

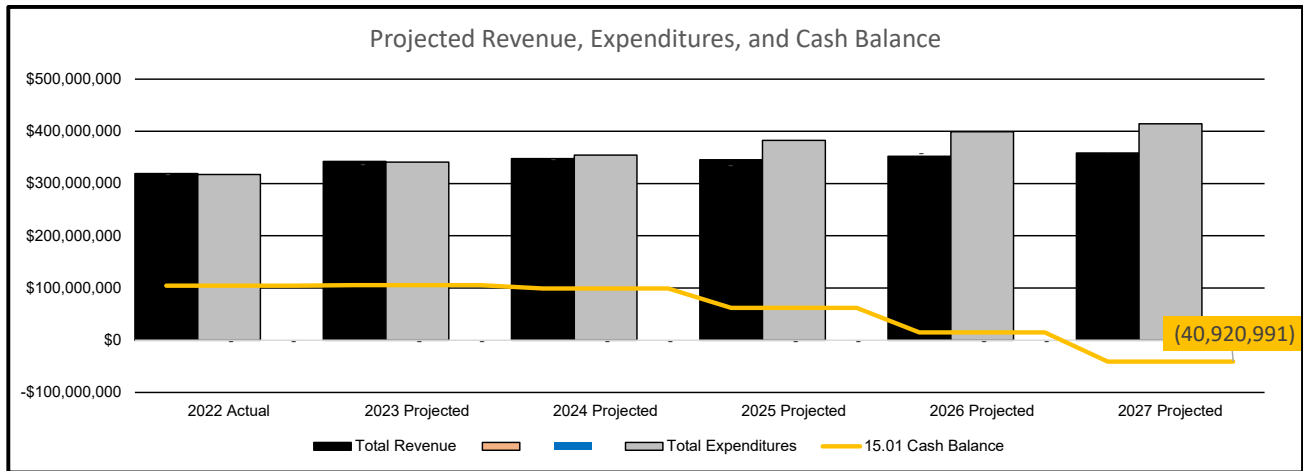


**Akron Public  
Schools.**

# Five Year Forecast Financial Report

May, 2023

Todd Adkins, Interim CFO/Treasurer



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	104,298,578	105,526,001	99,009,042	61,776,006	15,091,472
+ Revenue	342,266,603	347,931,970	345,534,126	352,397,093	358,608,360
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(341,039,179)	(354,448,929)	(382,767,161)	(399,081,627)	(414,620,823)
= Revenue Surplus or Deficit	1,227,424	(6,516,960)	(37,233,036)	(46,684,534)	(56,012,464)
Line 7.020 Ending Balance with renewal/new levies	105,526,001	99,009,042	61,776,006	15,091,472	(40,920,991)

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	1,227,424	(6,516,960)	(37,233,036)	(46,684,534)	(56,012,464)
Ending Balance w/o Levies	105,526,001	99,009,042	61,776,006	15,091,472	(40,920,991)

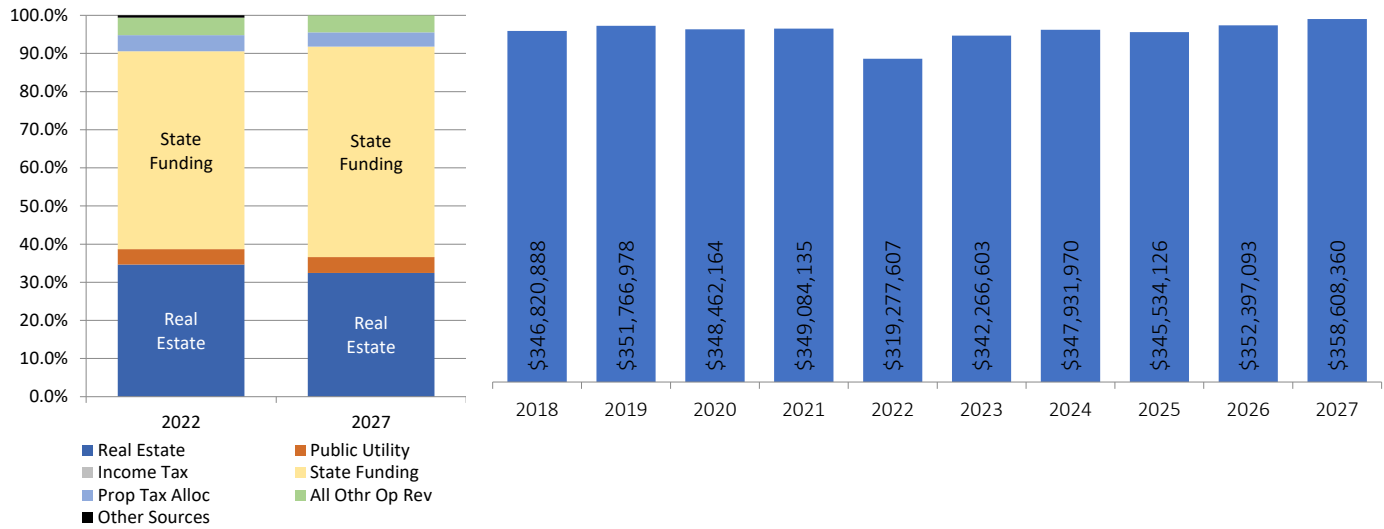
In FY 2023 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$1,227,424 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$56,012,464. The district would need to cut its FY 2027 projected expenses by 13.51% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2023 and is projected to worsen by FY 2027. A worsening cash balance can erode the district's financial stability over time.

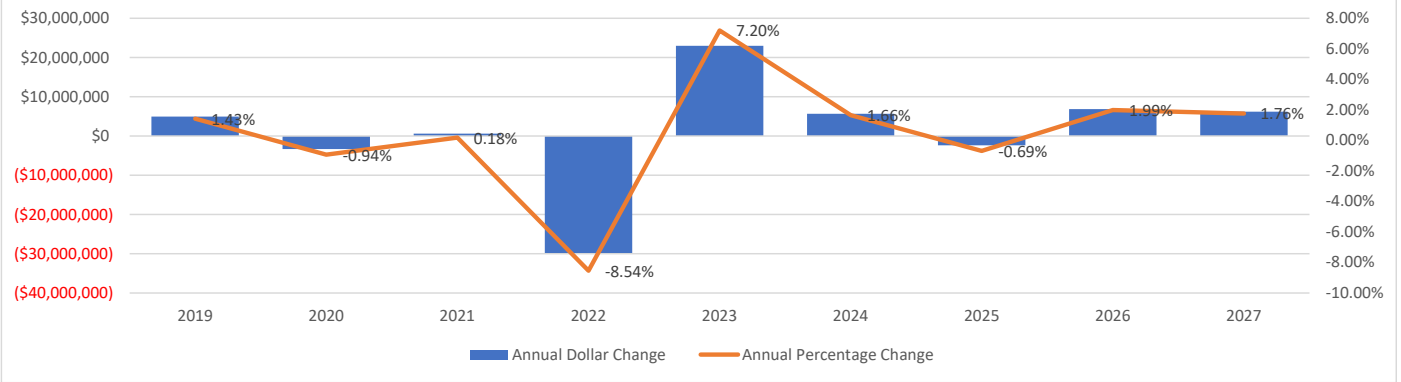
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of -\$112,656 in FY 2023. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a formula district in FY 2023. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

## Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



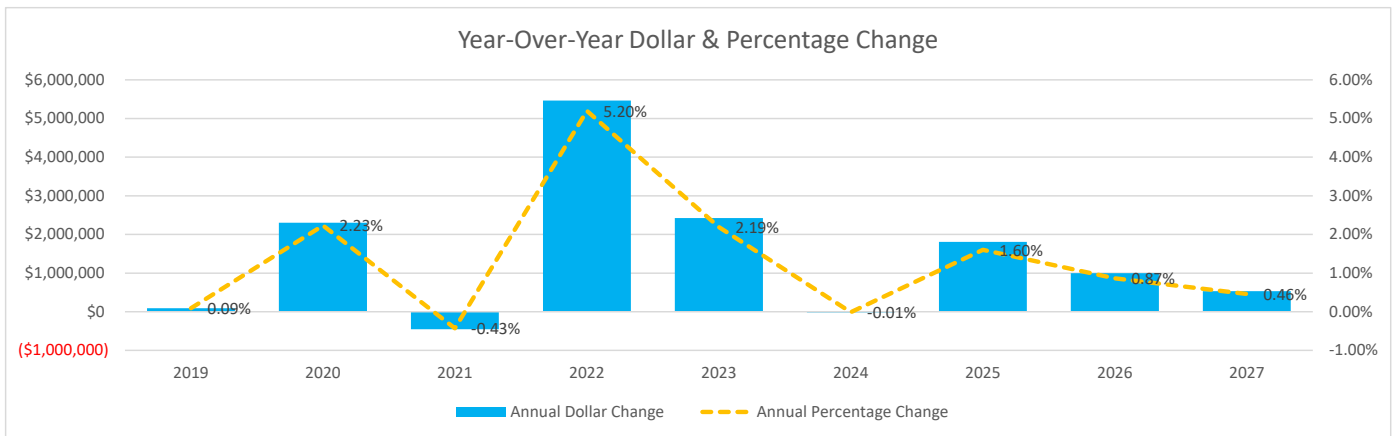
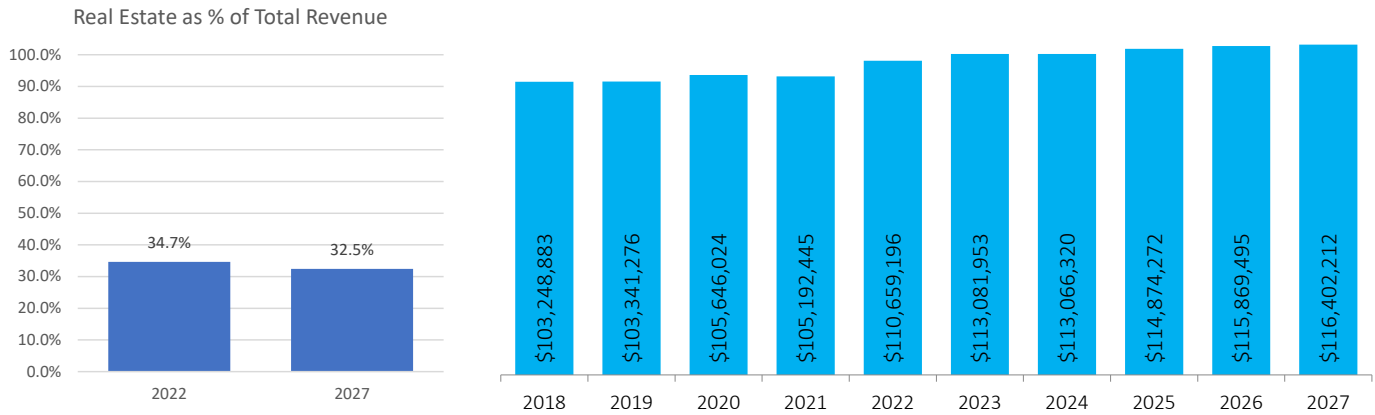
5-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue decreased -0.86% or -\$2,960,594 annually during the past 5-Year period and is projected to increase 2.25% or \$7,866,150 annually through FY2027. State Funding has the most projected average annual variance compared to the historical average at \$12,543,470
Real Estate	1,430,365	1,148,603	(\$281,762)	
Public Utility	\$701,387	\$398,653	(\$302,735)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$6,095,537)	6,447,933	\$12,543,470	
Prop Tax Alloc	(\$225,121)	(\$12,963)	\$212,158	
All Othr Op Rev	\$854,625	\$255,352	(\$599,273)	
Other Sources	\$373,687	(\$371,427)	(\$745,114)	
<b>Total Average Annual Change</b>	<b>(2,960,594)</b>	<b>7,866,150</b>	<b>\$10,826,744</b>	
	<b>-0.86%</b>	<b>2.25%</b>	<b>3.11%</b>	

