



**Akron Public
Schools**

Five Year Forecast Financial Report

September, 2023

Dr. Stephen L. Thompson, Chief Financial Officer

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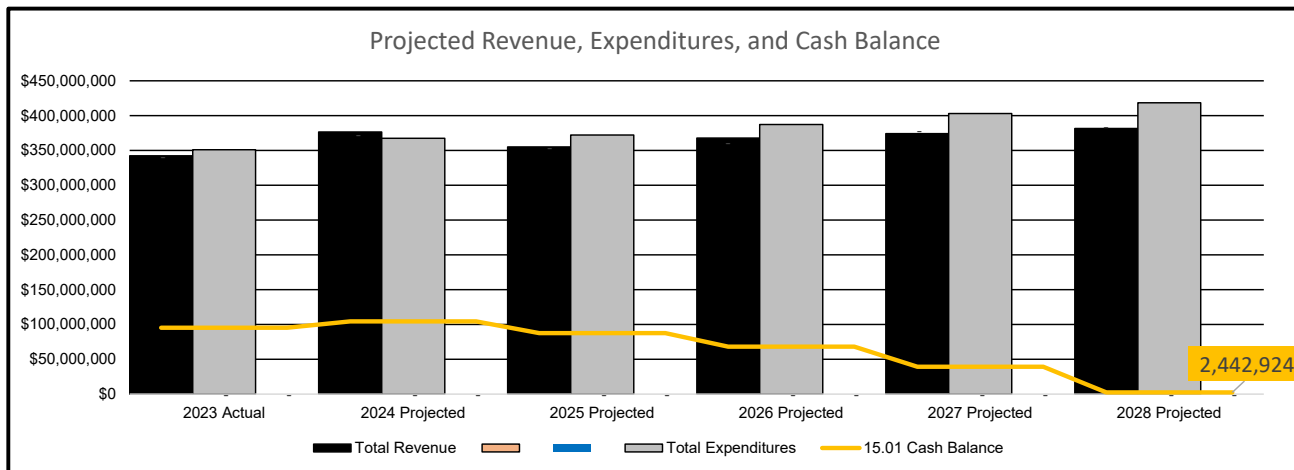
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Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.



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

Financial Forecast	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	95,495,272	104,461,612	87,592,077	68,084,249	39,449,894
+ Revenue	376,514,399	355,176,147	367,731,788	374,255,657	381,527,397
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(367,548,059)	(372,045,682)	(387,239,615)	(402,890,013)	(418,534,366)
= Revenue Surplus or Deficit	8,966,340	(16,869,535)	(19,507,828)	(28,634,355)	(37,006,969)
Line 7.020 Ending Balance with renewal/new levies	104,461,612	87,592,077	68,084,249	39,449,894	2,442,924

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	8,966,340	(16,869,535)	(19,507,828)	(28,634,355)	(37,006,969)
Ending Balance w/o Levies	104,461,612	87,592,077	68,084,249	39,449,894	2,442,924

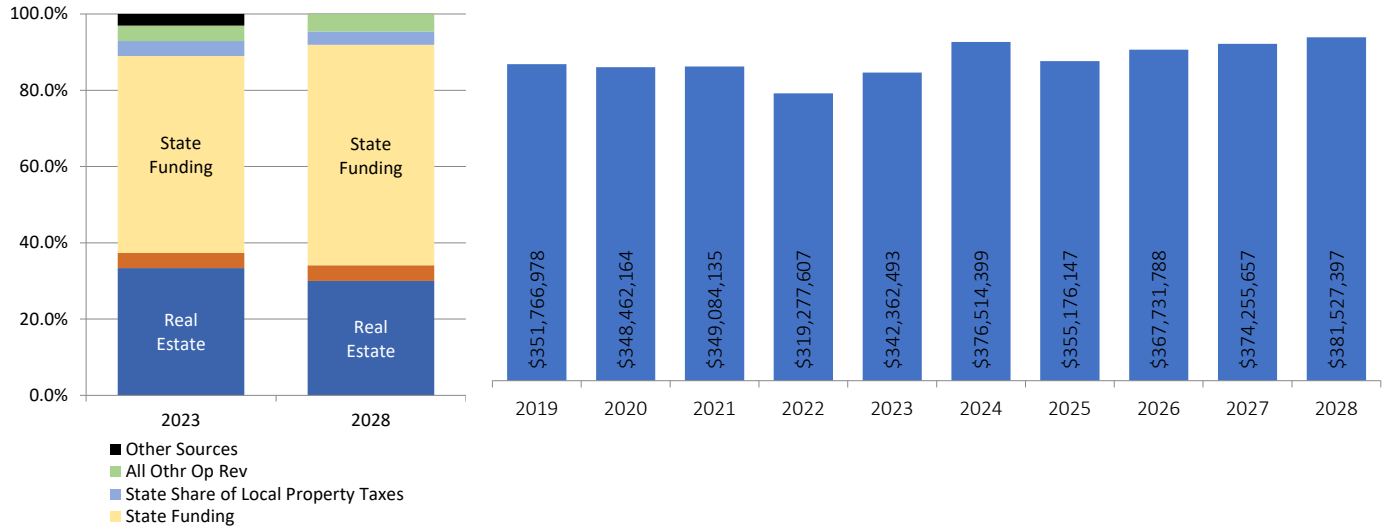
In FY 2024 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$8,966,340 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$37,006,969. The district would need to cut its FY 2028 projected expenses by 8.84% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2024 and is projected to worsen by FY 2028. A worsening cash balance can erode the district's financial stability over time.

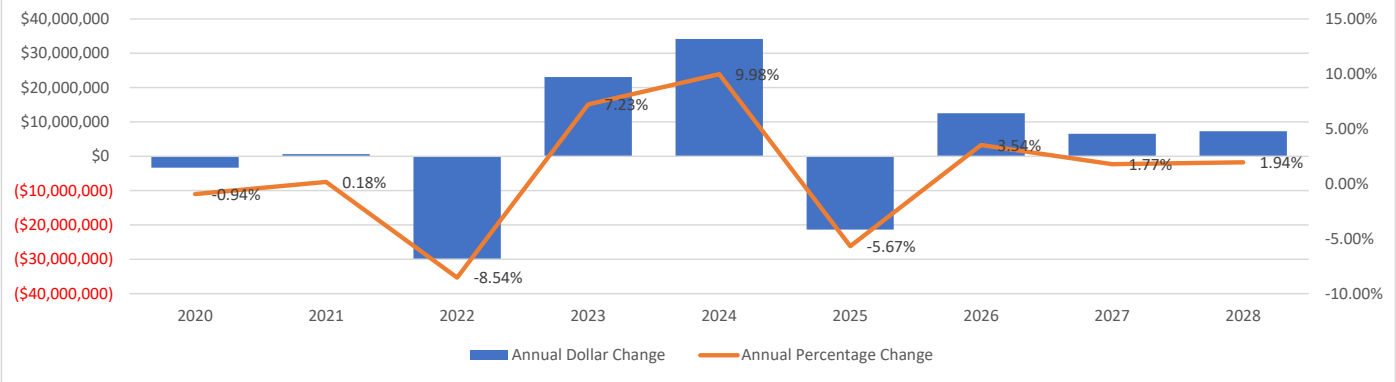
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. In addition to calculated results, this forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is 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



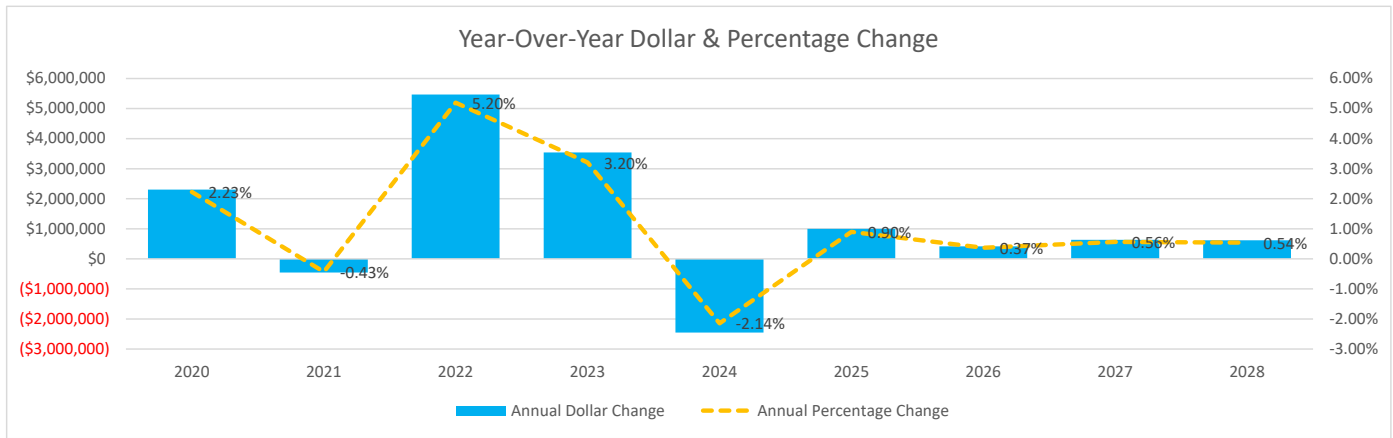
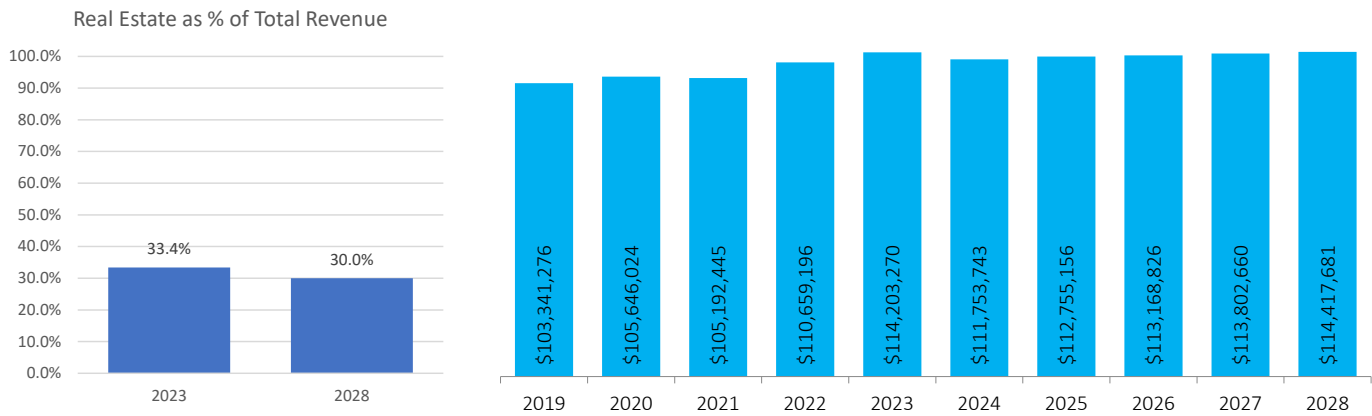
4-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue decreased -0.52% or -\$2,351,121 annually during the past 4-Year period and is projected to increase 2.31% or \$7,832,981 annually through FY2028. State Funding has the most projected average annual variance compared to the historical average at \$15,895,310
Real Estate	2,715,498	42,882	(\$2,672,616)	
Public Utility	\$801,065	\$405,499	(\$395,566)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$7,151,585)	8,743,725	\$15,895,310	
Prop Tax Alloc	(\$226,354)	\$37,588	\$263,942	
All Othr Op Rev	(\$1,028,256)	\$675,854	\$1,704,109	
Other Sources	\$2,538,510	(\$2,072,567)	(\$4,611,077)	
Total Average Annual Change	(2,351,121)	7,832,981	\$10,184,102	
	-0.52%	2.31%	2.83%	

