

Medina City School District



Five Year Forecast Financial Report

May, 2020

David M. Chambers, Treasurer

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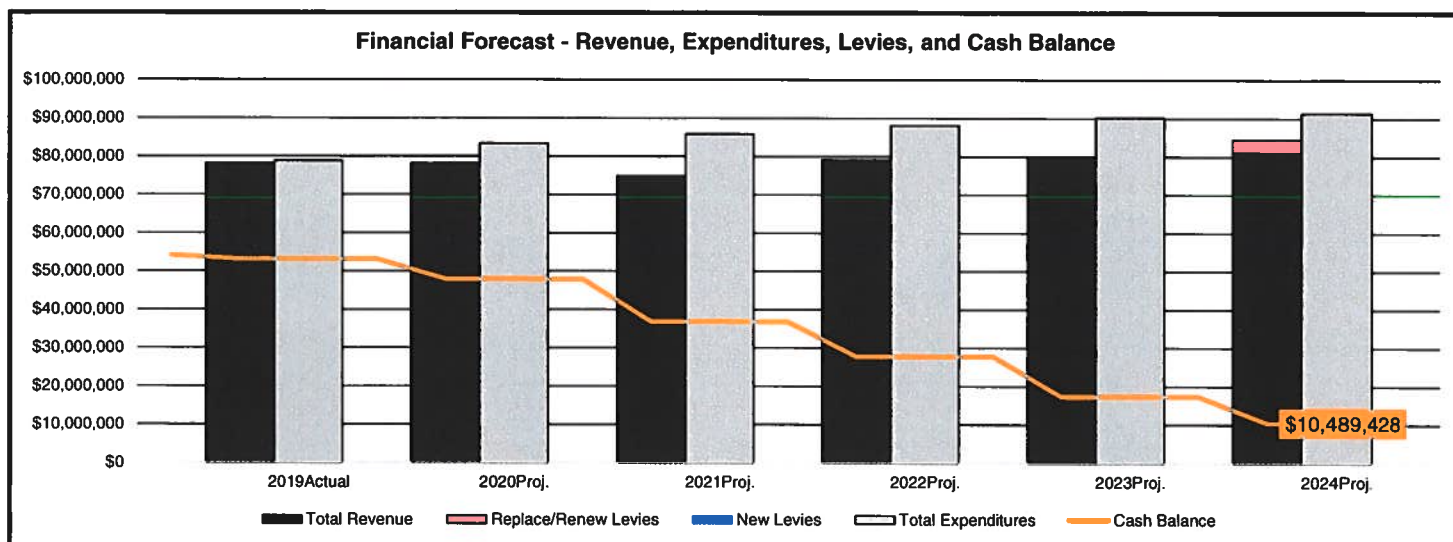
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Forecast Purpose/Objectives

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.



Medina City Schools

Financial Forecast

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	57,996,697	52,865,362	41,926,752	32,970,327	22,706,768
+ Revenue	78,204,368	74,937,361	79,196,883	79,990,739	81,282,697
+ Proposed Renew/Replacement Levies	-	-	-	-	3,295,568
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(83,335,703)	(85,875,970)	(88,153,309)	(90,254,298)	(91,399,546)
= Revenue Surplus or Deficit	(5,131,335)	(10,938,609)	(8,956,426)	(10,263,559)	(6,821,281)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	52,865,362	41,926,752	32,970,327	22,706,768	15,885,487

Analysis Without Renewal Levies Included:

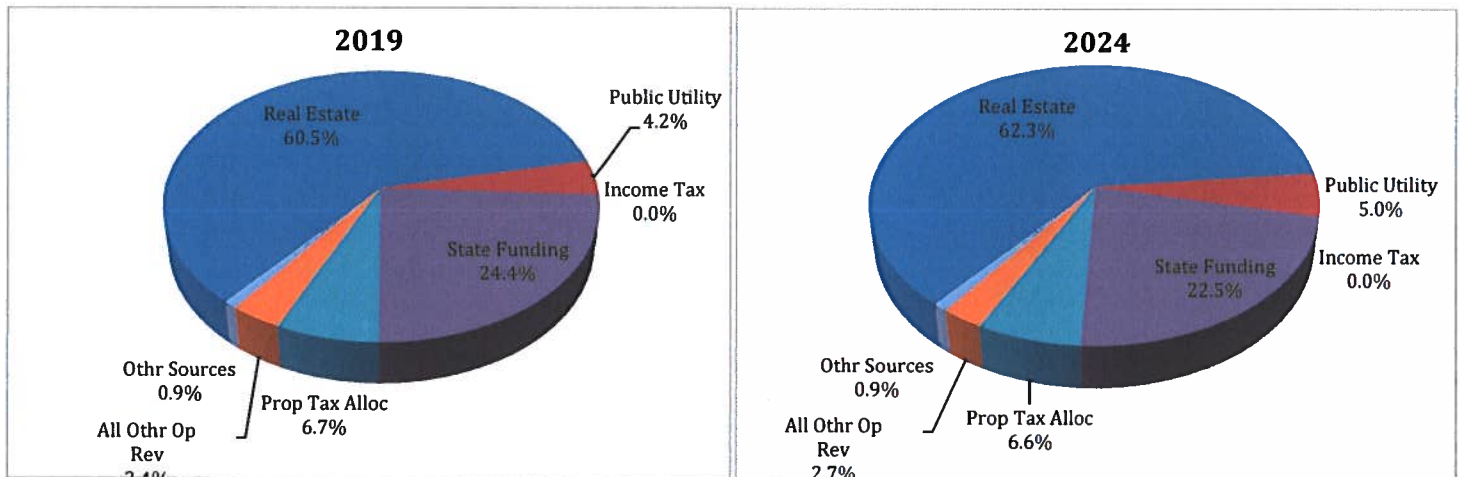
Revenue Surplus or Deficit w/o Levies	(5,131,335)	(10,938,609)	(8,956,426)	(10,263,559)	(10,116,849)
Ending Balance w/o Levies	52,865,362	41,926,752	32,970,327	22,706,768	12,589,919

The Medina City School District is in the third year of a five year Strategic Plan. The Board of Education approved this Strategic Plan which has/will provide additional programming for students K-12. In order to effectively implement all aspects of the Strategic Plan, the District has to remain fiscally conservative and remain financially stable with help from the Medina community. The community has done their part by passing a Substitute Levy in May 2018 providing for the continued collection of \$6.6 million.

For the District to move forward and show continued financial transparency, the District will continue spending down monies accumulated over the last five years while implementing the Strategic Plan. This will allow taxpayers of the District to not see a request for additional funds for a total of eight or nine years.

With the reductions Governor DeWine has asked of the district (\$1.5 million), it is more imperative for the District to continue to monitor revenues and search for cost savings in our expenditures as we move through the forecast.