Note: Expenditure average annual change is projected to be > \$19,405,396 On an annual average basis, expenditures are projected to grow faster than revenue.

### 1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



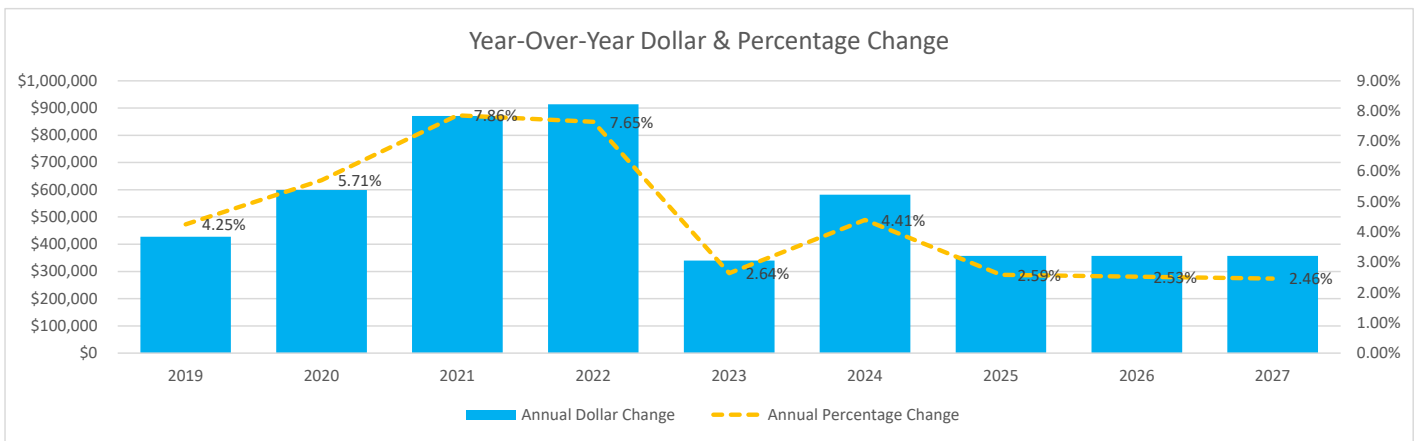
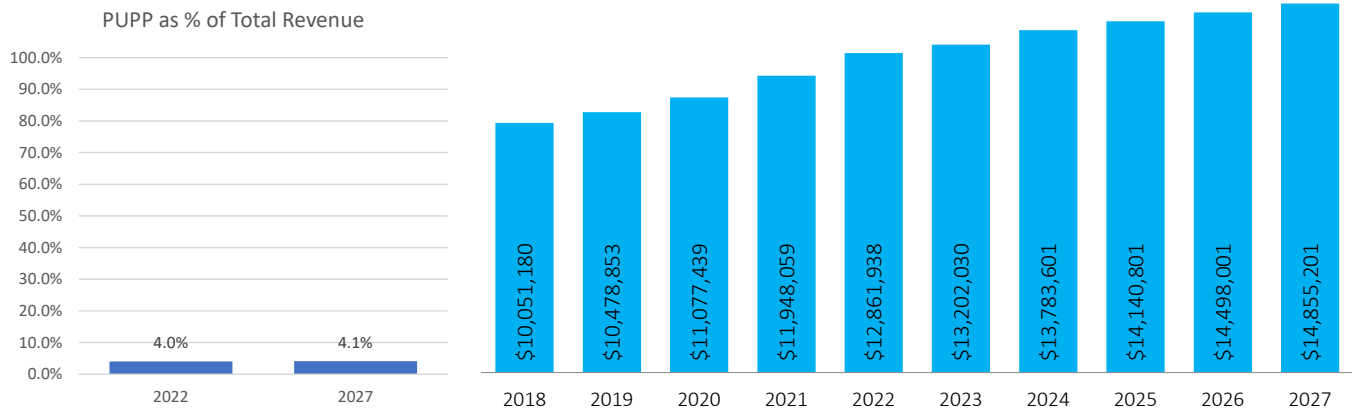
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	2,610,020,730	(47,276,060)	46.75	-	56.03	-	98.1%
2022	2,608,297,893	(1,722,837)	46.90	0.16	56.22	0.20	95.9%
2023	2,733,147,893	124,850,000	44.83	(2.07)	54.60	(1.62)	96.9%
2024	2,733,147,893	-	44.94	0.11	54.78	0.17	97.9%
2025	2,733,147,893	0	45.05	0.11	54.95	0.17	97.9%
2026	2,791,147,893	58,000,000	44.62	(0.44)	53.29	(1.66)	97.9%

Real estate property tax revenue accounts for 34.66% of total revenue. Class I or residential/agricultural taxes make up approximately 64.86% of the real estate property tax revenue. The Class I tax rate is 46.9 mills in tax year 2022. The projections reflect an average gross collection rate of 97.3% annually through tax year 2026. The revenue changed at an average annual historical rate of 1.35% and is projected to change at an average annual rate of 1.00% through FY 2027.

\*Projected % trends include renewal levies

### 1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



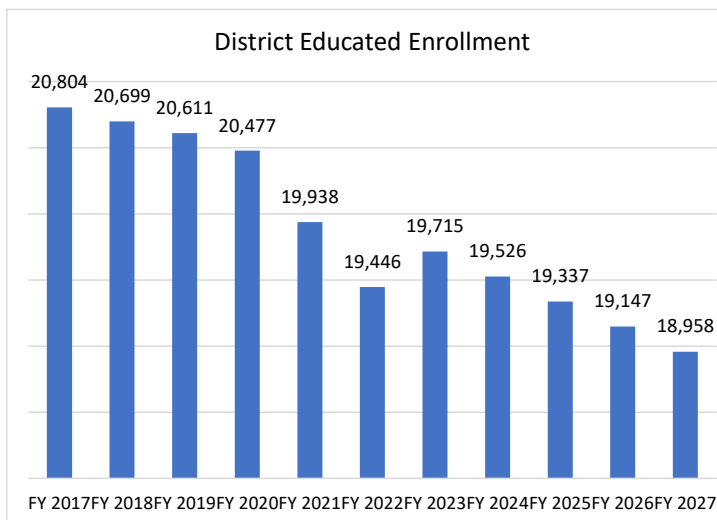
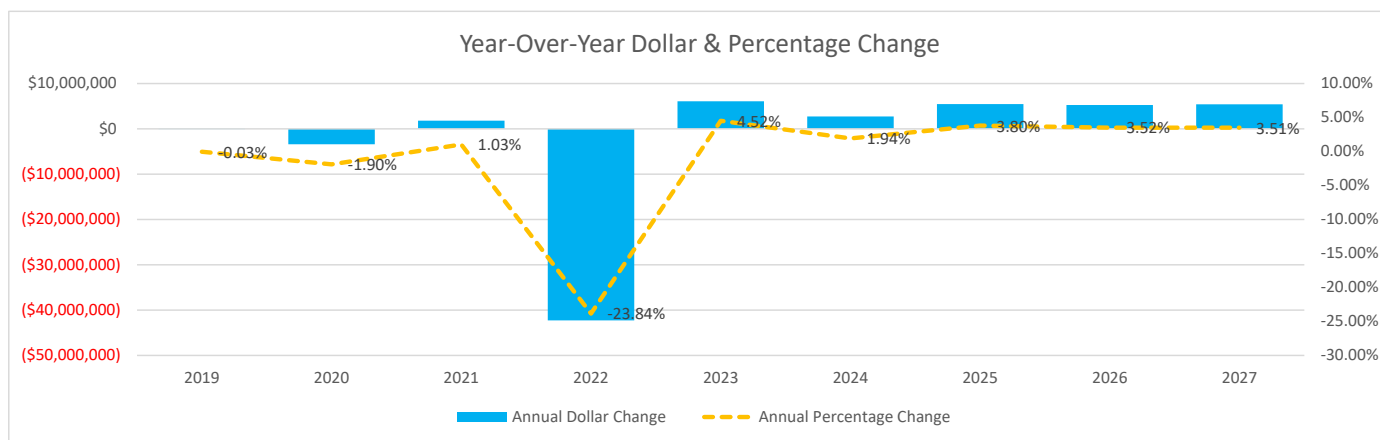
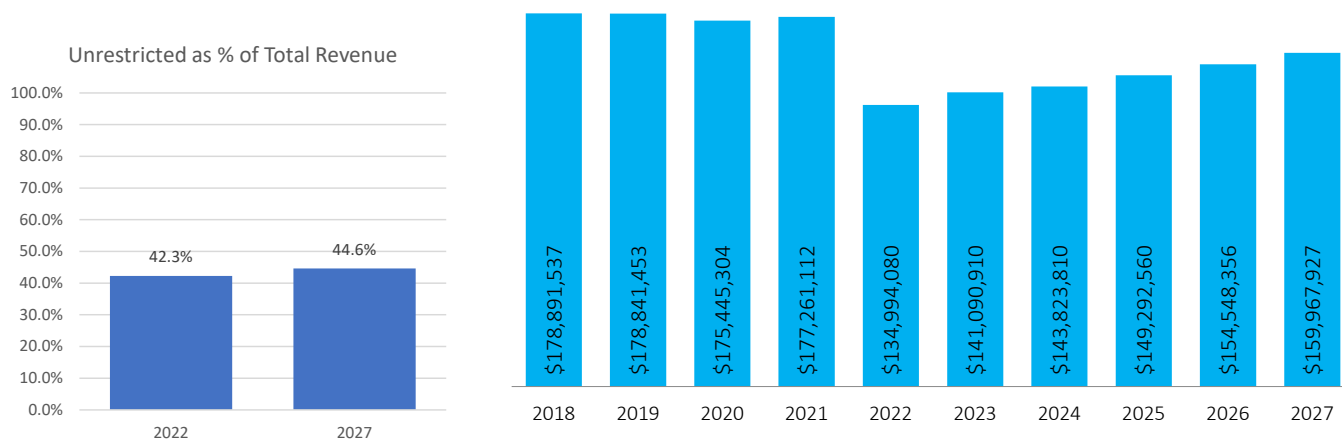
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2021	174,372,860	10,350,530	76.00	-	100.0%
2022	179,003,791	4,630,931	76.00	-	100.0%
2023	183,703,791	4,700,000	76.00	-	100.0%
2024	188,403,791	4,700,000	76.00	-	100.0%
2025	193,103,791	4,700,000	76.00	-	100.0%
2026	197,803,792	4,700,001	76.00	-	100.0%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 4.03% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 76. mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$701,387 and is projected to change at an average annual dollar amount of \$398,653 through FY 2027.

