



Medina City Schools

Five Year Forecast Financial Report

October, 2017

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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.

Five Year Forecast - Simplified Statement

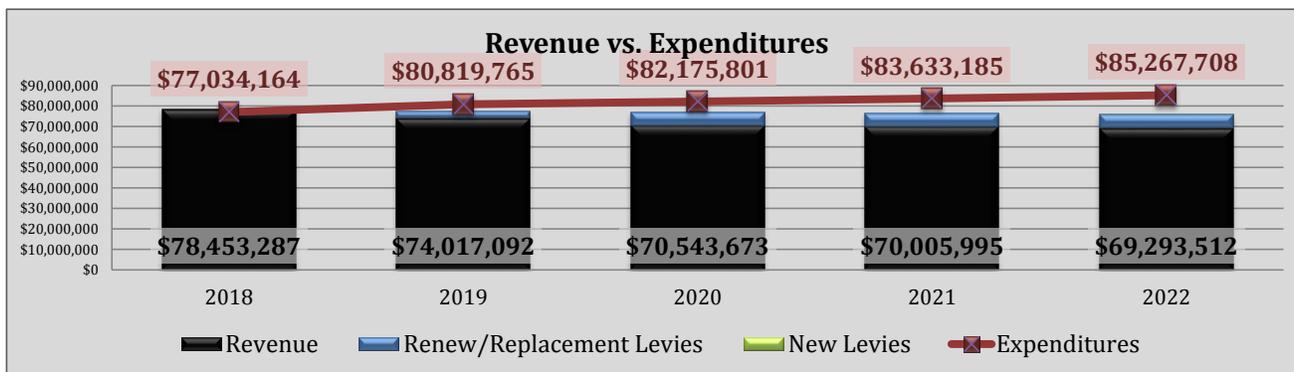
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Beginning Balance	53,333,891	54,753,015	51,209,499	46,118,707	39,074,361
+ Revenue	78,453,287	74,017,092	70,543,673	70,005,995	69,293,512
+ Proposed Renew/Replacement Levies	-	3,259,157	6,519,474	6,520,644	6,520,647
+ Proposed New Levies	-	-	21,863	62,199	88,377
- Expenditures	(77,034,164)	(80,819,765)	(82,175,801)	(83,633,185)	(85,267,708)
= Revenue Surplus or Deficit	1,419,124	(3,543,516)	(5,090,792)	(7,044,346)	(9,365,171)
Ending Balance	54,753,015	51,209,499	46,118,707	39,074,361	29,709,190
Revenue Surplus or Deficit w/o Levies	1,419,124	(6,802,673)	(11,632,128)	(13,627,190)	(15,974,195)
Ending Balance w/o Levies	54,753,015	47,950,342	36,318,214	22,691,024	6,716,829

Summary:

The Medina City School District has opportunities to become a better district within the next five years. The District passed a Five-Year Strategic Plan which will provide additional programming for students K-12. In order to be able to take advantage of the Strategic Plan, the district has to remain fiscally conservative and remain fiscally stable with help from the Medina community.

The 2013 Emergency Levy will be ending December 2018. With the end of this levy, the district will lose collection of \$6.6 million in property taxes. The District will be placing a 5.2 mill Substitute Emergency Levy on the May 2018 ballot which will allow for stability of finances. In addition to this stability, the District will be spending down monies accumulated over the last five years so taxpayers of the district will not see a request for additional funds for a total of eight or nine years.

This five year forecast provides for anticipated revenues and expenditures of the District and incorporates the Five-Year Strategic Plan showing the need for the passage of the Substitute Emergency Levy.



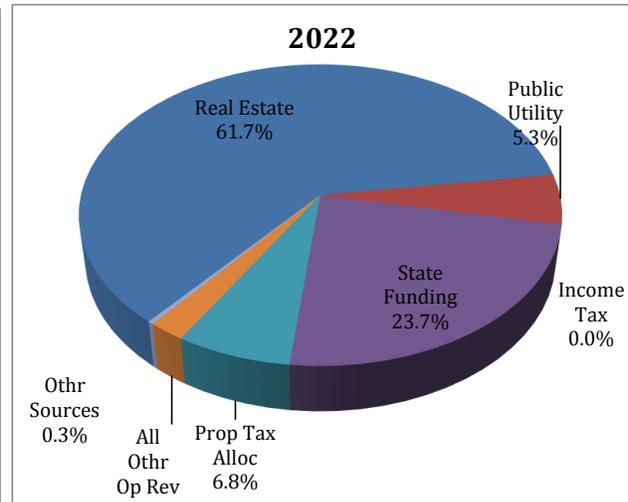
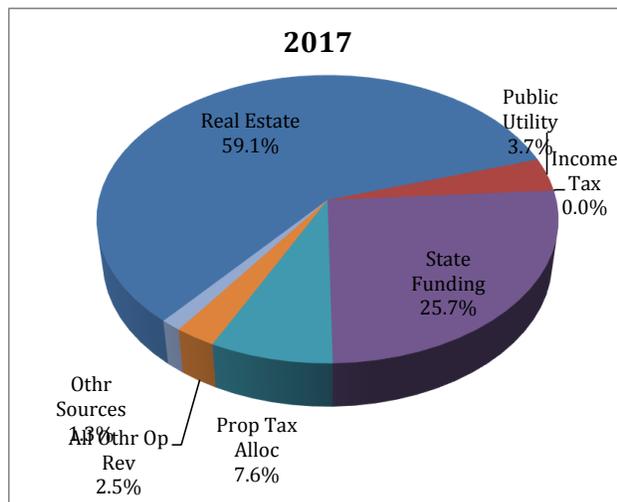
Revenue Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
Revenue:							
1.010-Real Estate	4.17%	0.22%	-0.65%	0.79%	0.83%	0.34%	0.30%
1.020-Public Utility	9.94%	9.35%	4.32%	4.29%	3.86%	4.29%	5.22%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	5.69%	-7.23%	-0.26%	-3.85%	-5.76%	-5.75%	-4.57%
1.040-Restricted Aid	188.70%	-12.86%	-3.40%	-0.78%	-0.97%	-0.70%	-3.74%
1.045-Restr Federal SFSP	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-8.68%	-12.05%	-1.79%	0.84%	0.87%	0.25%	-2.38%
1.060-All Other Operating	7.02%	2.06%	-20.98%	-2.51%	-3.60%	-3.32%	-5.67%
1.070-Total Revenue	3.03%	-2.28%	-0.97%	-0.28%	-0.70%	-0.93%	-1.03%
2.070-Total Other Sources	49.25%	-37.31%	-64.65%	0.00%	0.00%	0.00%	-20.39%
2.080-Total Rev & Other Srcs	2.23%	-2.73%	-1.50%	-0.28%	-0.70%	-0.93%	-1.23%

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 Property Tax Allocation funding. The Real Property revenue fund is looking at the loss of the Emergency Levy in calendar year 2019. These funds provide \$6.6 million to the district. The district is looking to place a Substitute Emergency Levy on the May 2018 ballot to stabilize operations and allow for additional academic programming. Without the passage of the Substitute Emergency Levy one can observe the decline in funding.

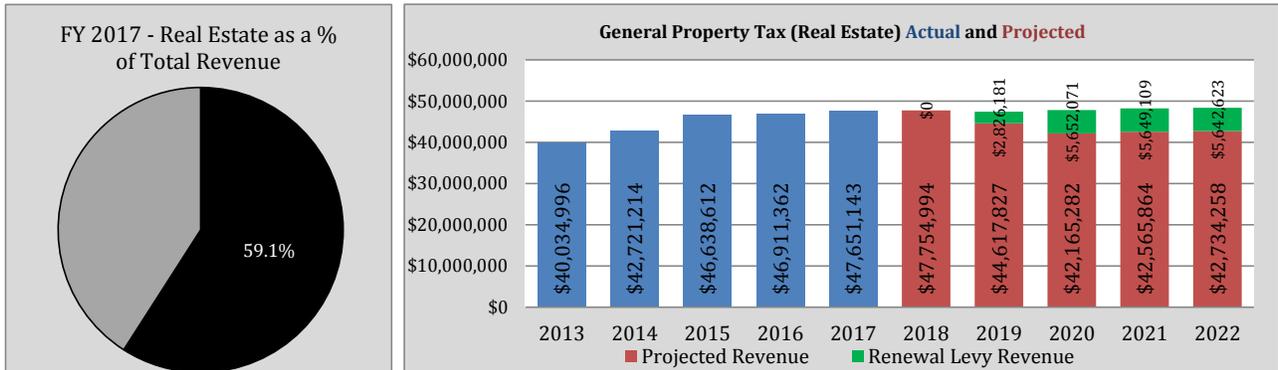
School Foundation funding has been declared unconstitutional by the courts dating back to 1997. The State has changed the foundation funding system completely three times in the last eight years. With the latest system in place, the State allocated an increase of \$10 per student this current budget year. Because of the low increase the legislature has learned the current funding system is flawed. But as the State has reached its funding maximum based upon the economy, Medina Schools will be seeing less as our valuation per pupil increases at a higher rate than the States value per pupil. Thus moving the burden for more funding down to the local level.

