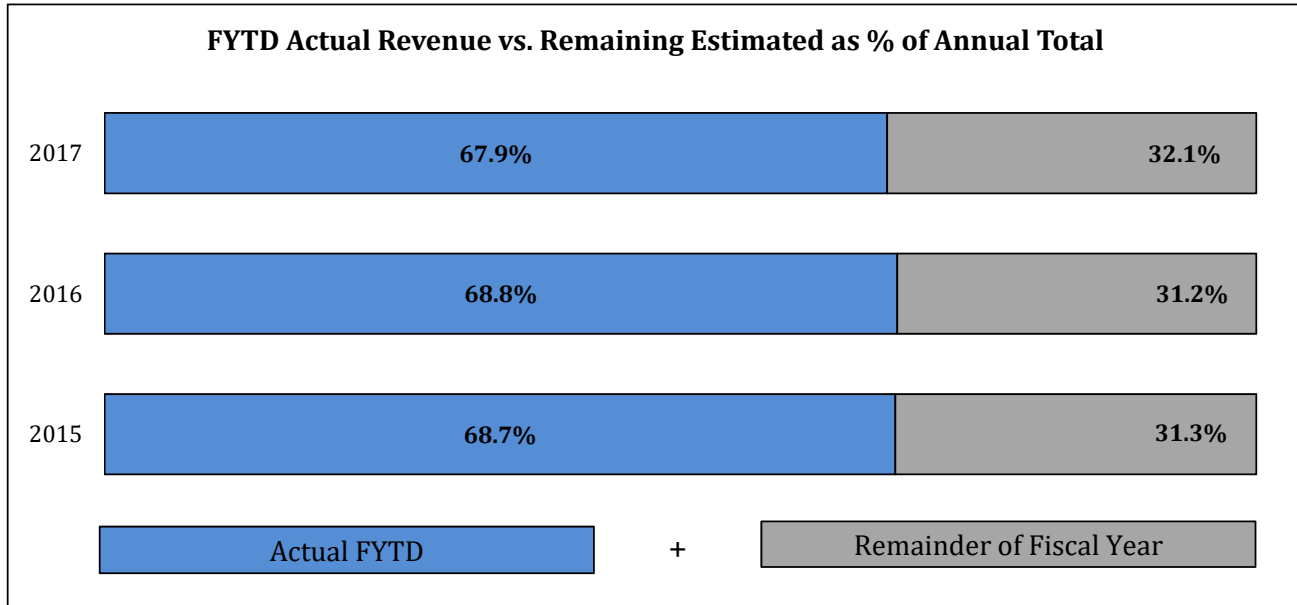
State funding is modeled using the state's current formula methodology. The forecasted state revenue is reconciled to the state's current state funding calculations based upon current enrollment files. The enrollment indicators through February are essentially the same as year-end 2016. State funding has declined for FY 2017 because of \$1,264,000 in reductions for FY 2016 state SFPR enrollment adjustments.

The executive budget submitted by the governor is in line with prior forecast state funding estimates which project a \$7.0 million increase in FY 2018 and zero growth in FY 2019.

Salaries, fringe benefits, and purchased services are trending lower than original projections for FY 2017. If the positive trend continues at the current level it could add \$2.0 million to the district's year end cash balance.

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

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



| Percent of Annual Total | | Actual Fiscal Year To Date Revenue, July - February | | | F.Y. 2017 | |
|------------------------------------|----------------------------|---|--------------------|--------------------|-----------------------|--------------|
| | | 2015 FYTD | 2016 FYTD | 2017 FYTD | YOY Change | |
| 30.9% | Real Estate Taxes | 81,499,474 | 79,328,583 | 78,282,736 | \$ (1,045,847) | -1.3% |
| 0.0% | Public Utility PP Taxes | 4,043,994 | 4,175,142 | 4,404,571 | \$ 229,429 | 5.5% |
| 0.0% | Income Tax | - | - | - | \$ - | 0.0% |
| 58.4% | State Aid (Formula + Rest) | 121,633,346 | 130,076,684 | 131,425,804 | \$ 1,349,120 | 1.0% |
| 4.4% | State Tax Reimb. | 10,622,285 | 8,791,384 | 7,324,485 | \$ (1,466,899) | -16.7% |
| 3.5% | Other Revenue | 4,364,890 | 7,458,931 | 5,536,477 | \$ (1,922,453) | -25.8% |
| 0.0% | Other Sources | 10,926 | 19,518 | 20,317 | \$ 799 | 4.1% |
| 100% | Total Revenue | 222,174,915 | 229,850,242 | 226,994,390 | \$ (2,855,852) | -1.2% |
| Total YOY Percentage Change | | | | | -1.2% | |