*\*Projected % trends include renewal levies*

### 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



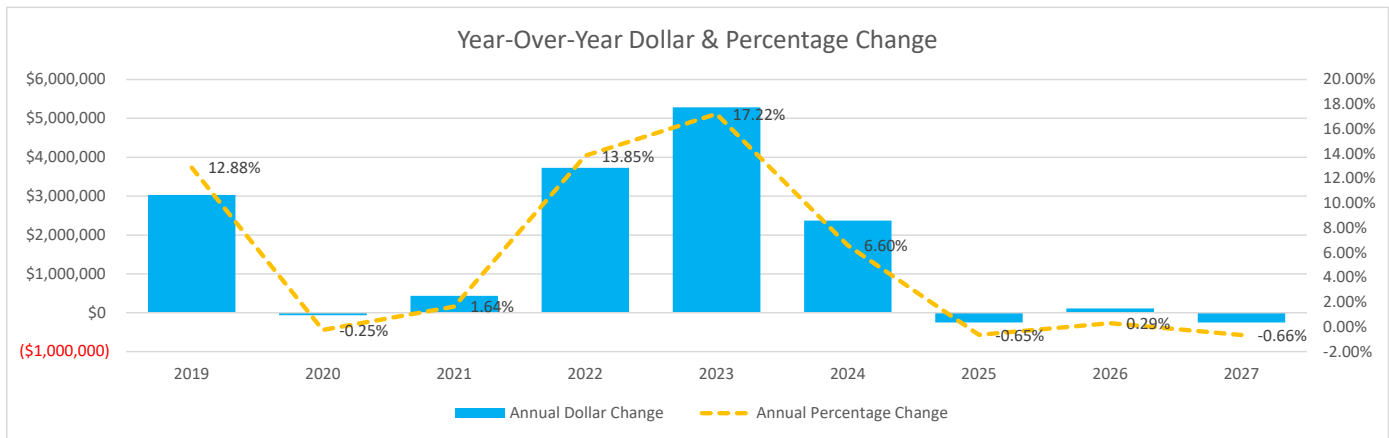
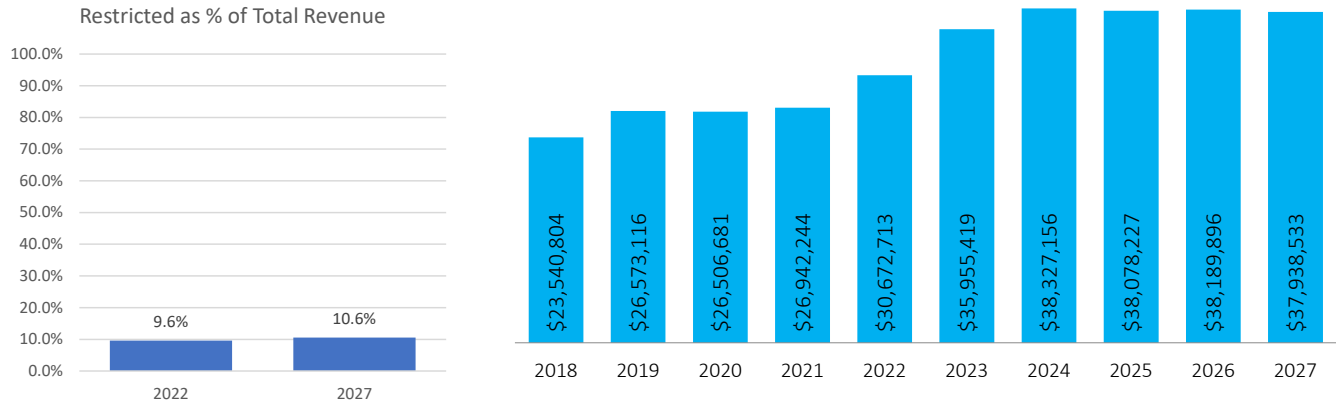
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Akron City School District the calculated Base Cost total is \$146,277,033 in FY 2023. The state's share of the calculated Base Cost total is \$100,690,431 or \$5,107 per pupil.

For reference: The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces tuition cost. In FY 2021, the district had approximately \$49,876,564 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

### 1.040 & 1.045 - Restricted Grants-in-Aid

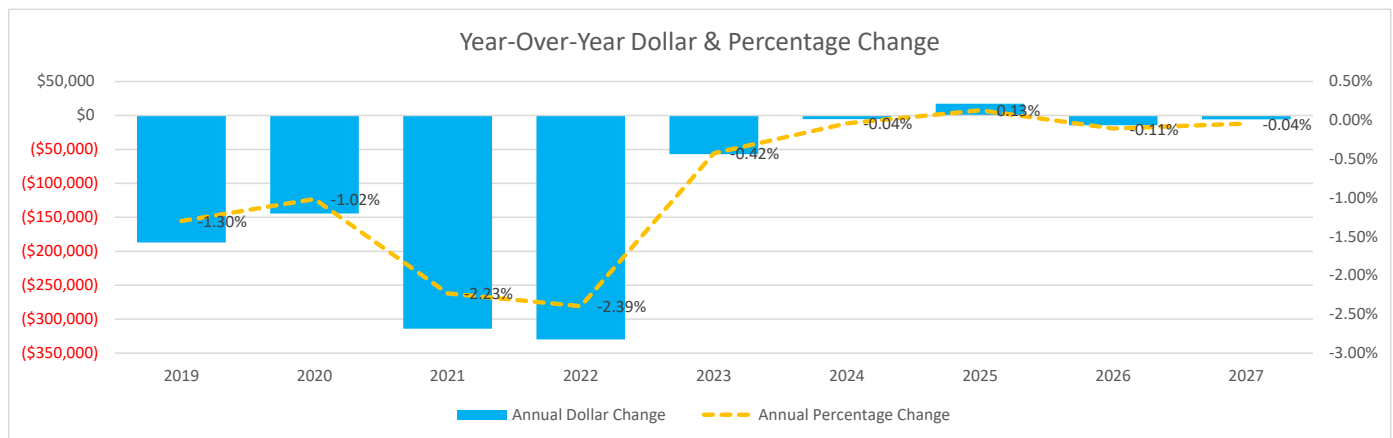
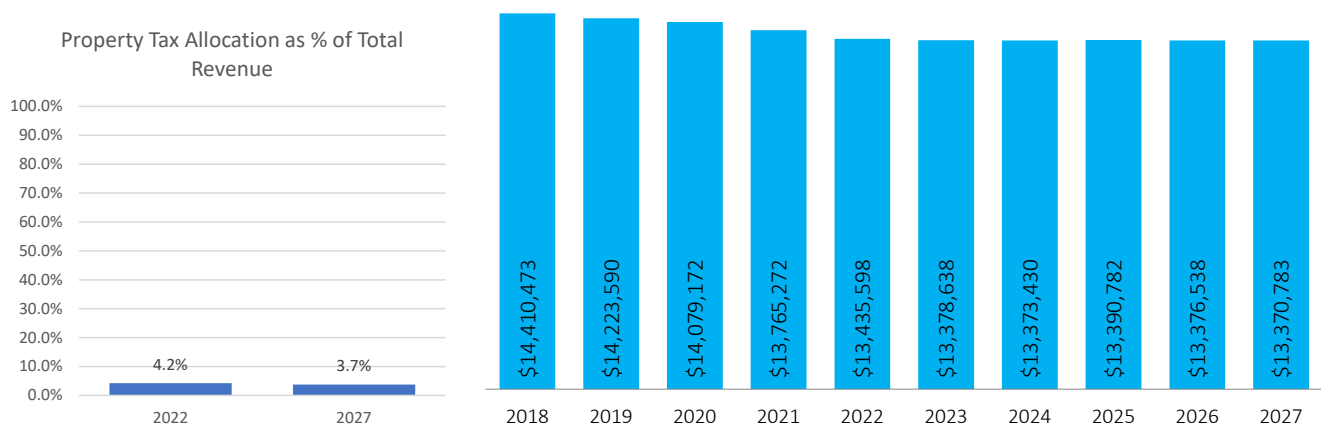
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$1,366,533 and is projected to change annually on average by \$1,453,164. Restricted funds represent 9.61% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$4,304,182. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

