



**Akron Public
Schools®**

Monthly Financial Report

For the F.Y. 2018 Month Ending: December

Ryan Pendleton, CFO



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Overview

Forecast Cash Flow Trend

The cash flow trend through December reflects a much more favorable trend in expenditures than originally forecasted in October. Page 13 provides a detailed analysis by category and the potential annual impact.

Revenue

Revenue is trending within expected ranges. While not reflected in the forecast yet, the 2017 actual valuation increase could generate additional revenue (see pages 11 and 12)

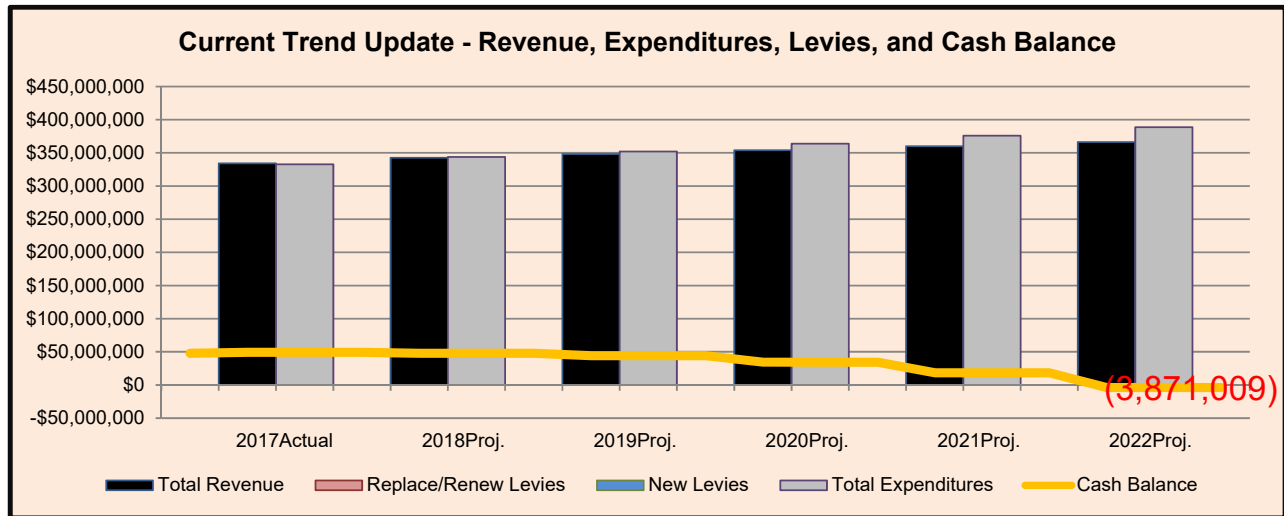
Expenditures

The current cash flow detailed analysis, page 13, reveals that expenditures could be as much as \$4.0 million less than originally forecasted in October. Decreased trend through December, especially for purchased services, supports this indication. Growth that projected to occur in community school tuition, EdChoice Tuition, and Special Education Tuition has not materialized. This is potentially good news for FY 2018 results but could also have ongoing impact if the growth in these tuition areas is entering a phase of stabilization.

Enrollment

Enrollment continues to remain stable but not reflective of year-over-year growth (see page 10). Expenditures are trending lower than projections, especially in the purchased services category (see page 11). This trend will likely have favorable impact on the district's operating margin and cash balance going through FY 2020 projections. The projections will be updated as part of the May, 2018 update.

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



Projected Revenue Surplus/(Shortfall) by Year					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenue Surplus/ (Shortfall)	(\$1,267,717)	(\$3,761,004)	(\$9,826,338)	(\$15,922,722)	(\$22,329,742)

Forecast Updated Trend			
Compared to Updated Trend Forecast as of 1/16/2018			
Variance between Prior and Current Forecast:	2018	2019	2020
Current Forecast Revenue Trend OVER/ UNDER Prior	-0.08%	0.75%	0.74%
Current Forecast Expenditure Trend OVER/ UNDER Prior	0.00%	0.00%	0.00%
Cumulative Variance \$\$\$ Impact on Ending Cash Balance	(\$270,492)	\$2,309,506	\$4,903,424

What are the current forecast trends?

