



Medina City School District

Five Year Forecast Financial Report

May, 2022

Table of Contents

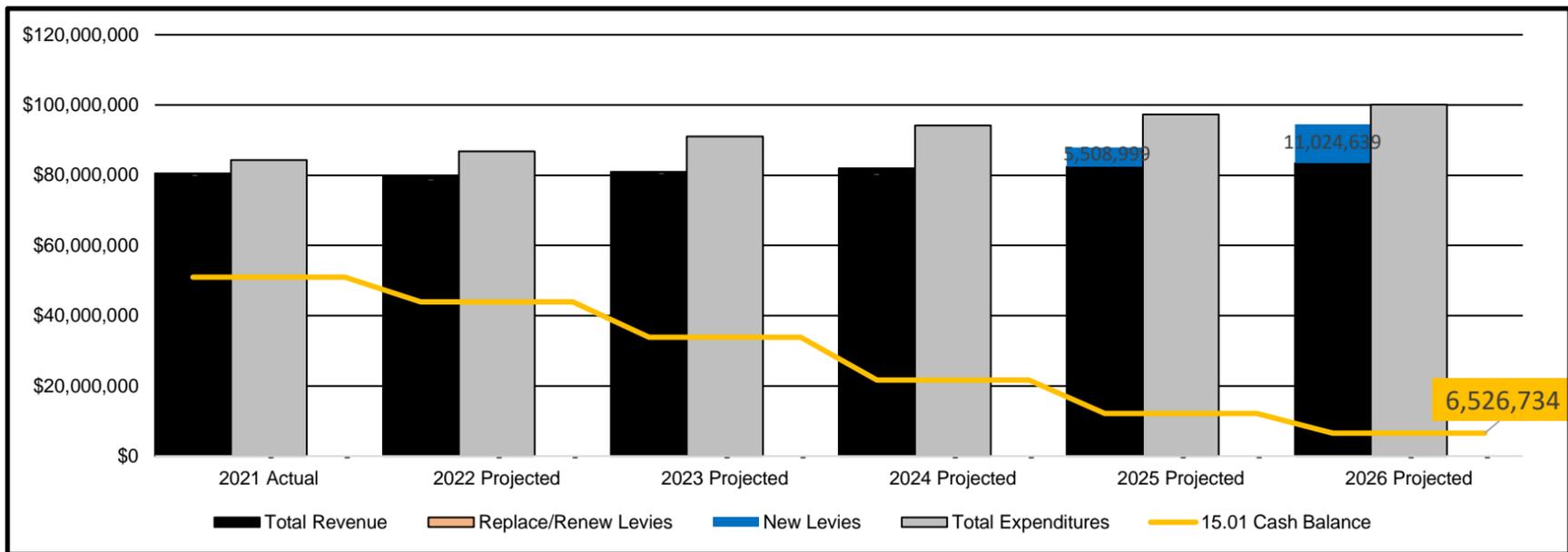
	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22

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 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	50,955,290	43,943,515	33,853,773	21,617,266	12,167,979
+ Revenue	79,829,855	80,935,772	81,994,172	82,371,096	83,484,123
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	5,508,999	11,024,639
- Expenditures	(86,841,629)	(91,025,514)	(94,230,678)	(97,329,381)	(100,150,007)
= Revenue Surplus or Deficit	(7,011,775)	(10,089,742)	(12,236,507)	(9,449,287)	(5,641,245)
Line 7.020 Ending Balance with renewal/new levies	43,943,515	33,853,773	21,617,266	12,167,979	6,526,734

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(7,011,775)	(10,089,742)	(12,236,507)	(14,958,286)	(16,665,884)
Ending Balance w/o Levies	43,943,515	33,853,773	21,617,266	6,658,980	(10,006,904)

In FY 2022 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$7,011,775 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$16,665,884. The district would need to cut its FY 2026 projected expenses by 16.64% in order to balance its budget without additional revenue.