Note: Expenditure average annual change is projected to be > \$13,473,710 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).



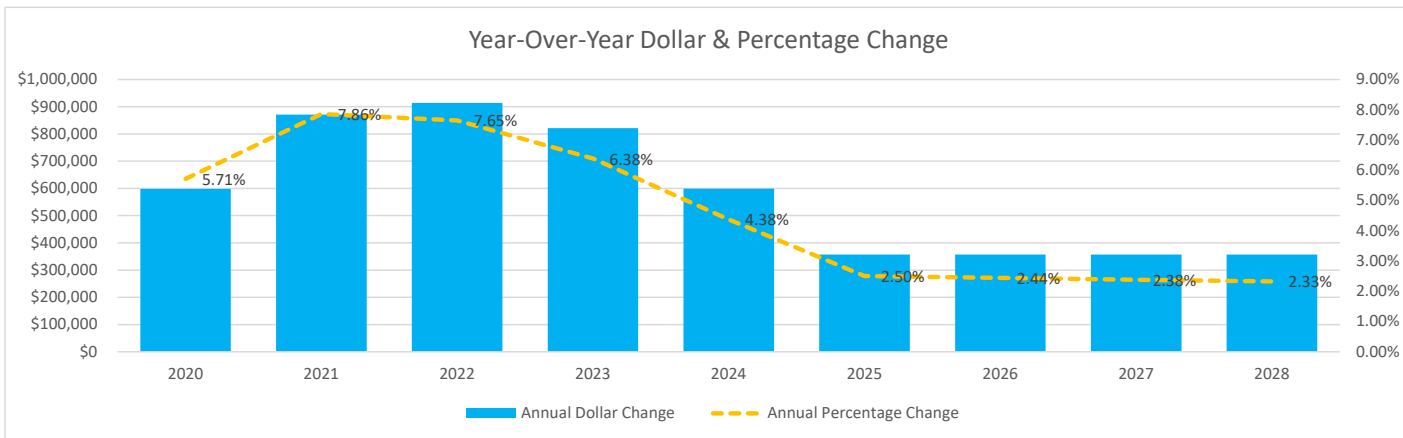
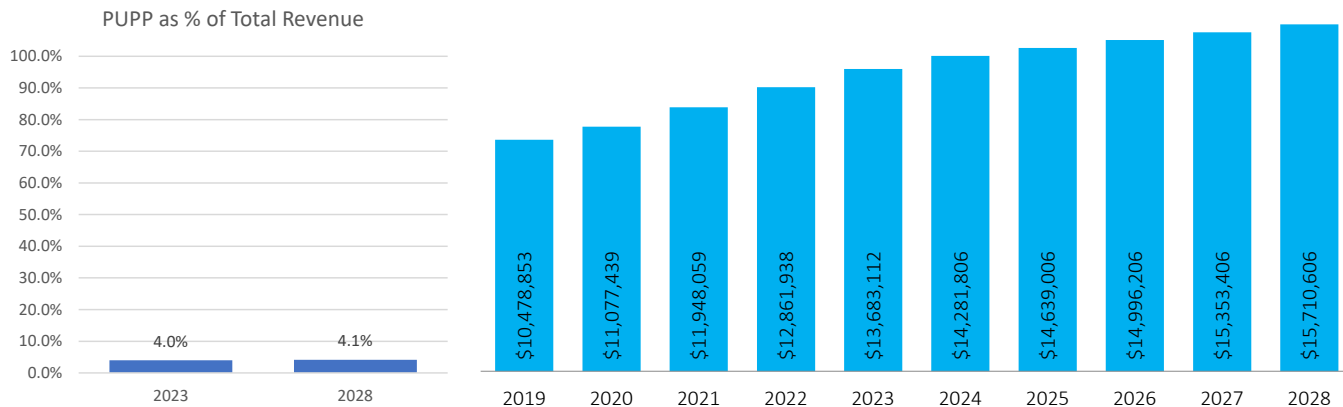
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2022	2,591,881,450	(18,139,280)	46.70	-	55.95	-	95.9%
2023	3,039,731,450	447,850,000	38.91	(7.80)	53.51	(2.43)	95.9%
2024	3,039,731,450	-	38.99	0.08	53.69	0.17	95.9%
2025	3,039,731,450	0	39.07	0.08	53.86	0.17	95.9%
2026	3,162,731,450	123,000,000	37.53	(1.54)	53.02	(0.84)	95.9%
2027	3,162,731,450	0	37.60	0.07	53.18	0.16	95.9%

Real estate property tax revenue accounts for 33.36% of total revenue. Class I or residential/agricultural taxes make up approximately 63.95% of the real estate property tax revenue. The Class I tax rate is 38.91 mills in tax year 2023. The projections reflect an average gross collection rate of 95.9% annually through tax year 2027. The revenue changed at an average annual historical rate of 2.55% and is projected to change at an average annual rate of 0.04% through FY 2028.

*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.



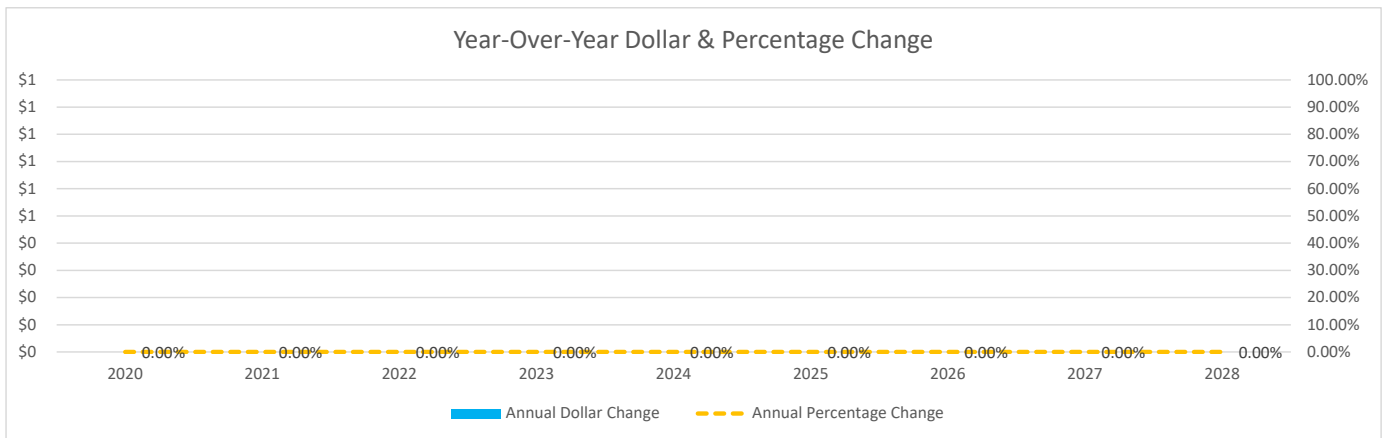
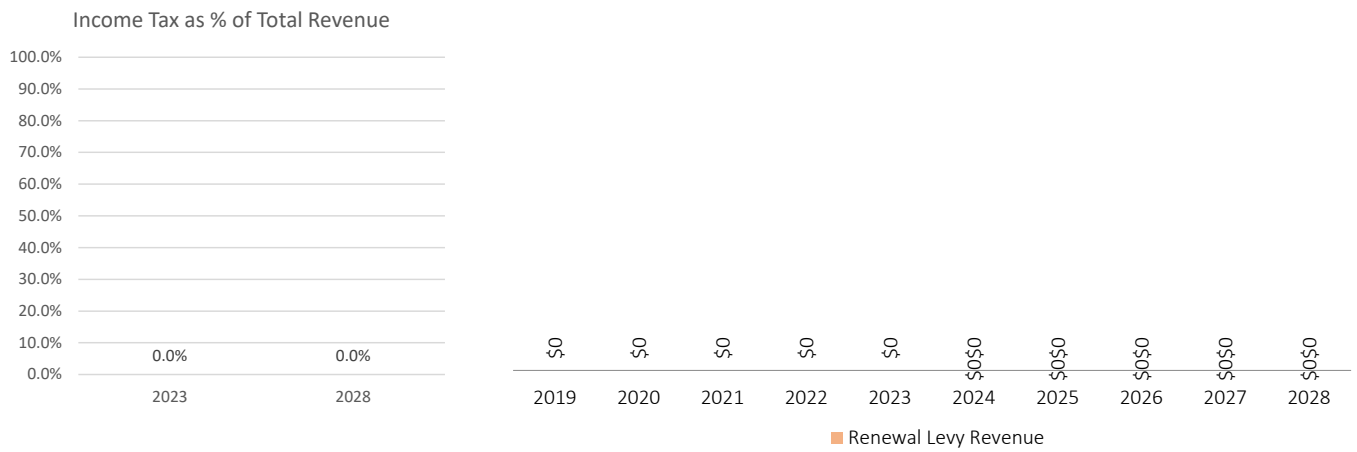
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2022	185,561,240	11,188,380	76.00	-	100.0%
2023	190,261,240	4,700,000	76.00	-	100.0%
2024	194,961,240	4,700,000	76.00	-	100.0%
2025	199,661,240	4,700,000	76.00	-	100.0%
2026	204,361,241	4,700,001	76.00	-	100.0%
2027	209,061,241	4,700,000	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 4.00% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 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 \$801,065 and is projected to change at an average annual dollar amount of \$405,499 through FY 2028.