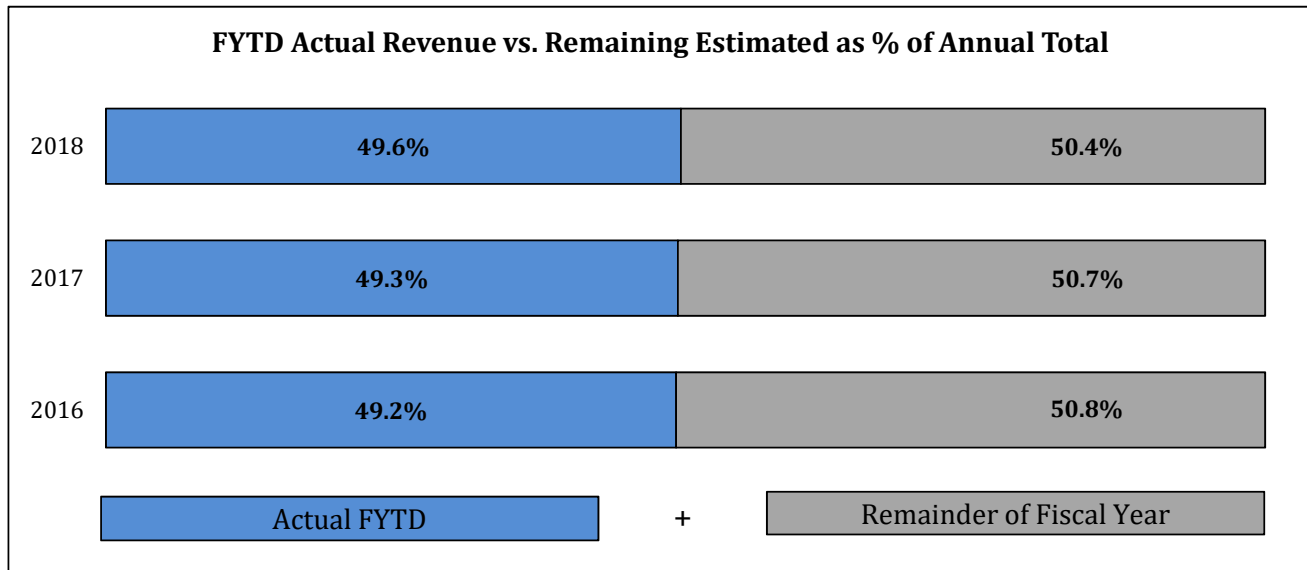
Revenue is up slightly through FY 2020 and could add \$4,903,424 to the district's cash balance.

See page 13 for a more detailed review of the current favorable variances indicated by cash flow analysis.



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

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



Percent of Annual Total		Actual Fiscal Year To Date Revenue, July - December			F.Y. 2018	
		2016 FYTD	2017 FYTD	2018 FYTD	YOY Change	
30.1%	Real Estate Taxes	48,389,843	49,409,779	48,512,607	\$ (897,171)	-1.8%
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%
58.8%	State Aid (Formula + Rest)	96,755,094	99,261,707	102,319,118	\$ 3,057,410	3.1%
4.2%	State Tax Reimb.	8,791,384	7,324,485	7,264,856	\$ (59,629)	-0.8%
4.0%	Other Revenue	6,154,689	4,422,963	7,292,255	\$ 2,869,293	64.9%
0.0%	Other Sources	37,306	13,784	69,980	\$ 56,196	407.7%
100%	Total Revenue	164,303,457	164,837,288	170,409,251	\$ 5,571,963	3.4%
Total YOY Percentage Change					3.4%	