Finally, Property Tax Allocation funding is money coming from the State for Homestead/Rollback and Tangible Personal Property Tax Loss Reimbursement. As has been the case over several years, the State will be reducing the Tax Loss Reimbursement money to the District. At its high, the district was collecting nearly \$7.8 million from Tangible Personal Property taxes. When the State discontinued this form of tax, they provided districts with other funding. This will be the last year for this type of funding for the District.

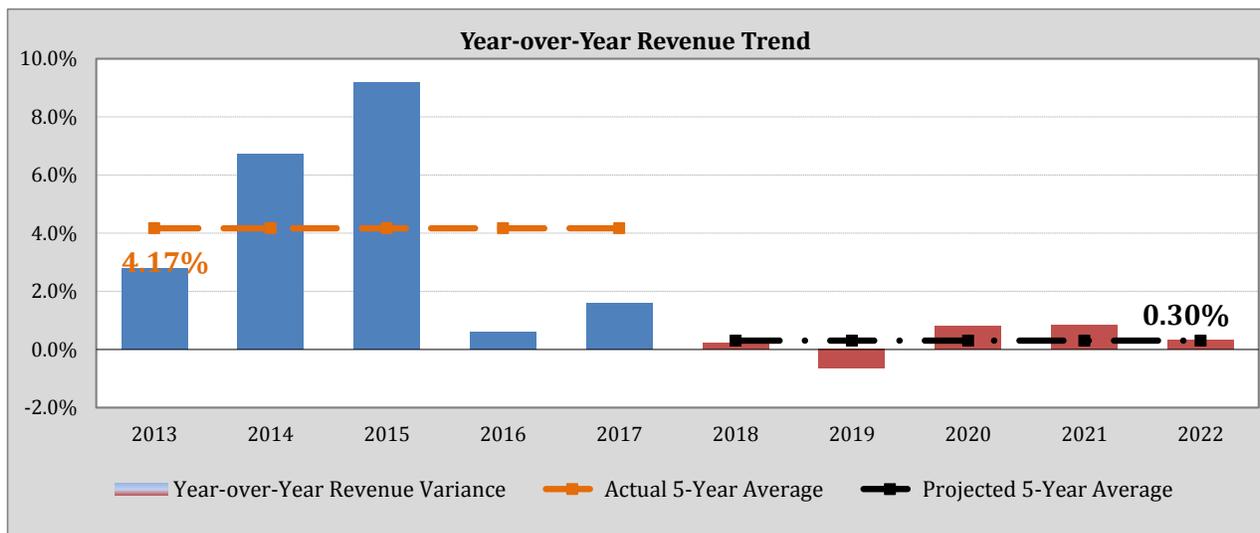


1.010 - General Property Tax (Real Estate)

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).



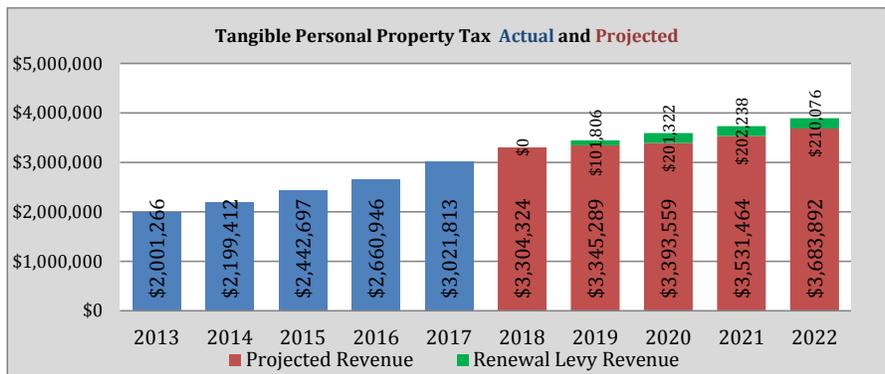
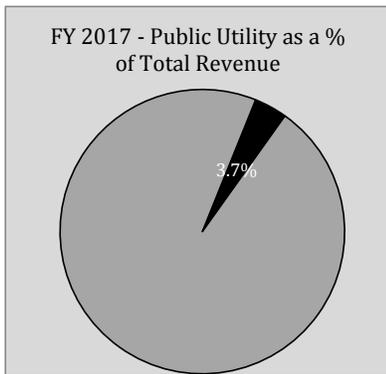
2018 is the last year of the current Emergency Levy. This levy provides nearly \$6.6 million to the District. The district is looking at a 5.2 mill Substitute Emergency Levy on the May 2018 ballot to stabilize operations and allow the district to offer additional academic programming. As can be seen, without the passage of the Substitute Emergency Levy the District Real Property Tax revenue will be a major decrease to overall revenue.



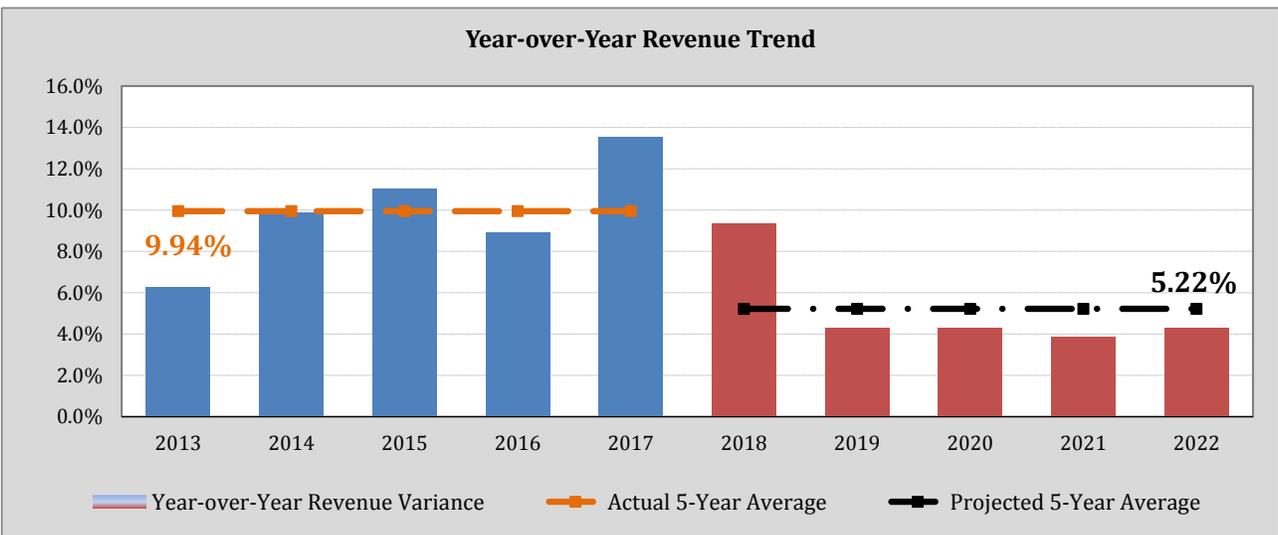
*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

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



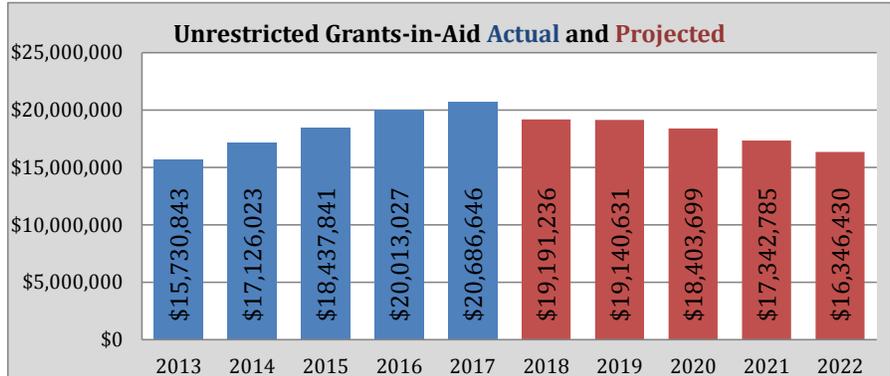
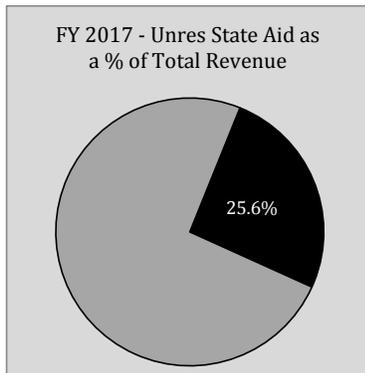
Public Utility Personal Property continues to grow in the district. The loss of the Emergency Levy is not as reflective on this category as Real Property, but the assumption is growth will be much smaller over the first and second fiscal year as the full impact of the loss is absorbed by the tax. These amounts will change with the passage of the Substitute Emergency Levy.