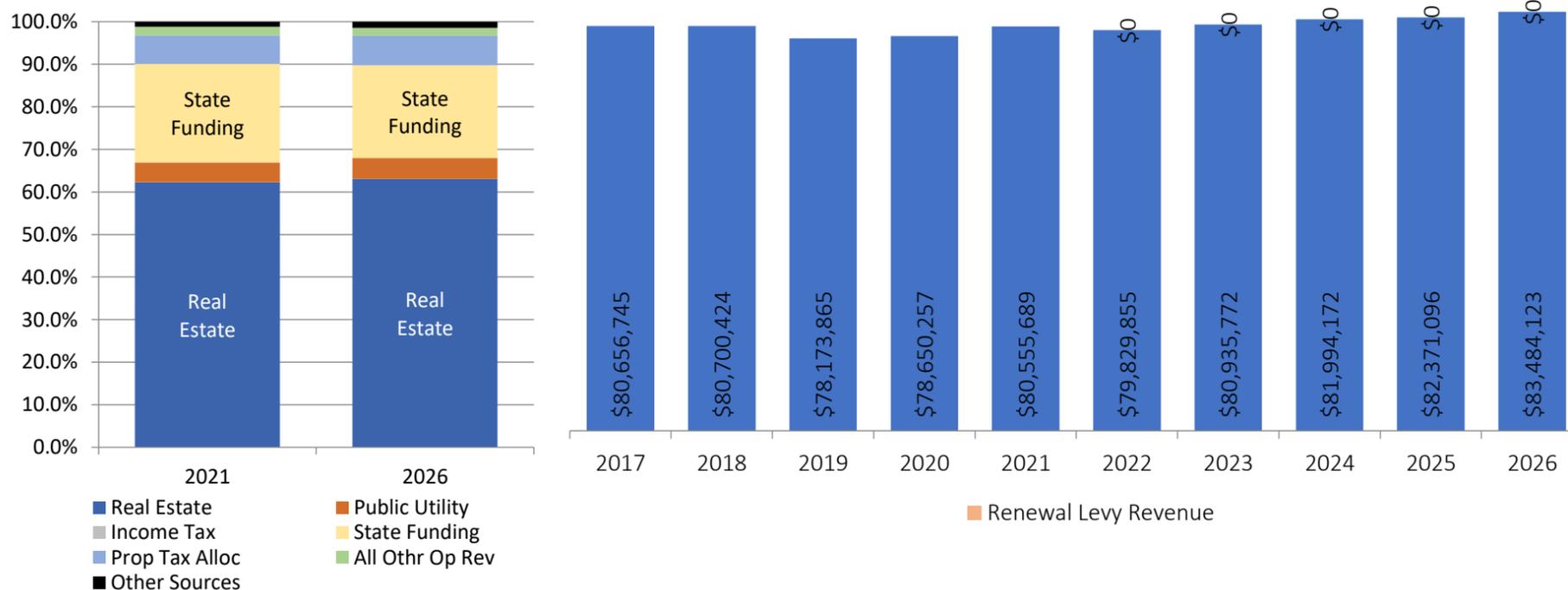
The district's cash balance is positive at year-end in FY 2022 and is projected to worsen by FY 2026. A worsening cash balance can erode the district's financial stability over time.