Revenue Sources and Forecast Year-Over-Year Projected Overview



**Projected % trends include renewal levies*

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Revenue:							
1.010-Real Estate	2.03%	2.57%	-7.38%	7.37%	1.40%	8.25%	2.44%
1.020-Public Utility	5.94%	14.23%	12.83%	3.26%	3.01%	5.70%	7.81%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	2.63%	-7.31%	-1.59%	4.72%	0.36%	2.07%	-0.35%
1.040-Restricted Aid	223.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.045-Restr Federal SFSF	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-9.08%	1.02%	1.53%	0.36%	0.45%	1.55%	0.98%
1.060-All Other Operating	17.57%	-11.04%	3.48%	-0.48%	-3.66%	-5.22%	-3.38%
1.070-Total Revenue	1.54%	-0.05%	-4.21%	5.75%	1.01%	5.79%	1.66%
2.070-Total Other Sources	42.05%	9.13%	-0.87%	0.00%	0.63%	0.00%	1.78%
2.080-Total w/Other Srcs	1.51%	0.04%	-4.18%	5.68%	1.00%	5.74%	1.66%

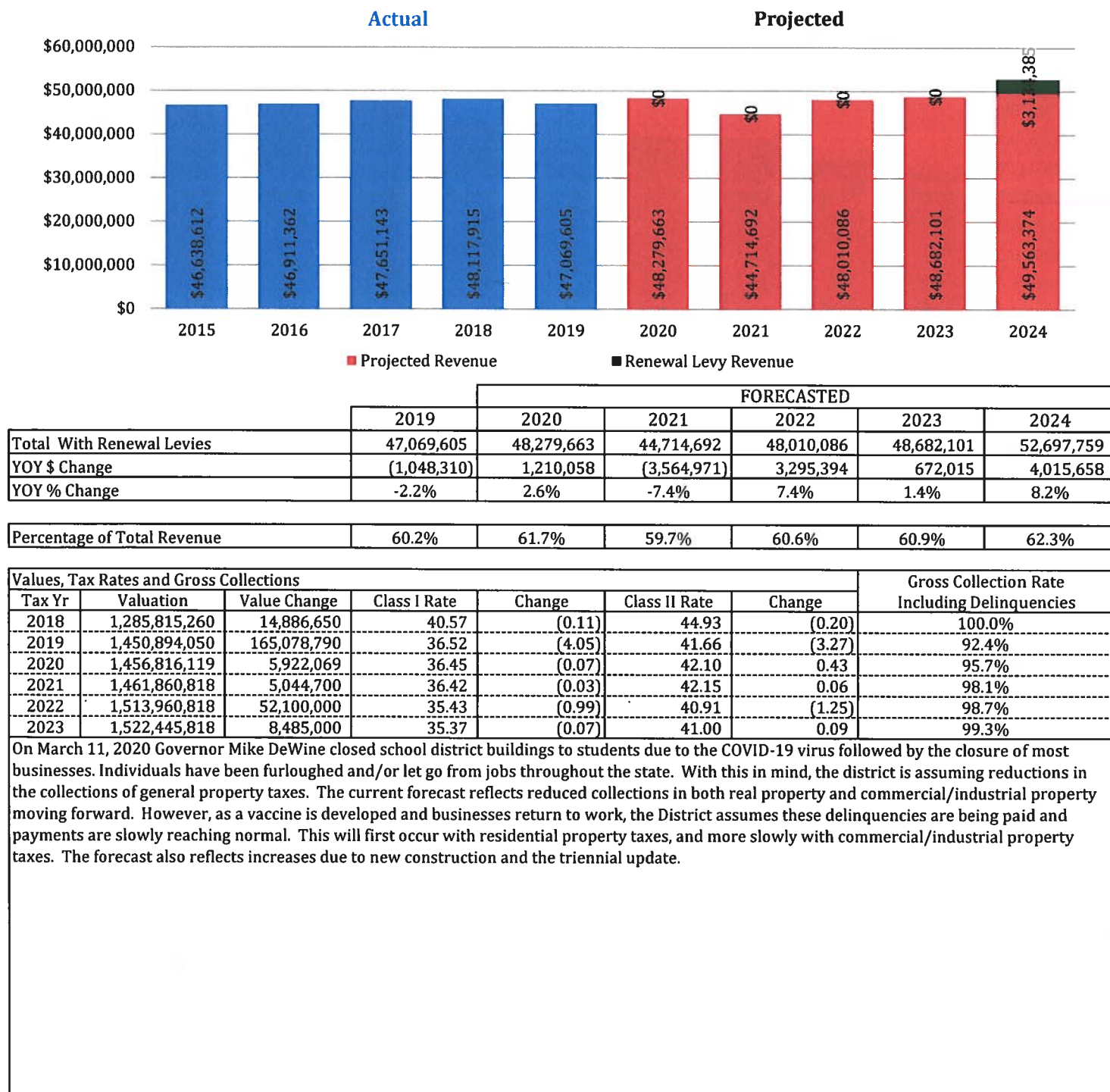
There are three main sources of revenues which will be affected throughout the forecast. These sources are Real Property Taxes, Unrestricted Grants-in-Aid (School Foundation), and Investment Income. The Real Property revenue fund was looking at stability as a result of the passage of the Substitute Levy in May 2018 with collection beginning in calendar year 2019. This levy allows for continued funding of \$6.6 million to the District. The passage of the Substitute Levy has allowed the District to continue to move forward with the Strategic Plan approved by the Board in June, 2017. However, with the onset of COVID-19 and closure of businesses and job furloughs and losses, the District assumes increases in delinquencies from both residential and commercial property tax payers lasting throughout the forecast.

School Foundation funding has been declared unconstitutional by the courts dating back to 1997. The State has changed the foundation funding system completely three times in the last nine years. With the latest system in place, the State has locked funding for the current year to that received last year (fiscal year 2019). As of May 4th, the Governor has reduced funding for the school district by \$1.5 million for the remainder of the fiscal year. The District assumes lower funding throughout the remainder of the forecast.

Investment Income has been affected as businesses have been shuttered. The federal government has responded by lowering federal funding rates back down to 0.05%. This reduction has made rates for Certificate of Deposit repurchasing much lower and will lead to lower investment income in future years. This reduced income is reflected through the remainder of the forecast.