### 1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



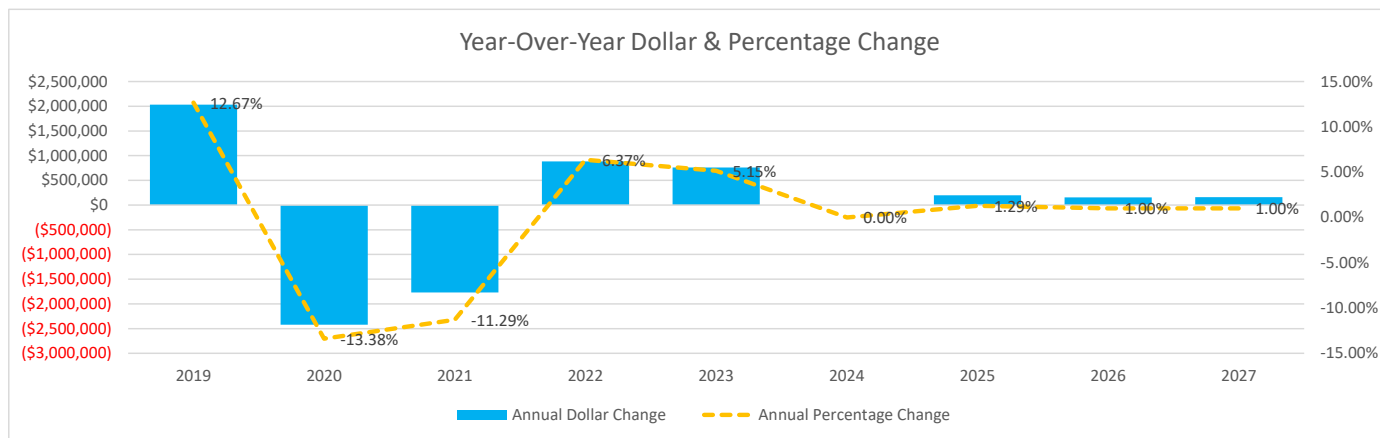
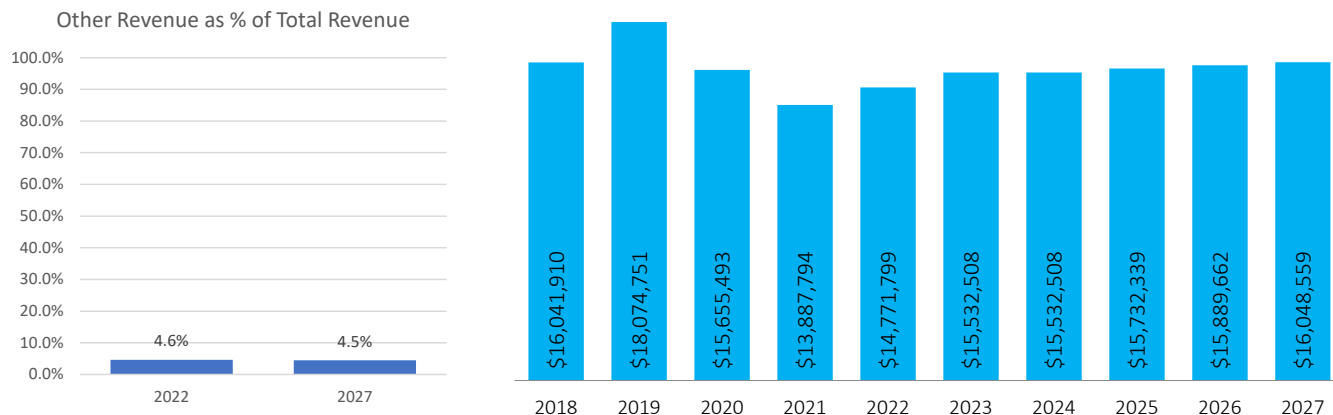
Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 4.4% will be reimbursed in the form of qualifying homestead exemption credits.

\*Projected % trends include renewal levies



### 1.060 - All Other Operating Revenues

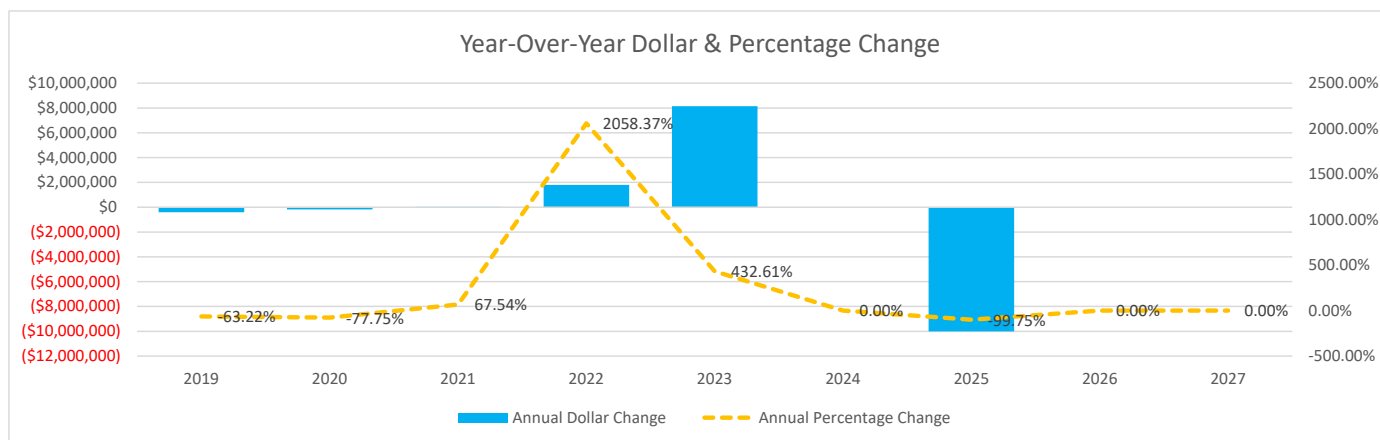
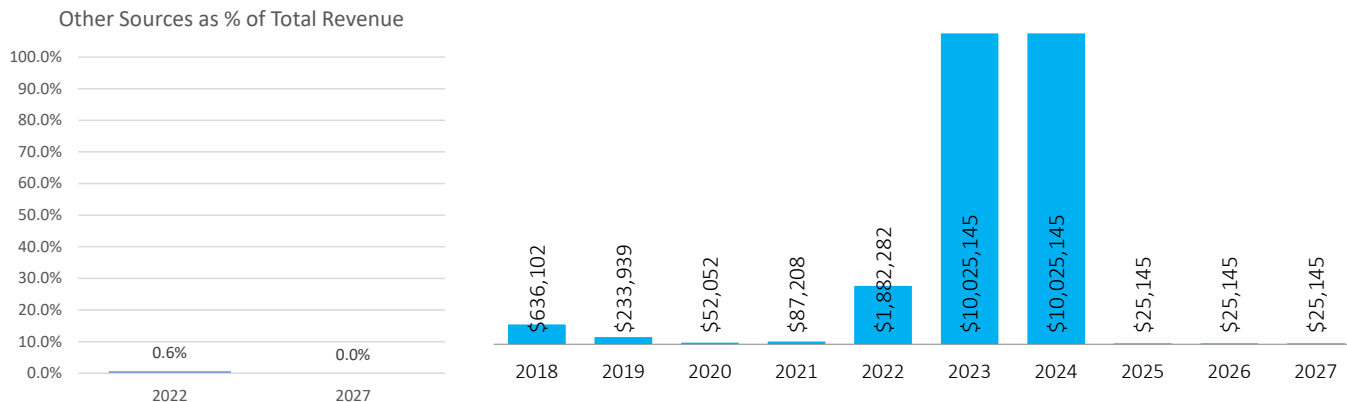
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$854,625. The projected average annual change is \$255,352 through FY 2027. The FSFP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$4,081,089 in FY 2021.