*Projected % trends include renewal levies

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

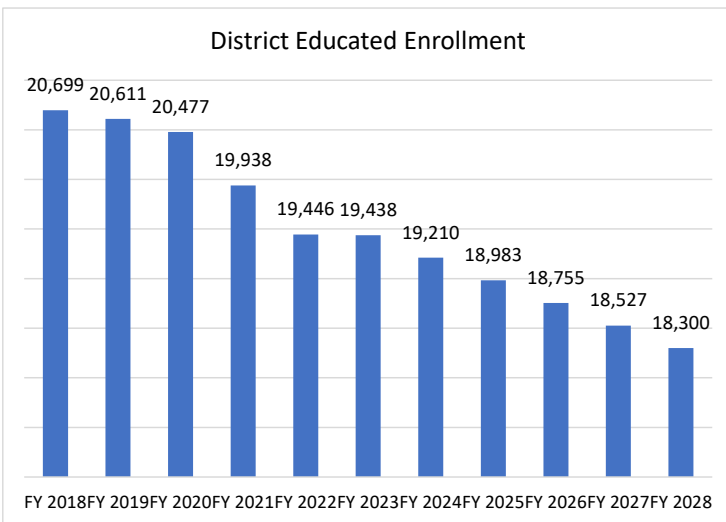
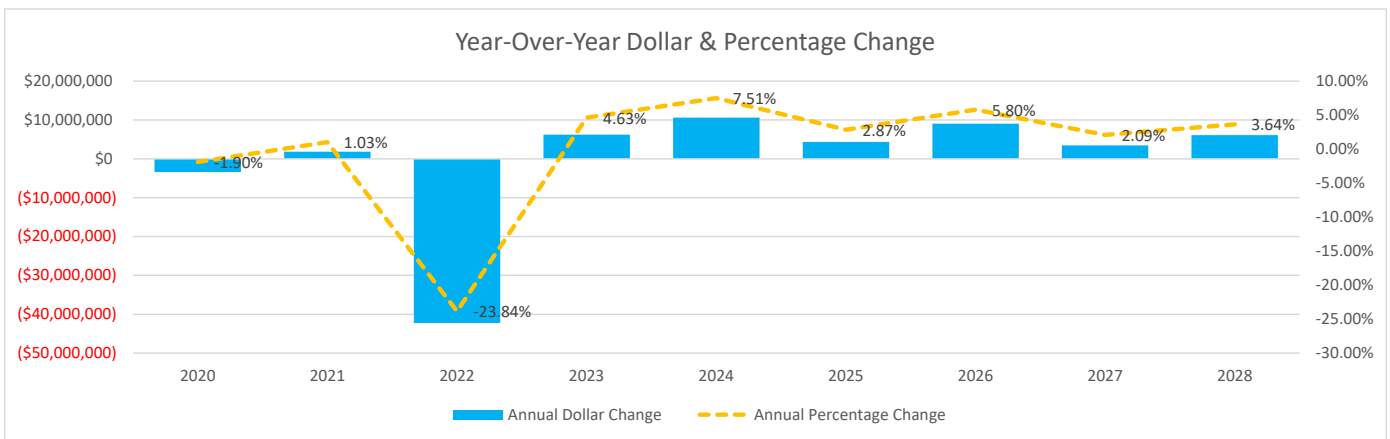
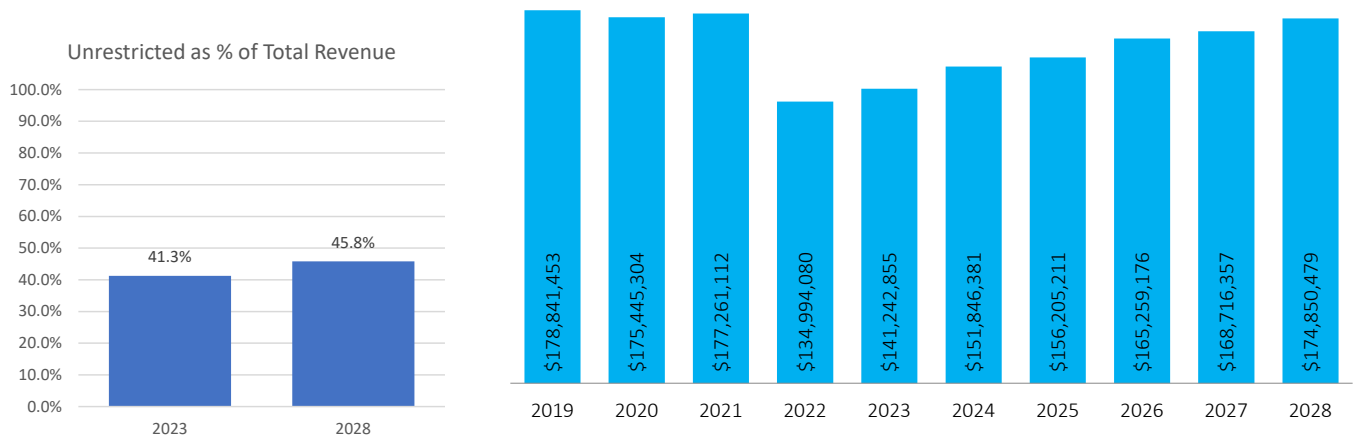


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



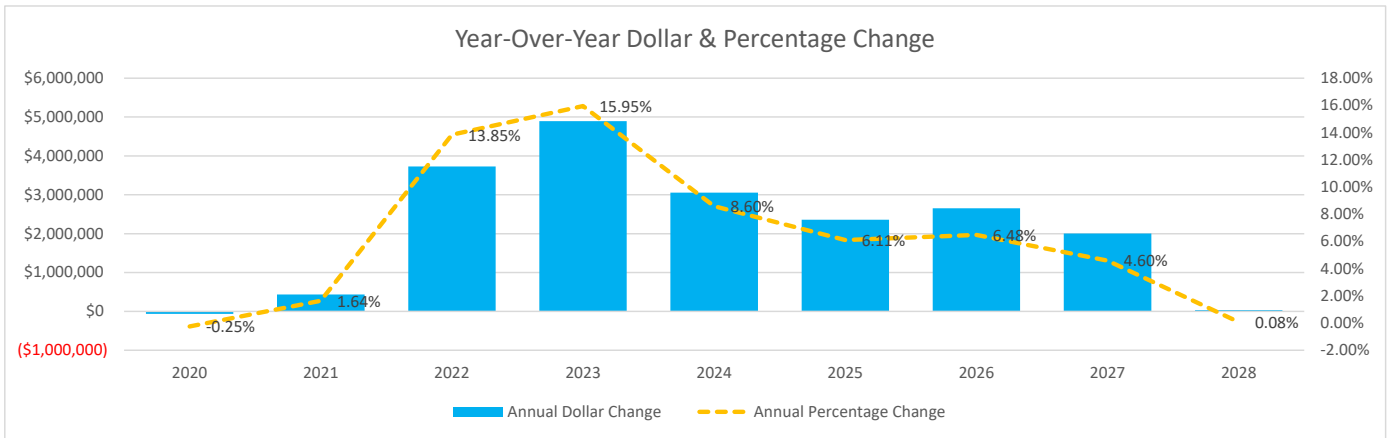
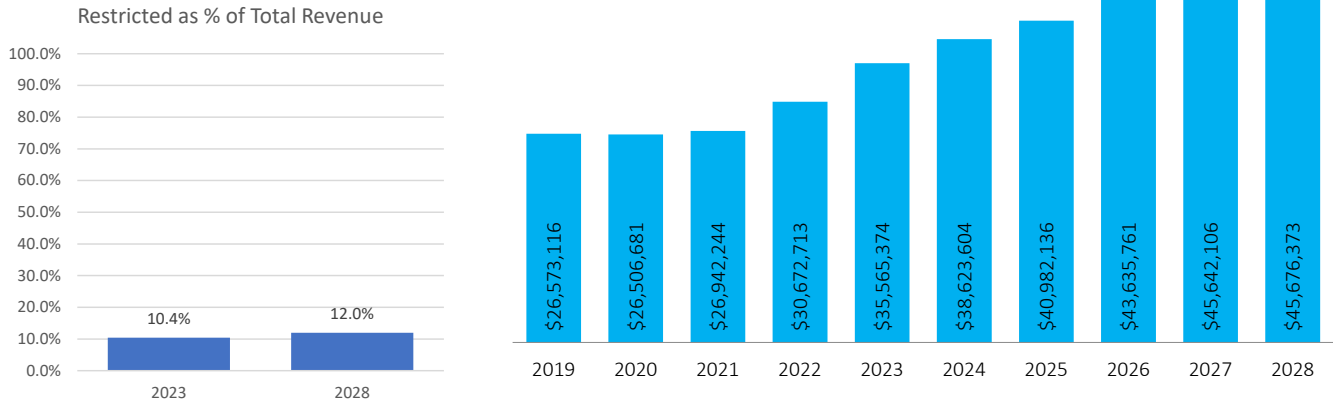
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual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

For Akron City School District the calculated Base Cost total is \$160,932,112 in FY 2023. The state's share of the calculated Base Cost total is \$112,131,414 or \$5,837 per pupil.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.

