



# Akron Public Schools®

## Monthly Financial Report

*For the F.Y. 2016 Month Ending: March*  
4/11/2016

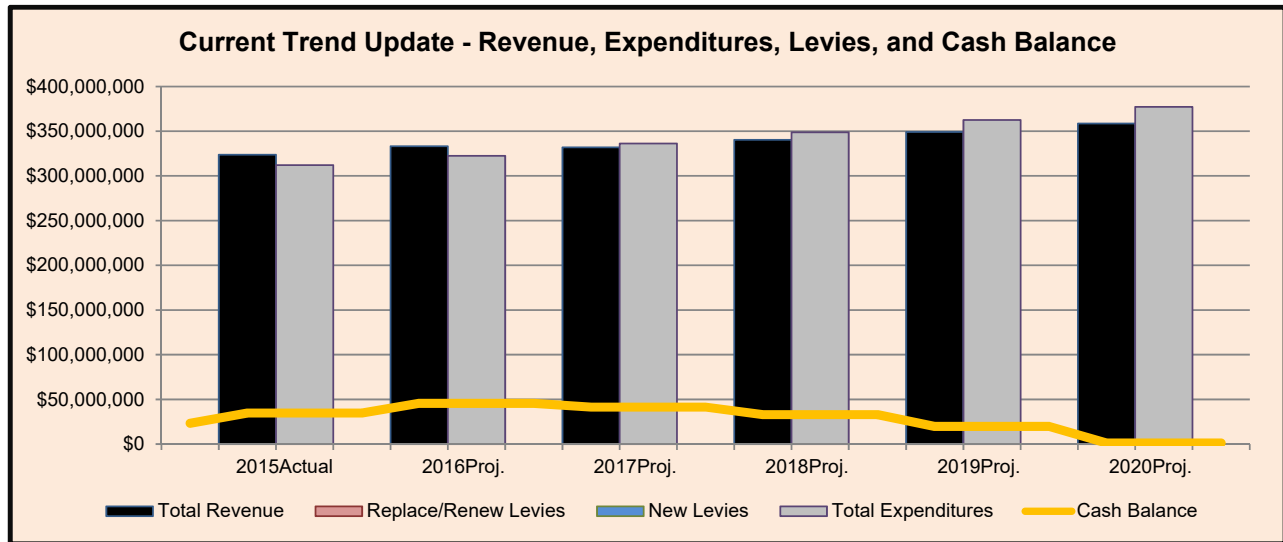
Ryan Pendleton, CFO



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## Updated Forecast Trend For The Month of March, F.Y. 2016



Projected Revenue Surplus/(Shortfall) by Year					
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue Surplus/(Shortfall)	\$10,768,884	(\$4,189,135)	(\$8,367,469)	(\$13,272,086)	(\$18,540,692)

Forecast Updated Trend			
Compared to Updated Trend Forecast as of 4/11/2016			
Variance between Prior and Current Forecast:	2016	2017	2018
Current Forecast Revenue Trend OVER/UNDER Prior	-0.29%	-0.43%	-0.43%
Current Forecast Expenditure Trend OVER/UNDER Prior	-0.25%	-0.19%	-0.21%
Cumulative Variance \$\$\$ Impact on Ending Cash Balance	(\$157,296)	(\$956,896)	(\$1,682,024)

### What are the current forecast trends?

The district continues to trend toward a growing revenue shortfall that could reach -\$18,540,692 by FY 2020.