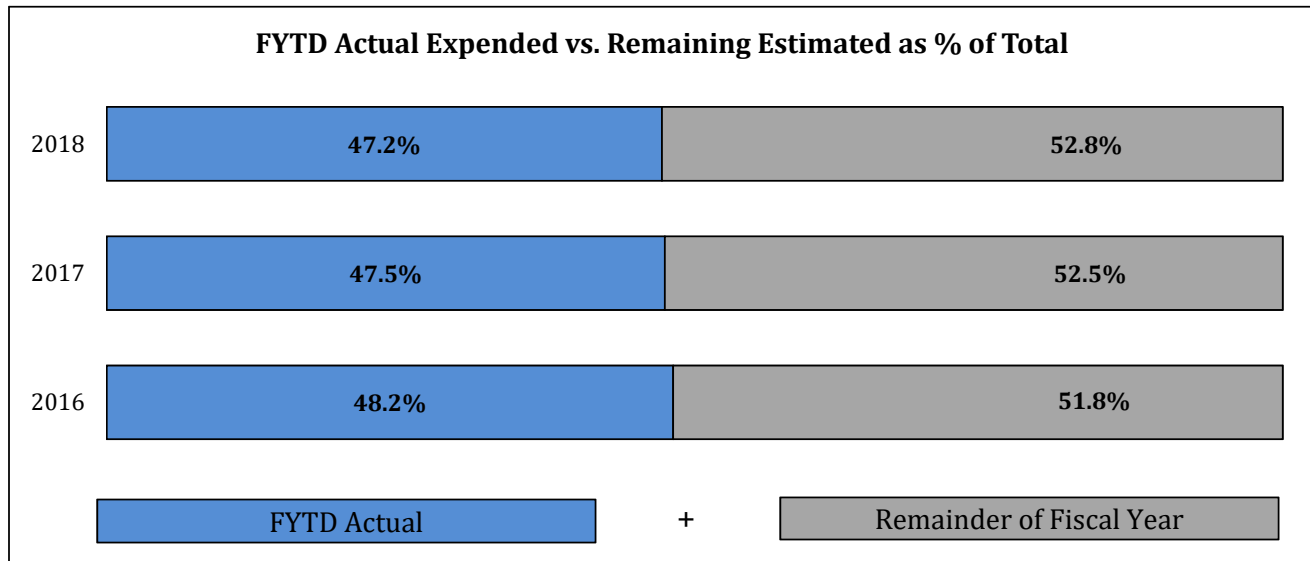
How does fiscal year-to-date revenue compare to prior years?

Overall revenue is up 3.4% over last year at the same time. The increase in state aid was expected but is better than originally forecasted because of stabilizing enrollment (declining had been forecasted).

Other revenue is up because of the timing of TIF payments.

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

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

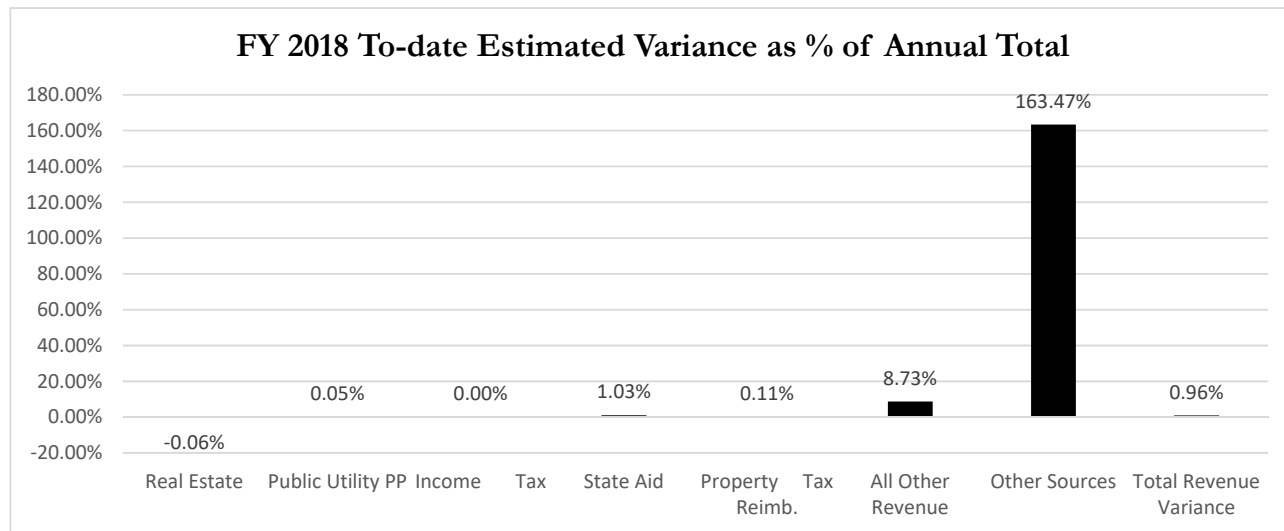


Percent of Annual Total		Actual Fiscal Year To Date Expenditures, July - December			F.Y. 2018	
		2016 FYTD	2017 FYTD	2018 FYTD	YOY Change	
48.8%	Salaries	77,449,941	78,346,551	80,447,149	\$ 2,100,598	2.7%
22.3%	Benefits	33,157,525	35,607,786	36,090,267	\$ 482,481	1.4%
24.3%	Purchased Services	37,961,753	38,972,922	36,058,849	\$ (2,914,073)	-7.5%
2.4%	Supplies	2,337,367	3,627,655	4,625,399	\$ 997,743	27.5%
1.2%	Capital	2,250,698	(181,106)	2,006,959	\$ 2,188,064	-1208.2%
0.0%	Debt, Intergov	-	-	-	\$ -	0.0%
1.0%	Other Objects	1,382,042	1,362,782	1,155,278	\$ (207,504)	-15.2%
0.0%	Other Uses	18,486	181,130	14,818	\$ (166,312)	-91.8%
100%	Total Expenditures	154,557,811	157,917,720	160,398,718	\$ 2,480,998	
Total YOY Percentage Change					1.6%	

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

Expenditures are up just 1.6% over last year impacted significantly by a decrease in purchased services. Special education tuition, EdChoice, and community school tuition combined continues to reflect a reduction of approximately \$3.0 million over original projections. In addition, other purchased service categories are trending favorably (see special report on page 13).