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

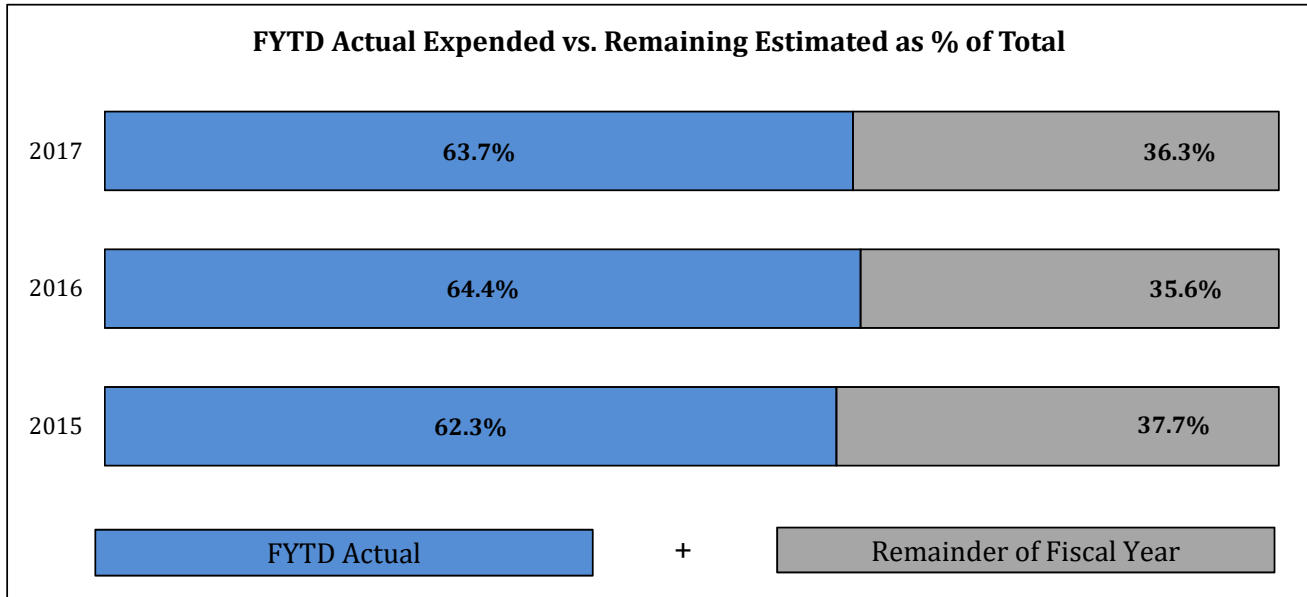
Total revenue is down 1.2% compared to last year at this time. Real estate tax advances are lower but are an issue of timing rather than a reduction in revenue. State tax reimbursements are down as projected because of the state's phase out (elimination) of tangible personal property reimbursement.

Other revenue is down because the payments in lieu of property taxes is down about \$1.5 million. This is a payment from the city of Akron; it has not been received as of February 28, 2017. However, the district has confirmation of the amount (\$1,509,000).

Other revenue will be the most volatile because special education reimbursements are complex to project and will be received over the remaining four months.