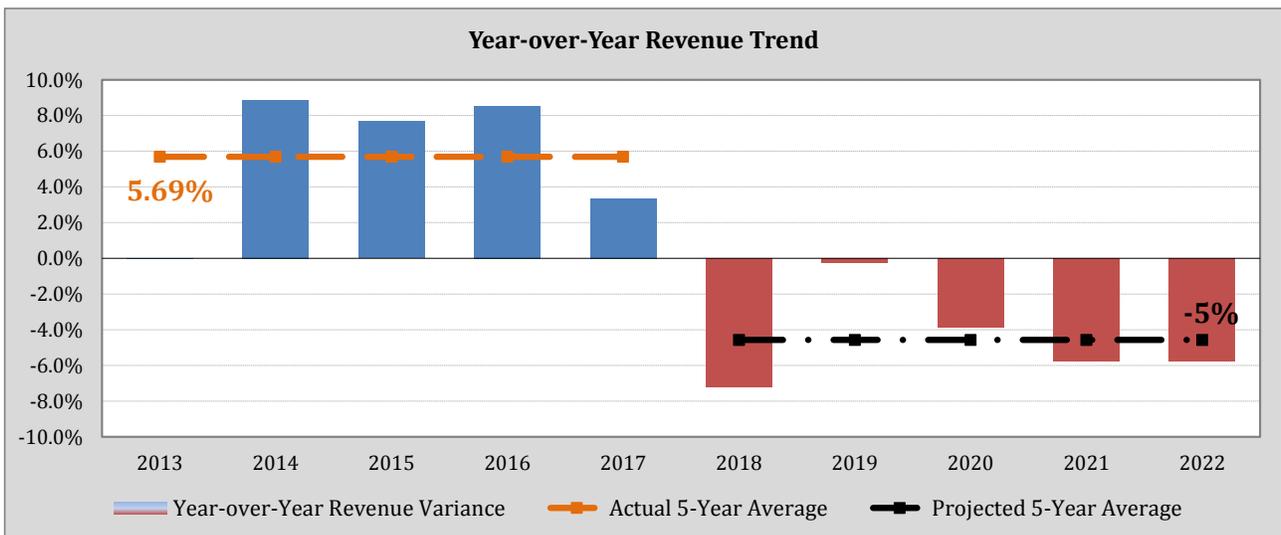
*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

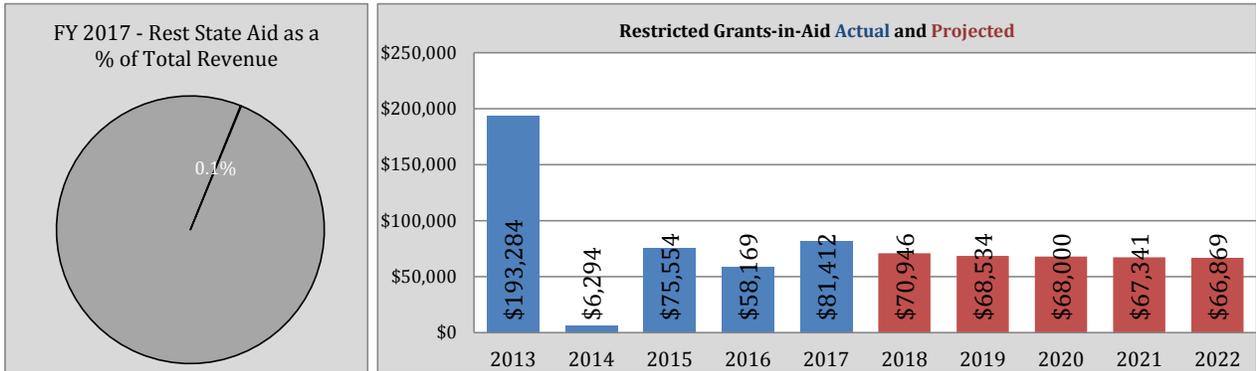


The District is seeing continued steady growth in value of property and in new construction. This growth is good for the community, however, as this growth per student continues to outpace the growth per student of the entire State, the amount the State funds the district lessens. This is reflective in the estimated State funding on the forecast.

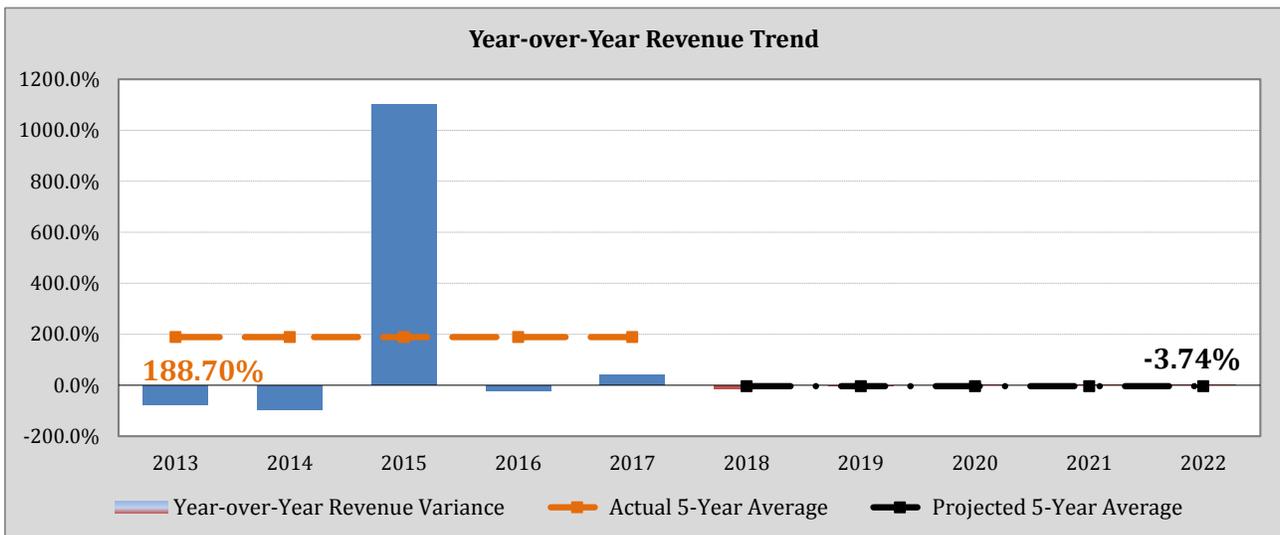


1.040 & 1.045 - Restricted Grants-in-Aid

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

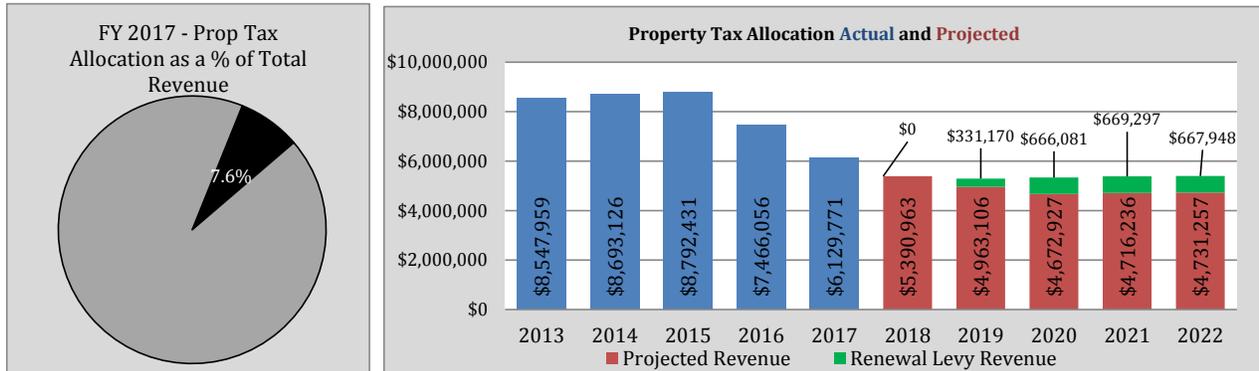


The district assumes to continue to receive monies for Economically Disadvantaged Students and Career Tech Students throughout the forecast.