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

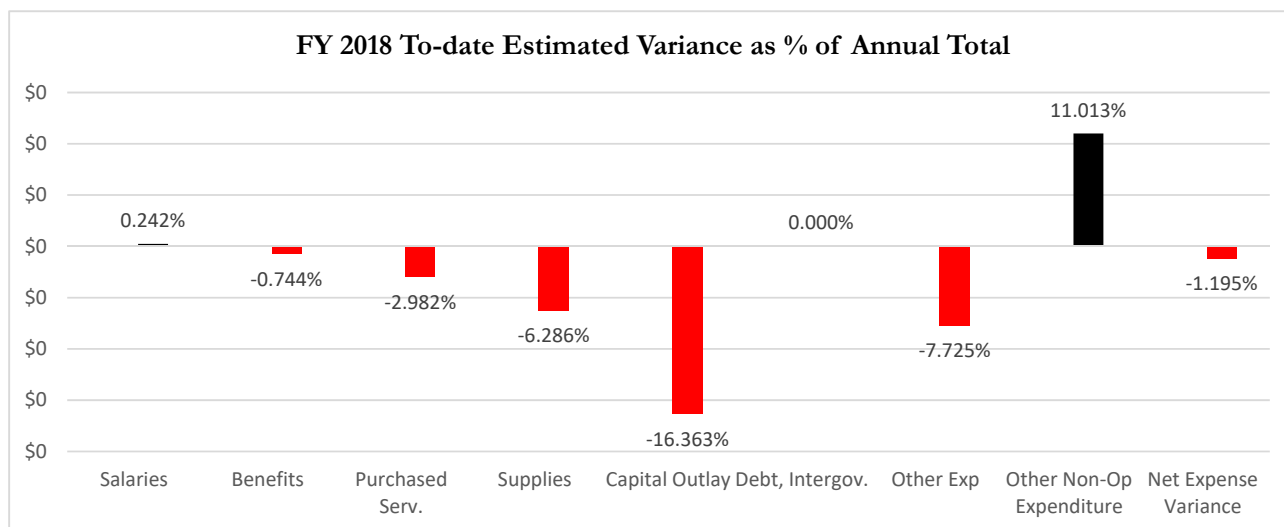


		2018 FYTD	2018 FYTD	2018 FYTD
		Actual	Estimated	Actual Over/
		July	July	(Under)
		through	through	Estimated
		December	December	Variance
Revenue:				
For the F.Y. 2018 Period: July - December				
K	Real Estate Taxes	48,512,607	48,577,310	(64,703)
L	Public Utility PP Taxes	4,950,435	4,945,735	4,700
M	Income Tax	-	-	-
N	State Aid (Formula + Restricted)	102,319,118	100,235,791	2,083,327
P	State Tax Reimb.	7,264,856	7,248,911	15,945
Q	Other Revenue	7,292,255	6,103,556	1,188,699
R	Total Operating Revenue	170,339,271	167,111,303	3,227,968
S	Other Non-Op Revenue	69,980	501	69,479
T	Total Operating Revenue Plus Other Sources	170,409,251	167,111,804	3,297,447

How do FYTD revenue cash flow estimates compare to actual?

Actual revenue is within 0.96 through October. Other revenue is up because of the TIF payments received in October.