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

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



| Percent of Annual Total | | Actual Fiscal Year To Date Expenditures, July - February | | | F.Y. 2017 YOY Change | |
|------------------------------------|---------------------------|--|--------------------|--------------------|-------------------------|---------|
| | | 2015 FYTD | 2016 FYTD | 2017 FYTD | | |
| 48.8% | Salaries | 101,649,410 | 104,226,568 | 105,293,607 | \$ 1,067,039 | 1.0% |
| 21.9% | Benefits | 40,816,782 | 44,621,934 | 48,114,309 | \$ 3,492,376 | 7.8% |
| 24.7% | Purchased Services | 44,942,808 | 49,664,063 | 51,232,681 | \$ 1,568,618 | 3.2% |
| 2.2% | Supplies | 4,224,816 | 4,139,089 | 4,895,983 | \$ 756,894 | 18.3% |
| 1.3% | Capital | 1,442,314 | 2,370,108 | 1,043,355 | \$ (1,326,753) | -56.0% |
| 0.0% | Debt, Intergov | - | - | - | \$ - | 0.0% |
| 1.0% | Other Objects | 1,340,189 | 1,563,119 | 1,515,692 | \$ (47,427) | -3.0% |
| 0.1% | Other Uses | 82,828 | 18,485 | 266,269 | \$ 247,784 | 1340.4% |
| 100% | Total Expenditures | 194,499,147 | 206,603,366 | 212,361,898 | \$ 5,758,531 | |
| Total YOY Percentage Change | | | | | 2.8% | |

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

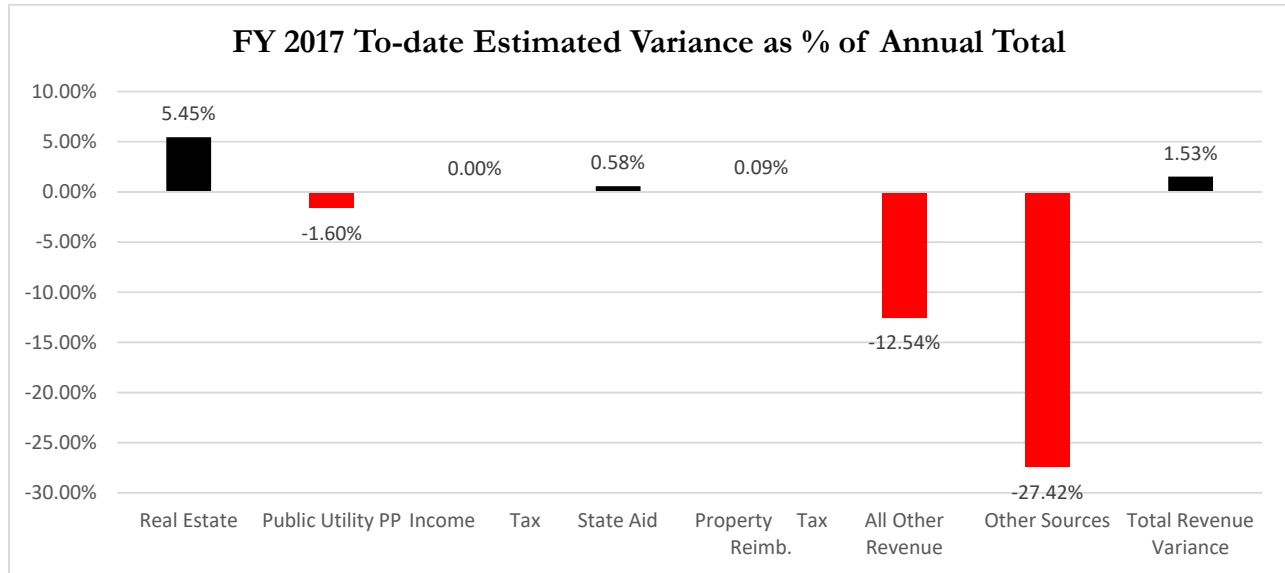
Fiscal year to-date expenditures are up 2.8% over last year at this time. The variance would be higher except that capital outlay expenses are down significantly as a result of timing. It is believed that the year-over-year increase is in-line with annual projections.

Salaries are up just 1.0% for the first seven months of the fiscal year. The forecasted increase for this year is 2.19%. The first eight months indicate that salaries may actually end less than forecasted by about 1.0%; naturally this would improve the district's operating position by about \$800,000. The costs will be monitored and updated as warranted in the May forecast.

Benefits are up 7.2% for the half year and are projected to be up 8.3% for the full year.

Purchased services, while up 3.2% year-over-year are actually trending about \$1.0 million less than projections. This category could also improve the district's operating position by June 30, 2017.