## 2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

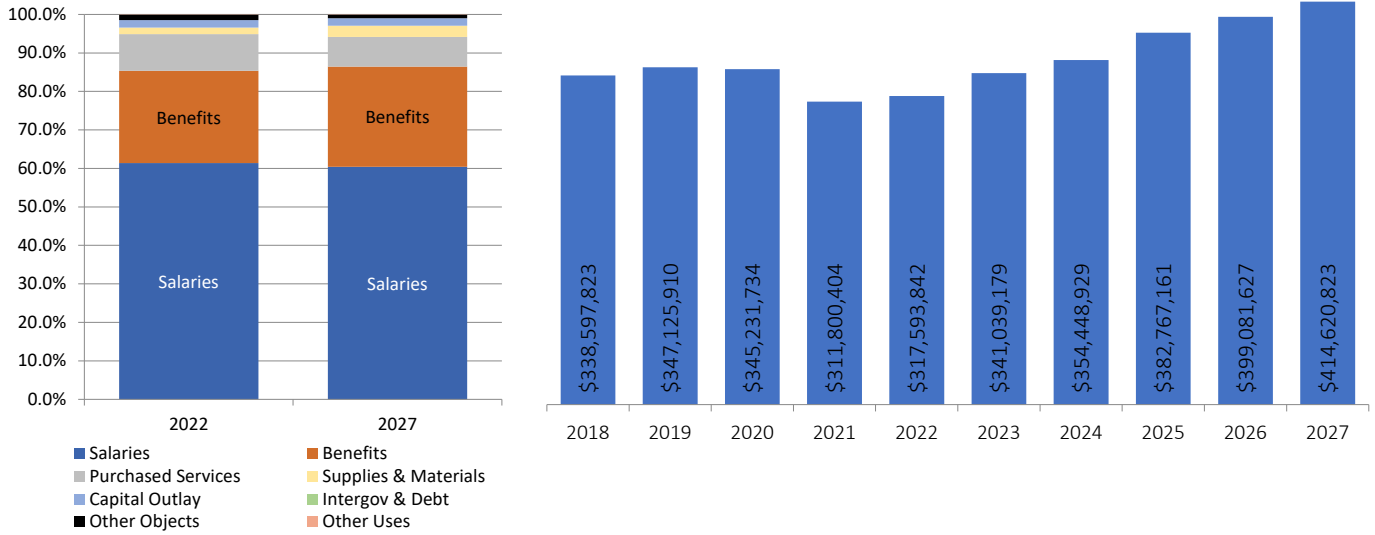


	2022	2023	2024	FORECASTED		
	2022	2023	2024	2025	2026	2027
Transfers In	50,658	11,489	11,489	11,489	11,489	11,489
Advances In	-	-	-	-	-	-
All Other Financing Sources	1,831,624	10,013,656	10,013,656	13,656	13,656	13,656

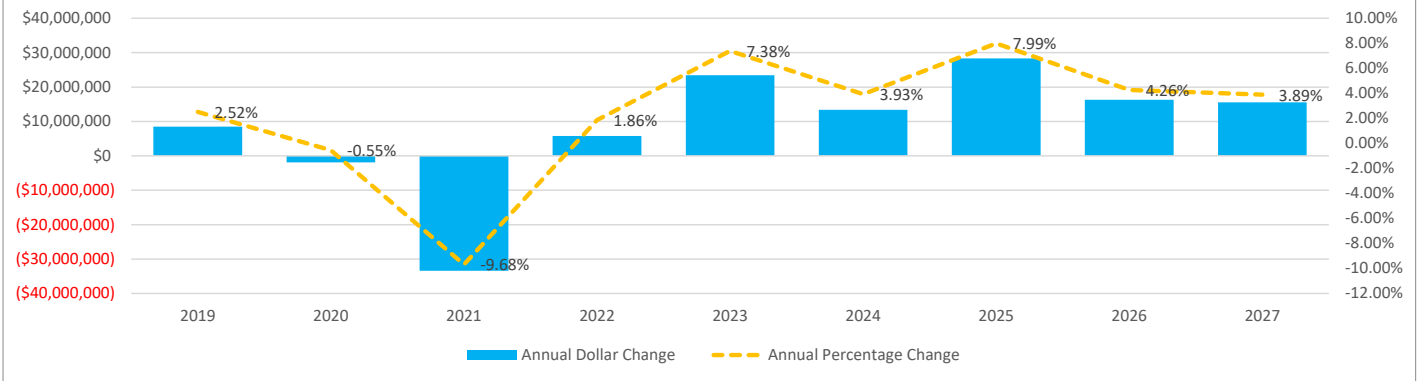
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2022 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2023. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$10,013,656 in FY 2023 and average \$2,513,656 annually through FY 2027.

## Expenditure Categories and Forecast Year-Over-Year Projected Overview

**Expenditure Categories Over Time**



**Year-Over-Year Dollar & Percentage Change**



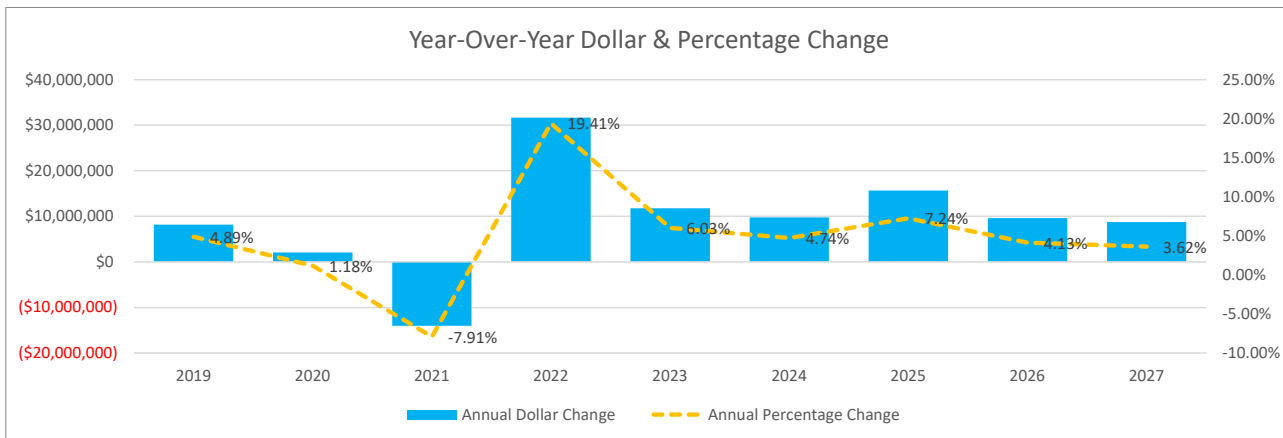
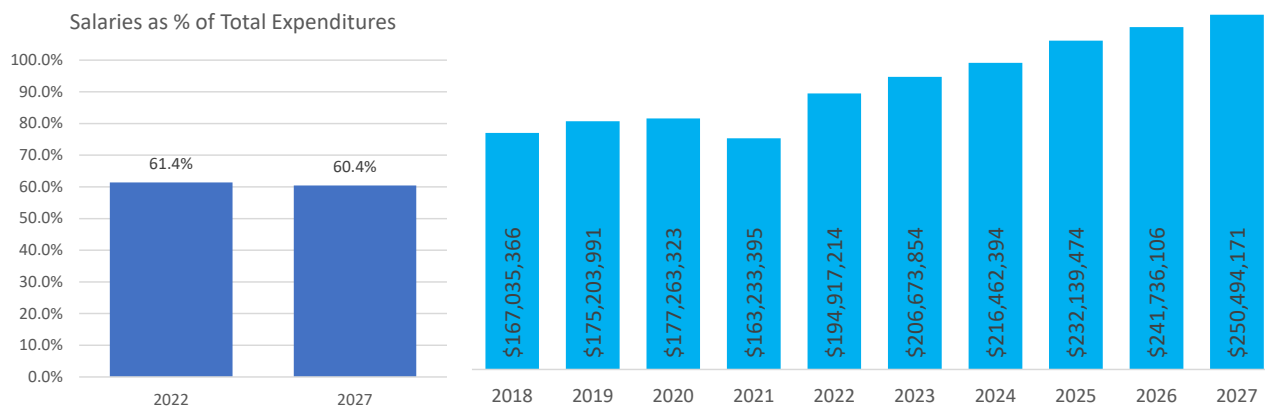
5-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures decreased -0.91% or -\$3,031,453 annually during the past 5-Year period and is projected to increase 6.11% or \$19,405,396 annually through FY2027. Purchased Services has the largest projected average annual variance compared to the historical average at \$10,522,910.
Salaries	6,054,351	11,115,391	\$5,061,041	
Benefits	\$506,945	\$6,359,827	\$5,852,882	
Purchased Services	(\$10,181,282)	\$341,628	\$10,522,910	
Supplies & Materials	(\$391,222)	\$1,324,084	\$1,715,306	
Capital Outlay	\$853,660	\$398,245	(\$455,415)	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	\$234,048	(\$169,810)	(\$403,858)	
Other Uses	(\$107,952)	\$36,031	\$143,983	
<b>Total Average Annual Change</b>	<b>(\$3,031,453)</b>	<b>\$19,405,396</b>	<b>\$22,436,849</b>	
	-0.91%	6.11%	7.02%	

Note: Revenue average annual change is projected to be > \$7,866,150. On an annual average basis, revenues are projected to grow slower than expenditures.