1.010 - General Property Tax (Real Estate)

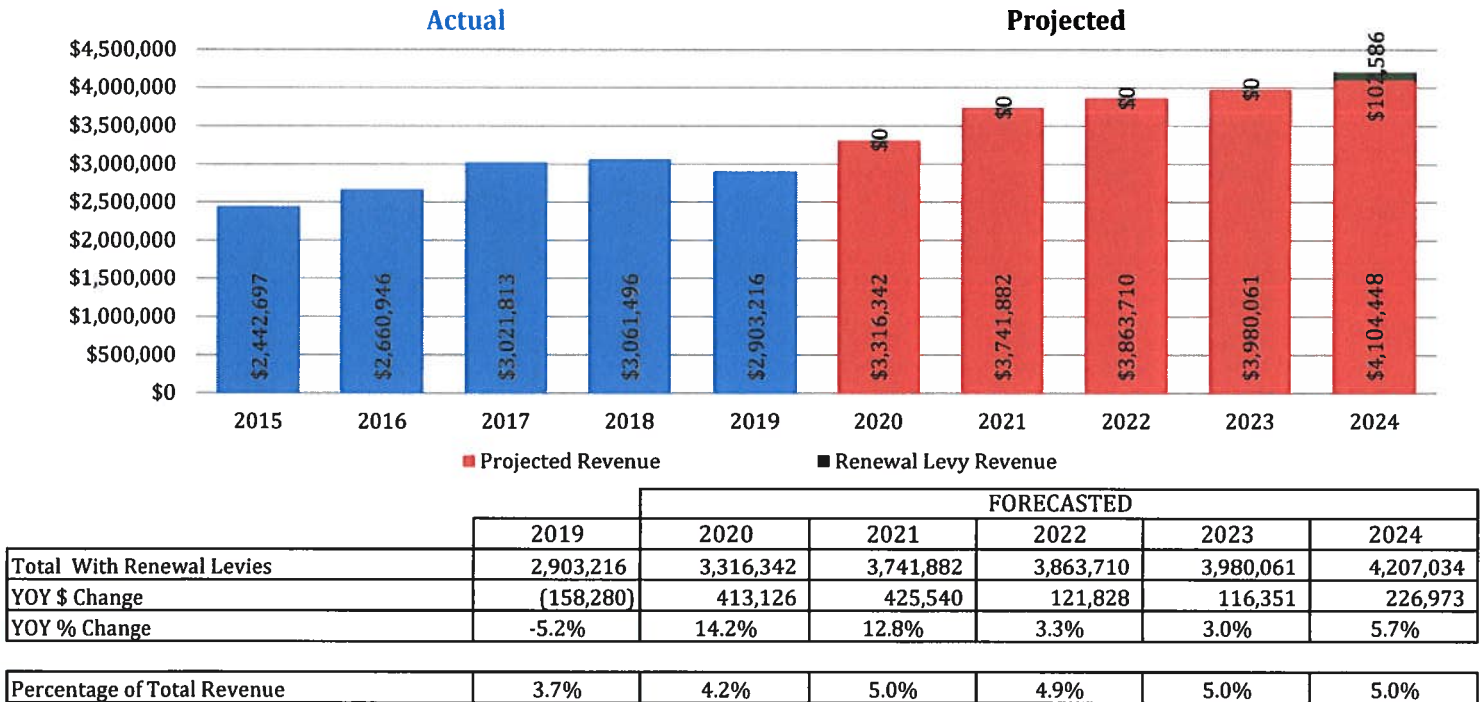
Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



**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.



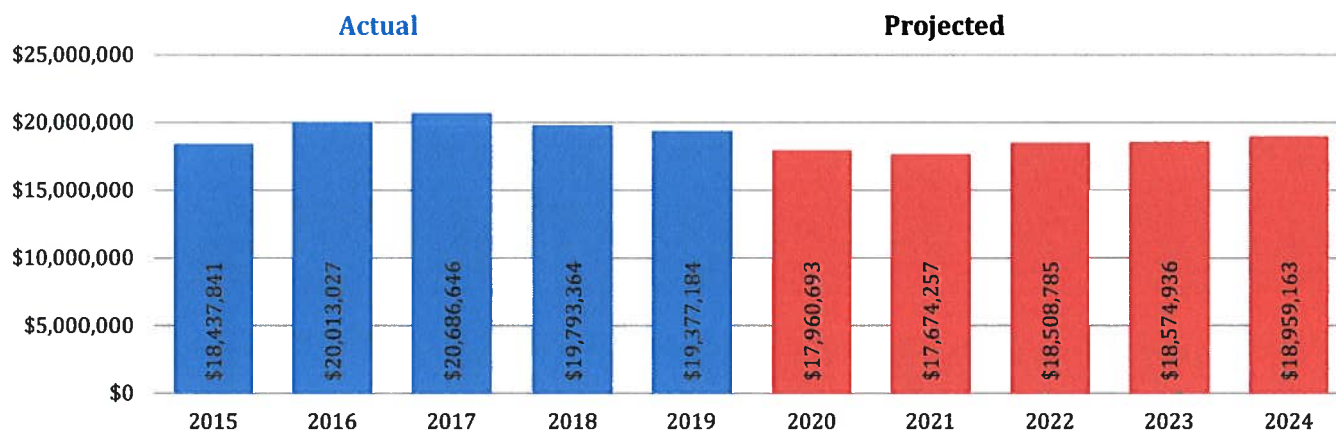
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2018	33,598,410	1,175,050	87.87	(0.06)	100.0%
2019	42,145,870	8,547,460	87.27	(0.60)	100.0%
2020	43,667,685	1,521,815	87.25	(0.02)	100.0%
2021	44,927,400	1,259,715	87.23	(0.02)	100.0%
2022	46,427,400	1,500,000	87.07	(0.15)	100.0%
2023	47,527,400	1,100,000	87.05	(0.03)	100.0%

The prior forecast had the NEXUS pipeline values at 75% as compared to the values given by the company. Since December, NEXUS has requested two valuation appeals to the values they provided the State. These valuation appeals amount to a total of 62.5% reduction to the original values. As such, the district has updated their values for NEXUS reducing the taxes this public utility will be paying. This reduction is reflective throughout the forecast.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