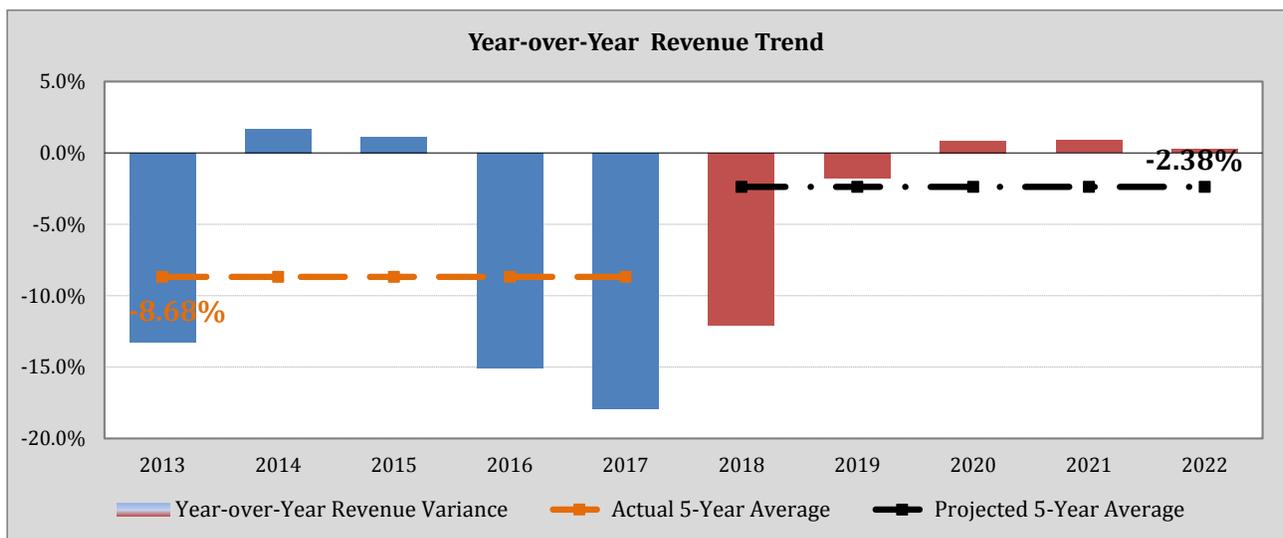


1.050 - Property Tax Allocation

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



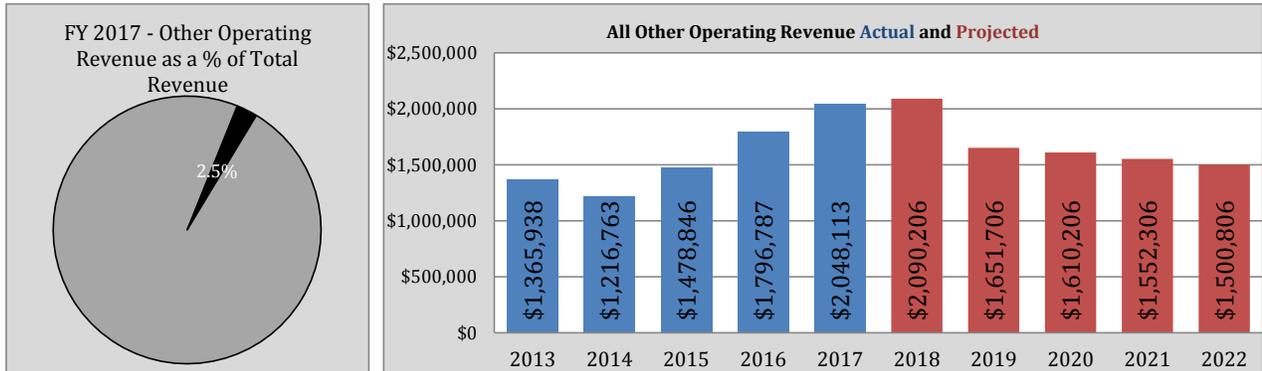
As has been the case for the last number of years, the district will be losing monies from the State due to the reduction of Tangible Personal Property Tax Loss Reimbursement Funds. State law has reductions at 5/8 of a mill or roughly \$700,000 that will no longer be reimbursed. The district will receive nearly \$150,000 this year. Next year, this \$150,000 will no longer be reimbursed.



*Projected % trends include renewal levies

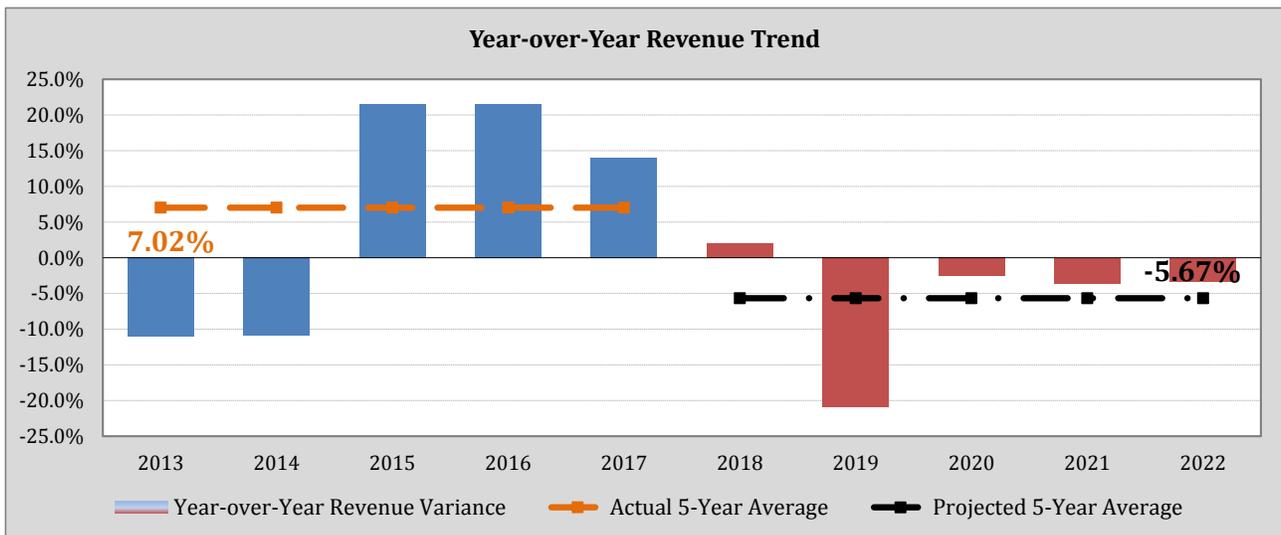
1.060 - All Other Operating Revenues

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



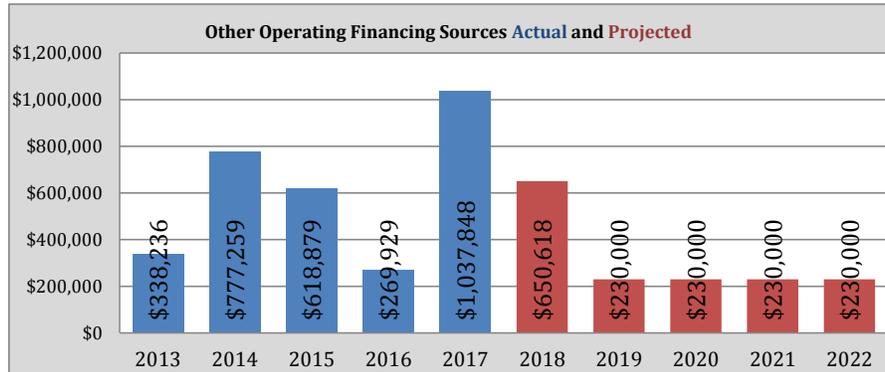
Two portions of Other Operating Revenues are assumed to be decreasing/reduced in the forecast. The first is investment earnings. As the district begins to use its cash balance with the approval of a Substitute Emergency Levy, monies available for investing will decrease leading to lower earnings.

The second is part of the District Strategic Plan. With the passage of the Substitute Emergency Levy, the district will incorporate all-day kindergarten. The district currently charges for these as tuition based services. As such, the monies received will no longer be available into the future as we move forward with the Strategic Plan.

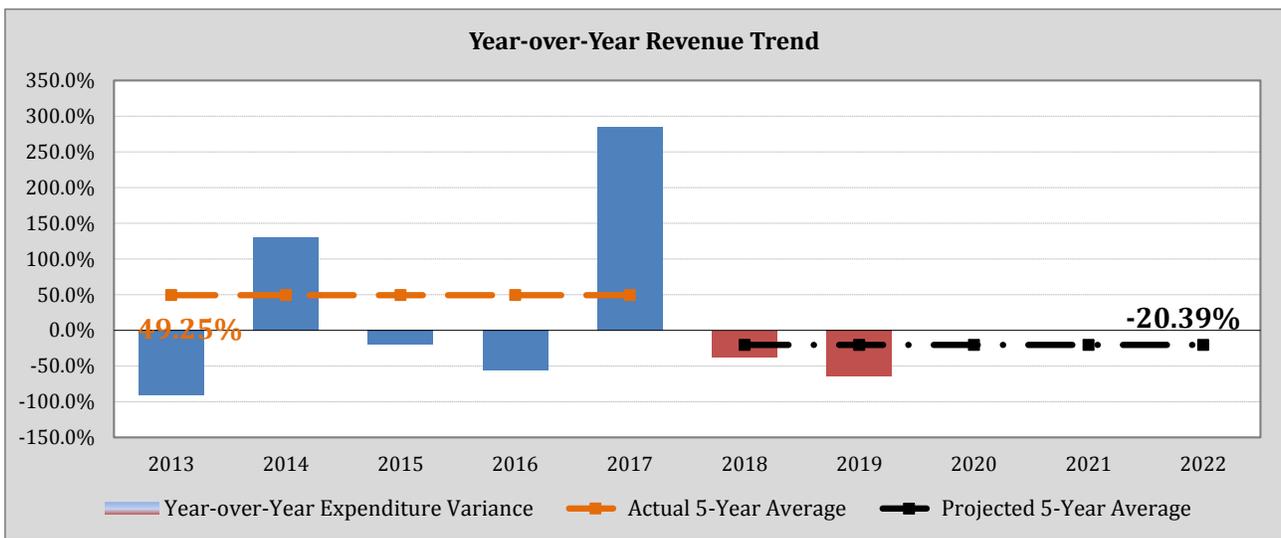


2.070 - Total Other Financing Sources

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.