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

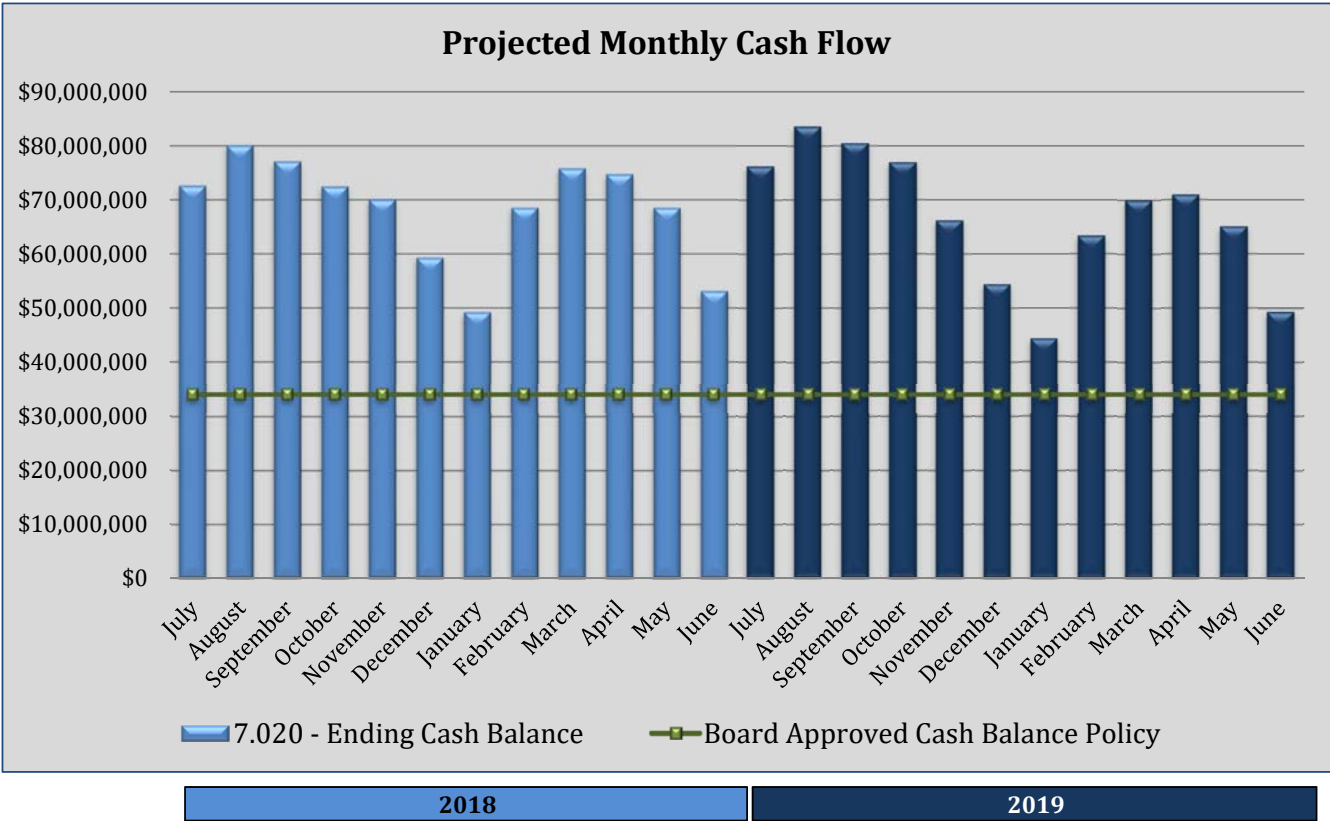


		Actual	Estimated	Actual Over/ (Under) Estimate Variance
		July - December	July - December	
Expenditures:				
For the F.Y. 2018 Period: July - December				
K	Salaries	80,447,149	80,042,316	404,833
L	Benefits	36,090,267	36,660,095	(569,828)
M	Purchased Services	36,058,849	38,552,698	(2,493,849)
N	Supplies	4,625,399	5,142,398	(517,000)
O	Capital	2,006,959	2,690,518	(683,559)
P	Debt, Intergov.	-	-	-
Q	Other Objects	1,155,278	1,417,290	(262,012)
R	Total Operating Expenditures	160,383,900	164,505,314	(4,121,414)
S	Other Non-Op Expenditures	14,818	501	14,317
T	Total Operating Expenditures Plus Other Uses	160,398,718	164,505,816	(4,107,098)

How do FYTD expenditure cash flow estimates compare to actual?

While expenditures are within -1.195% of estimated the cash flow estimates were updated as part of this report and now reflect that purchased services could trend favorably through the end of the fiscal year. If this occurs then the district's cash balance could improve -- see special report on page 13.