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$612,487 in FY 2022. 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 guarantee district in FY 2022. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

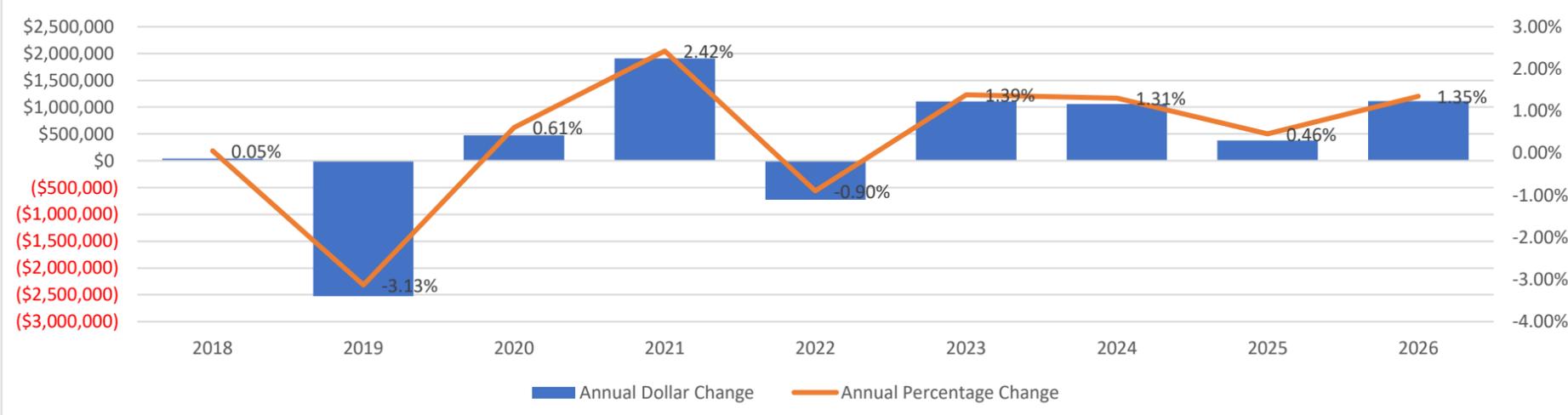
guarantee district in FY 2022.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