1.040 & 1.045 - Restricted Grants-in-Aid

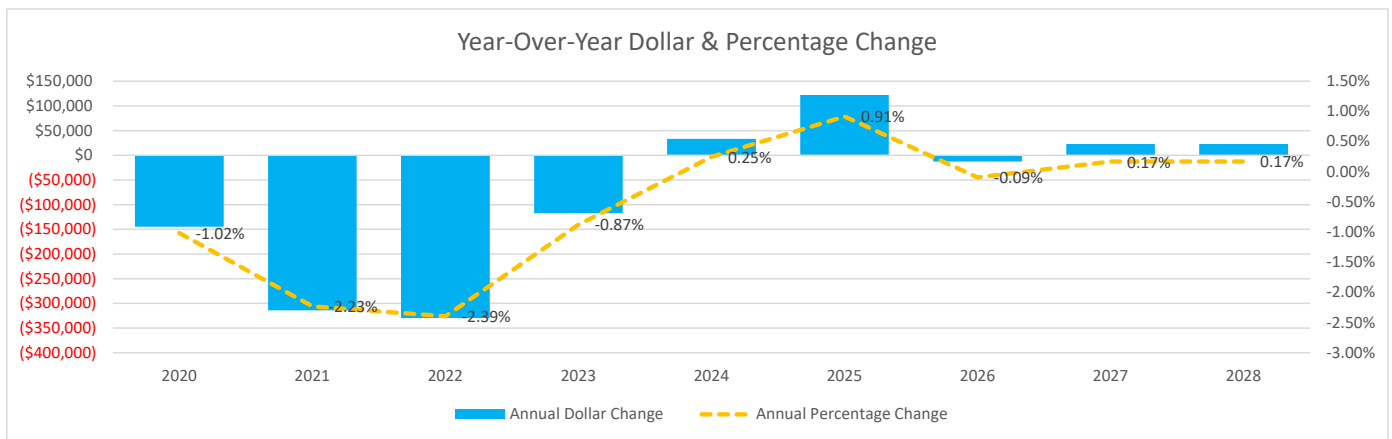
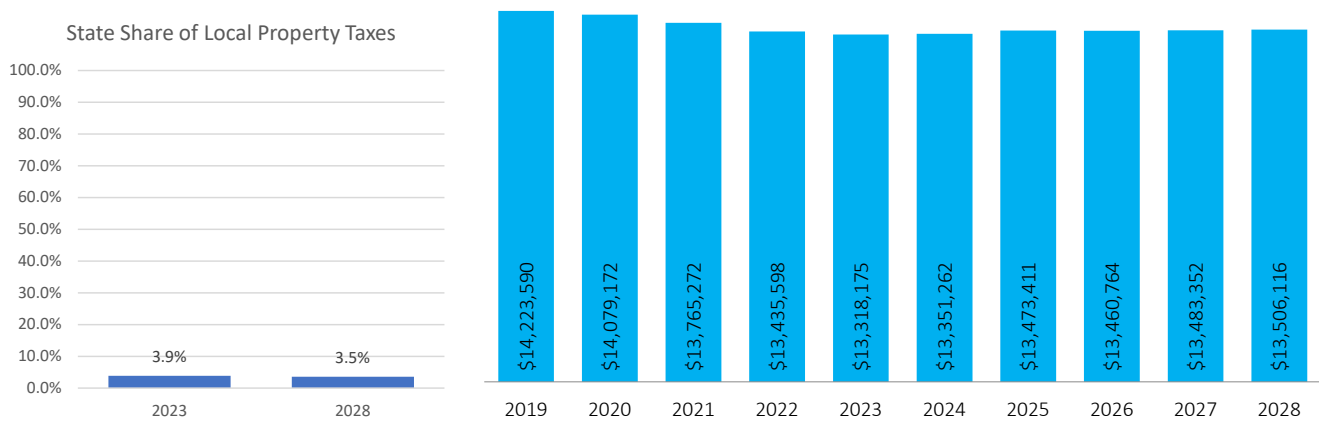
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$3,019,564 and is projected to change annually on average by \$2,022,200. Restricted funds represent 10.39% 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 \$4,644,399. 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 - State Share of Local Property Taxes

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

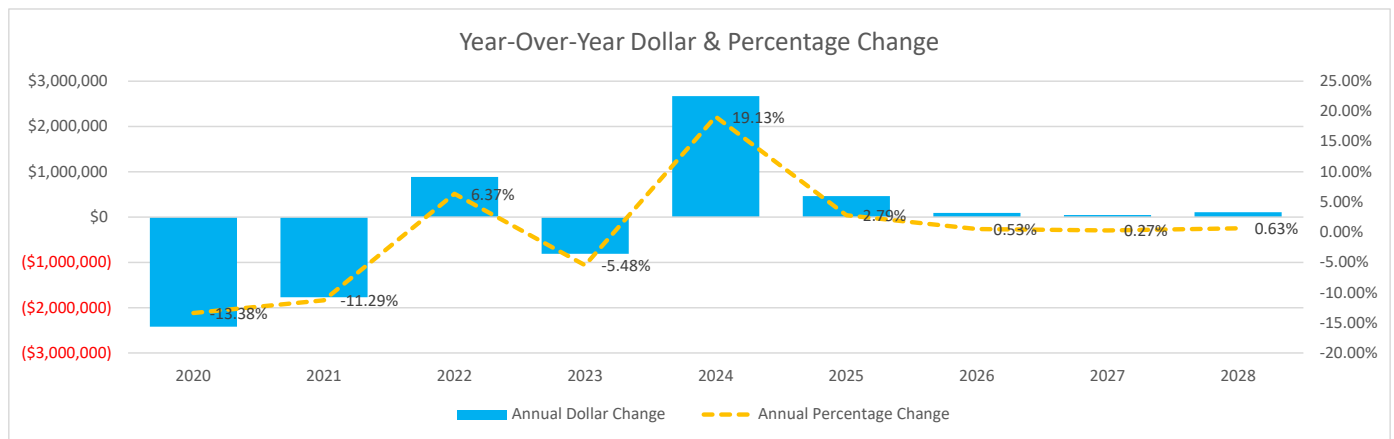
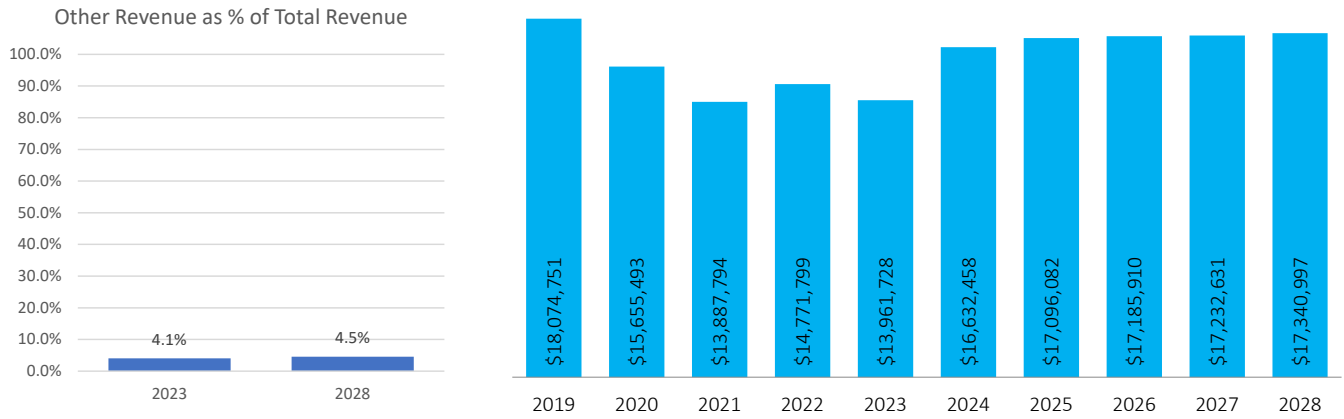


State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2024, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 4.2% will be reimbursed in the form of qualifying homestead exemption credits.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

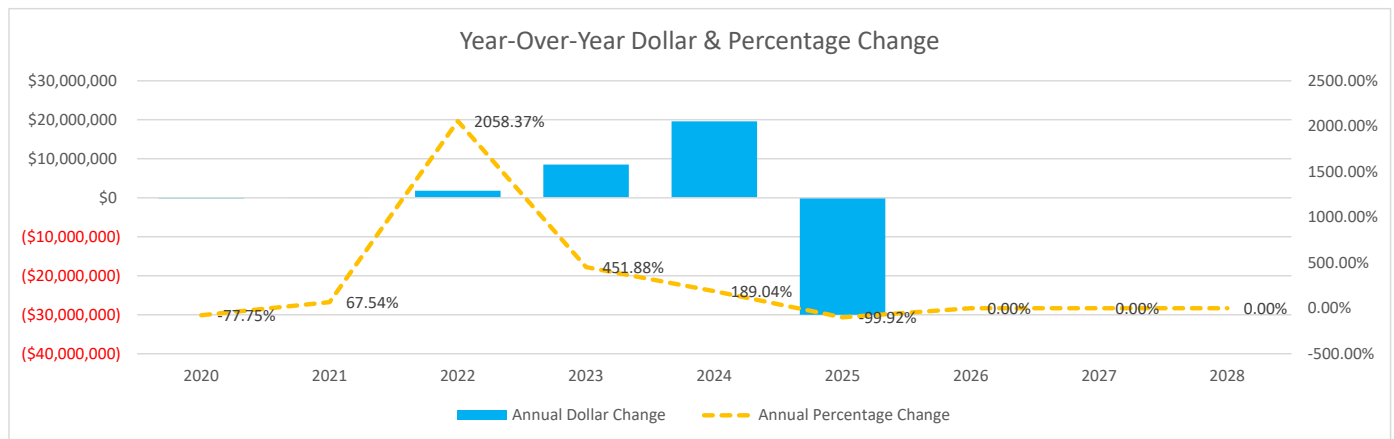
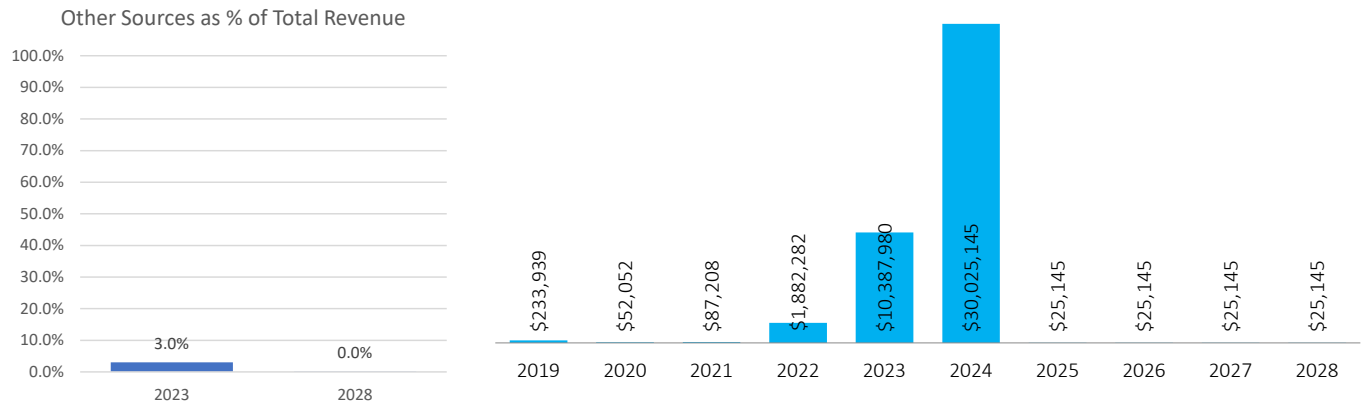
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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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.