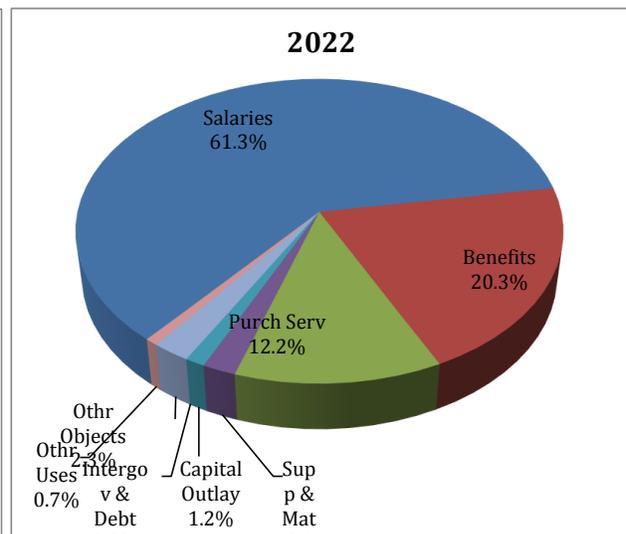
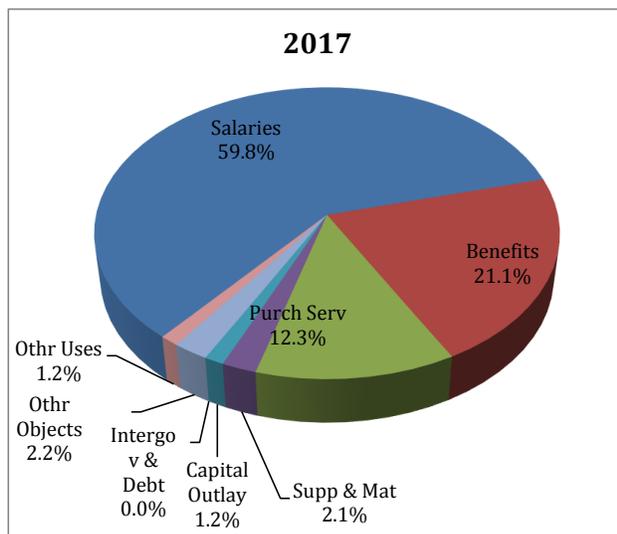
The district will be getting monies returned from last year's advances to Title funds and Food Service. We will be revisiting advances at the end of the fiscal year. Other funding sources include refunds and reimbursements which the assumption is the district will continue to receive as they have in the past.



Expenditures Overview

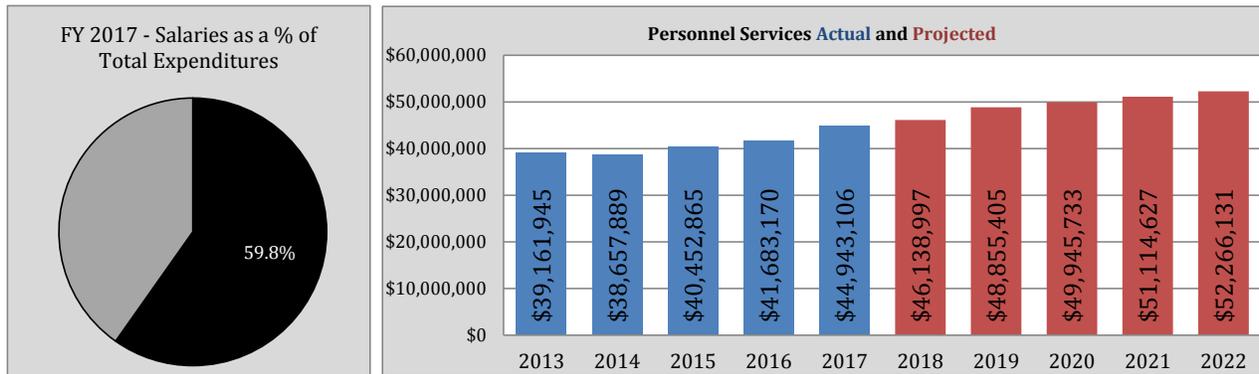
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
Expenditures:							
3.010-Salaries	2.42%	2.66%	5.89%	2.23%	2.34%	2.25%	3.07%
3.020-Benefits	2.17%	1.99%	3.11%	1.21%	1.28%	1.25%	1.77%
3.030-Purchased Services	5.48%	3.75%	4.31%	0.22%	1.67%	1.75%	2.34%
3.040-Supplies & Materials	2.20%	2.72%	10.42%	-2.02%	-5.59%	0.00%	1.10%
3.050-Capital Outlay	50.15%	2.26%	2.14%	1.05%	1.59%	1.60%	1.73%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	-20.00%	n/a	n/a	n/a	n/a	n/a	n/a
4.300-Other Objects	2.09%	8.36%	-0.26%	3.75%	-0.48%	3.40%	2.95%
4.500-Total Expenditures	1.71%	2.78%	5.01%	1.69%	1.79%	1.96%	2.64%
5.040-Total Other Uses	17.17%	-24.16%	-5.75%	0.09%	-0.57%	1.79%	-5.72%
5.050-Total Exp & Other Uses	1.80%	2.46%	4.91%	1.68%	1.77%	1.95%	2.56%

The District assumes increases in expenses as the forecast moves forward. We assume personnel will remain with the district as the Retirement Systems increase the years required for retirement. Costs for tuition and utilities are anticipated to increase. Supplies and Material costs are anticipated to remain steady but fluctuate with the Strategic Plan of the District. The Strategic Plan will provide for additional academic opportunities for students K-12. These opportunity costs are reflective throughout the forecast.

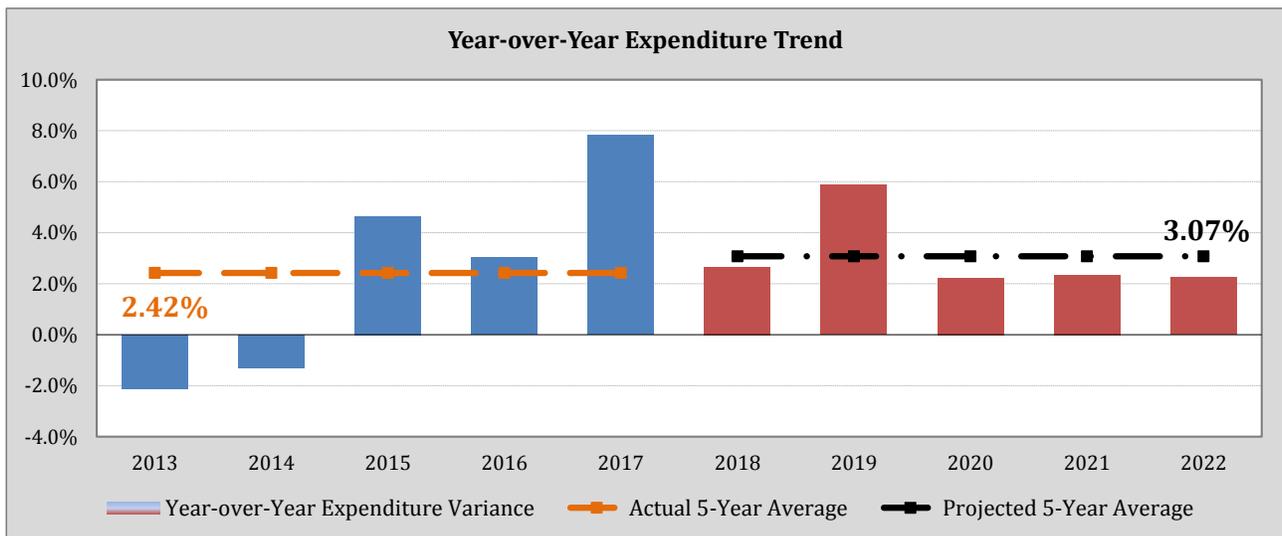


3.010 - Personnel Services

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

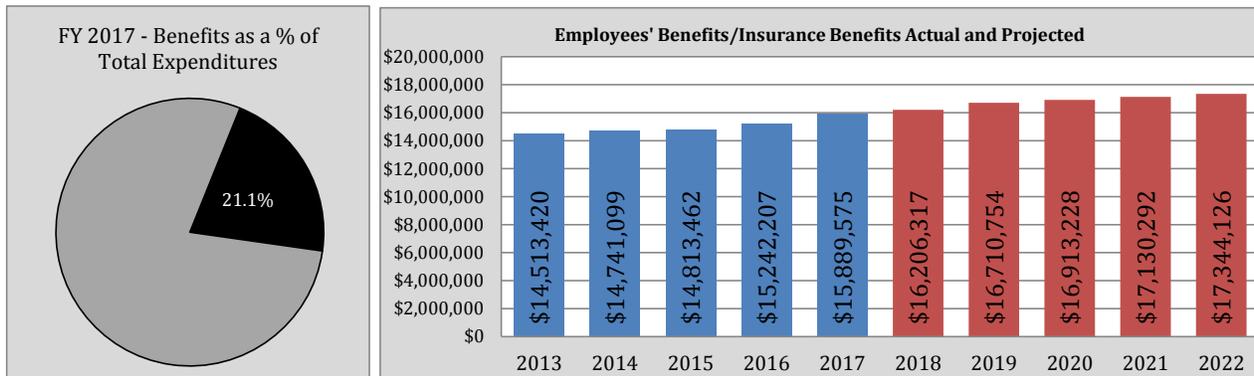


The District assumes to continue into the forecasted years with the same number of staff moving up one step each year. Current negotiated contract percentages have been added into the figures. Also, the District has added amounts to the forecast based upon the academic portions of the current Strategic Plan.