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 SFPR Funding Reports

	ODE SFPR FY 2017 Jan #1	ODE SFPR FY 2017 Final # 3	ODE SFPR FY 2018 Dec #2	ODE SFPR FY 2018 Jan #1	Line
SFPR Resident ADM (At District)	20,062	20,079	20,049	20,057	1
Open Enrollment Out Funded FTE	2,151	2,152	2,126	2,128	2
Resident ADM	22,213	22,231	22,175	22,185	3
Community School ADM	3,178	3,041	3,140	3,140	4
Scholarship ADM (Calc)	1,420	1,420	1,469	1,471	5
Formula ADM	26,811	26,692	26,784	26,796	6
Open Enrollment In Funded FTE	678	686	657	657	7

The district's enrollment data submitted to the state for the January #1 SFPR reflect a calculated at district ADM (Line 1) of 20,057 which is down 23 students over last year's final count.

The district's funded enrollment (Line 6) is up slightly because of scholarship (Line 5) and community school (Line 4) enrollment. Scholarship (EdChoice and other) enrollment is up 51 students over last year, while the number of community school students has increased by 99.

Projected Vs Actual Year-Over-Year Valuation Change - 2017

October, 2017 YOY Property Valuation Change

Tax Year	YOY BOR/Update/Reappraisal			YOY New Construction & Other			
	Agricultural	Residential	Class II (All)	Agricultural	Residential	Class II (All)	PUPP
2009	-1.9%	-0.3%	-1.5%	-3.7%	-0.2%	2.3%	-40.7%
2010	0.0%	-0.2%	0.8%	-1.3%	-0.1%	2.6%	-4.2%
2011	-10.1%	-10.3%	-15.3%	13.5%	-0.1%	-0.4%	-4.4%
2012	0.0%	-0.4%	-1.3%	0.0%	-0.6%	-1.1%	10.0%
2013	-0.9%	-0.4%	-1.7%	-0.4%	-0.3%	-6.6%	10.7%
2014	21.0%	-5.0%	3.5%	-13.3%	-0.2%	1.7%	5.6%
2015	0.0%	-0.3%	-1.0%	-0.1%	-0.2%	-3.0%	3.0%
2016	-1.0%	-0.3%	1.2%	-0.4%	-0.3%	2.5%	12.4%
2017	0.0%	3.8%	-1.9%	0.0%	-0.1%	1.0%	3.5%
2018	0.0%	-0.3%	-0.5%	0.0%	-0.1%	1.0%	3.5%
2019	0.0%	-0.3%	-0.5%	0.0%	-0.1%	1.0%	3.0%
2020	0.0%	5.0%	1.0%	0.0%	-0.1%	2.0%	3.0%
2021	0.0%	-0.3%	-0.5%	0.0%	-0.1%	2.0%	3.0%

Actual, 2017 YOY Property Valuation Change

Tax Year	YOY BOR/Update/Reappraisal			YOY New Construction & Other			
	Agricultural	Residential	Class II (All)	Agricultural	Residential	Class II (All)	PUPP
2009	-1.9%	-0.3%	-1.5%	-3.7%	-0.2%	2.3%	-40.7%
2010	0.0%	-0.2%	0.8%	-1.3%	-0.1%	2.6%	-4.2%
2011	-10.1%	-10.3%	-15.3%	13.5%	-0.1%	-0.4%	-4.4%
2012	0.0%	-0.4%	-1.3%	0.0%	-0.6%	-1.1%	10.0%
2013	-0.9%	-0.4%	-1.7%	-0.4%	-0.3%	-6.6%	10.7%
2014	21.0%	-5.0%	3.5%	-13.3%	-0.2%	1.7%	5.6%
2015	0.0%	-0.3%	-1.0%	-0.1%	-0.2%	-3.0%	3.0%
2016	-1.0%	-0.3%	1.2%	-0.4%	-0.3%	2.5%	12.4%
2017	-8.1%	1.4%	-5.1%	2.5%	-0.2%	6.9%	3.5%
2018	0.0%	-0.3%	-0.5%	0.0%	-0.1%	1.0%	3.5%
2019	0.0%	-0.3%	-0.5%	0.0%	-0.1%	1.0%	3.0%
2020	0.0%	5.1%	1.0%	0.0%	-0.1%	1.9%	3.0%
2021	0.0%	-0.3%	-0.5%	0.0%	-0.1%	1.9%	3.0%

From an economic perspective the residential real estate values did not improve as projected, at 1.4% growth this is less than half of the 3.8% projected. In addition, new construction for residential was -0.2%. These are negative indicators for residential real estate values.

Conversely, the Class II (business) property values increased 6.9% which is the biggest increase on record back to 2005. This large increase in new construction will add considerably to local real estate taxes. Further information will be obtained to determine if there is any exempted values included in this new construction.