### 3.010 - Personnel Services

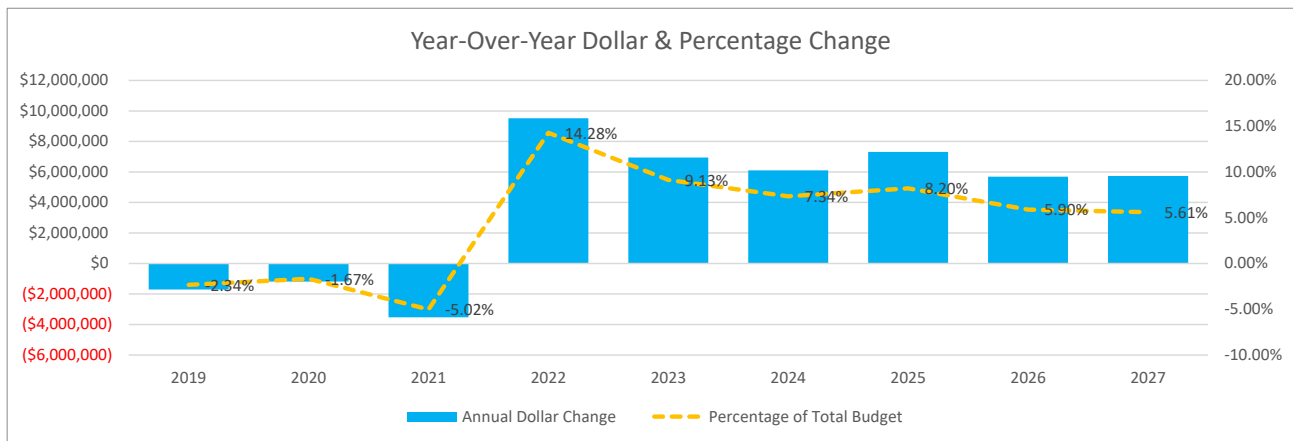
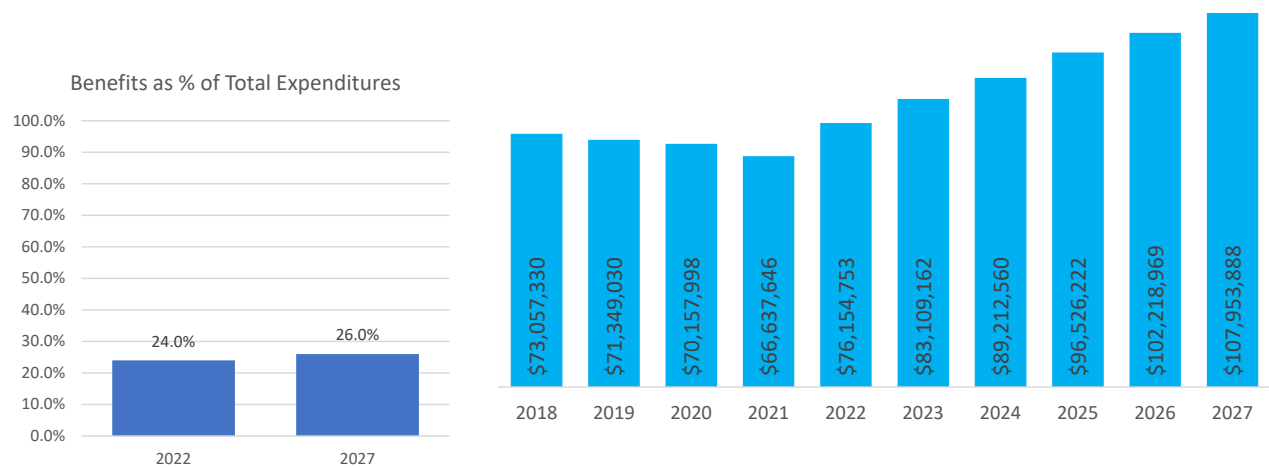
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 61.37% of total expenditures and increased at a historical average annual rate of 3.45% or \$6,054,351. This category of expenditure is projected to grow at an annual average rate of 4.84% or \$11,115,391 through FY 2027. The projected average annual rate of change is 1.39% more than the five year historical annual average.

### 3.020 - Employees' Benefits

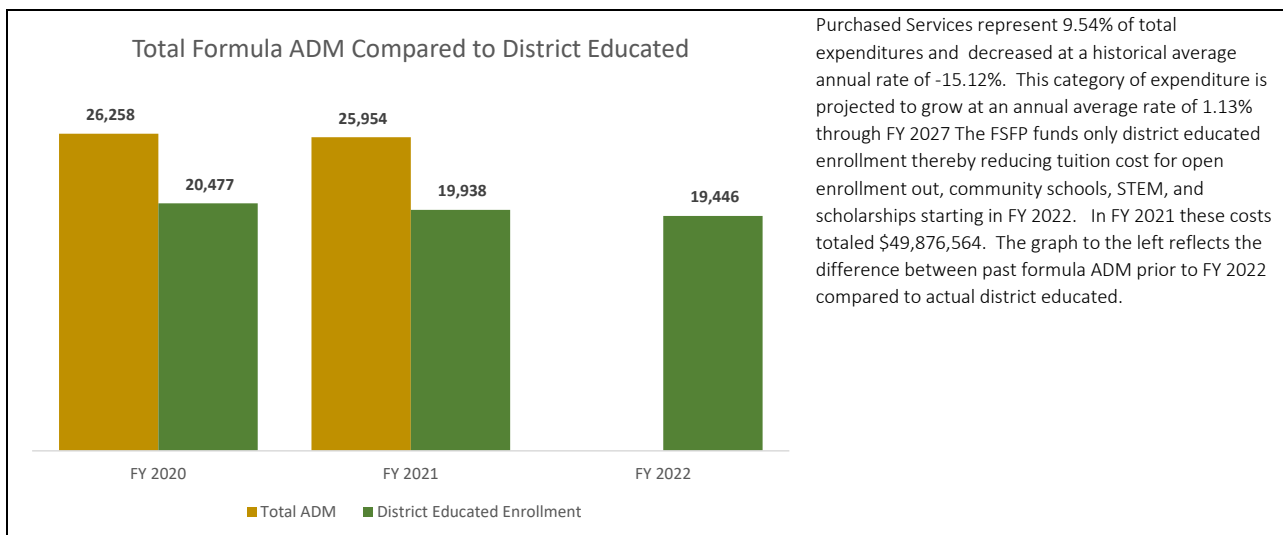
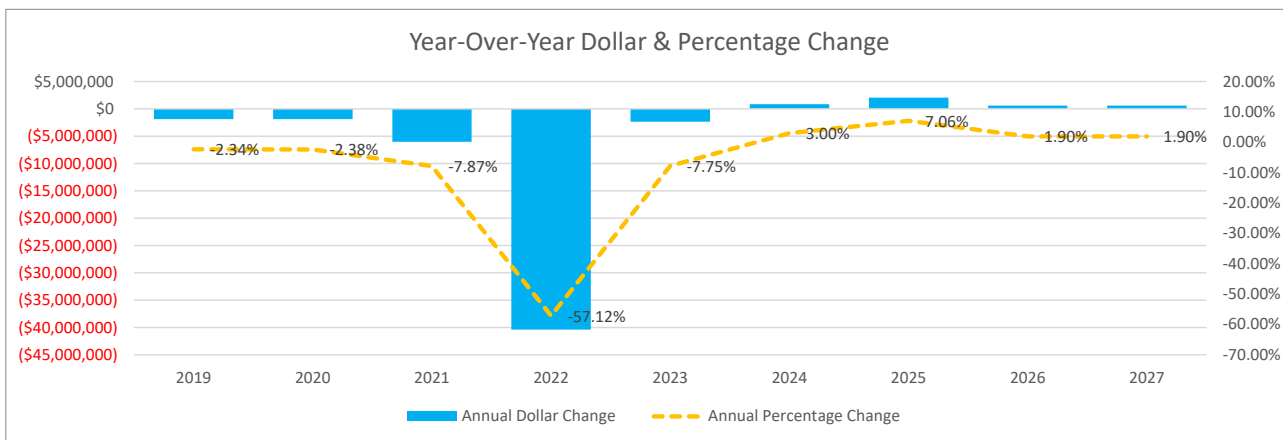
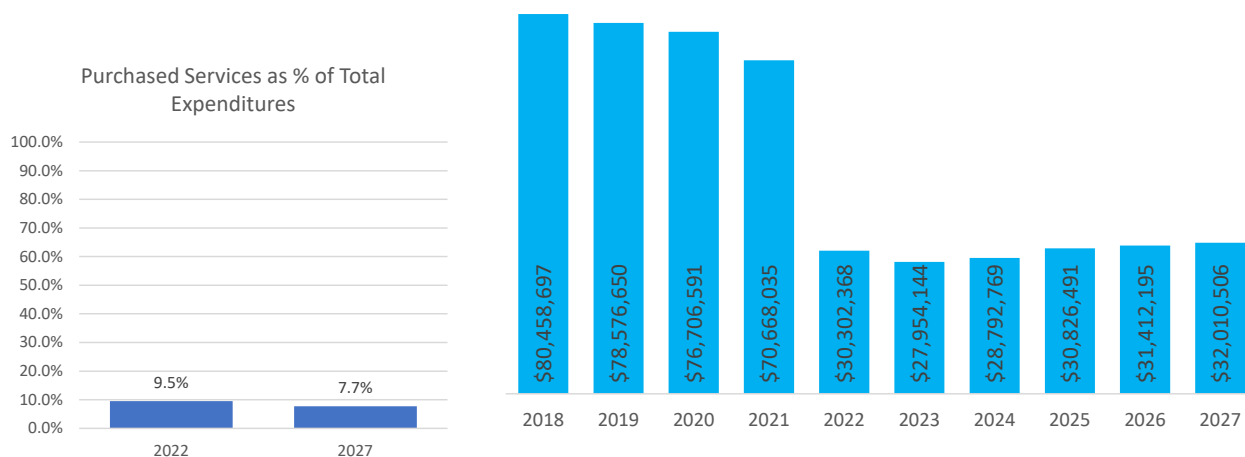
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 23.98% of total expenditures and increased at a historical average annual rate of 0.71% This category of expenditure is projected to grow at an annual average rate of 6.64% through FY 2027. The projected average annual rate of change is 5.93% more than the five year historical annual average.