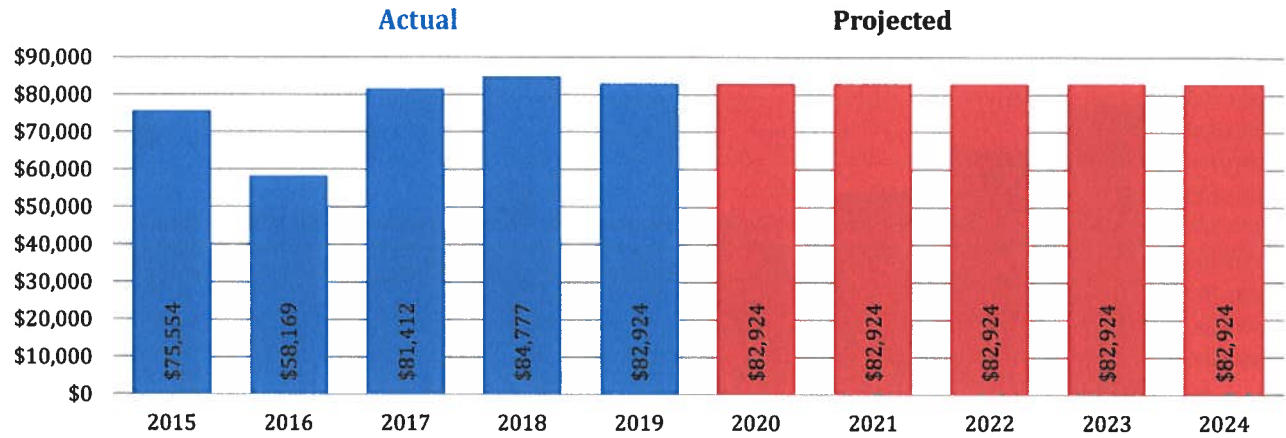
	2019	FORECASTED				
		2020	2021	2022	2023	2024
Total	Total	17,960,693	17,674,257	18,508,785	18,574,936	18,959,163
YOY \$ Change	(416,180)	(1,416,491)	(286,436)	834,529	66,151	384,227
YOY % Change	-2.1%	-7.3%	-1.6%	4.7%	0.4%	2.1%
Percentage of Total Revenue	24.8%	23.0%	23.6%	23.4%	23.2%	22.4%
Base Aid	18,366,514	18,366,514	18,366,514	18,366,514	18,366,514	18,366,514
Student Wellness Aid		382,146	535,746	537,039	536,489	536,862
Supplemental Aid - Wellness & Growing		-	-	-	-	-
Enrollment	6,444	6,395	6,392	6,393	6,387	6,391

The October forecast showed school Foundation Funding based upon fiscal year 2019 payments as provided by State legislation. On May 4th Governor DeWine announced a reduction of \$775 million to State departments. Of this amount, \$300 million is to be reduced from school districts throughout Ohio before the end of the fiscal year on June 30th. Medina City School District will see a reduction of over \$1.5 million over the next month and one-half. This reduction has been reflected in this forecast. It is also assumed this reduction will continue into next year. Assuming the state slowly recovers from the loss of business and income taxes, the forecast is showing a gradual increase in the next biennium and another gradual increase to the biennium beginning 2023-2024. We do not assume returning to 2019 funding levels from the State until after the current forecasted period.

Also involved in unrestricted grants-in-aid is collections of casino revenue. These monies have come in fairly steady throughout the last three years. With the closing of businesses due to COVID-19, casinos have had no revenue for the past two months. As businesses open, we assume a slow recovery of casino revenue in the 2021 fiscal year rebounding to prior levels in following years.

1.040 & 1.045 - Restricted Grants-in-Aid

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

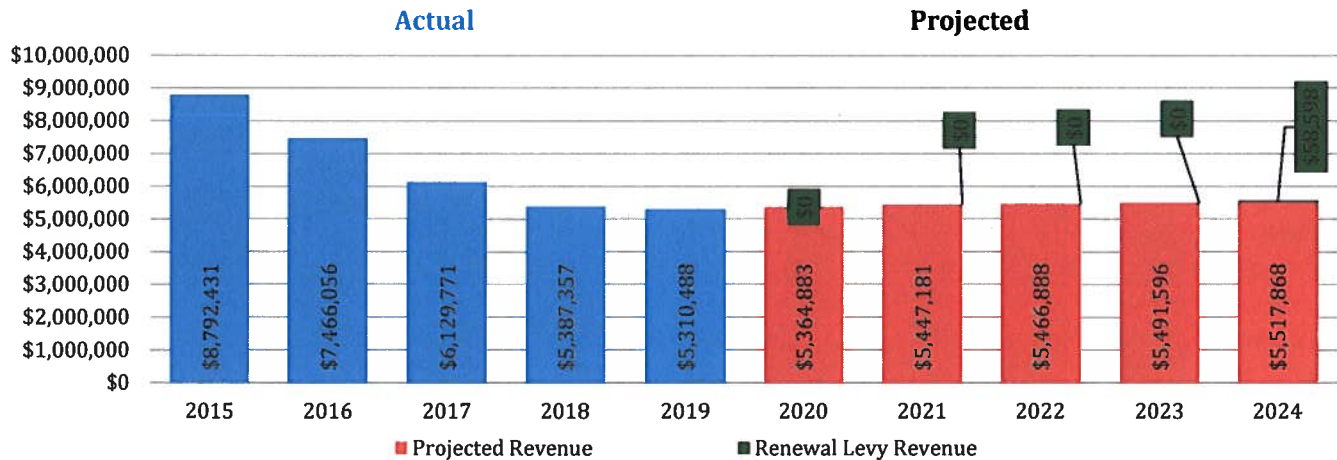


		FORECASTED				
	2019	2020	2021	2022	2023	2024
Total	82,924	82,924	82,924	82,924	82,924	82,924
YOY \$ Change	(1,853)	-	-	-	-	-
YOY % Change	-2.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%

The District assumes the continued receipt of monies for Economically Disadvantaged Students and Career Tech Students throughout the forecast.

1.050 - Property Tax Allocation

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



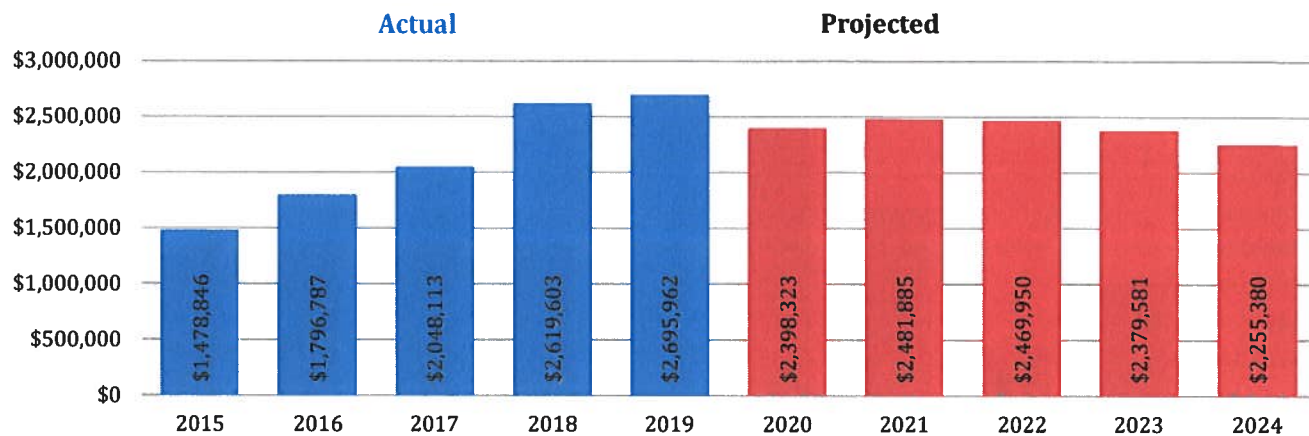
	2019	FORECASTED				
		2020	2021	2022	2023	2024
Total With Renewal Levies	5,310,488	5,364,883	5,447,181	5,466,888	5,491,596	5,576,466
YOY \$ Change	(76,869)	54,395	82,298	19,707	24,708	84,870
YOY % Change	-1.4%	1.0%	1.5%	0.4%	0.5%	1.5%
Percentage of Total Revenue	6.8%	6.9%	7.3%	6.9%	6.9%	6.6%
% of Residential Real Estate 10% Rollback	8.72%	8.72%	8.72%	8.72%	8.72%	8.72%
% of Residential Real Estate 2.5% Rollback	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%
% of Residential Real Estate Homestead	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%