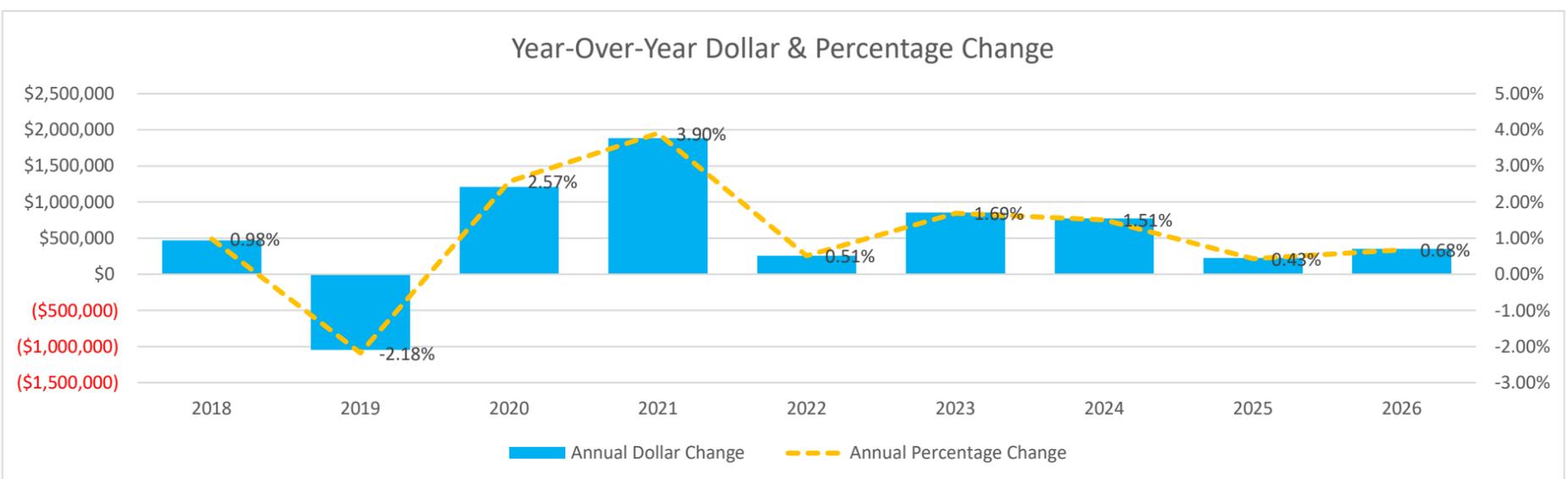
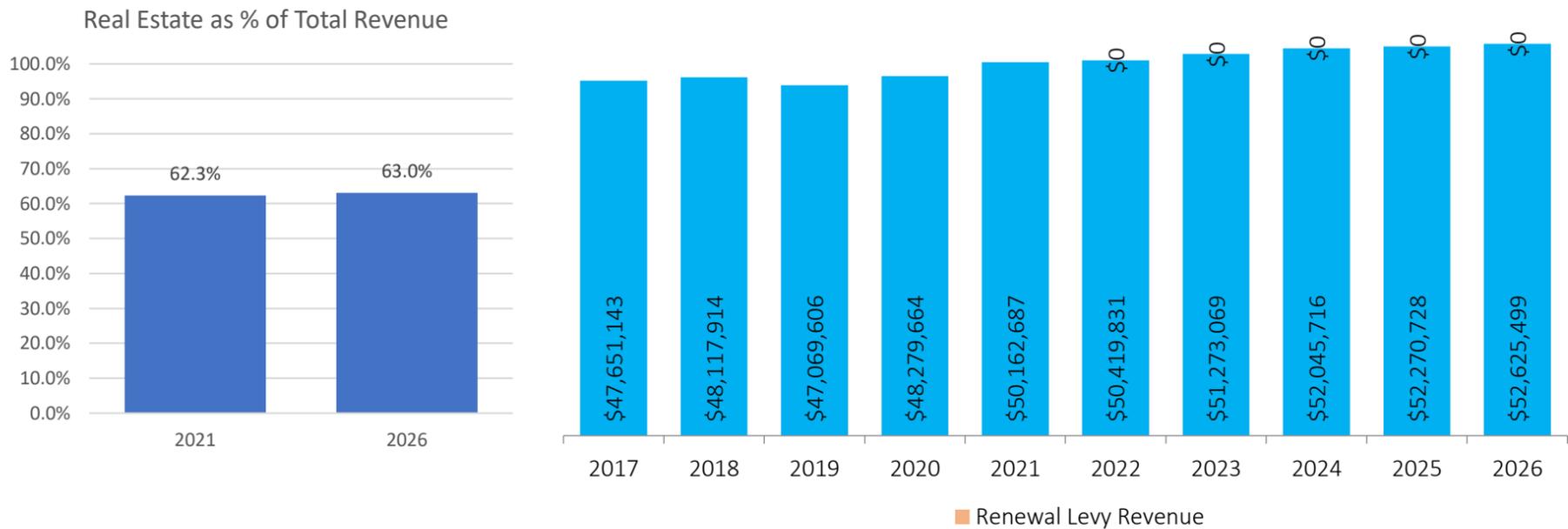
5-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 0.35% or \$275,883 annually during the past 5-Year period and is projected to increase 0.72% or \$585,687 annually through FY2026. Prop Tax Alloc has the most projected average annual variance compared to the historical average at \$490,277
Real Estate	650,265	492,562	(\$157,703)	
Public Utility	\$222,761	\$76,344	(\$146,417)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$280,996)	(94,093)	\$186,902	
Prop Tax Alloc	(\$415,087)	\$75,190	\$490,277	
All Othr Op Rev	(\$37,770)	(\$14,863)	\$22,907	
Other Sources	\$136,710	\$50,548	(\$86,163)	
Total Average Annual Change	275,883	585,687	\$309,804	
	0.35%	0.72%	0.37%	

Note: Expenditure average annual change is projected to be > \$3,174,647 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).