### 3.030 - Purchased Services

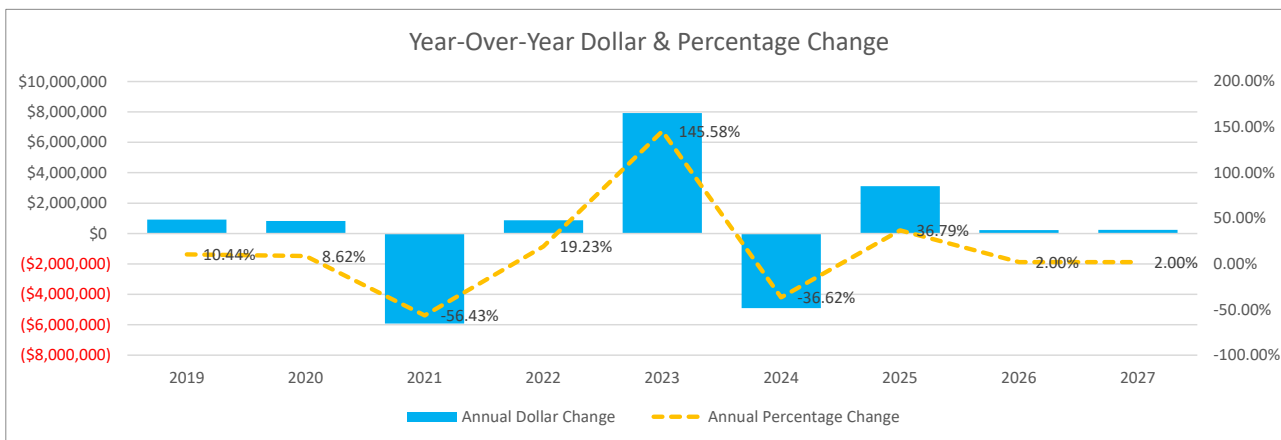
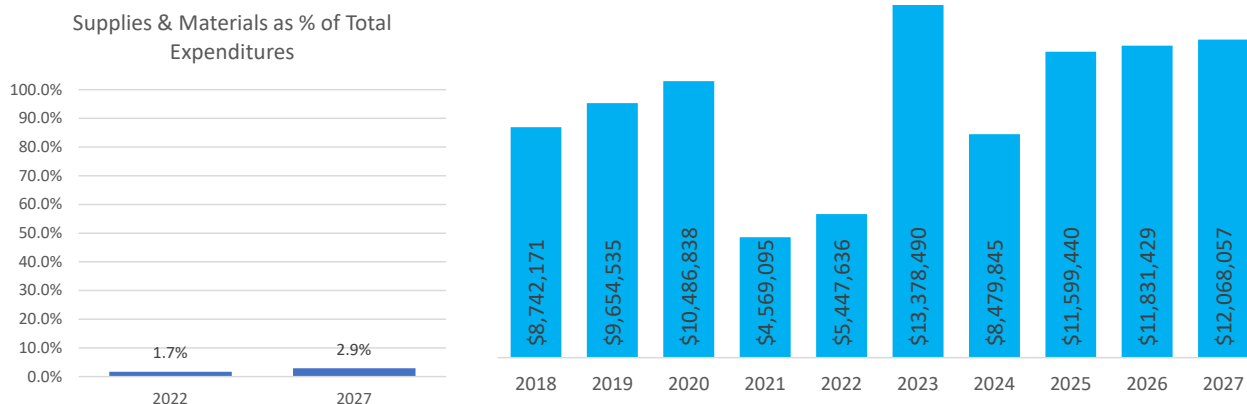
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 9.54% of total expenditures and decreased at a historical average annual rate of -15.12%. This category of expenditure is projected to grow at an annual average rate of 1.13% through FY 2027. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$49,876,564. The graph to the left reflects the difference between past formula ADM prior to FY 2022 compared to actual district educated.

### 3.040 - Supplies & Materials

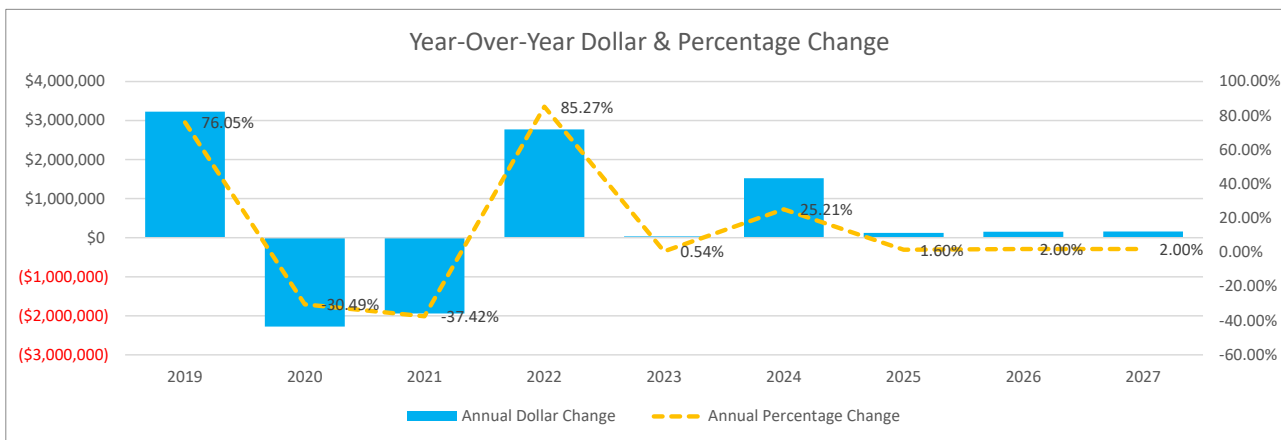
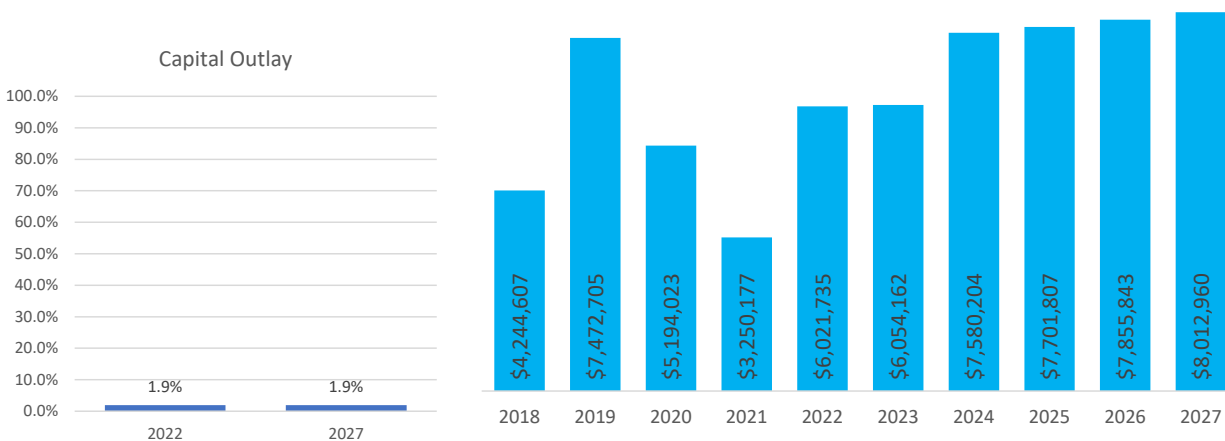
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 1.72% of total expenditures and decreased at a historical average annual rate of -5.03%. This category of expenditure is projected to grow at an annual average rate of 11.54% through FY 2027. The projected average annual rate of change is 16.57% more than the five year historical annual average.

### 3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.

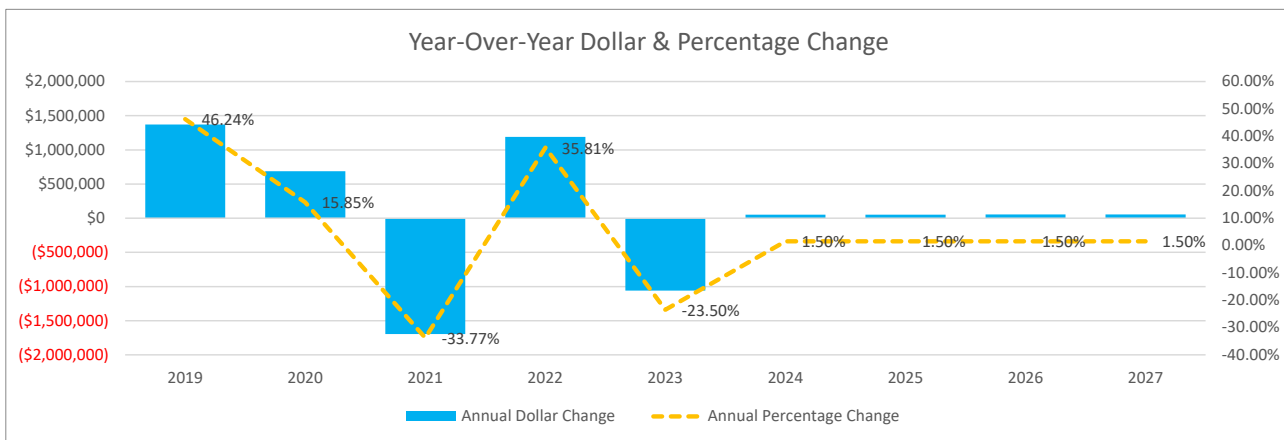
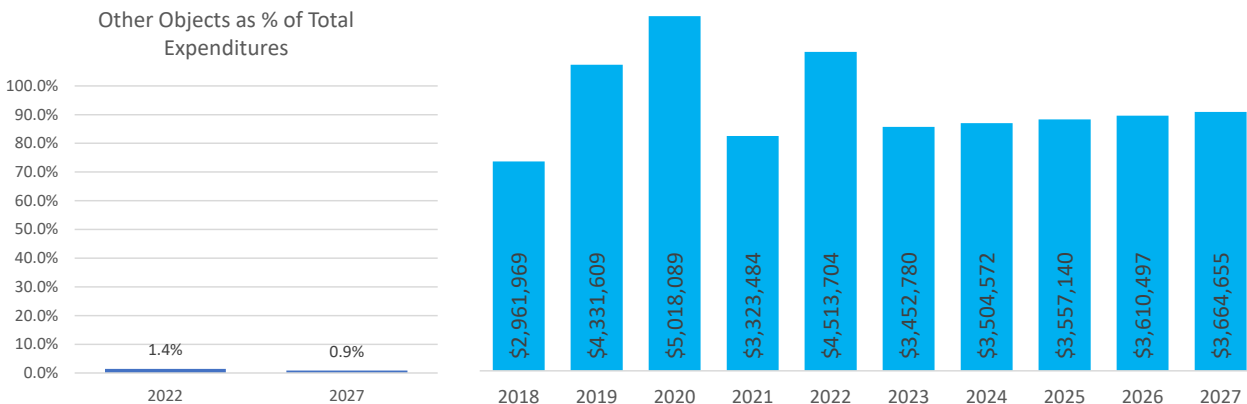


Capital Outlay represent 1.90% of total expenditures and increased at a historical average annual amount of \$853,660. This category of expenditure is projected to grow at an annual average rate of \$398,245 through FY 2027. The projected average annual change is less than the five year historical annual average.