Fiscal Year 2019 was the first year without the Tangible Personal Property Tax Loss Reimbursement for the District. These monies had been reduced by the State over a number of years. The District is projecting that Homestead and Rollback funds will continue to be reimbursed at the same rate as in the past based upon General Property Tax revenues.

**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.

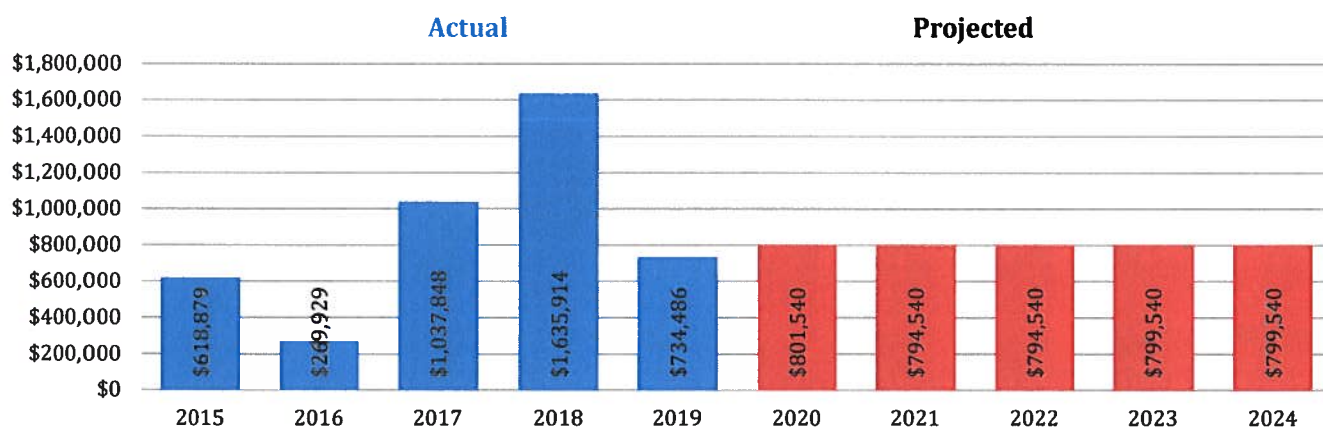


	2019	FORECASTED				
		2020	2021	2022	2023	2024
Total	2,695,962	2,398,323	2,481,885	2,469,950	2,379,581	2,255,380
YOY \$ Change	76,359	(297,639)	83,562	(11,935)	(90,369)	(124,201)
YOY % Change	2.9%	-11.0%	3.5%	-0.5%	-3.7%	-5.2%
Percentage of Total Revenue	3.4%	3.1%	3.3%	3.1%	3.0%	2.7%

A major item having an impact on the Other Operating Revenues is investment income. As COVID-19 has taken the federal funds rate down, the District has had a number of Certificates of Deposit called and has had to reinvest at a lower rate. This lower rate is reflective going forward through the forecast. Also, as the District cash balances drop with the currently installed strategic plan the amount earned from investments will lessen as a result.

2.070 - Total Other Financing Sources

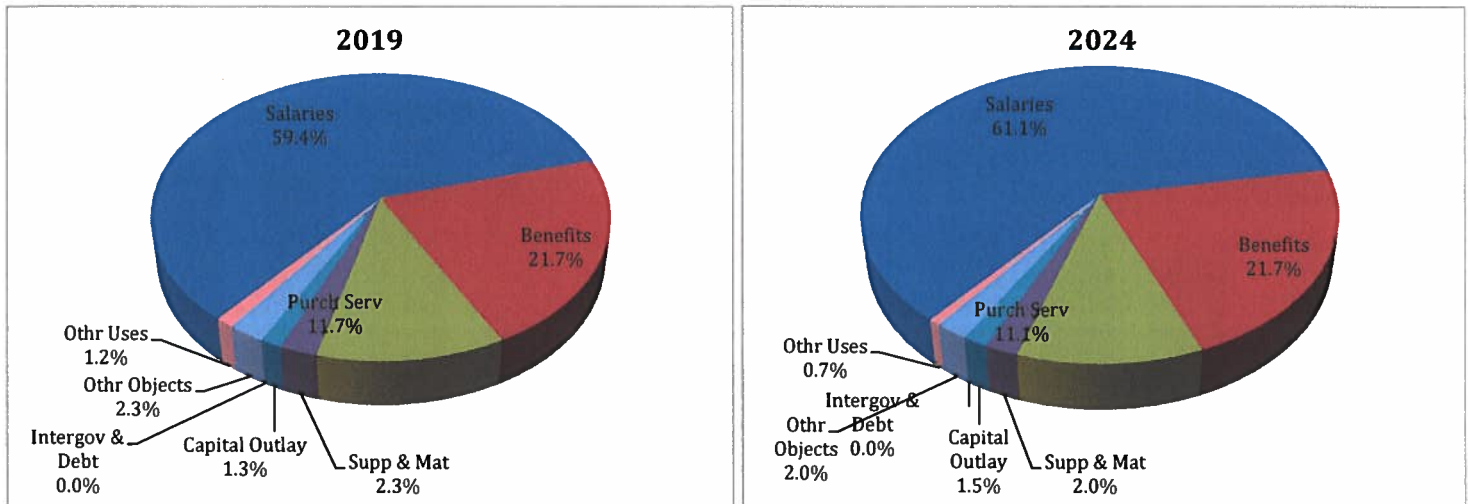
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



	2019	FORECASTED				
		2020	2021	2022	2023	2024
Total	734,486	801,540	794,540	794,540	799,540	799,540
YOY \$ Change	(901,428)	67,054	(7,000)	-	5,000	-
YOY % Change	-55.1%	9.1%	-0.9%	0.0%	0.6%	0.0%
Percentage of Total Revenue	0.9%	1.0%	1.1%	1.0%	1.0%	0.9%
Transfers In	6,734	10,000	10,000	10,000	10,000	10,000
Advances In	392,866	514,540	514,540	514,540	514,540	514,540