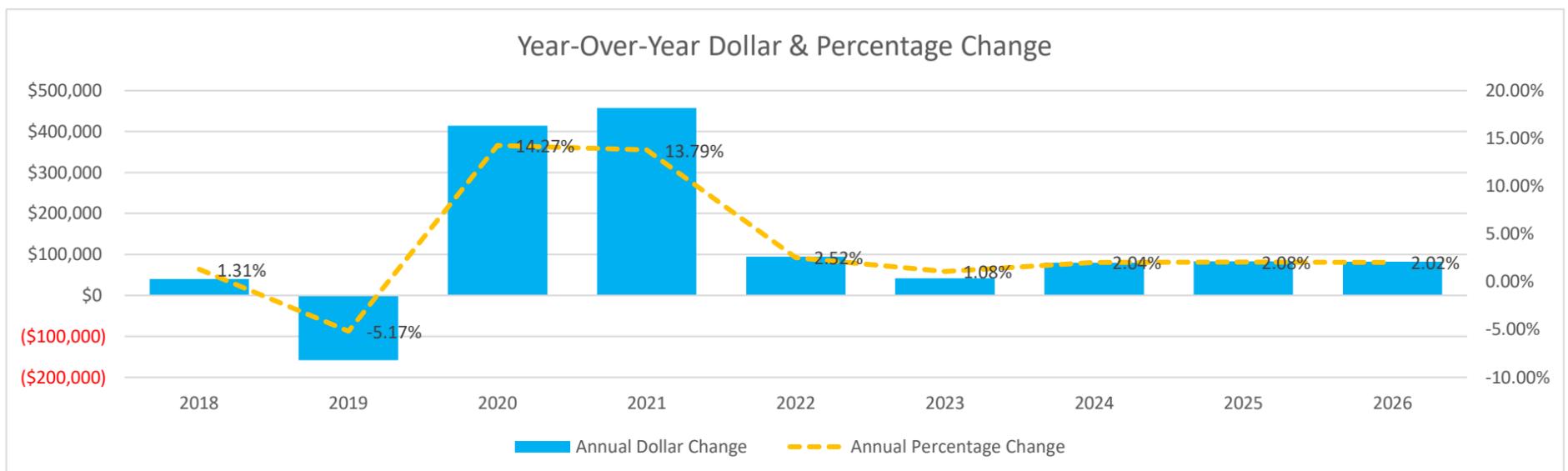
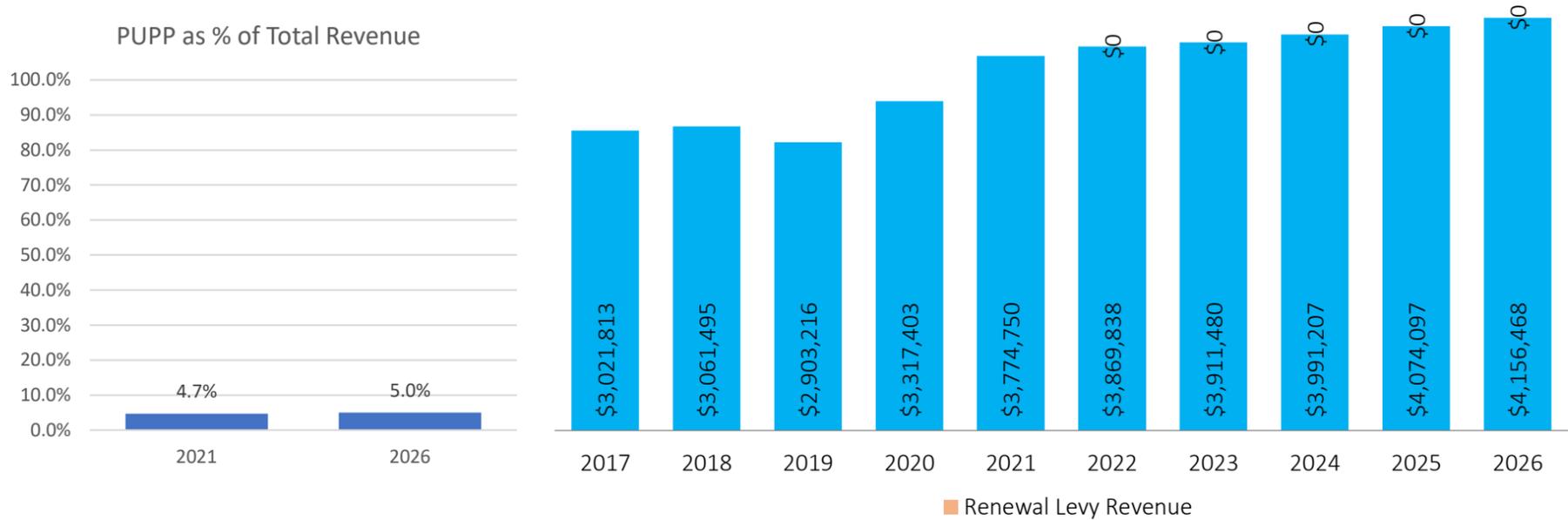
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2020	1,482,340,690	31,446,640	36.50	-	41.72	-	99.8%
2021	1,500,635,380	18,294,690	36.34	(0.15)	41.51	(0.20)	99.7%
2022	1,768,055,380	267,420,000	31.02	(5.33)	39.85	(1.66)	99.7%
2023	1,781,140,380	13,085,000	30.96	(0.05)	39.95	0.10	99.7%
2024	1,790,825,380	9,685,000	30.87	(0.09)	39.99	0.04	99.7%
2025	1,884,670,380	93,845,000	29.58	(1.29)	38.86	(1.13)	99.7%