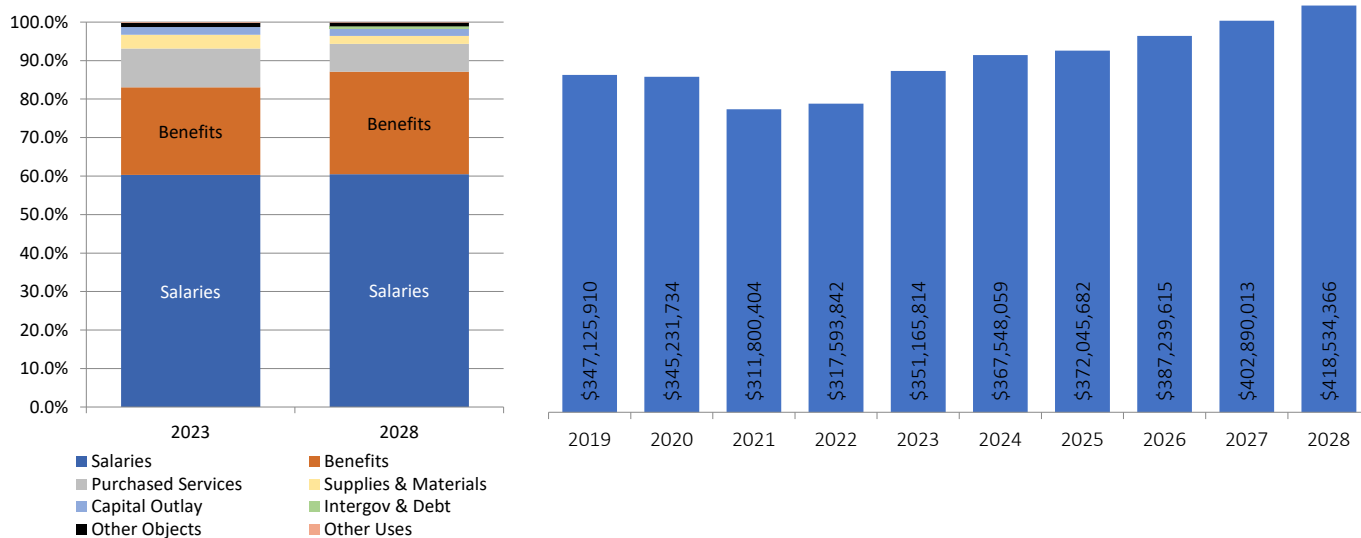


	2023	FORECASTED				
		2024	2025	2026	2027	2028
Transfers In	7,246	11,489	11,489	11,489	11,489	11,489
Advances In	-	-	-	-	-	-
All Other Financing Sources	10,380,735	30,013,656	13,656	13,656	13,656	13,656

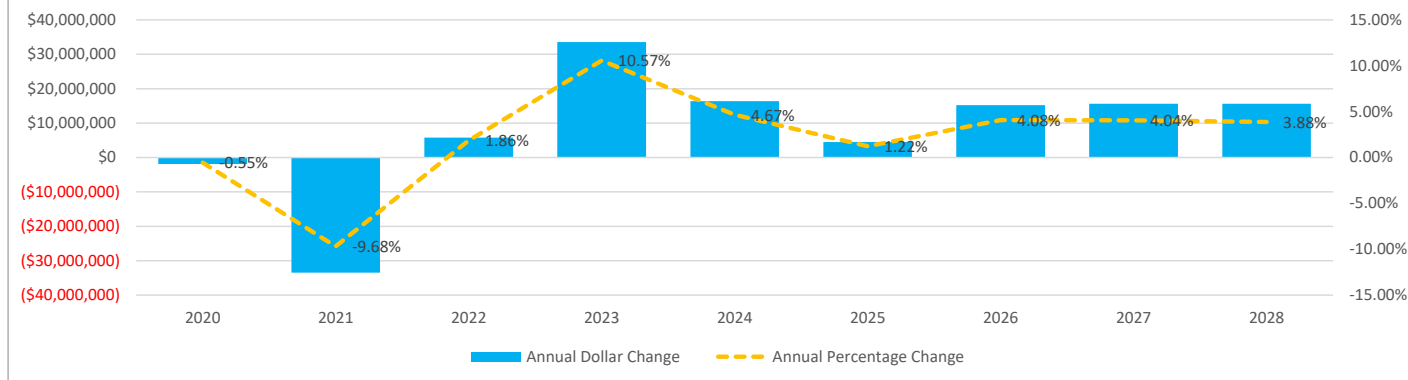
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2024. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$30,013,656 in FY 2024 and average \$13,656 annually through FY 2028.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



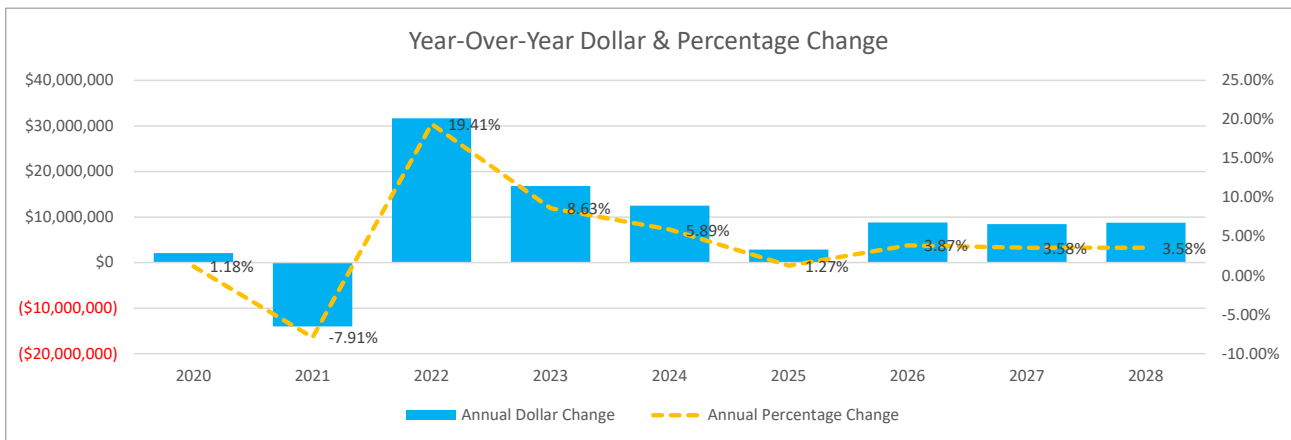
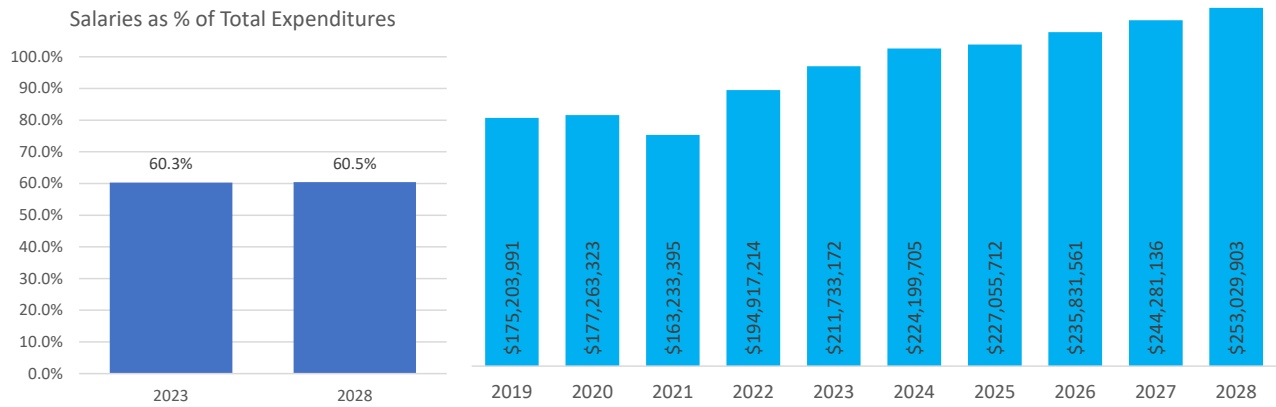
4-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 0.55% or \$1,009,976 annually during the past 4-Year period and is projected to increase 3.84% or \$13,473,710 annually through FY2028. Purchased Services has the largest projected average annual variance compared to the historical average at \$9,701,974.
Salaries	9,132,295	8,259,346	(\$872,949)	
Benefits	\$2,145,062	\$6,362,230	\$4,217,169	
Purchased Services	(\$10,787,692)	(\$1,085,718)	\$9,701,974	
Supplies & Materials	\$743,614	(\$776,834)	(\$1,520,448)	
Capital Outlay	(\$125,336)	\$121,748	\$247,085	
Intergov & Debt	\$0	\$554,985	\$554,985	
Other Objects	(\$116,278)	\$76,762	\$193,040	
Other Uses	\$18,311	(\$38,810)	(\$57,121)	
Total Average Annual Change	\$1,009,976	\$13,473,710	\$12,463,735	
	0.55%	3.84%	3.29%	

Note: Revenue average annual change is projected to be > \$7,832,981. On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