The District will have monies returned from last year's advances to Title funds and Food Service. Based upon the past few years, we are looking at returns of advances from these sources into the future. Fiscal Years 2018, 2019, and 2020 saw reimbursements from the federal government for Medicare purposes. The District anticipates these monies to continue into the future with the amounts unknown as services have had to adjust as a result of building closures and are, therefore, placeholders in the forecast.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

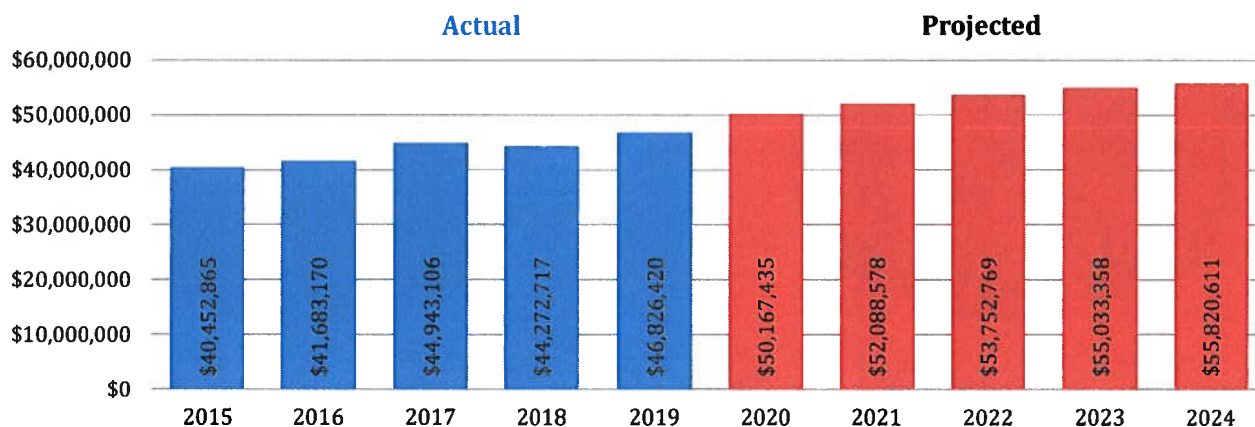


	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Expenditures:							
3.010-Salaries	3.96%	7.13%	3.83%	3.19%	2.38%	1.43%	3.59%
3.020-Benefits	3.08%	4.37%	2.67%	2.34%	2.88%	2.37%	2.93%
3.030-Purchased Services	3.99%	-0.45%	2.98%	2.27%	2.59%	1.83%	1.84%
3.040-Supplies & Materials	8.59%	-20.64%	27.87%	-3.23%	2.78%	0.16%	1.39%
3.050-Capital Outlay	61.62%	85.40%	-30.79%	0.00%	0.00%	0.00%	10.92%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.300-Other Objects	1.92%	-5.63%	3.96%	1.07%	-1.33%	3.34%	0.28%
4.500-Total Expenditures	3.93%	5.75%	3.08%	2.67%	2.41%	1.67%	3.12%
5.040-Total Other Uses	19.18%	4.93%	-0.06%	0.94%	0.08%	-35.16%	-5.85%
5.050-Total w/Other Uses	4.01%	5.74%	3.05%	2.65%	2.38%	1.27%	3.02%

The District assumes increases in expenses as the forecast moves forward. We assume personnel will remain with the District as the Retirement Systems have increased the years required for retirement. Costs for purchased services, tuition, and utilities are anticipated to increase. Supplies and material costs are anticipated to increase over the next few years but fluctuate with the 2017 Strategic Plan. The Strategic Plan has provided for additional academic opportunities for students K-12 over the last three years. With the current \$1.5 million reductions from the Governor, the District is in the process of determining cost saving options while keeping opportunities for student education.

3.010 - Personnel Services

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

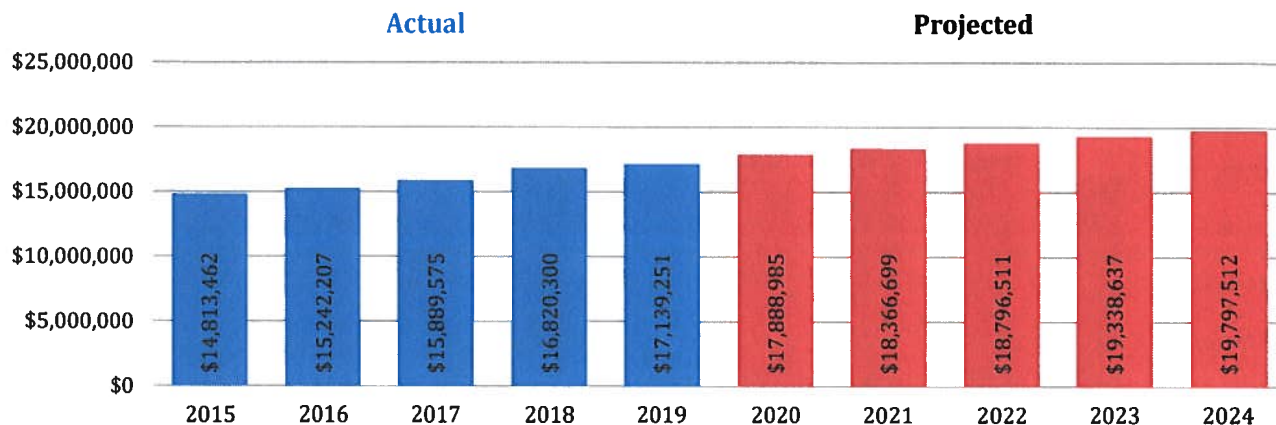


	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	46,826,420	50,167,435	52,088,578	53,752,769	55,033,358	55,820,611
YOY \$ Change	2,553,703	3,341,015	1,921,143	1,664,191	1,280,589	787,253
YOY % Change	5.8%	7.1%	3.8%	3.2%	2.4%	1.4%
Percentage of Total Budget	59.4%	60.2%	60.7%	61.0%	61.0%	61.1%

The District assumes personnel service amounts will rise into the forecasted years with the same number of staff moving up one step each year. Current contracted percentages have been added into the estimates. The District has also made assumptions for substitute, supplemental, severance, and remaining Strategic Plan personnel based upon prior year costs and estimated personnel. With the reductions from the Governor, the District is in the process of determining cost saving options while continuing opportunities for student education.