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

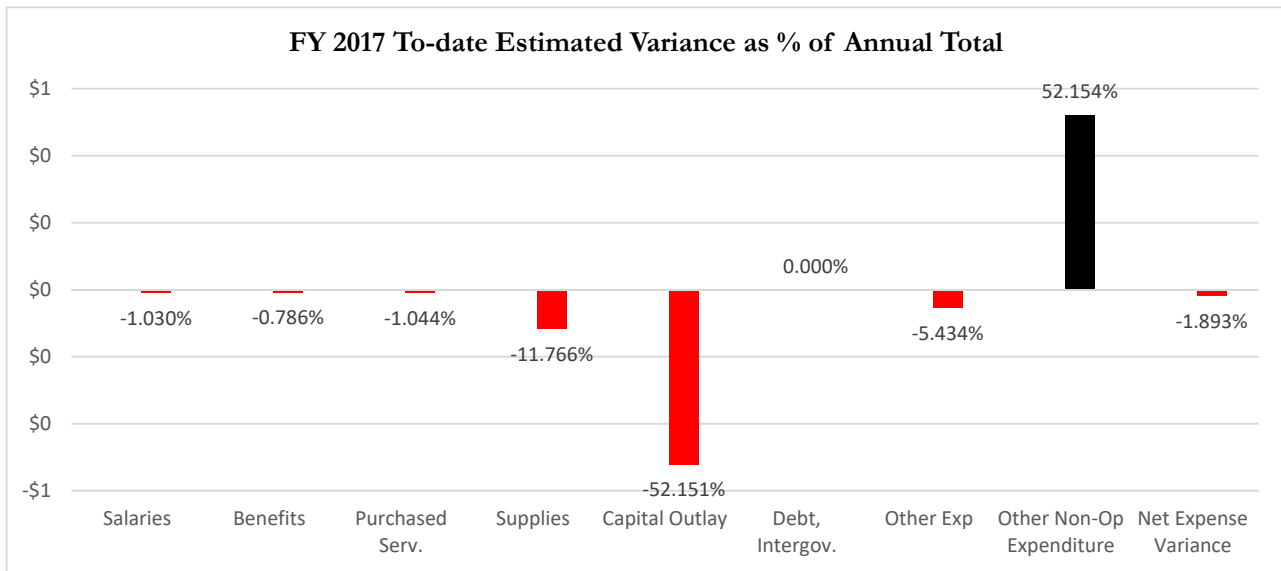


| | | 2017 FYTD | 2017 FYTD | 2017 FYTD |
|---|--|-------------|-------------|--------------|
| | | Actual | Estimated | Actual Over/ |
| | | July | July | (Under) |
| | | through | through | Estimated |
| | | February | February | Variance |
| Revenue: | | | | |
| For the F.Y. 2017 Period: July - February | | | | |
| K | Real Estate Taxes | 78,282,736 | 72,656,027 | 5,626,709 |
| L | Public Utility PP Taxes | 4,404,571 | 4,554,090 | (149,519) |
| M | Income Tax | - | - | - |
| N | State Aid (Formula + Restricted) | 131,425,804 | 130,299,540 | 1,126,264 |
| P | State Tax Reimb. | 7,324,485 | 7,310,958 | 13,527 |
| Q | Other Revenue | 5,536,477 | 7,022,472 | (1,485,994) |
| R | Total Operating Revenue | 226,974,073 | 221,843,087 | 5,130,986 |
| S | Other Non-Op Revenue | 20,317 | 29,091 | (8,774) |
| T | Total Operating Revenue Plus Other Sources | 226,994,390 | 221,872,178 | 5,122,212 |

How do FYTD revenue cash flow estimates compare to actual?

Revenue is within 1.53% of estimated. The actual real estate advances have exceeded cash flow estimates (while down year-over-year) and are a matter of timing. The other revenue category is \$1,485,994 less than estimated because of tax incentive payments from the city and the county. The timing of these receipts are delayed relative to last year and are being monitored. It is believed that the payments are still to be received and the variance is a matter of timing.