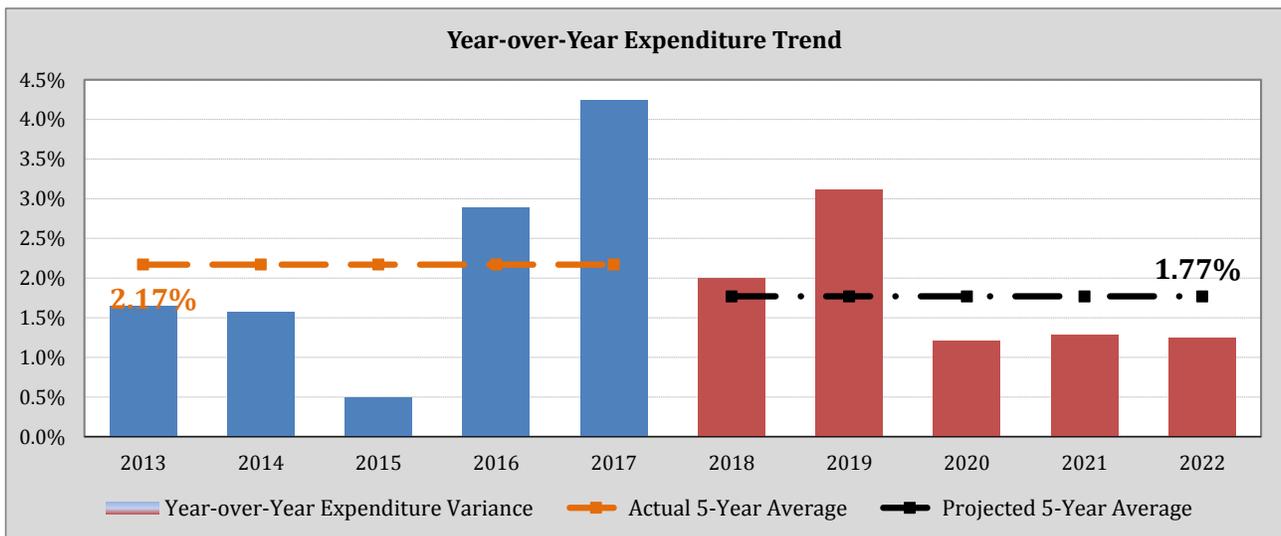


3.020 - Employees' Benefits

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

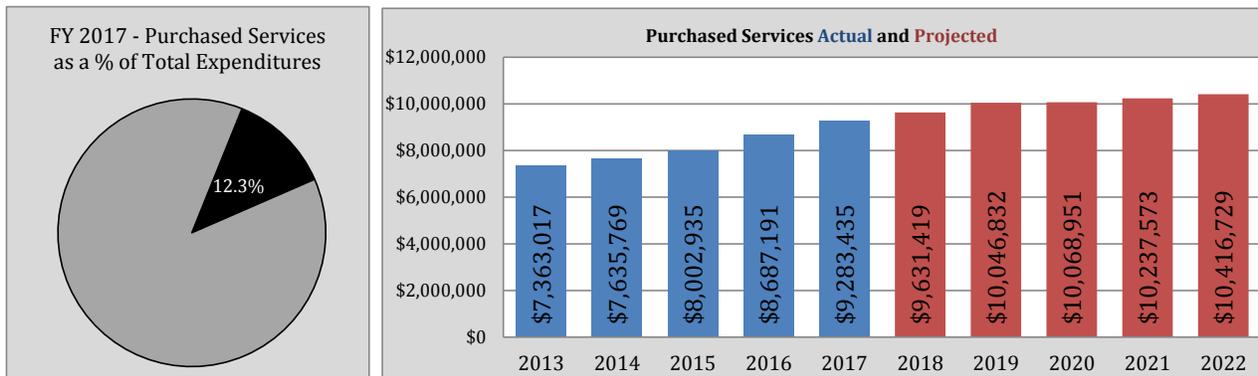


Benefits of the Forecast follow the salaries. As the district assumes movement on the salary schedules, retirements, workers compensation and Medicare tax follow. The district assumes a 7% increase in medical throughout the forecast. However, this assumption is on the high side as over the years the district has worked to have lower premium changes

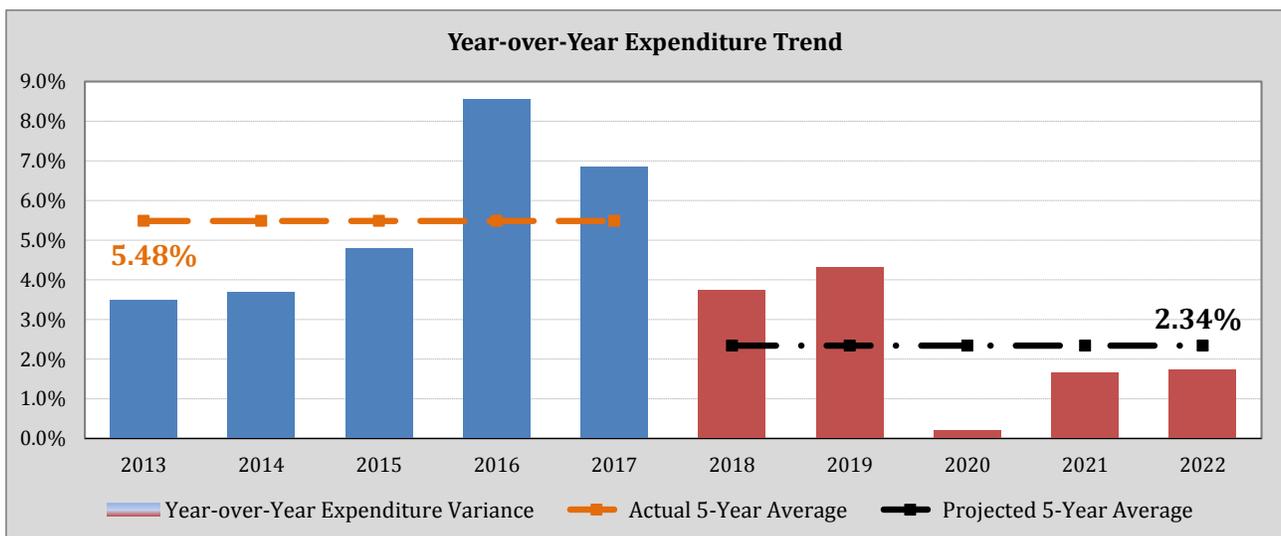


3.030 - Purchased Services

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.



The District is assuming increased costs throughout the forecast on tuition and utilities. Other purchased services are being affected by the implementation of the district Strategic Plan.

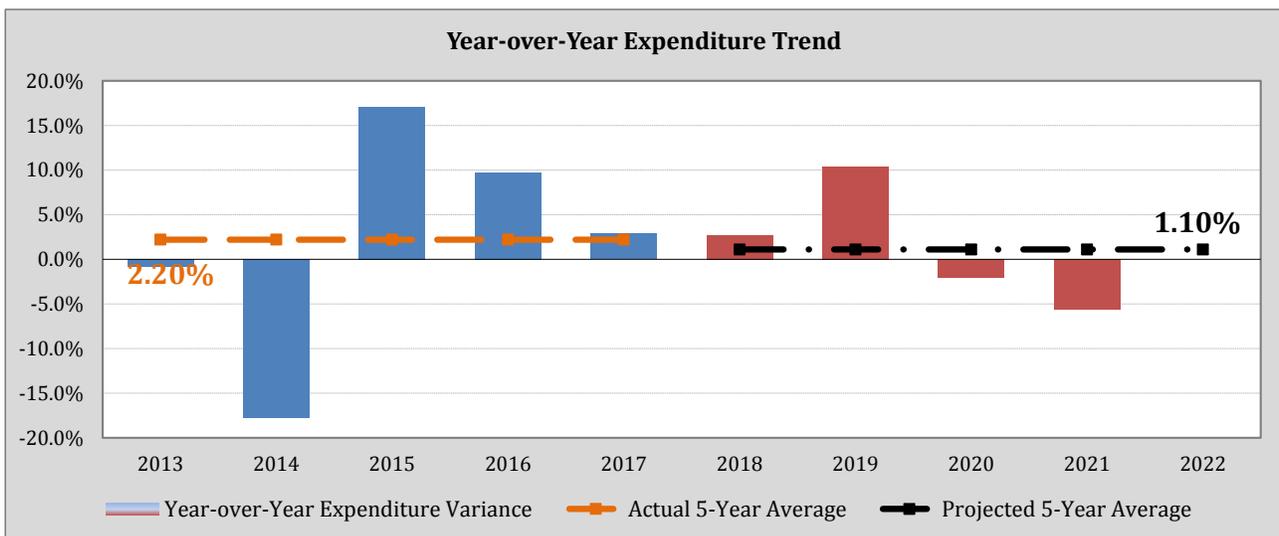


3.040 - Supplies & Materials

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

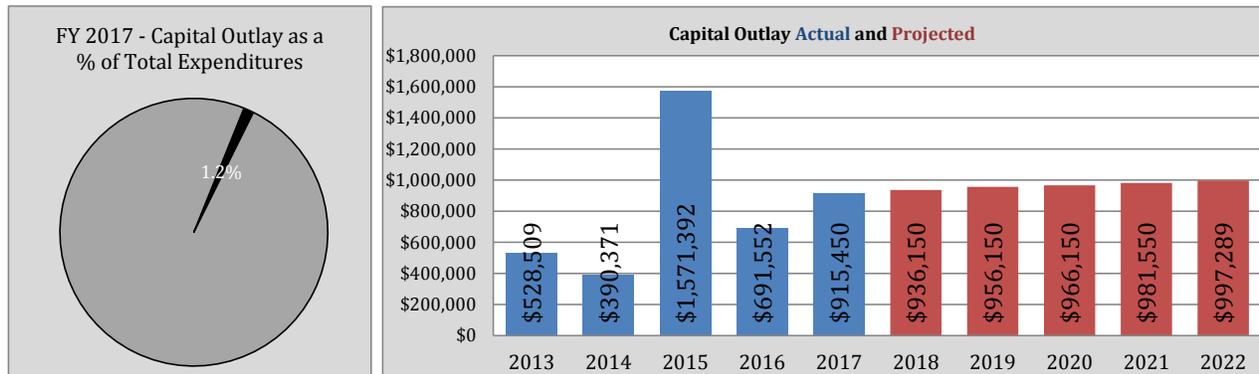


The District assumes a minimal increase throughout the forecast for supply and material expense. However, within the forecast expenses based upon the current Strategic Plan provide increases and decreases.