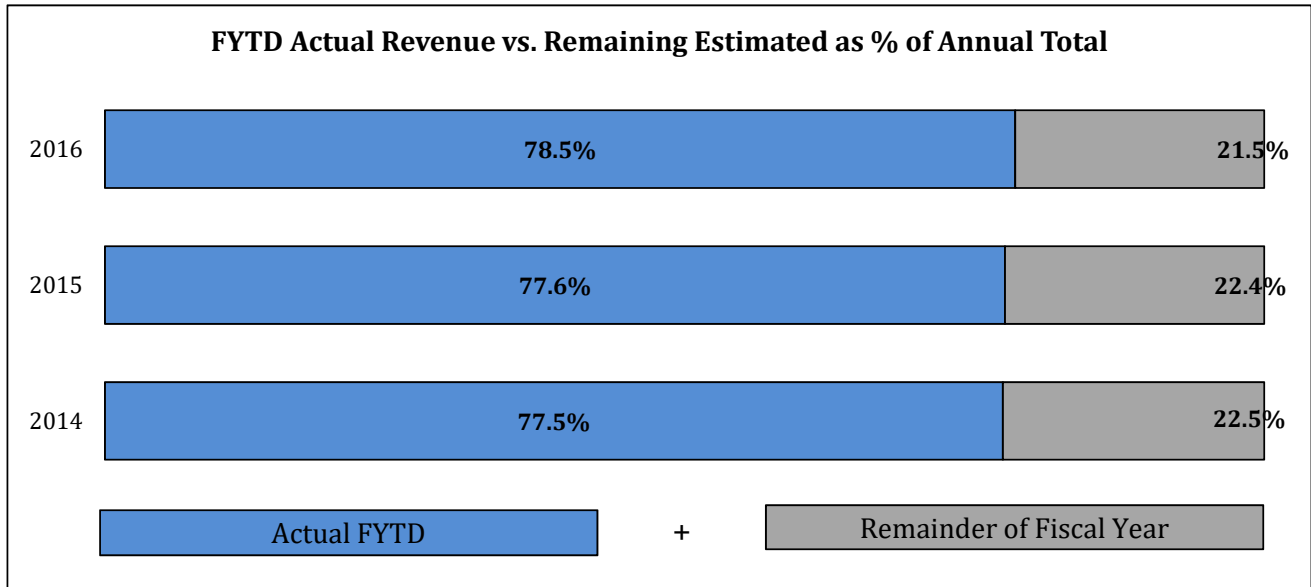
The forecast was updated in March to reflect trends since October. The April trends indicate that state revenue declined because of a slight decrease in funded enrollment and also a decrease in economic disadvantaged funding. Medicaid funding in March is trending down compared to the prior year. These combined factors are reducing revenue by -0.29% in FY 2016, -0.43% in FY 2017, and -0.43% in FY 2018. See Supplemental report.

Expenditures are trending slightly better in FY 2016 through FY 2018 because of purchased services and discretionary spending in supplies. The combined impact in FY 2016 is -0.25%, and -0.19% and -0.21% in FY's 2017 and 2018 respectively. See supplemental report section.



## 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. 2016 YOY Change	
		2014 FYTD	2015 FYTD	2016 FYTD		
30.4%	Real Estate Taxes	90,497,258	93,923,871	92,385,678	\$ (1,538,192)	-1.6%
0.0%	Public Utility PP Taxes	3,652,833	4,059,798	4,175,142	\$ 115,344	2.8%
0.0%	Income Tax	-	-	-	\$ -	0.0%
58.3%	State Aid (Formula + Rest)	126,587,395	137,314,348	147,168,687	\$ 9,854,340	7.2%
5.2%	State Tax Reimb.	10,379,111	10,622,285	8,787,802	\$ (1,834,483)	-17.3%
3.4%	Other Revenue	8,687,859	5,311,658	9,101,592	\$ 3,789,934	71.4%
0.0%	Other Sources	27,590	10,926	27,847	\$ 16,921	154.9%
100%	<b>Total Revenue</b>	<b>239,832,047</b>	<b>251,242,885</b>	<b>261,646,748</b>	<b>\$ 10,403,863</b>	<b>4.1%</b>
<b>Total YOY Percentage Change</b>					<b>4.1%</b>	

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

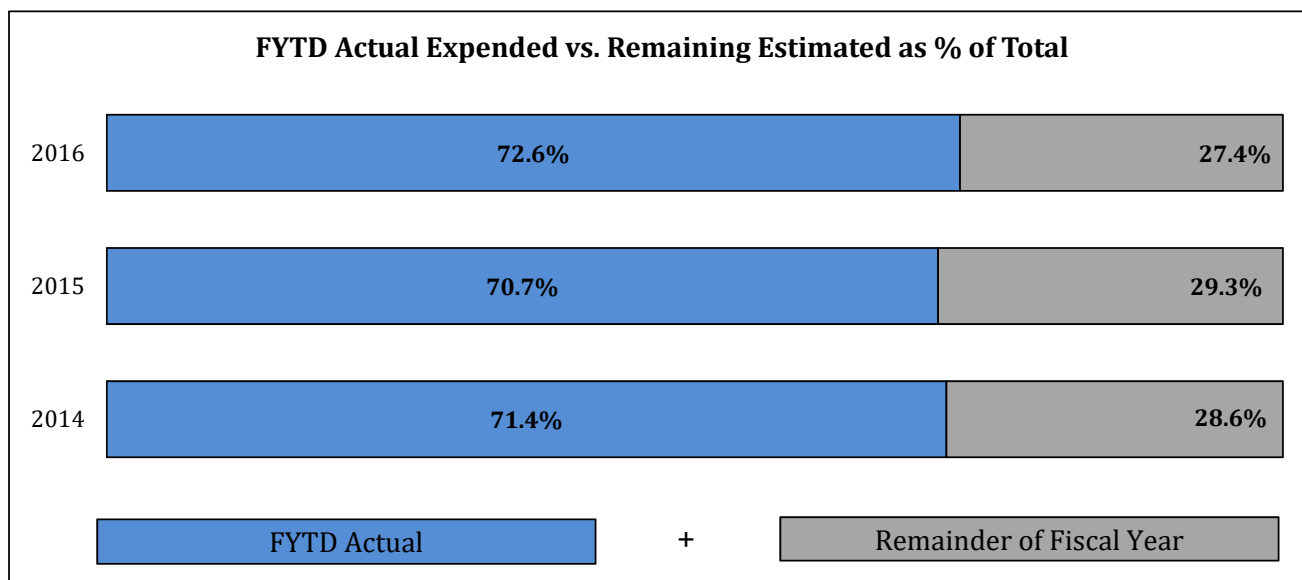
Revenue is up 4.1% over last year.