3.020 - Employees' Benefits

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

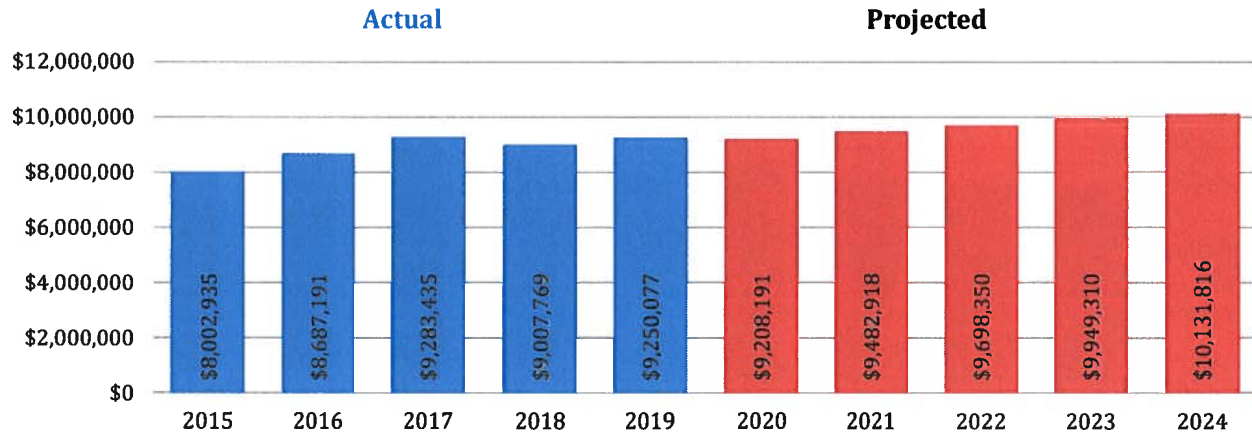


	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	17,139,251	17,888,985	18,366,699	18,796,511	19,338,637	19,797,512
YOY \$ Change	318,951	749,734	477,714	429,812	542,126	458,875
YOY % Change	1.9%	4.4%	2.7%	2.3%	2.9%	2.4%
Percentage of Total Budget	21.7%	21.5%	21.4%	21.3%	21.4%	21.7%

Benefits of the forecast follow the salaries. As the District assumes movement on the salary schedules, retirements, workers compensation and Medicare tax follow. The District currently assumes a 1.5% increase in medical and dental expenses in the first two years and an increase to 4% throughout the remainder of the forecast based upon current savings due to plan changes. As a self-insured district, we have worked with our Benefits Manager to keep rate increases in check. We anticipate this to occur throughout the forecast.

3.030 - Purchased Services

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

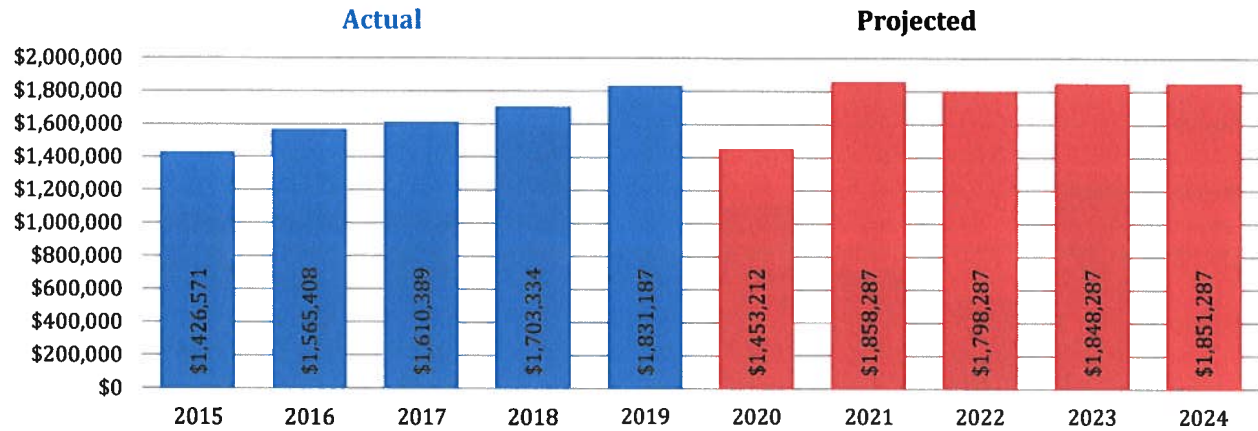


	2019	FORECASTED				
		2020	2021	2022	2023	2024
Total	9,250,077	9,208,191	9,482,918	9,698,350	9,949,310	10,131,816
YOY \$ Change	242,308	(41,886)	274,727	215,432	250,960	182,506
YOY % Change	2.7%	-0.5%	3.0%	2.3%	2.6%	1.8%
Percentage of Total Budget	11.7%	11.0%	11.0%	11.0%	11.0%	11.1%

The District is assuming increased costs throughout the forecast on professional services, tuition and utilities. Other purchased services are being affected by implementation aspects of the District Strategic Plan. With the reductions from the Governor, the District is in the process of determining cost saving options while continuing opportunities for student education.

3.040 - Supplies & Materials

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

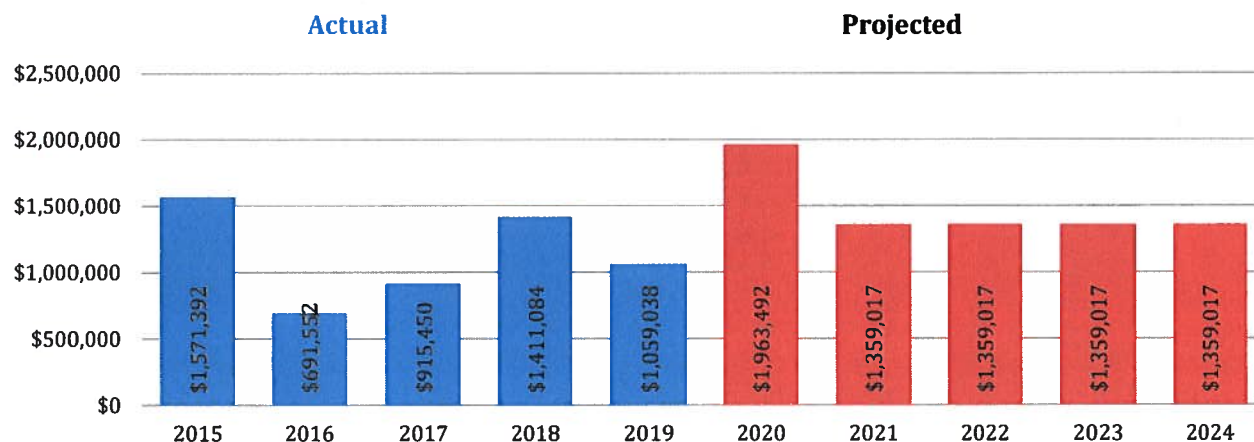


		FORECASTED				
	2019	2020	2021	2022	2023	2024
Total	1,831,187	1,453,212	1,858,287	1,798,287	1,848,287	1,851,287
YOY \$ Change	127,853	(377,975)	405,075	(60,000)	50,000	3,000
YOY % Change	7.5%	-20.6%	27.9%	-3.2%	2.8%	0.2%
Percentage of Total Budget	2.3%	1.7%	2.2%	2.0%	2.0%	2.0%

The District has assumed an increase over the next few years for safety and security purposes. However, within the forecast, expenses based on the differing types of textbook adoptions will lead to rise and fall in expenses throughout the forecast. With the reductions from the Governor, the district is in the process of determining cost saving options while continuing opportunities for student education.