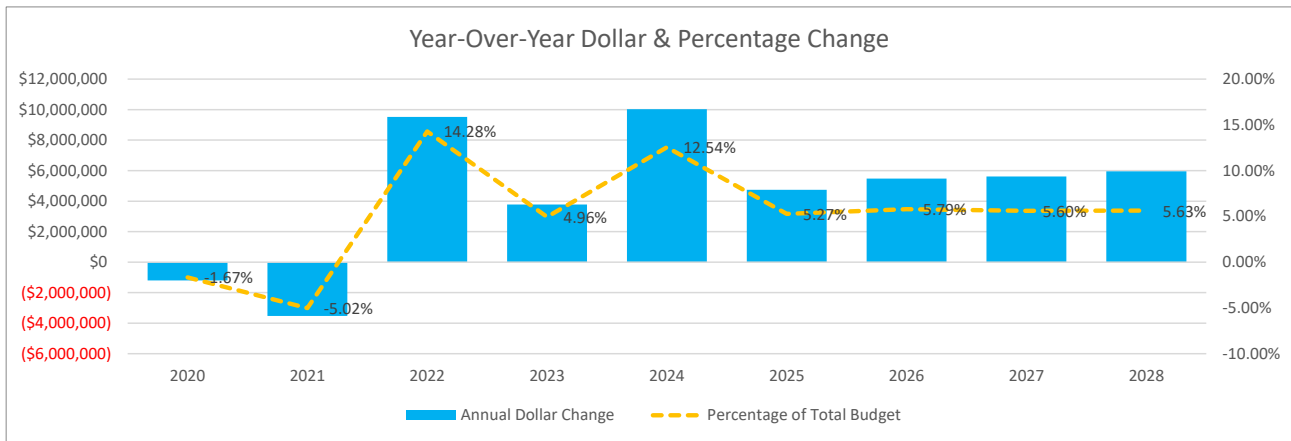
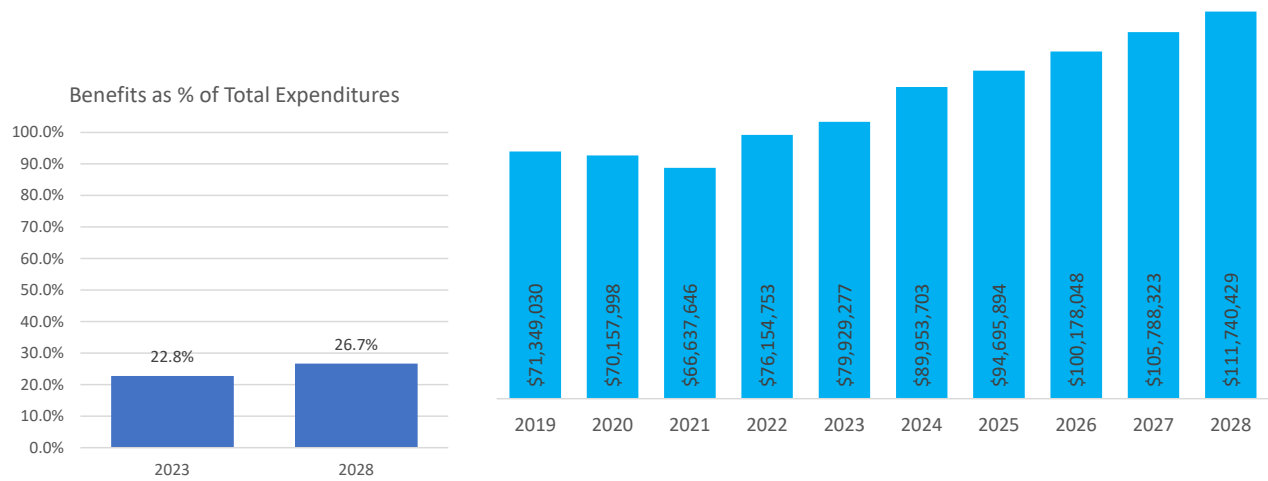
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 60.29% of total expenditures and increased at a historical average annual rate of 5.32% or \$9,132,295. This category of expenditure is projected to grow at an annual average rate of 3.64% or \$8,259,346 through FY 2028. The projected average annual rate of change is -1.69% less than the five year historical annual average.

3.020 - Employees' Benefits

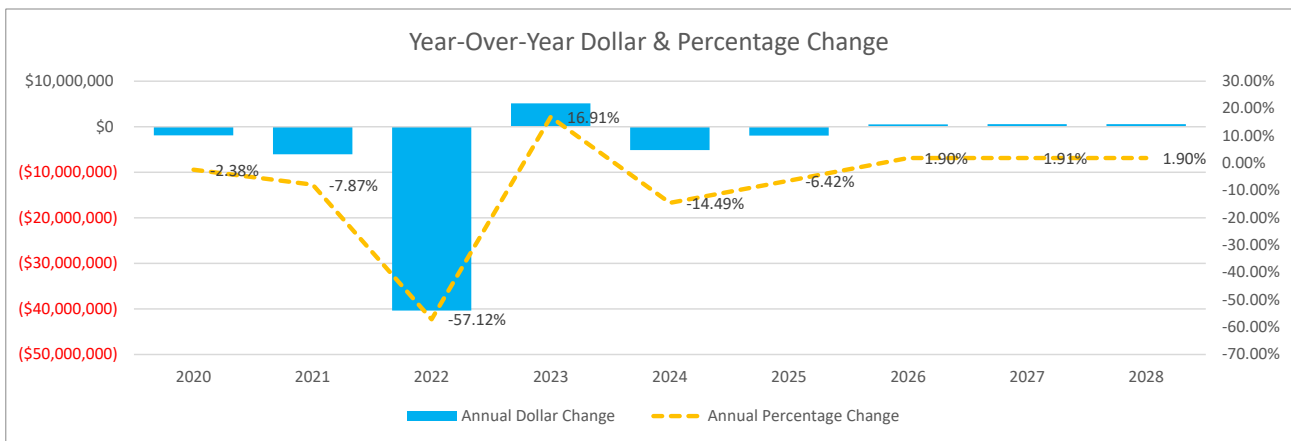
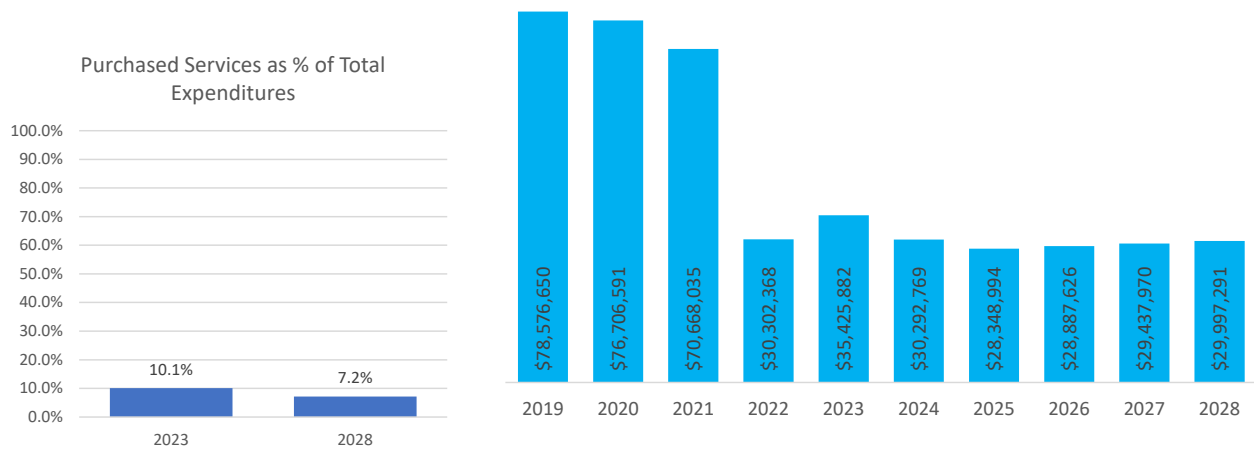
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 22.76% of total expenditures and increased at a historical average annual rate of 3.14% This category of expenditure is projected to grow at an annual average rate of 6.97% through FY 2028. The projected average annual rate of change is 3.83% more than the five year historical annual average.

3.030 - Purchased Services

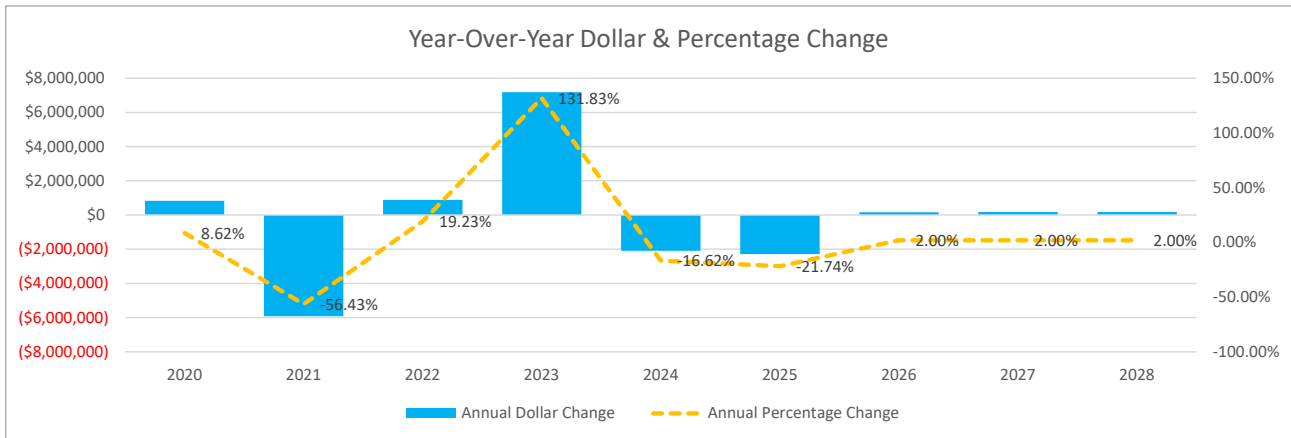
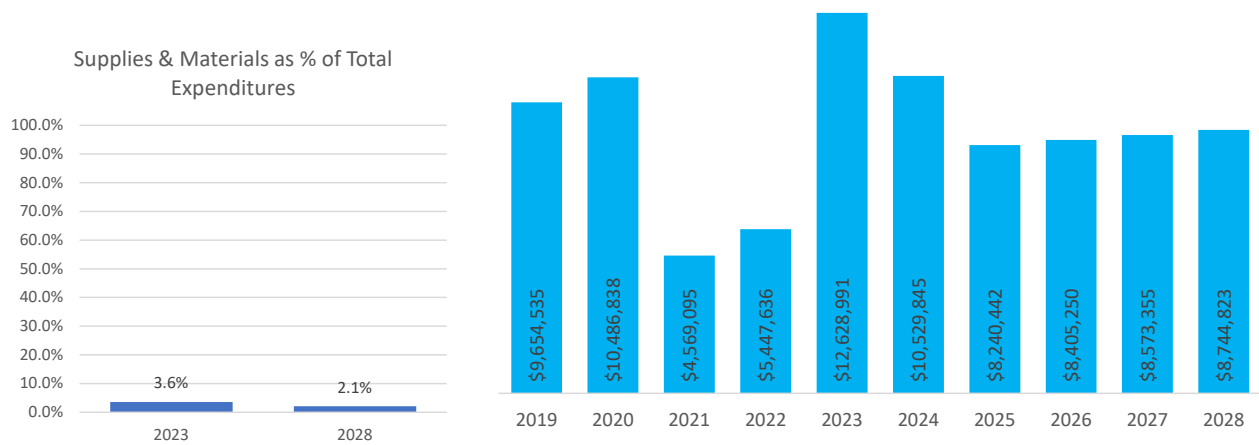
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 10.09% of total expenditures and decreased at a historical average annual rate of -12.62%. This category of expenditure is projected to decrease at an annual average rate of -3.04% through FY 2028. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.