The primary contributors to the revenue increase are state funding (Formula) and local payments in lieu of taxes (Other Revenue). Revenue for these alternative tax payments was down considerably in FY 2015.

Property tax allocation is down because of the state's reduction in its tangible personal property tax reimbursement payments. These payments are being phased-out with the new, current budget. Visually, the table above shows that while the state increased formula funding through January, it also reduced its reimbursements by \$1.8 million.

## 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. 2016 YOY Change	
		2014 FYTD	2015 FYTD	2016 FYTD		
49.6%	Salaries	107,518,935	114,815,282	117,609,190	\$ 2,793,907	2.4%
21.0%	Benefits	47,818,813	46,105,954	50,561,426	\$ 4,455,471	9.7%
24.9%	Purchased Services	48,435,182	52,084,068	56,741,360	\$ 4,657,292	8.9%
2.2%	Supplies	4,818,988	4,627,685	4,562,640	\$ (65,045)	-1.4%
1.2%	Capital	3,960,193	1,505,884	2,760,401	\$ 1,254,516	83.3%
0.0%	Debt, Intergov	-	-	-	\$ -	0.0%
1.0%	Other Objects	1,509,668	1,365,452	1,592,879	\$ 227,427	16.7%
0.0%	Other Uses	78,663	82,828	20,475	\$ (62,353)	-75.3%
100%	<b>Total Expenditures</b>	<b>214,140,442</b>	<b>220,587,153</b>	<b>233,848,371</b>	<b>\$ 13,261,217</b>	
<b>Total YOY Percentage Change</b>					<b>6.0%</b>	

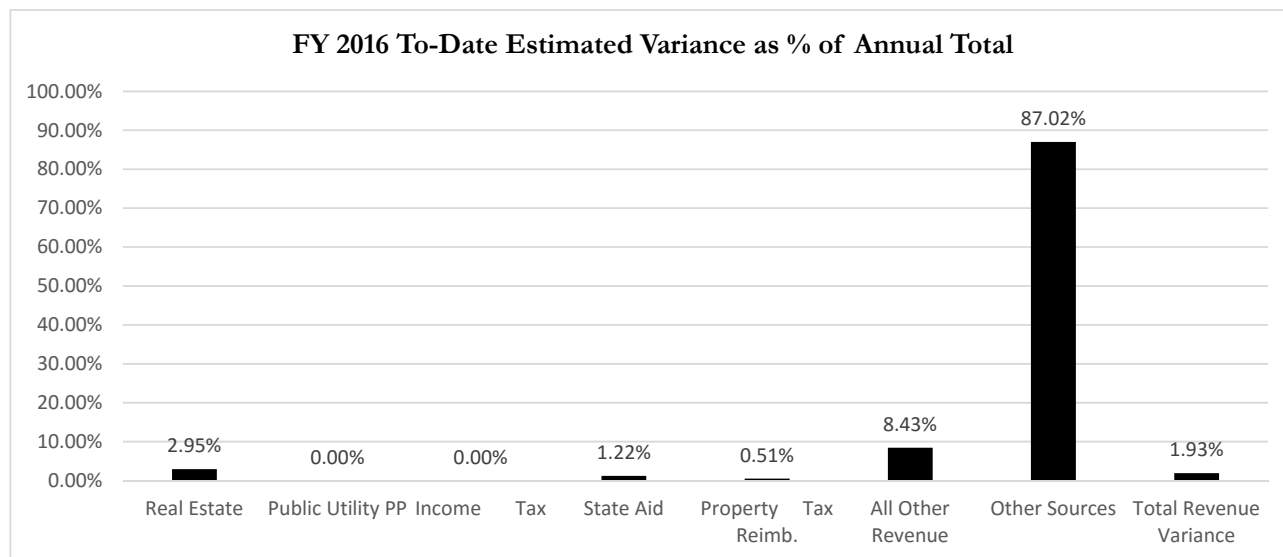
How do fiscal year-to-date expenditures compare to prior years?