Potential Valuation Change Impact on Revenue

2014 2011		BOR, Reappraisal or Update			New Construction & Other, Including Changes in Exempt Property				
		Agricultural Inflation/ Deflation \$	Residential Inflation/ Deflation \$	Class II (All) Inflation/ Deflation \$	Agricultural Other \$ Change	Residential Other \$ Change	Class II (All) Other \$ Change	PP/PUPP Increase/ Decrease \$	
Tax Year					Tax Year				
Historical Valuation Changes by Classification	2009	(12,100)	(6,569,810)	(11,285,710)	2009	(23,360)	(3,011,260)	16,465,720	(65,433,990)
	2010	0	(4,334,790)	5,573,090	2010	(7,800)	(2,607,620)	19,241,170	(3,980,360)
	2011	(59,680)	(195,790,250)	(116,700,670)	2011	80,270	(2,642,080)	(2,847,730)	(4,029,810)
	2012	0	(6,631,660)	(8,529,600)	2012	0	(9,563,890)	(7,327,960)	8,725,990
	2013	(5,460)	(6,832,290)	(10,572,560)	2013	(2,230)	(5,087,980)	(41,078,460)	10,277,860
	2014	126,990	(84,786,350)	19,948,540	2014	(80,700)	(2,941,870)	9,701,420	5,977,340
	2015	0	(4,098,440)	(5,796,850)	2015	(390)	(3,785,560)	(17,918,010)	3,342,690
	2016	(6,450)	(4,023,360)	7,173,820	2016	(2,670)	(4,187,610)	14,387,720	14,375,750
Actual	2017	(52,340)	22,684,840	30,620,200	2017	15,800	(3,092,440)	41,194,580	4,048,690
Projected Value Changes	2018	0	(5,578,642)	(2,970,735)	2018	0	(1,593,898)	5,941,470	4,714,733
	2019	0	(5,553,538)	(2,985,589)	2019	0	(1,586,725)	5,971,178	4,182,641
	2020	0	81,000,000	6,001,034	2020	0	(1,579,585)	12,002,067	4,308,121
	2021	0	(5,688,875)	(3,090,532)	2021	0	(1,625,393)	12,362,129	4,437,364

If Revenue Potential		Current Levied Class I	Current Levied Class II	Current Levied PUPP
Frozen Levied Tax Revenue Estimates @100% Billable	Collection Year			
	2018	83,058,725	36,555,461	10,237,705
	2019	82,954,412	36,909,291	10,596,025
	2020	82,850,317	37,266,611	10,913,906
	2021	83,113,608	38,028,387	11,241,323
Revenue est. using modeled valuations in rows 17 - 21	2022	83,010,333	38,777,618	11,578,562
	2018	82,662,906	38,735,311	10,199,203
	2019	82,556,857	39,066,358	10,557,523
	2020	82,451,021	39,400,481	10,875,403
	2021	82,712,750	40,116,813	11,202,821
	2022	82,607,858	40,818,634	11,540,060

Revenue Impact on Valuation Changes Modeled Above - at 100% Billable Taxes

Collection Year	Levied Tax Revenue Change, Frozen Valuations vs. Live Valuation			Valuation Modeling Revenue
	Class I	Class II	PUPP	
	Impact			
2018	(395,819)	2,179,850	(38,502)	1,745,529
2019	(397,555)	2,157,067	(38,502)	1,721,009
2020	(399,296)	2,133,871	(38,502)	1,696,072
2021	(400,857)	2,088,426	(38,502)	1,649,067
2022	(402,475)	2,041,016	(38,502)	1,600,039

Because of the valuation increases detailed on page 11, the district can expect about \$1,745,529 additional local tax dollars in calendar year 2018 collections. As the table in the bottom right hand corner above reflects, annual revenue increases are calculated to range from \$1.6 to \$1.745 million annually.

Current Cash Flow Forecast Compared to Prior (October)