3.040 - Supplies & Materials

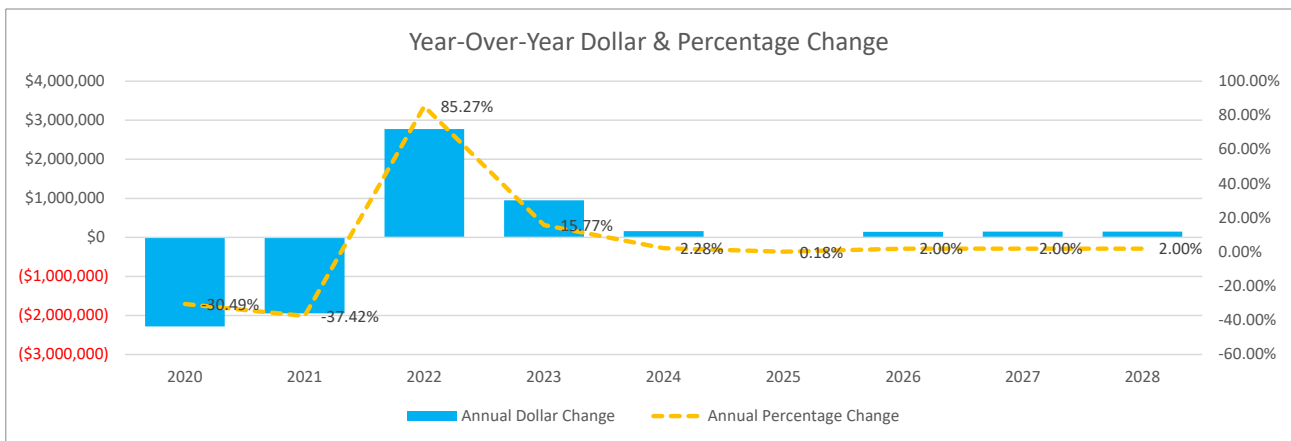
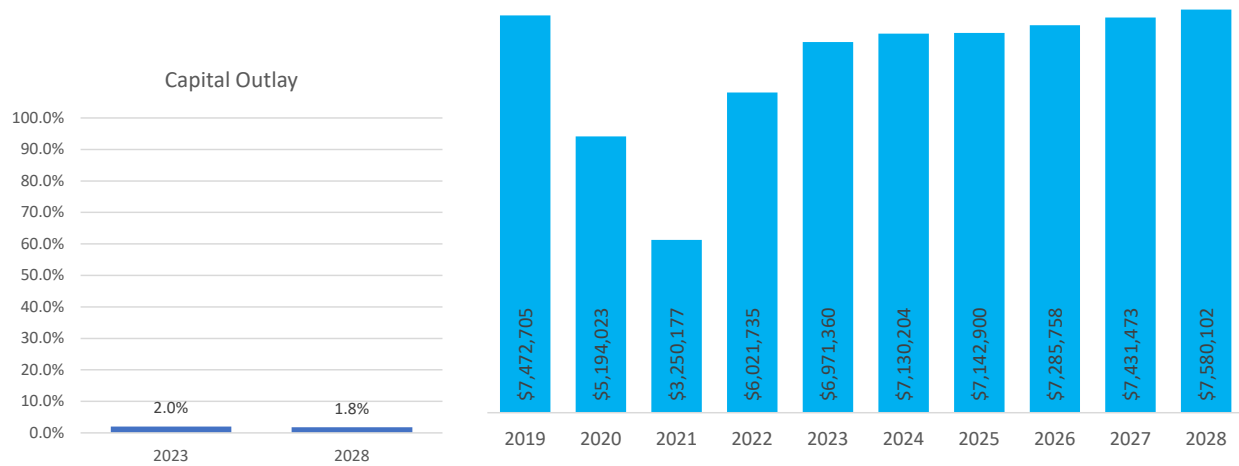
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 3.60% of total expenditures and increased at a historical average annual rate of 25.81%. This category of expenditure is projected to decrease at an annual average rate of -6.47% through FY 2028. The projected average annual rate of change is -32.28% less than the five year historical annual average.

3.050 - Capital Outlay

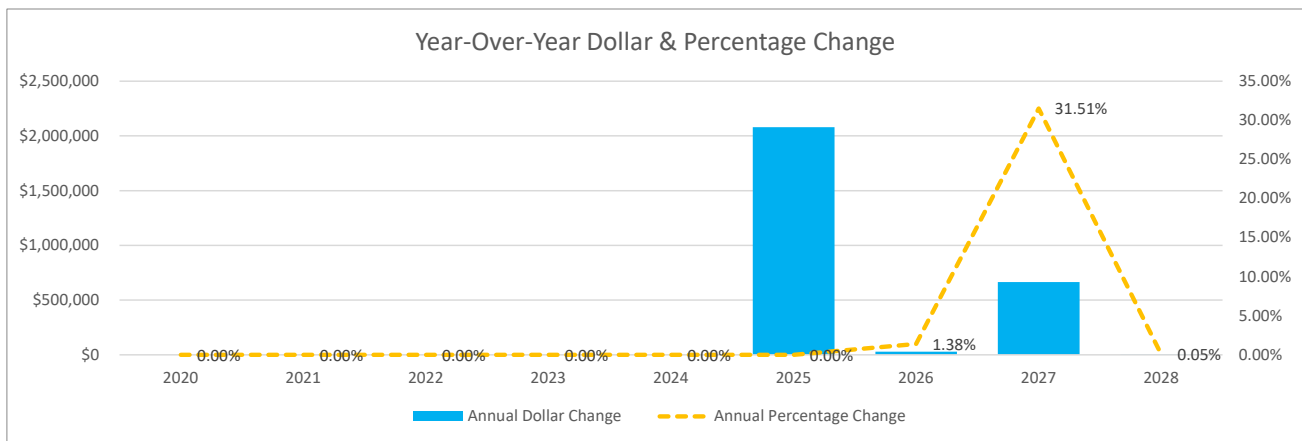
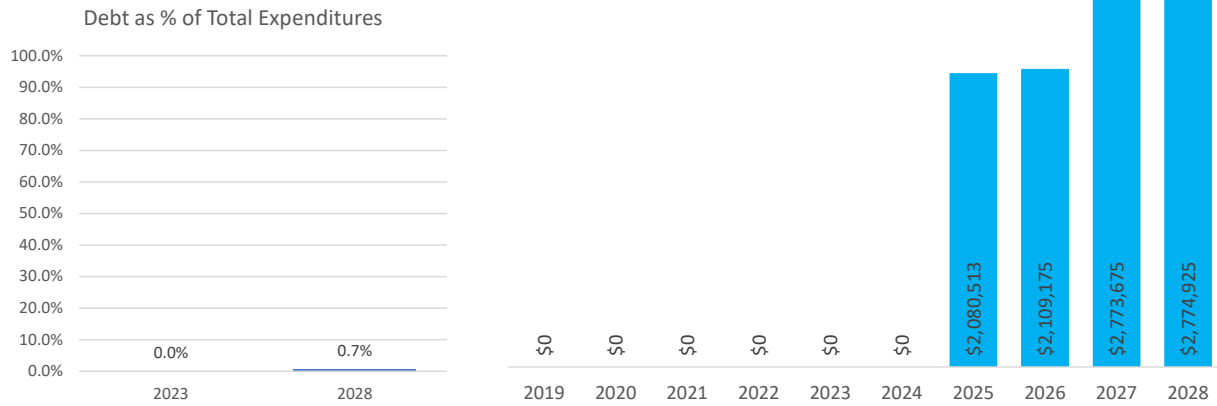
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 1.99% of total expenditures and decreased at a historical average annual amount of -\$125,336. This category of expenditure is projected to grow at an annual average rate of \$121,748 through FY 2028. The projected average annual change is less than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