Actual fiscal year-to-date expenditures are up 6.0% over last year.

All increases are in-line with expectations. Capital is up because of the timing of purchases, but is still trending in-line with expectations for FY 2016.

Purchased services are up because of the timing of tuition payments in FY 2015 versus FY 2016. This occurred because in FY 2015 the Ohio Department of Education concentrated most of the payments in the last quarter of the fiscal year. In FY 2016 the ODE has spread this cost more evenly over the months, and therefore the first part of FY 2016 is experiencing higher cost, but that last quarter is expected to be lower than FY 2015. Purchased services are not growing as originally expected in October because year-over-year community school enrollment is down.

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



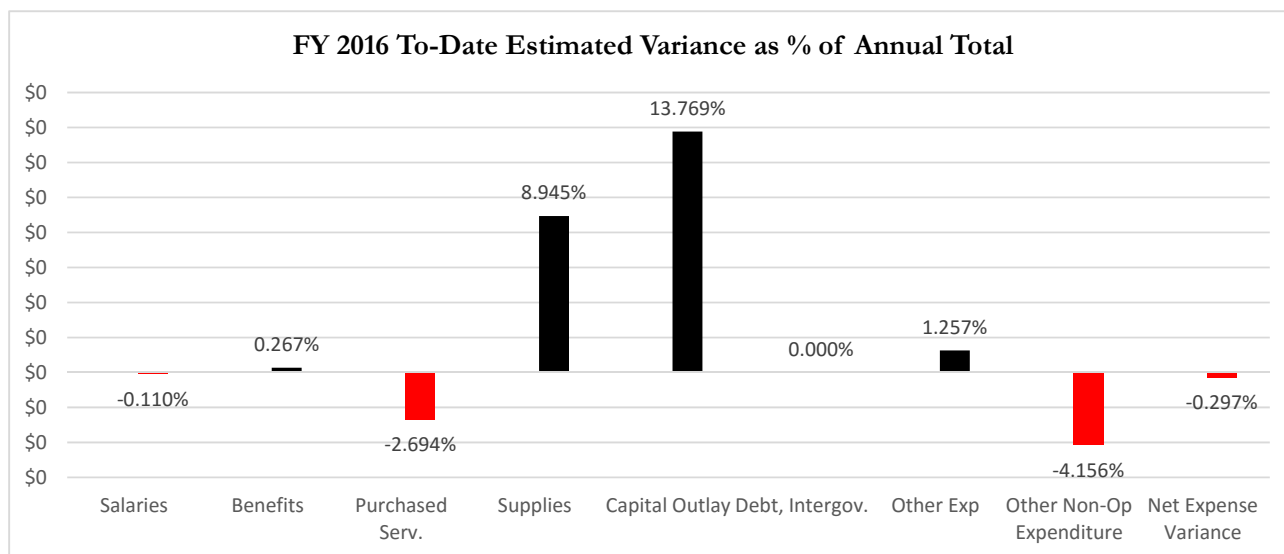
		2016 FYTD	2016 FYTD	2016 FYTD
		Actual	Estimated	Actual Over/
		July	July	(Under)
		through	through	Estimated
		March	March	Variance
Revenue:				
For the F.Y. 2016 Period: July - March				
K	Real Estate Taxes	92,385,678	89,389,844	2,995,835
L	Public Utility PP Taxes	4,175,142	4,174,991	151
M	Income Tax	-	-	-
N	State Aid (Formula + Restricted)	147,168,687	144,804,585	2,364,102
P	State Tax Reimb.	8,787,802	8,699,773	88,029
Q	Other Revenue	9,101,592	8,135,413	966,179
R	Total Operating Revenue	261,618,901	255,204,606	6,414,296
S	Other Non-Op Revenue	27,847	-	27,847
T	Total Operating Revenue Plus Other Sources	261,646,748	255,204,606	6,442,142
		2.52%		

### How do FYTD revenue cash flow estimates compare to actual?

Actual revenue is trending 2.52% higher than estimated.

The primary contributor to this variance is the timing of real estate tax advances, the actual money received to-date is higher than expected; however the final real estate tax settlement is expected to be in-line with the overall forecast. Therefore this fluctuation is only a matter of the timing of payments from the county auditor. State aid revenue is trending higher because of timing, and other revenue is trending higher than estimated because of the timing of a Medicaid payment (March, 2016 vs June, 2015).