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



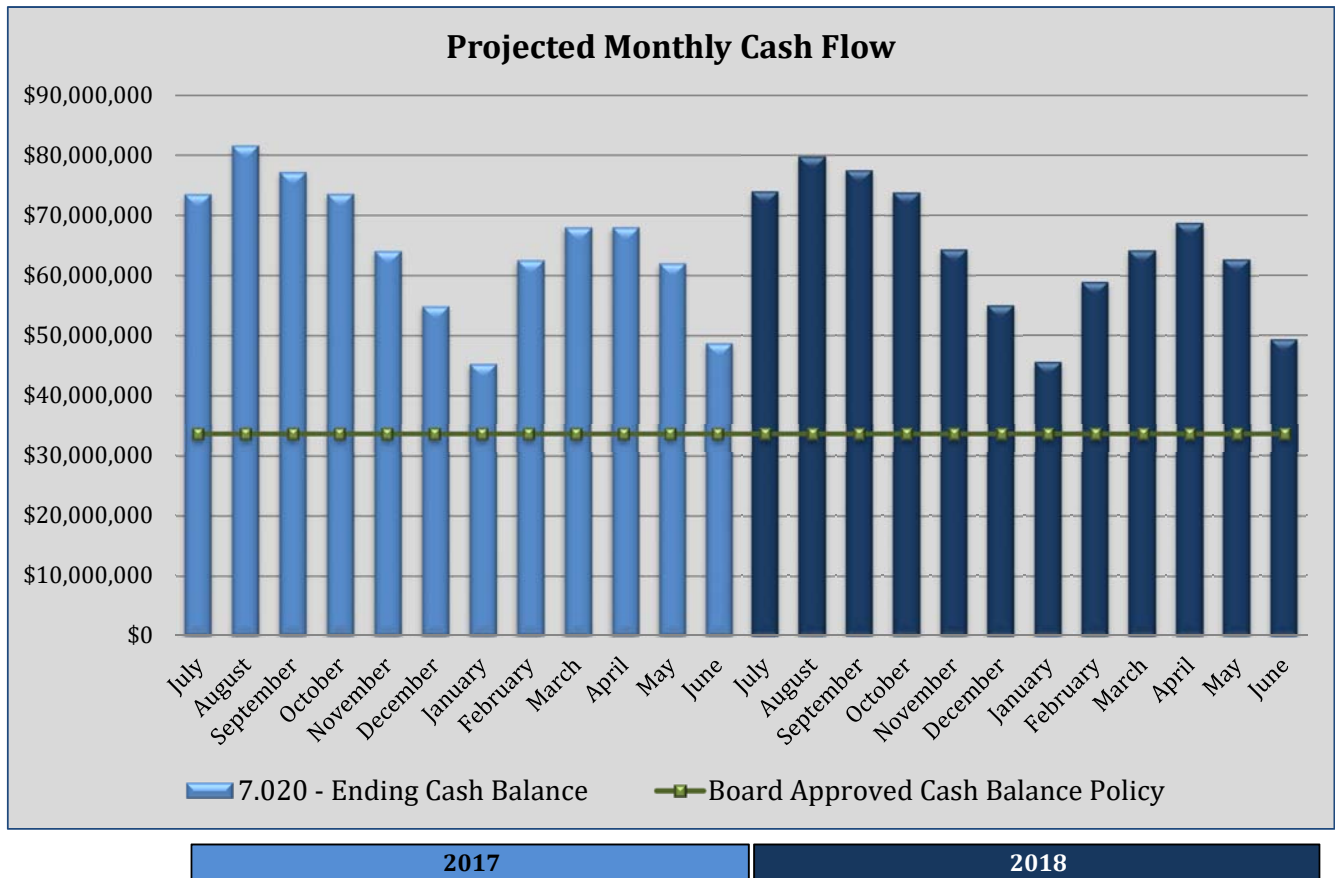
| | | Actual | Estimated | Actual Over/ (Under) Estimate Variance |
|--|--|-----------------|-----------------|---|
| | | July - February | July - February | |
| Expenditures: | | | | |
| For the F.Y. 2017 Period: July - February | | | | |
| K | Salaries | 105,293,607 | 106,981,850 | (1,688,244) |
| L | Benefits | 48,114,309 | 48,693,063 | (578,754) |
| M | Purchased Services | 51,232,681 | 52,098,530 | (865,848) |
| N | Supplies | 4,895,983 | 5,771,085 | (875,101) |
| O | Capital | 1,043,355 | 3,301,862 | (2,258,507) |
| P | Debt, Intergov. | - | - | - |
| Q | Other Objects | 1,515,692 | 1,699,349 | (183,656) |
| R | Total Operating Expenditures | 212,095,628 | 218,545,739 | (6,450,111) |
| S | Other Non-Op Expenditures | 266,269 | 175,000 | 91,269 |
| T | Total Operating Expenditures Plus Other Uses | 212,361,898 | 218,720,739 | (6,358,842) |

How do FYTD expenditure cash flow estimates compare to actual?