Actual Cash Flow Used - July - December			Difference	Proj. from Current 5year Forecast 2018	Proj. from Actual/Est. Cash Flow 2018
		Revenue:			
1.010 - General Property Tax (Real Estate)			(64,703)	102,965,020	102,900,317
1.020 - Public Utility Personal Property			4,700	10,064,604	10,069,304
	1.030 - Income Tax		-	-	-
	1.035 - Unrestricted Grants-in-Aid		655,956	175,699,136	176,355,093
	1.040 - 1.045 - Restricted Grants-in-Aid		475,854	25,608,035	26,083,888
	1.050 - Property Tax Allocation		15,945	14,526,906	14,542,851
	1.060 - All Other Operating Revenues		(130,750)	13,621,196	13,490,445
	1.070 - Total Revenue		957,001	342,484,896	343,441,898
	Other Financing Sources:				
	2.070 - Total Other Financing Sources		58,977	42,502	101,479
	2.080 - Total Revenues and Other Financing Sources		1,015,978	342,527,398	343,543,377
		Expenditures:			
	3.010 - Personnel Services		1,708,237	167,626,789	169,335,026
	3.020 - Employees' Retirement/Insurance Benefits		(569,828)	76,602,162	76,032,334
	3.030 - Purchased Services		(4,065,454)	83,642,083	79,576,629
	3.040 - Supplies and Materials		(253,316)	8,224,687	7,971,371
	3.050 - Capital Outlay		(683,559)	4,177,443	3,493,884
	4.300 - Other Objects		(217,011)	3,391,952	3,174,941
	4.500 - Total Expenditures		(4,080,931)	343,665,116	339,584,185
	Other Financing Uses:				
	5.040 - Total Other Financing Uses		14,317	130,000	144,317
	5.050 - Total Expenditures and Other Financing Uses		(4,066,614)	343,795,116	339,728,502
	Excess of Rev & Other Financing Uses Over (Under)				
	6.010 - Expenditures and Other Financing Uses		5,082,592	(1,267,717)	3,814,875

Revenue is trending \$1,015,978 higher than the October forecast, the largest positive contribution is from state funding and stable enrollment (when decline had been modeled in October).

The revenue on this page does not include the additional \$1.7 million that could be recognized on an annual basis from the larger than projected increase in values (see page 12). After this growth is confirmed the forecast will be updated.

This good news could significantly impact the forecast and ending cash balances, not only in FY 2018 but also fiscal years 2019 through 2022. The total 2018 impact is about \$5.8 million. It is expected that about \$3.5 million could be the ongoing annual positive impact (note this analysis includes the real estate growth).

There are many variables remaining in the final six months of FY 2018 and as actual data becomes available the cash flow estimates will be updated.

AKRON PUBLIC SCHOOLS
MONTHLY RECONCILIATION
Dec 2017

Book Balance		Bank Balance	
USAS Accounting System		Month End Bank Account Balances	
Beginning Balance	167,599,442.59	005 - PNC Practical Nursing	-
Plus Receipts	33,848,091.17	007 - PNC Oma Evans	150,225.22
Less Expenditures	40,093,178.38	008 - HNB Schumacher	85.60
Ending Balance	161,354,355.38	009 - STAR Ohio	10,089,277.69
		017 - HNB AP/Payroll/CN/SA	42,003,864.78
		018 - PNC Building Fund	2,013,156.83
Outstanding Checks & Direct Deposits		021 - HNB FSA Account	430,017.00
005 - HNB Practical Nursing Checks	-	037 - USBank Construction	58,598,254.80
017 - HNB Accounts Payable Checks	871,553.67	038 - USBank PI Fund	15,358,850.12
017 - HNB Payroll Checks	147,339.29	039 - USBank General Fund	35,895,374.50
017 - HNB Deposit Outstanding on Munis	-		
	1,018,892.96		164,539,106.54
		Local Grant/Benefit CD's	
Pending Payroll Deductions		022 - HNB CD	35,313.60
Federal/Medicare Withholding	894,257.44	029 - HNB CD	5,000.00
State Tax	160,613.27	030 - HNB CD	-
City Tax	381,671.01	032 - HNB CD	92,388.38
SERS	140,444.72		132,701.98
School District Income Tax	1,665.88		
STRS	782,234.53	Flex Spending Account	
Valic	200.00	Prefunded Account	20,000.00
ING (Voya)	275.00	Service Charges	40.00
Lincoln	150.00		20,040.00
Ohio Deferred Comp	2,765.00		
MG Trust (Aspire)	6,447.50		
Towpath		Miscellaneous Bank Adjustments	
	2,370,724.35	Petty Cash	1,000.00
		Bank Charges to be Refunded	30.00
Miscellaneous Book Adjustments		Credit Card Charges to be Refunded	-
021 - Inventory Allowance	11,550.84	Outstanding Payroll Items	3,422.99
022 - Insurance Accrual	(70,269.75)	Outstanding Deposit	(2,407.23)
Timing Differences in Accounts Payable	10,333.20	Balancing Adj	1,692.70
	(48,385.71)		3,738.46
Adjusted Book Balance	\$ 164,695,586.98	Adjusted Bank Balance	\$ 164,695,586.98