## Fiscal Year To Date (through) Actual Expenditures Compared to Estimates



		Actual	Estimated	Actual Over/ (Under) Estimated Variance
		July through March	July through March	
Expenditures:				
For the F.Y. 2016 Period: July - March				
K	Salaries	117,609,190	117,785,114	(175,924)
L	Benefits	50,561,426	50,380,724	180,701
M	Purchased Services	56,741,360	58,908,256	(2,166,895)
N	Supplies	4,562,640	3,931,034	631,606
O	Capital	2,760,401	2,223,952	536,449
P	Debt, Intergov.	-	-	-
Q	Other Objects	1,592,879	1,552,367	40,512
R	Total Operating Expenditures	233,827,896	234,781,446	(953,551)
S	Other Non-Op Expenditures	20,475	25,878	(5,403)
T	Total Operating Expenditures Plus Other Uses	233,848,371	234,807,324	(958,954)
		-0.41%		

### How do FYTD expenditure cash flow estimates compare to actual?

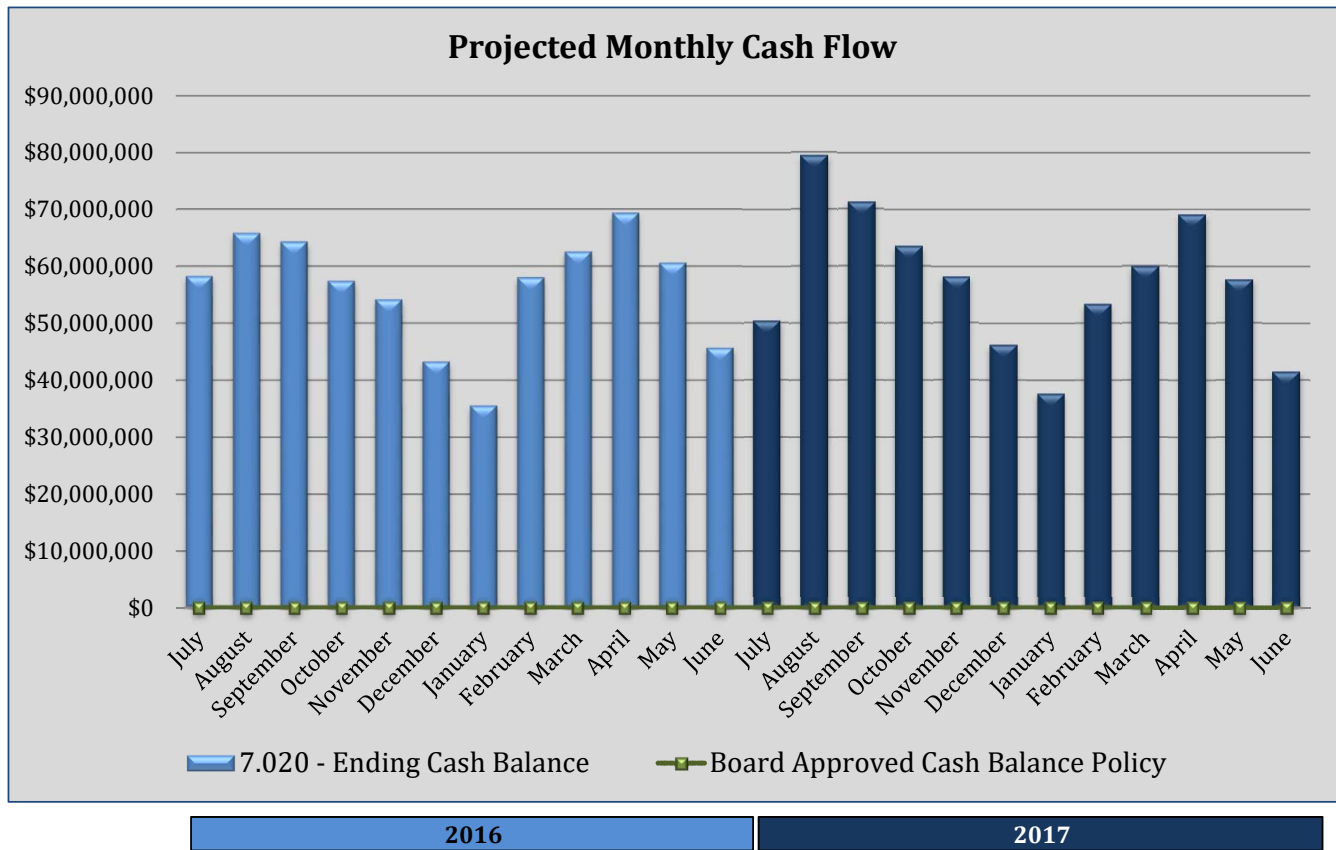
Actual expenditures through March have trended within -0.41% of estimated.

The supply and capital category variances are due to timing of expenditures compared to last year, and therefore the annual total is expected to be in-line with annual projected amounts.

Purchased services are trending lower than original estimates, this category includes community school and scholarship tuition costs. The Department of Education just started using the district's current year enrollment data in March, 2016. The initial indication is that tuition for community school and scholarship students combined is actually trending less than last year's level rather than meeting the projected increase used in October. This is of course good news in terms of operating costs and has been incorporated into the current forecast trend update.