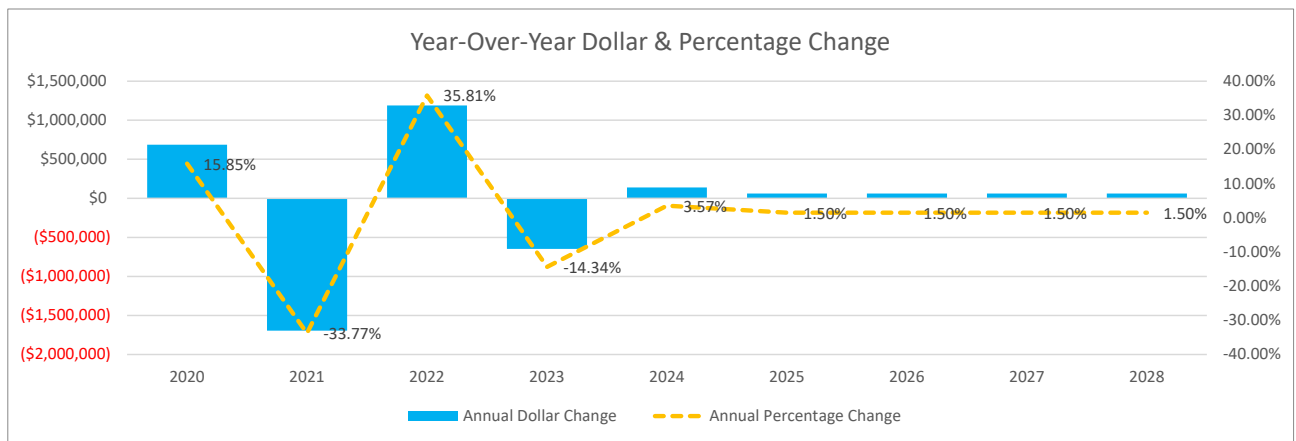
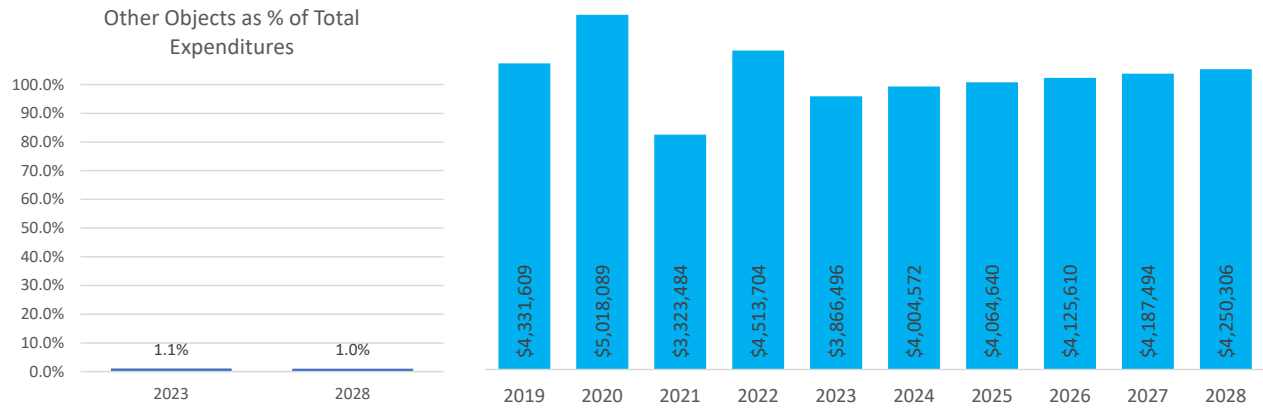
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

4.300 - Other Objects

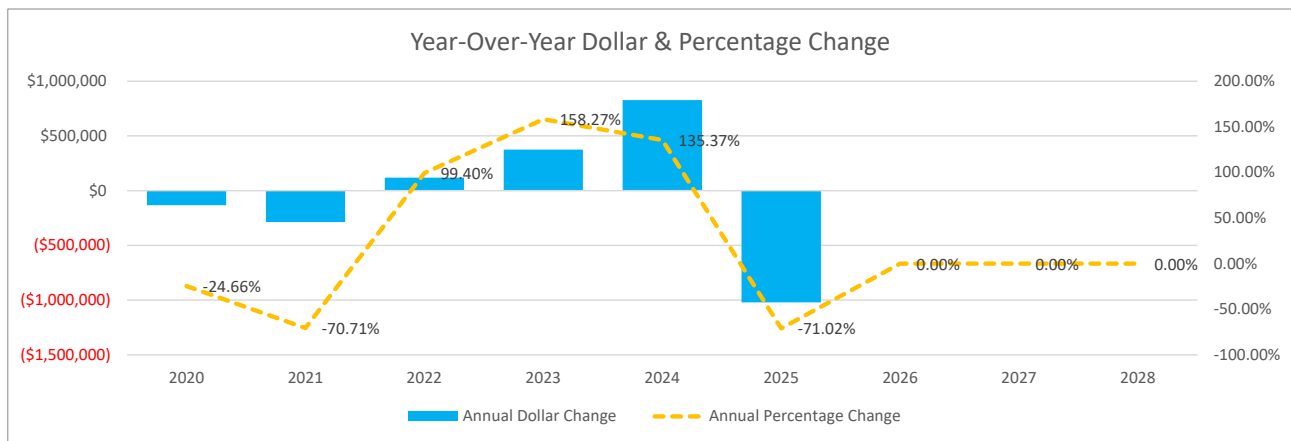
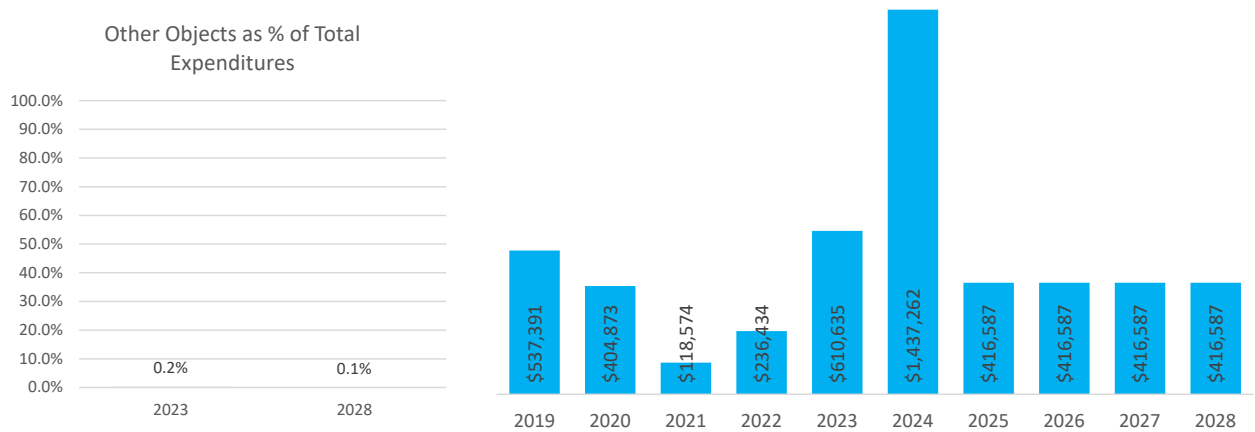
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.10% of total expenditures and increased at a historical average annual rate of 0.89%. This category of expenditure is projected to grow at an annual average rate of 1.91% through FY 2028. The projected average annual rate of change is 1.03% more 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.



	2023	2024	2025	FORECASTED		
				2026	2027	2028
Transfers Out	610,635	416,587	416,587	416,587	416,587	416,587
Advances Out	-	-	-	-	-	-
Other Financing Uses	-	1,020,675	-	-	-	-

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 2023 the district had no advances-out and has no advances-out forecasted through FY 2028. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2028. 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				
	2023	2024	2025	2026	2027	2028
Revenue:						
1.010 - General Property Tax (Real Estate)	114,203,270	111,753,743	112,755,156	113,168,826	113,802,660	114,417,681
1.020 - Public Utility Personal Property	13,683,112	14,281,806	14,639,006	14,996,206	15,353,406	15,710,606
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	141,242,855	151,846,381	156,205,211	165,259,176	168,716,357	174,850,479
1.040 - Restricted Grants-in-Aid	35,565,374	38,623,604	40,982,136	43,635,761	45,642,106	45,676,373
1.050 - State Share-Local Property Taxes	13,318,175	13,351,262	13,473,411	13,460,764	13,483,352	13,506,116
1.060 - All Other Operating Revenues	13,961,728	16,632,458	17,096,082	17,185,910	17,232,631	17,340,997
1.070 - Total Revenue	331,974,513	346,489,254	355,151,002	367,706,643	374,230,512	381,502,252
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	7,246	11,489	11,489	11,489	11,489	11,489
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	10,380,735	30,013,656	13,656	13,656	13,656	13,656
2.070 - Total Other Financing Sources	10,387,980	30,025,145	25,145	25,145	25,145	25,145
2.080 - Total Rev & Other Sources	342,362,493	376,514,399	355,176,147	367,731,788	374,255,657	381,527,397
Expenditures:						
3.010 - Personnel Services	211,733,172	224,199,705	227,055,712	235,831,561	244,281,136	253,029,903
3.020 - Employee Benefits	79,929,277	89,953,703	94,695,894	100,178,048	105,788,323	111,740,429
3.030 - Purchased Services	35,425,882	30,292,769	28,348,994	28,887,626	29,437,970	29,997,291
3.040 - Supplies and Materials	12,628,991	10,529,845	8,240,442	8,405,250	8,573,355	8,744,823
3.050 - Capital Outlay	6,971,360	7,130,204	7,142,900	7,285,758	7,431,473	7,580,102
Intergovernmental & Debt Service	-	-	2,080,513	2,109,175	2,773,675	2,774,925
4.300 - Other Objects	3,866,496	4,004,572	4,064,640	4,125,610	4,187,494	4,250,306
4.500 - Total Expenditures	350,555,178	366,110,797	371,629,095	386,823,028	402,473,426	418,117,779
Other Financing Uses						
5.010 - Operating Transfers-Out	610,635	416,587	416,587	416,587	416,587	416,587
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	1,020,675	-	-	-	-
5.040 - Total Other Financing Uses	610,635	1,437,262	416,587	416,587	416,587	416,587
5.050 - Total Exp and Other Financing Uses	351,165,814	367,548,059	372,045,682	387,239,615	402,890,013	418,534,366
6.010 - Excess of Rev Over/(Under) Exp	(8,803,320)	8,966,340	(16,869,535)	(19,507,828)	(28,634,355)	(37,006,969)
7.010 - Cash Balance July 1 (No Levies)	104,298,592	95,495,272	104,461,612	87,592,077	68,084,249	39,449,894
7.020 - Cash Balance June 30 (No Levies)	95,495,272	104,461,612	87,592,077	68,084,249	39,449,894	2,442,924
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	95,495,272	104,461,612	87,592,077	68,084,249	39,449,894	2,442,924
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	95,495,272	104,461,612	87,592,077	68,084,249	39,449,894	2,442,924
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	95,495,272	104,461,612	87,592,077	68,084,249	39,449,894	2,442,924

