Medina City Schools
Five Year Forecast
Assumptions

May 18, 2015

The Medina City School District has worked hard to remain in fiscal solvency over the past years. In 2010-2011 the district reduced staffing by eliminating 53.5 Teaching positions, 31.5 Support Staff positions and 1.5 Administrative posistions. In 2011-2012, the district again reduced staffing by eliminating 39 Teaching positions, 9.4 Support Staff positions and 4.25 Administrative positions. With the reductions came program reductions and transportation reductions. With the passage of the November 2013 Emergency Levy, the promise to restore programming and busing was made to the community. The current forecast reflects this promise. During the summer of 2014, the district hired 33 additional teachers and brought back programming. Also, the district added bussing to the High School and reduced bussing to one (1) mile for students and families.

General and Personal Property Taxes:

The Current year shows all taxes received by the district, for the reamining years of the forecast, the district is assuming the County Auditor's estimated revenue for the 2015 collection year remains constent with a collection rate of 98%. The county will experience a valuation update the last half of fiscal year 2017 and the first half of fiscal year 2018 leading to an estimated increase. Estimates for the current year reflect the county reappraisal and reductions for Board of Revision hearings. The remaining years see slow valuation gains. Fiscal year 2018-2019 will see the last payment for the Emergency Levy from the County Auditor's Office. The district will have to determine needs prior to this time.

Personal Property Taxes are Public Utility Property Taxes. These taxes are collected through the State of Ohio and distributed to the school district. At this time, the district is reflecting these taxes with the real property tax collections.

Unrestricted Grants-in-Aid

Funding of basic aid from the State is based upon the May #1 Foundation report for 2015. The forecast assumes the district will be funded based upon the House Budget Projections of April 2015. These estimates call for a decrease in funding the first year of the biennium with a slight increase in the second year. The district can only assume we will receive the same amount in the remaining years and we do not assume any decrease in funding.

This line also includes money received from Casino revenues estimated throughout the forecast to produce the same as was collected by the district in 2014-2015.

Restricted Grants-in-Aid

Restricted grants-in-aid amounts include career tech monies. There is an assumption the career tech monies will be funded at the current rate throughout the forecast as based upon the May #1 Foundation Settlement.

Prior years restricted money included funding for Education Jobs and State Fiscal Stabilization Funding. These funds are no longer available from the State of Ohio.

Property Tax Allocation

Property Tax Allocation represents the homestead and rollback portion of taxes. The assumed collections are based upon 2014 fiscal year collections as compared to Real Property Taxes. The property tax allocation collections throughout are estimated to be 10-95% of real property. Also included is the assumption the State will fund the district based upon the House Budget Projections of April 2015 for Tangible Personal Property Tax Loss Reimbursement and this funding will continue until the end of the next biennium budget.

All Other Revenue

This figure is based upon the current monies received from fees and contributions, rentals, tuition, interest earnings, etc. The assumption is outside revenue sources will continue to remain constant with the ebb and flow of the economy and revenue sources. The District assumes interest earnings will increase based upon new investment strategies, but the rise will be slight over the forecast.

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Personal Services

Staffing has been reduced since 2010. The district has reduced over 130 positions and corresponding programming. The passage of the November 2013 Emergency Levy provides the district the ability to bring back programming which includes staff and busing. The district will continue to monitor individual class and building size to move personnel where best needed on a yearly basis. The forecast assumes there will be no decrease in current staffing levels affecting the forecasted period. The district also assumes no additional salary increases beyond the existing negotiated contracts.

Benefits

The benefit expenses are for retirement, medicare, and worker's compensation as well as health, dental, drug, and life insurances. The retirement, medicare, and worker's compensation are based upon salary for each year. The District assumes an increase in health, dental and life insurance costs of 7.0%, 7.0%, 7.0% and 7.0% for each year over the remainder of the forecast based upon estimated premium increases. The district has been able to maintain premium costs for the past three years, however, with the advent of the Affordable Care Act, the district has had to revise healthcare provisions. Some of these revisions have taken place beginning June 2014 while others will follow in upcoming years as the Affordable Care Act commences in earnest.

Purchased Services

The purchased service assumption is based upon a breakdown of tuition and other services. Gas increases are based upon information given from our consortium for the current year. Electricity is assumed to increase over the forecast but at a lower rate than in the past with the energy saving from the newly installed cogeneration system. Tuition is based upon an increase from the previous year and Open Enrollment and Community School payments are based upon estimated student numbers and estimated State Funding as of the May #1 Foundation report.

Supplies and Materials

The district is assuming purchases of textbooks and workbooks for the life of the forecast. These purchases account for nearly one-forth of all supply expenditures and will vary based upon the textbook replacement cycle. The district will be holding other supply purchases to the 2014-2015 level with an estimate of less than 2% increase for all remaining years of the forecast.

Capital Outlay

The district has increased the general fund for capital improvements. The reason for this increase is due to debt payment of the Sales Tax Fund. The yearly payment for principal and interest has increase nearly $550,000 over the life of the forecast leaving less money to be used for capital. The General fund will be expected to pick up this loss. This first year, the district is funding for the remaining infrastructor to be completed. Following years will not need as much funding.

Other Objects

This figure is made up of auditor/treasurer fees, state audit fees, miscellaneous dues and fees, and insurance liability coverage. The assumption for the district is these fees will slowly increase over the remainder of the forecast.

Transfers Out

The district anticipates transfering monies into the fee accounts to cover costs associated with medicare waivers and free lunch waivers mandated by House Bill 1. These costs will be reviewed on a yearly basis.The district also transfers money to cover Recreation Center funding and payments for the Energy and Transportation Bonds.

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Reservation of Fund Balances

The district assumes an 18 day Budget Reserve. This will allow the district to work with the County Auditor or local banking institutions as needed with these monies used as a "Rainy Day" Fund.

Projection of October & February Count

The assumption of the district is the steady increase over the years of the forecast based upon the current headcount with knowledge the levy passed in November bringing back programming and students.

In Conclusion

This Five-year Forecast is a look at the district at a moment in time. These figures will be altered with Local, State and Federal changes in the economy and as new legislation and funding become known. The following points of information about the forecast need to be made:

1. The district has been very conservative with its total expenditures for the last four years. This forecast is a result of decreases in State and Federal funding even as the district continues its efforts to be conservative with its costs.

2. The Medina City School District saw a 6.7 million dollar decrease in State and Federal funding from fiscal year 2011 to Fiscal year 2013. The Governor's current Budget has provided additional revenues to the school district, however, these revenues do not replace what had been lost. Only a continuation to funding to the full level of the new Foundation Funding Formula will help the school district. This is the first year with the new funding formula the district is close to receiving full funding. As of today, the State foundation estimates for the district show the district will be underfunded by $215,902.45 during the current fiscal year.

3. The Medina City School District has made yearly changes to staffing, benefits, and other expenditures to maintain fiscal solvency. With the support of the Medina Community, the district was able to pass an Emergency Levy which has been used to bring back programming, increase transportation and place a resource officer in the High School.