All categories will be monitored closely over the next few weeks leading up the May forecast update.

## Monthly Cash Balance Estimates Fiscal Years 2016 and 2017

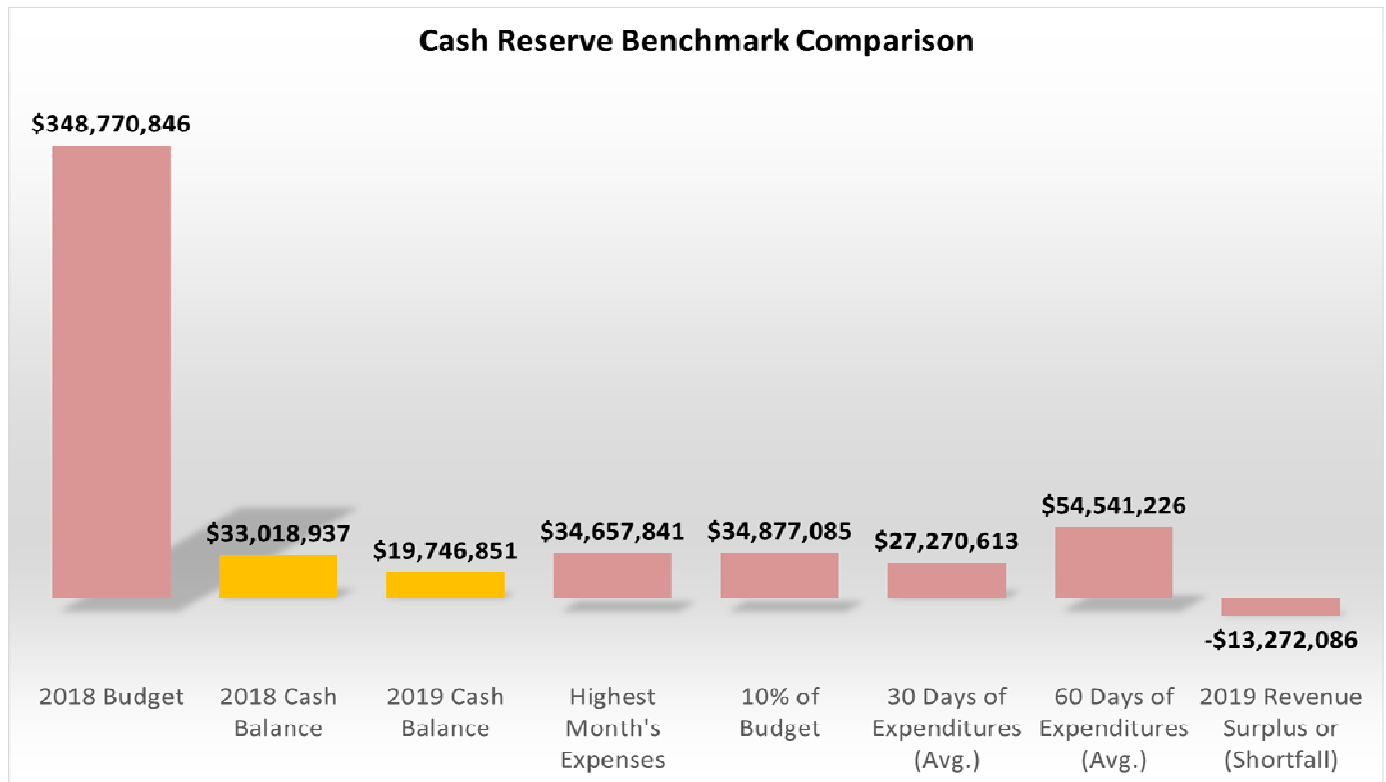


### Monthly cash flow estimates

Monthly ending cash balances are adequate through June 30, 2017.



## Cash Balance Reserve Benchmarks



In considering a cash balance reserve policy, the district's projected cash balance amounts for FY 2018 and FY 2019 are compared to relevant benchmarks in the above graph.

The cash balance for two fiscal years was included because of the district's projected revenue shortfall and declining cash balance. These benchmarks help establish ranges for reserve consideration.

For example, the district's projected FY 2019 cash balance is substantially less than thirty days of expenditures and it fails to meet even ten percent of the district's annual budget. Naturally the district will work to reduce the impact of projected revenue shortfalls on the district's finances, but the benchmarks above provide a static point in time for comparison.