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.

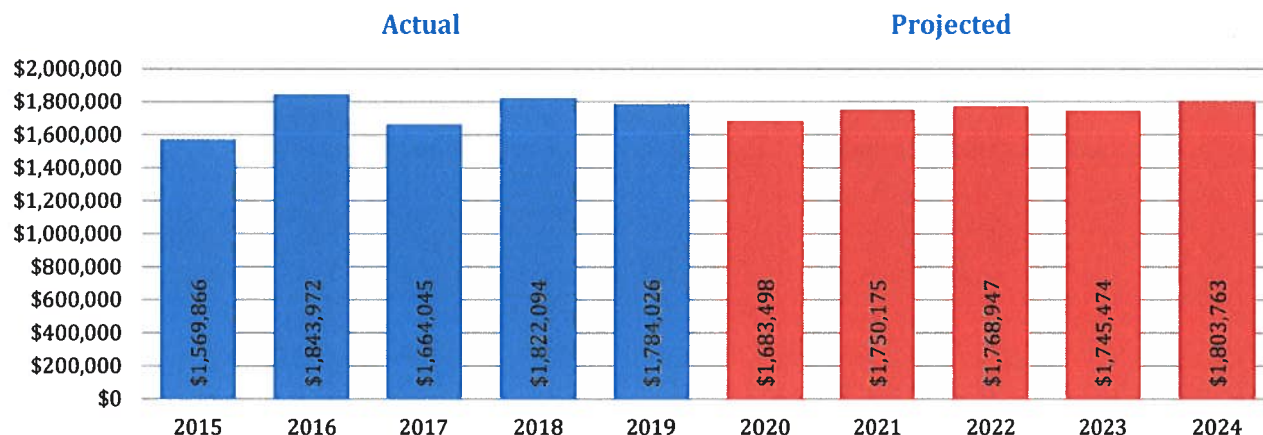


	2019	FORECASTED				
		2020	2021	2022	2023	2024
Total	1,059,038	1,963,492	1,359,017	1,359,017	1,359,017	1,359,017
YOY \$ Change	(352,046)	904,454	(604,475)	-	-	-
YOY % Change	-24.9%	85.4%	-30.8%	0.0%	0.0%	0.0%
Percentage of Total Budget	1.3%	2.4%	1.6%	1.5%	1.5%	1.5%

Capital has two main expenses, the first being building and equipment and the second being transportation vehicles. The District assumes no increase in cost for transportation vehicles as the Board directs \$440,000 yearly towards this expense. The District assumes an increase over the next few years for safety and security purposes, but will use every effort to maintain equipment costs throughout the forecast. With the reductions from the Governor, the District is in the process of determining cost saving options while continuing opportunities for student education.

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.

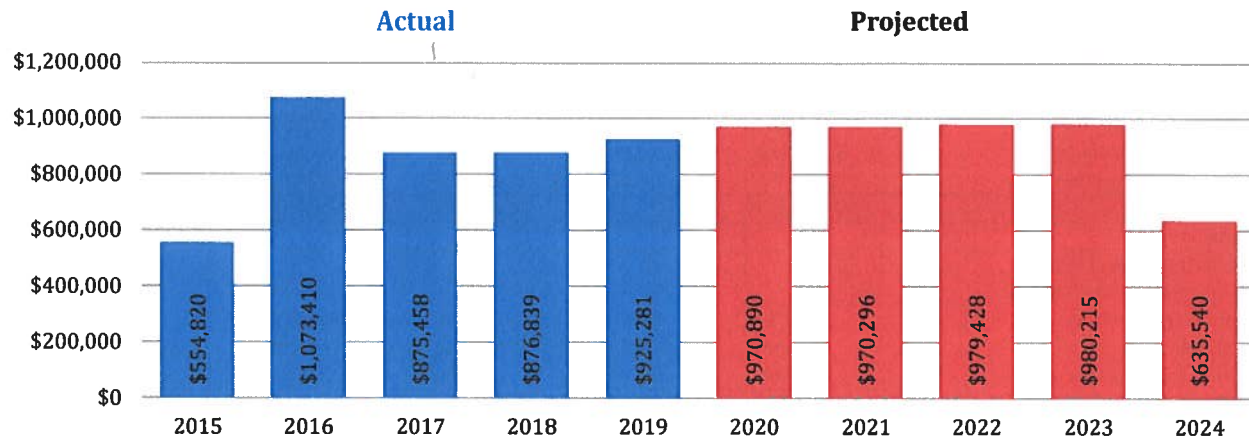


		FORECASTED				
	2019	2020	2021	2022	2023	2024
Total	1,784,026	1,683,498	1,750,175	1,768,947	1,745,474	1,803,763
YOY \$ Change	(38,068)	(100,528)	66,677	18,772	(23,473)	58,289
YOY % Change	-2.1%	-5.6%	4.0%	1.1%	-1.3%	3.3%
Percentage of Total Budget	2.3%	2.0%	2.0%	2.0%	1.9%	2.0%

Other objects are essentially miscellaneous expenses the District incurs such as auditor/treasurer fees, audit fees, County Board of Education fees, Awards and Prizes. The assumption is costs will be rising. As a large portion of these are fees for collections/usage, the District will see increases and decreases throughout the forecast.

5.040 - Total Other Financing Uses

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	925,281	970,890	970,296	979,428	980,215	635,540
YOY \$ Change	48,442	45,609	(594)	9,132	787	(344,675)
YOY % Change	5.5%	4.9%	-0.1%	0.9%	0.1%	-35.2%
Percentage of Total Budget	1.2%	1.2%	1.1%	1.1%	1.1%	0.7%
Transfers Out	445,633	456,350	455,756	464,888	465,675	121,000
Advances Out	478,648	514,540	514,540	514,540	514,540	514,540

This category is for the funding of Energy and Transportation Bonds, the Medina Community Recreation Center, and the support of fee collections. The Energy and Transportation Bonds are coming to the end of their term in calendar year 2022 (FY 23) and will fall off. The District moves \$100,000 into the Recreation Center PI fund to cover improvements. Payments to sustain uniform school supplies are assumed as the balances of these accounts decrease, the payments will be increasing.

Finally, the District assumes a minimum in advances for other funds through the remaining forecast, however, we reserve the right to make advances as necessary.

Five Year Forecast

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