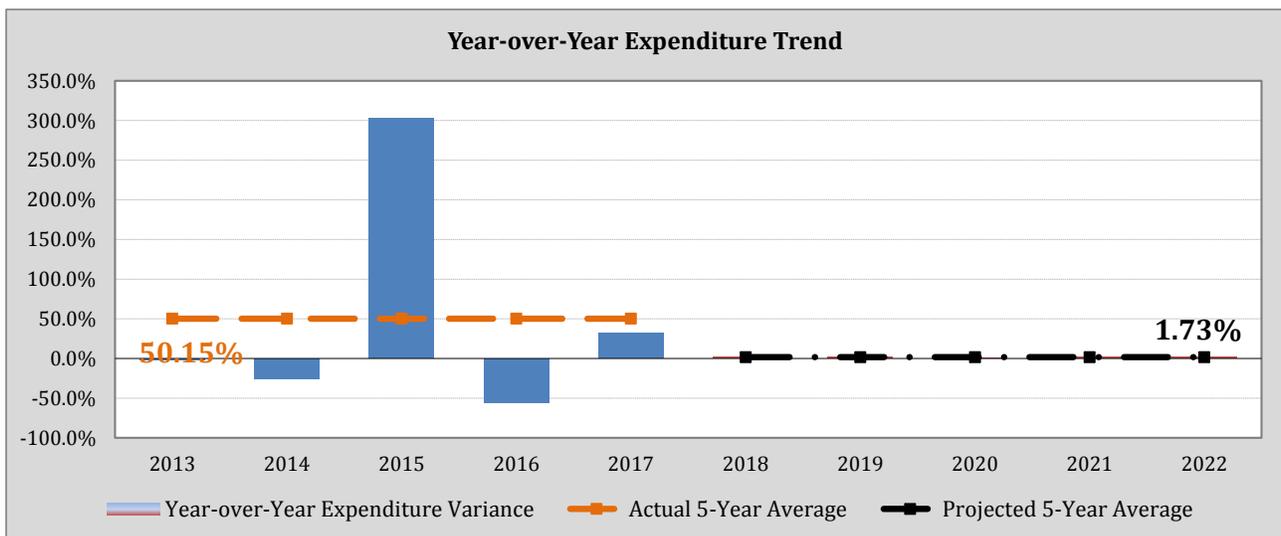


3.050 - Capital Outlay

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.

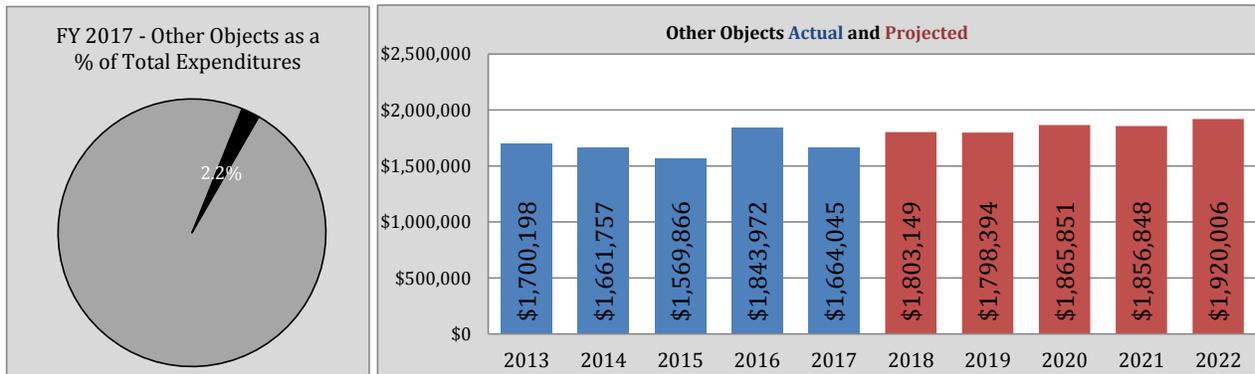


Capital has two main expenses, the first being building and equipment and the second being transportation vehicles. The district assumes no increase in cost for transportation vehicles as the Board directs \$440,000 yearly towards this expense. We assume the cost for new/replacement equipment will increase over the life of the forecast.

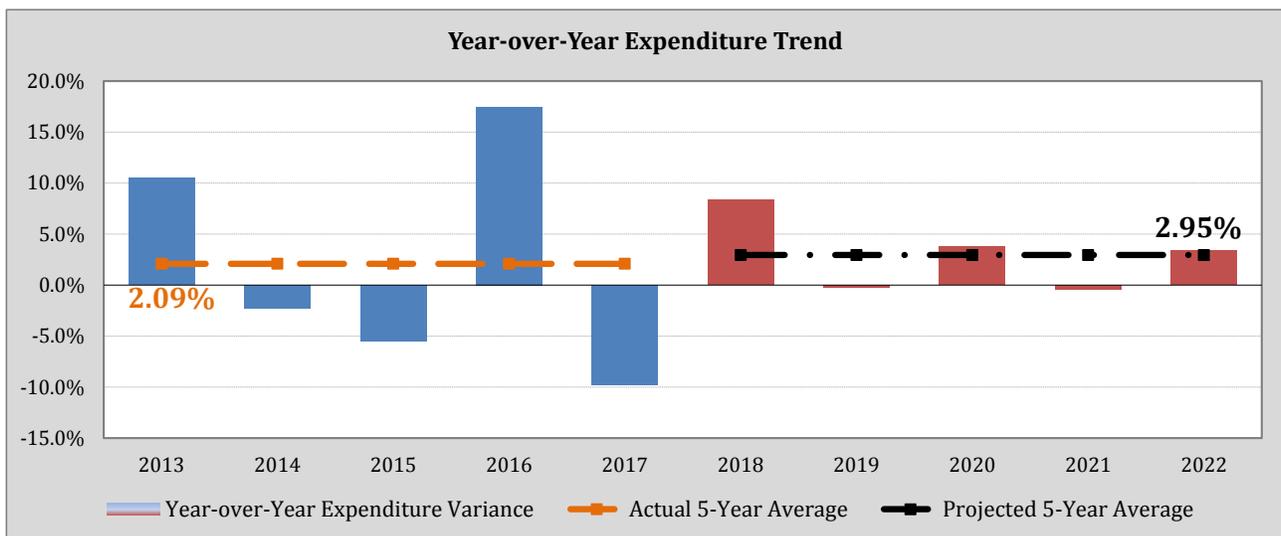


4.300 - Other Objects

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

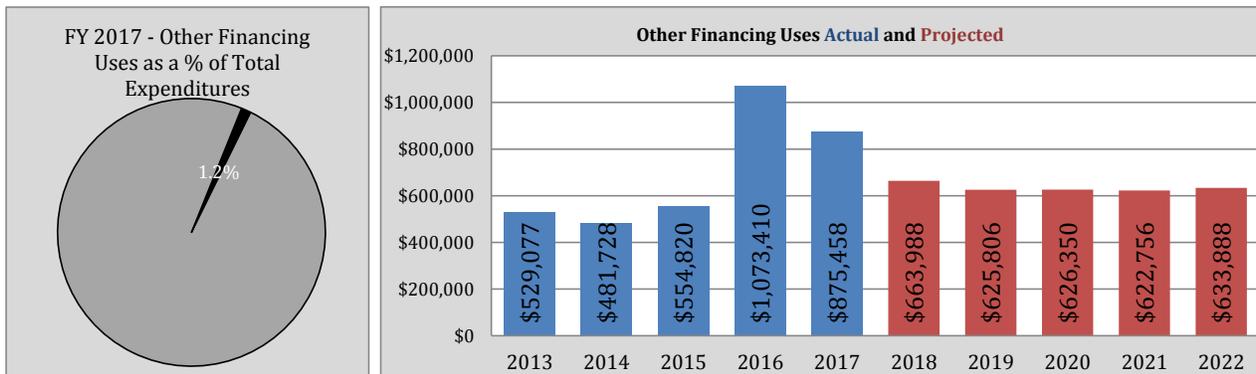


Other objects are essentially miscellaneous expenses the district incurs such as auditor/treasurer fees, audit fees, County Board of Education fees, Awards and Prizes. The assumption is costs will be rising. But as a number of these are fees for collections/usage, the district will see increases and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