## FY 2016 Forecast Compare (March Vs. April Trend)

### Fiscal Year 2016 Forecasted Amounts

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
		Forecast Amounts For F.Y. 2016 Prepared on: March, 2016	Forecast Amounts For F.Y. 2016 Prepared on: 4/9/2016		
Revenue:					
1	Real Estate & Property Allocation	\$118,790,486	\$118,790,486	\$0	0.0%
2	Public Utility Personal Property	\$8,673,075	\$8,673,075	\$0	0.0%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$194,819,324	\$194,249,105	-\$570,220	-0.3%
5	Other Revenue	\$11,844,772	\$11,459,736	-\$385,036	-3.3%
6	Other Non Operating Revenue	\$32,000	\$32,000	\$0	0.0%
7	Total Revenue	\$334,159,657	\$333,204,401	-\$955,255	-0.3%
Expenditures:					
8	Salaries	\$159,958,817	\$159,958,817	\$0	0.0%
9	Fringe Benefits	\$67,432,989	\$67,732,989	\$300,000	0.4%
10	Purchased Services	\$80,925,612	\$80,433,286	-\$492,326	-0.6%
11	Supplies,Debt, Capital Outlay & Other	\$14,786,058	\$14,180,425	-\$605,633	-4.1%
12	Other Non Operating Expenditures	\$130,000	\$130,000	\$0	0.0%
13	Total Expenditures	\$323,233,477	\$322,435,517	-\$797,960	-0.2%
14	Revenue Over/(Under) Expenditures	\$10,926,180	\$10,768,884	-\$157,296	0.0%
15	Ending Cash Balance	\$45,732,836	\$45,575,541	-\$157,296	-0.3%

State foundation is down over March because of an enrollment drop in community school (funded ADM) of about 50 students, as well as a drop of 60 regular funded students. The real drop in state foundation, which is impacting FY 2016 and beyond, is that from March to April the state's economic disadvantaged percentage went up 1.1% while the district's percent only went up 0.6%. This change in relative position cut about \$500,000 in economic disadvantaged funding to the district.

Other revenue is down because of the March, 2016 Medicaid reimbursement relative to last year's, which was received in June. However, other components of "other revenue" line helped mitigate some of the \$600,000 reduction from Medicaid. Medicaid will be researched to see if the level could recover by year-end.

Fringe benefits are trending about \$300,000 above estimated, this was not carried forward into subsequent years. Purchased services reflects the April #1 SFPR which shows a significant YOY drop in community school tuition, some of this reduction is carried forward in subsequent years. Discretionary Line 11 accounts reflect a general downward trend, and this trend has been carried into subsequent years.

## FY 2017 Forecast Compare (March Vs. April Trend)

### Fiscal Year 2017 Forecasted Amounts

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar	Percent
		Forecast	Forecast	Difference	Difference
		Amounts For	Amounts For	Between	Between
		F.Y. 2017	F.Y. 2017	Previous	Previous
		Prepared on:	Prepared on:	and	and
		March, 2016	4/9/2016	Current	Current
Revenue:					
1	Real Estate & Property Allocation	\$115,014,194	\$115,014,194	\$0	0.0%
2	Public Utility Personal Property	\$8,977,273	\$8,977,273	\$0	0.0%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$198,056,174	\$196,753,420	-\$1,302,754	-0.7%
5	Other Revenue	\$11,346,889	\$11,223,627	-\$123,261	-1.1%
6	Other Non Operating Revenue	\$32,000	\$32,000	\$0	0.0%
7	Total Revenue	\$333,426,530	\$332,000,514	-\$1,426,015	-0.4%
Expenditures:					
8	Salaries	\$164,149,536	\$164,149,536	\$0	0.0%
9	Fringe Benefits	\$72,778,594	\$72,778,594	\$0	0.0%
10	Purchased Services	\$84,036,674	\$83,854,068	-\$182,606	-0.2%
11	Supplies,Debt, Capital Outlay & Other	\$15,721,260	\$15,277,451	-\$443,808	-2.8%
12	Other Non Operating Expenditures	\$130,000	\$130,000	\$0	0.0%
13	Total Expenditures	\$336,816,064	\$336,189,649	-\$626,415	-0.2%
14	Revenue Over/(Under) Expenditures	-\$3,389,534	-\$4,189,135	-\$799,601	-0.2%
15	Ending Cash Balance	\$42,343,302	\$41,386,406	-\$956,896	-2.3%

Economic disadvantaged is impacting state funding.

Purchased services trend reductions in FY 2016 were partially carried forward.

Discretionary line 11 trends were lower in 2016 and partially carried forward.