### 4.300 - Other Objects

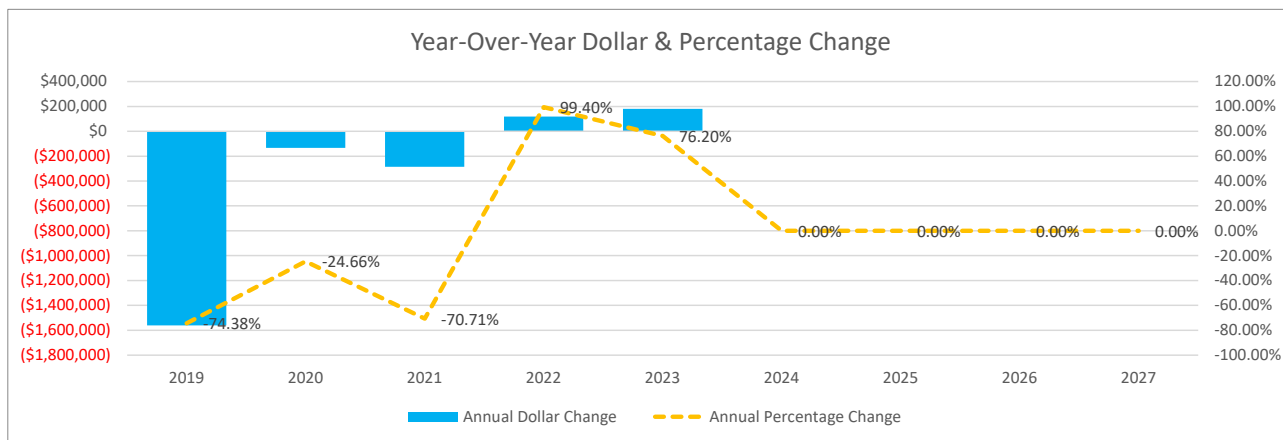
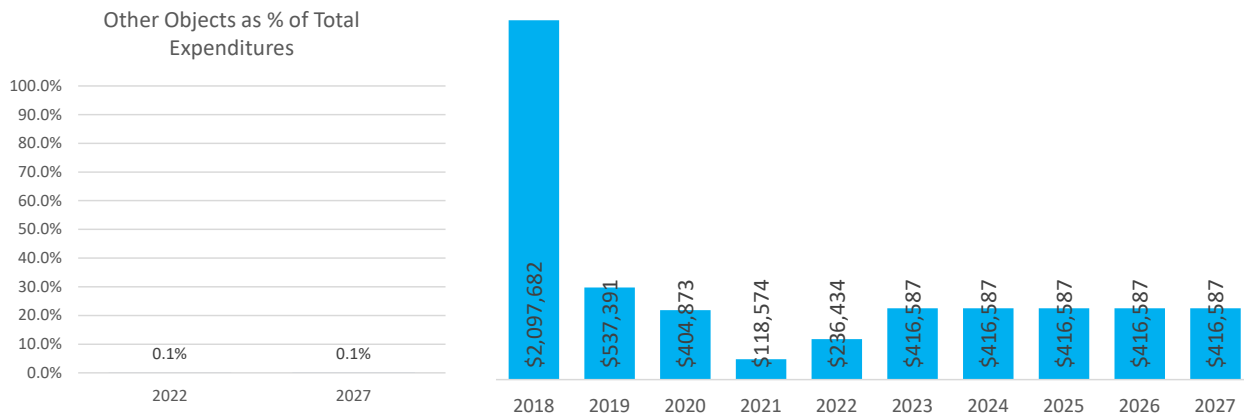
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.42% of total expenditures and increased at a historical average annual rate of 5.81%. This category of expenditure is projected to decrease at an annual average rate of -4.77% through FY 2027. The projected average annual rate of change is -10.58% less than the five year historical annual average.

### 5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2022	2023	2024	2025	2026	2027
Transfers Out	236,434	416,587	416,587	416,587	416,587	416,587
Advances Out	-	-	-	-	-	-
Other Financing Uses	-	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2022 the district had no advances-out and has no advances-out forecasted through FY 2027. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2027. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

**Akron City School District**

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2022	2023	2024	2025	2026	2027
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	110,659,196	113,081,953	113,066,320	114,874,272	115,869,495	116,402,212
1.020 - Public Utility Personal Property	12,861,938	13,202,030	13,783,601	14,140,801	14,498,001	14,855,201
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	134,994,080	141,090,910	143,823,810	149,292,560	154,548,356	159,967,927
1.040 - Restricted Grants-in-Aid	30,672,713	35,955,419	38,327,156	38,078,227	38,189,896	37,938,533
1.050 - Property Tax Allocation	13,435,598	13,378,638	13,373,430	13,390,782	13,376,538	13,370,783
1.060 - All Other Operating Revenues	14,771,799	15,532,508	15,532,508	15,732,339	15,889,662	16,048,559
<b>1.070 - Total Revenue</b>	<b>317,395,325</b>	<b>332,241,458</b>	<b>337,906,825</b>	<b>345,508,981</b>	<b>352,371,948</b>	<b>358,583,215</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	50,658	11,489	11,489	11,489	11,489	11,489
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	1,831,624	10,013,656	10,013,656	13,656	13,656	13,656
2.070 - Total Other Financing Sources	1,882,282	10,025,145	10,025,145	25,145	25,145	25,145
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>319,277,607</b>	<b>342,266,603</b>	<b>347,931,970</b>	<b>345,534,126</b>	<b>352,397,093</b>	<b>358,608,360</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	194,917,214	206,673,854	216,462,394	232,139,474	241,736,106	250,494,171
3.020 - Employee Benefits	76,154,753	83,109,162	89,212,560	96,526,222	102,218,969	107,953,888
3.030 - Purchased Services	30,302,368	27,954,144	28,792,769	30,826,491	31,412,195	32,010,506
3.040 - Supplies and Materials	5,447,636	13,378,490	8,479,845	11,599,440	11,831,429	12,068,057
3.050 - Capital Outlay	6,021,735	6,054,162	7,580,204	7,701,807	7,855,843	8,012,960
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	4,513,704	3,452,780	3,504,572	3,557,140	3,610,497	3,664,655
<b>4.500 - Total Expenditures</b>	<b>317,357,408</b>	<b>340,622,592</b>	<b>354,032,342</b>	<b>382,350,574</b>	<b>398,665,040</b>	<b>414,204,236</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	236,434	416,587	416,587	416,587	416,587	416,587
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	236,434	416,587	416,587	416,587	416,587	416,587
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>317,593,842</b>	<b>341,039,179</b>	<b>354,448,929</b>	<b>382,767,161</b>	<b>399,081,627</b>	<b>414,620,823</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>1,683,765</b>	<b>1,227,424</b>	<b>(6,516,960)</b>	<b>(37,233,036)</b>	<b>(46,684,534)</b>	<b>(56,012,464)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>102,614,812</b>	<b>104,298,578</b>	<b>105,526,001</b>	<b>99,009,042</b>	<b>61,776,006</b>	<b>15,091,472</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>104,298,578</b>	<b>105,526,001</b>	<b>99,009,042</b>	<b>61,776,006</b>	<b>15,091,472</b>	<b>(40,920,991)</b>
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>104,298,578</b>	<b>105,526,001</b>	<b>99,009,042</b>	<b>61,776,006</b>	<b>15,091,472</b>	<b>(40,920,991)</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>104,298,578</b>	<b>105,526,001</b>	<b>99,009,042</b>	<b>61,776,006</b>	<b>15,091,472</b>	<b>(40,920,991)</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>104,298,578</b>	<b>105,526,001</b>	<b>99,009,042</b>	<b>61,776,006</b>	<b>15,091,472</b>	<b>(40,920,991)</b>

### State Funding Budget Process and May Financial Forecast

At the start of the state's FY 2024 and 2025 budget process the Governor introduced these key elements regarding the Fair School Funding Plan which started July 1, 2022:

- The FSFP would continue.
- It would be funded at the same 2018 base cost calculations
- Original phase-ins of the new formula would continue

While there is no legislatively approved state budget, the May forecast as prepared assumes the Governor's proposal. The 2018 base cost components as used in FY 2022 and 2023 and proposed by the Governor would be extended as follows:

- Base per pupil cost (funding) is calculated at the 2018 level through FY 2027
- FSFP phase-in continues until culminating at 100% phased-in by FY 2027

The Ohio House of Representatives introduced an amendment to the Governor's proposal that would update the base cost components to the 2022 cost data. This change is potentially significant for many districts, however some districts will benefit only minimally or not at all. While the state budget deliberations continue the 2022 base cost was modeled to see the potential impact on the district's forecast. This is only an estimate and is intended to show relative potential significance. The modeling assumes:

- That the 2022 base cost components will be used in FY 2024 and 2025.
- The 2022 base cost components will be updated to 2024 cost data in FY 2026 and 2027.
- That the formula is fully phased-in by FY 2027.

For our district the annual impact on revenue Over/(Under) the current forecast modeling is reflected below along with a cumulative potential impact on the district's cash balance. If warranted the Board may be asked to approve an amended forecast in June.

Other Observations:

November 2022

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance	104,298,592	108,772,168	106,974,717	85,628,959	57,356,429
+ Revenue	335,031,667	341,015,140	343,345,752	350,171,143	356,870,665
- Expenditures	330,558,091	342,812,591	364,691,510	378,443,673	391,989,291
= Revenue Surplus or Deficit	4,473,576	(1,797,451)	(21,345,758)	(28,272,530)	(35,118,626)
Ending Balance	108,772,168	106,974,717	85,628,959	57,356,429	22,237,803
Note: Not Reduced for Encumbrances					

May 2023

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance	104,298,592	105,526,016	99,009,057	61,776,022	15,091,488
+ Revenue	342,266,603	347,931,970	345,534,126	352,397,093	358,608,360
- Expenditures	341,039,179	354,448,929	382,767,161	399,081,627	414,620,823
= Revenue Surplus or Deficit	1,227,424	(6,516,959)	(37,233,035)	(46,684,534)	(56,012,463)
Ending Balance	105,526,016	99,009,057	61,776,022	15,091,488	(40,920,975)
Note: Not Reduced for Encumbrances					