5.040 - Total Other Financing Uses

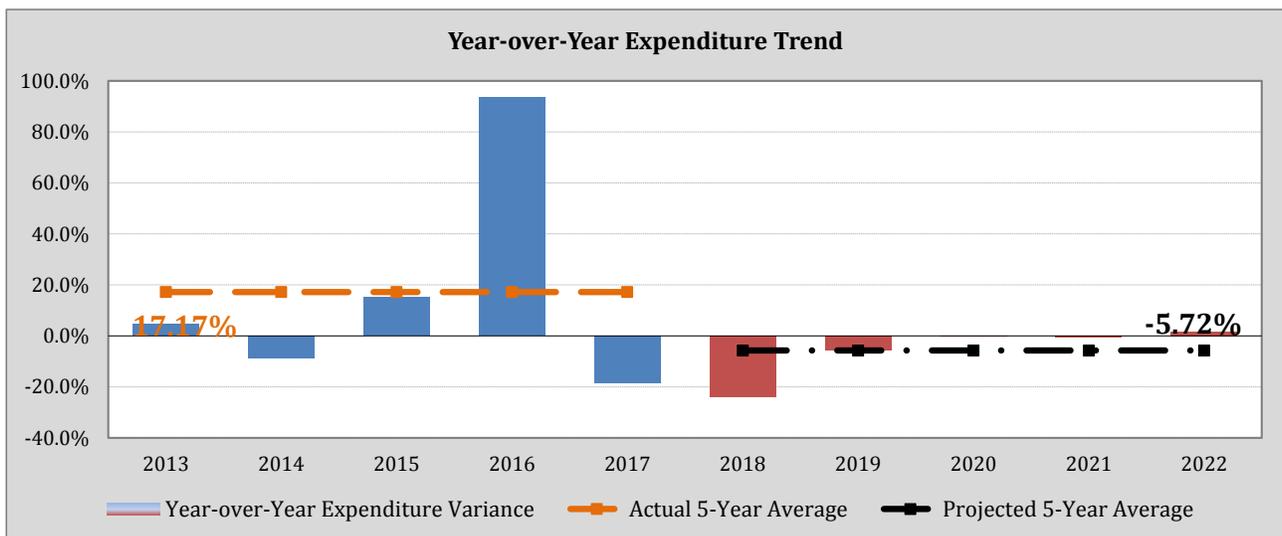
Operating transfers-out, advances out to other funds, and all other general fund financing uses.



This category is for the funding of Energy and Transportation Bonds and the Medina Community Recreation Center. The Energy and Transportation Bonds are coming to the end of their term in 2022 and will fall off. The district moves \$100,000 into the Recreation Center PI fund to cover improvements.

Also in this category are payments the district will be making to sustain uniform school supplies. We assume as the balances of these accounts decrease, the payments will be increasing.

Finally, the district has added a payment over the five years for Bonds as part of the Strategic Plan for Building improvements.



Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers
F.Y. 2018

		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. 2018 Prepared on: 05/20/2017	Forecast Amounts For F.Y. 2018 Prepared on: 10/13/2017		
Revenue:					
1	Real Estate & Property Allocation	\$52,005,753	\$53,145,957	\$1,140,204	2.2%
2	Public Utility Personal Property	\$3,316,524	\$3,304,324	-\$12,200	-0.4%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$19,152,339	\$19,262,182	\$109,843	0.6%
5	Other Revenue	\$1,872,875	\$2,090,206	\$217,331	11.6%
6	Other Non Operating Revenue	\$170,000	\$650,618	\$480,618	282.7%
7	Total Revenue	\$76,517,491	\$78,453,287	\$1,935,796	2.5%
Expenditures:					
8	Salaries	\$45,459,916	\$46,138,997	\$679,081	1.5%
9	Fringe Benefits	\$15,947,226	\$16,206,317	\$259,091	1.6%
10	Purchased Services	\$9,435,676	\$9,631,419	\$195,743	2.1%
11	Supplies, Debt, Capital Outlay & Other	\$4,810,808	\$4,393,442	-\$417,366	-8.7%
12	Other Non Operating Expenditures	\$493,988	\$663,988	\$170,000	34.4%
13	Total Expenditures	\$76,147,614	\$77,034,164	\$886,550	1.2%
14	Revenue Over/(Under) Expenditures	\$369,877	\$1,419,124	\$1,049,247	1.4%*
15	Ending Cash Balance	\$54,194,190	\$54,753,015	\$558,825	0.7%*

*Percentage expressed in terms of total expenditures

In comparing revenue forecast numbers, the district has collected more Real Property taxes in the first half of the fiscal year as compared to last year at this time. State Funding for students has been increased by \$10 per student and student count is holding steady. Interest rates have been rising providing for additional investment revenue. And finally, the district made advances in June 2017 and is looking to have these monies returned in FY18.

In comparing expenditure estimates, the district has created and set into the forecast estimated expenditures for the new Strategic Plan. Increases in purchased services and other non-operating expenditures reflect a large portion of this plan. Other increases are due to increased staffing and education for the current year.

Medina City Schools

Fiscal Year:	Actual	FORECASTED				
	2017	2018	2019	2020	2021	2022
Revenue:						
1.010 - General Property Tax (Real Estate)	47,651,143	47,754,994	44,617,827	42,165,282	42,565,864	42,734,258
1.020 - Public Utility Personal Property	3,021,813	3,304,324	3,345,289	3,393,559	3,531,464	3,683,892
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	20,686,646	19,191,236	19,140,631	18,403,699	17,342,785	16,346,430
1.040 - Restricted Grants-in-Aid	81,412	70,946	68,534	68,000	67,341	66,869
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	6,129,771	5,390,963	4,963,106	4,672,927	4,716,236	4,731,257
1.060 - All Other Operating Revenues	2,048,113	2,090,206	1,651,706	1,610,206	1,552,306	1,500,806
1.070 - Total Revenue	79,618,898	77,802,669	73,787,092	70,313,673	69,775,995	69,063,512
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	8,151	20,000	20,000	20,000	20,000	20,000
2.050 - Advances-In	612,680	396,514	-	-	-	-
2.060 - All Other Financing Sources	417,017	234,104	210,000	210,000	210,000	210,000
2.070 - Total Other Financing Sources	1,037,848	650,618	230,000	230,000	230,000	230,000
2.080 - Total Rev & Other Sources	80,656,746	78,453,287	74,017,092	70,543,673	70,005,995	69,293,512
Expenditures:						
3.010 - Personnel Services	44,943,106	46,138,997	48,855,405	49,945,733	51,114,627	52,266,131
3.020 - Employee Benefits	15,889,575	16,206,317	16,710,754	16,913,228	17,130,292	17,344,126
3.030 - Purchased Services	9,283,435	9,631,419	10,046,832	10,068,951	10,237,573	10,416,729
3.040 - Supplies and Materials	1,610,389	1,654,143	1,826,423	1,789,539	1,689,539	1,689,539
3.050 - Capital Outlay	915,450	936,150	956,150	966,150	981,550	997,289
3.060 - Intergovernmental	-	-	-	-	-	-
Debt Service:						
4.010 - Principal-All Years	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	-	-	-	-	-	-
4.300 - Other Objects	1,664,045	1,803,149	1,798,394	1,865,851	1,856,848	1,920,006
4.500 - Total Expenditures	74,306,000	76,370,176	80,193,959	81,549,451	83,010,429	84,633,820
Other Financing Uses						
5.010 - Operating Transfers-Out	478,893	663,988	625,806	626,350	622,756	633,888
5.020 - Advances-Out	396,515	-	-	-	-	-
5.030 - All Other Financing Uses	50	-	-	-	-	-
5.040 - Total Other Financing Uses	875,458	663,988	625,806	626,350	622,756	633,888
5.050 - Total Exp and Other Financing Uses	75,181,458	77,034,164	80,819,765	82,175,801	83,633,185	85,267,708
6.010 - Excess of Rev Over/(Under) Exp	5,475,288	1,419,124	(6,802,673)	(11,632,128)	(13,627,190)	(15,974,195)
7.010 - Cash Balance July 1 (No Levies)	47,858,603	53,333,891	54,753,015	47,950,342	36,318,214	22,691,024
7.020 - Cash Balance June 30 (No Levies)	53,333,891	54,753,015	47,950,342	36,318,214	22,691,024	6,716,829
8.010 - Estimated Encumbrances June 30	946,266	946,300	946,300	946,300	946,300	946,300
9.080 - Reservations Subtotal	3,595,383	3,796,349	3,982,129	4,048,508	4,119,739	4,196,548
10.010 - Fund Bal June 30 for Cert of App	48,792,242	50,010,366	43,021,913	31,323,406	17,624,985	1,573,981
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	3,259,157	6,519,474	6,520,644	6,520,647
11.030 - Cumulative Balance of Levies	-	-	3,259,157	9,778,630	16,299,275	22,819,921
12.010 - Fund Bal June 30 for Cert of Obligations	48,792,242	50,010,366	46,281,070	41,102,036	33,924,260	24,393,902
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	21,863	62,199	88,377
13.030 - Cumulative Balance of New Levies	-	-	-	21,863	84,062	172,439
15.010 - Unreserved Fund Balance June 30	48,792,242	50,010,366	46,281,070	41,123,899	34,008,322	24,566,342