## FY 2018 Forecast Compare (March Vs. April Trend)

### Fiscal Year 2018 Forecasted Amounts

	Column A	Column B	Column C	Column D
	Previous Forecast Amounts For F.Y. 2018 Prepared on: March, 2016	Current Forecast Amounts For F.Y. 2018 Prepared on: 4/9/2016	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
Revenue:				
1 Real Estate & Property Allocation	\$115,274,418	\$115,274,418	\$0	0.0%
2 Public Utility Personal Property	\$9,313,481	\$9,313,481	\$0	0.0%
3 Income Tax	\$0	\$0	\$0	n/a
4 State Foundation Restricted & Unrestricted	\$205,680,227	\$204,310,472	-\$1,369,755	-0.7%
5 Other Revenue	\$11,558,694	\$11,473,006	-\$85,688	-0.7%
6 Other Non Operating Revenue	\$32,000	\$32,000	\$0	0.0%
7 Total Revenue	\$341,858,820	\$340,403,377	-\$1,455,444	-0.4%
Expenditures:				
8 Salaries	\$168,665,704	\$168,665,704	\$0	0.0%
9 Fringe Benefits	\$77,051,295	\$77,051,295	\$0	0.0%
10 Purchased Services	\$87,186,809	\$87,007,063	-\$179,746	-0.2%
11 Supplies,Debt, Capital Outlay & Other	\$16,467,354	\$15,916,784	-\$550,570	-3.3%
12 Other Non Operating Expenditures	\$130,000	\$130,000	\$0	0.0%
13 Total Expenditures	\$349,501,162	\$348,770,846	-\$730,316	-0.2%
14 Revenue Over/(Under) Expenditures	-\$7,642,341	-\$8,367,469	-\$725,128	-0.2%
*Percentage Expressed In Terms of Total Expenditures				
15 Ending Cash Balance	\$34,700,961	\$33,018,937	-\$1,682,024	-4.8%

Economic disadvantaged is impacting state funding.

Purchased services trend reductions in FY 2016 were partially carried forward.

Discretionary line 11 trends were lower in 2016 and partially carried forward.



**AKRON PUBLIC SCHOOLS  
MONTHLY RECONCILIATION  
March 2016**

Book Balance		Bank Balance	
<b>USAS Accounting System</b>		<b>Month End Bank Account Balances</b>	
Beginning Balance	130,889,947.65	002 - First Merit Student Activity	628,891.21
Plus Receipts	43,360,912.22	005 - PNC Practical Nursing	-
Less Expenditures	41,154,530.03	007 - PNC Oma Evans	151,909.61
Ending Balance	133,096,329.84	008 - First Merit Schumacher	52.62
		015 - PNC Judy Resnik	5,241.73
		017 - First Merit AP/Payroll/CN	6,525,681.14
		018 - PNC Building Fund	2,527,624.44
<b>Outstanding Checks &amp; Direct Deposits</b>		026 - 5th/3rd	-
002 - First Merit Student Activity Checks	36,885.20	034 - PNC General Fund Money Market	-
005 - PNC Practical Nursing Checks	-	037 - USBank Construction	33,567,502.52
015 - PNC Judy Resnik Checks		038 - USBank PI Fund	15,088,758.55
017 - First Merit Accounts Payable Checks	762,842.28	039 - USBank General Fund	20,350,800.76
017 - First Merit Payroll Checks	158,869.53		
017 - FM Deposit Outstanding on Munis			
018 - PNC Building Fund Checks	187,282.28		78,846,462.58
	1,145,879.29		
		<b>Local Grant/Benefit CD's</b>	
<b>Pending Payroll Deductions</b>		022 - First Merit CD	25,109.72
Federal/Medicare Withholding	706,569.89	029 - First Merit CD	5,000.00
State Tax	127,059.59	030 - First Merit CD	176,376.32
City Tax	346,780.04	032 - First Merit CD	91,782.16
SERS	339,987.67		298,268.20
School District Income Tax	1,504.06		
STRS	684,085.20	<b>Investment Sweeps</b>	
Valic	-	002 - First Merit Student Activity	1,000,000.00
ING (Voya)	(1,385.00)	017 - First Merit AP/Payroll/CN	56,380,000.00
Lincoln	-	018 - PNC Building Fund	-
Ohio Deferred Comp	9,889.94		57,380,000.00
MG Trust (Aspire)	21,313.11		
Towpath	-	<b>Miscellaneous Bank Adjustments</b>	
	2,235,804.50	Petty Cash	1,000.00
		Bank Charges to be Refunded	180.00
<b>Miscellaneous Book Adjustments</b>		Student Activity Payroll Deposit to 017	13,918.02
021 - Inventory Allowance	62,794.94	Building Fund Payroll Deposit to 017	560.70
022 - Insurance Accrual	(2,544.03)	Deposit-in-Transit for Payroll	(2,124.96)
	60,250.91		-
			13,533.76
<b>Adjusted Book Balance</b>	<b>\$ 136,538,264.54</b>	<b>Adjusted Bank Balance</b>	<b>\$ 136,538,264.54</b>