Total actual expenditures are -1.893% less than estimated. While expenditures to date are less than estimated, the majority of this variance is believed to be the timing of expenses. The supply and capital categories are the majority of the variance and these categories are still expected to total the annual projected amount. If these category projected budgets are not fully utilized then the district's cash balance and operating position will be improved for June 30, 2017.

Salaries, benefits, and purchased services are trending less than estimated and are expected to contribute positively to the district's year-end cash balance and operating position.

Monthly Cash Balance Estimates Fiscal Years 2017 and 2018



Monthly cash flow estimates

Monthly cash flow reserves are adequate to cover the monthly fluctuation between revenue and expenditure timing.

AKRON PUBLIC SCHOOLS
MONTHLY RECONCILIATION
Feb 2017

| Book Balance | | Bank Balance | |
|---|--------------------------|--|--------------------------|
| USAS Accounting System | | Month End Bank Account Balances | |
| Beginning Balance | 150,895,337.35 | 002 - First Merit Student Activity | - |
| Plus Receipts | 57,978,372.55 | 005 - PNC Practical Nursing | - |
| Less Expenditures | 40,460,532.38 | 007 - PNC Oma Evans | 150,075.16 |
| Ending Balance | 168,413,177.52 | 008 - First Merit Schumacher | 62.79 |
| | | 015 - PNC Judy Resnik | - |
| Outstanding Checks & Direct Deposits | | 017 - First Merit AP/Payroll/CN | 6,502,631.00 |
| 002 - First Merit Student Activity Checks | - | 018 - PNC Building Fund | 2,012,073.70 |
| 005 - FM Practical Nursing Checks | - | 026 - 5th/3rd | - |
| 007 - PNC Oma Evans Checks | - | 034 - PNC General Fund Money Market | - |
| 017 - First Merit Accounts Payable Checks | 378,218.63 | 037 - USBank Construction | 58,163,790.71 |
| 017 - First Merit Payroll Checks | 159,758.99 | 038 - USBank PI Fund | 15,209,635.34 |
| 017 - FM Deposit Outstanding on Munis | - | 039 - USBank General Fund | 35,554,533.21 |
| 018 - PNC Building Fund Checks | - | | |
| | 537,977.62 | | 117,592,801.91 |
| Pending Payroll Deductions | | Local Grant/Benefit CD's | |
| Federal/Medicare Withholding | 705,627.82 | 022 - First Merit CD | 30,160.78 |
| State Tax | 126,975.41 | 029 - First Merit CD | 5,000.00 |
| City Tax | 349,060.10 | 030 - First Merit CD | - |
| SERS | 343,663.19 | 032 - First Merit CD | 91,968.78 |
| School District Income Tax | 1,575.12 | | 127,129.56 |
| STRS | 746,732.04 | | |
| Valic | - | Investment Sweeps | |
| ING (Voya) | - | 002 - First Merit Student Activity | - |
| Lincoln | - | 017 - First Merit AP/Payroll/CN | 53,592,714.47 |
| Ohio Deferred Comp | 8,349.94 | 018 - PNC Building Fund | - |
| MG Trust (Aspire) | 4,502.50 | | 53,592,714.47 |
| Towpath | - | | |
| | 2,286,486.12 | Miscellaneous Bank Adjustments | |
| Miscellaneous Book Adjustments | | Petty Cash | 1,000.00 |
| 021 - Inventory Allowance | 15,902.33 | Bank Charges to be Refunded | 56.00 |
| 022 - Insurance Accrual | (8,126.32) | Outstanding Payroll Items | 5,955.11 |
| Timing Differences in Accounts Payable | 73,528.43 | Outstanding Deposit | (712.00) |
| | 81,304.44 | Balancing Adj | 0.65 |
| | | | 6,299.76 |
| Adjusted Book Balance | \$ 171,318,945.70 | Adjusted Bank Balance | \$ 171,318,945.70 |