Real estate property tax revenue accounts for 62.27% of total revenue. Class I or residential/agricultural taxes make up approximately 75.61% of the real estate property tax revenue. The Class I tax rate is 36.34 mills in tax year 2021. The projections reflect an average gross collection rate of 99.7% annually through tax year 2025. The revenue changed at an average annual historical rate of 1.35% and is projected to change at an average annual rate of 0.95% through FY 2026. The district is anticipating a large increase in valuations with the upcoming valuation update from the County Auditor. This increase will have little effect upon real property collections but is anticipated to decrease State Foundation funding.

*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.



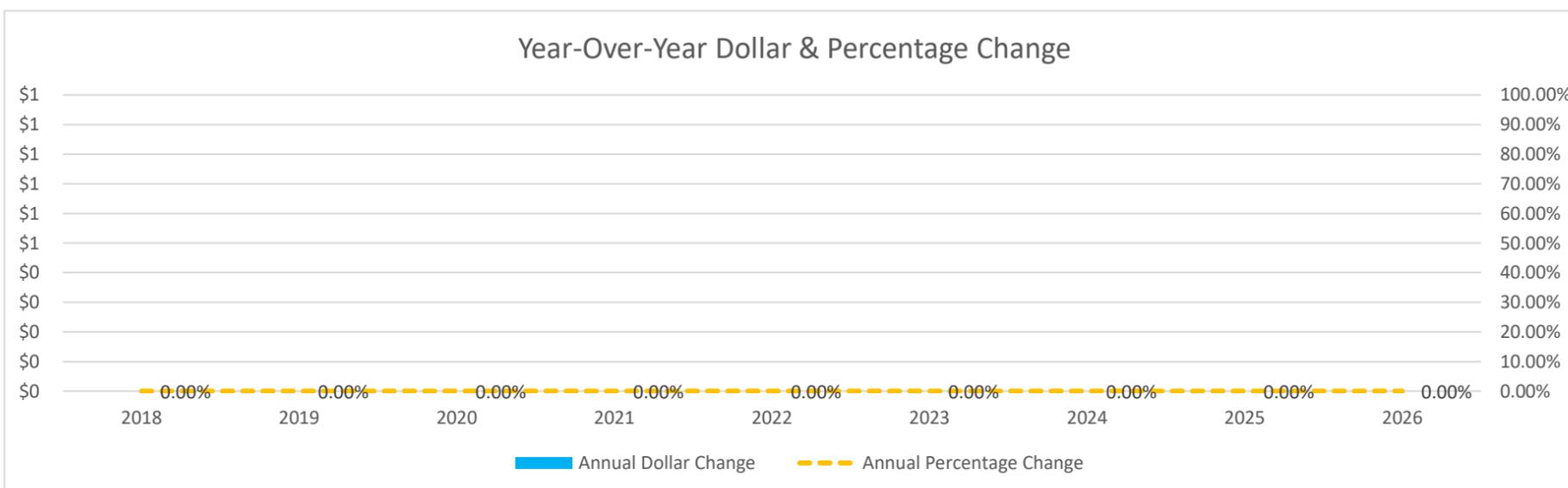
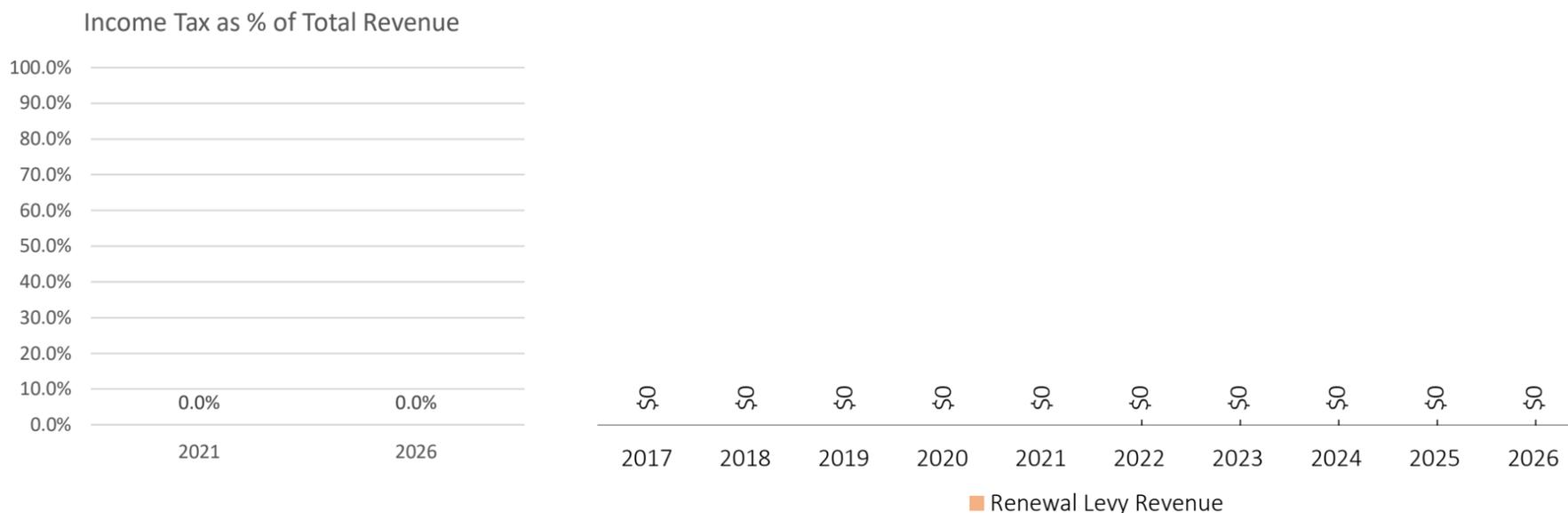
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2020	52,980,590	4,005,030	87.33	-	86.1%
2021	53,033,080	52,490	87.31	(0.02)	83.6%
2022	54,533,080	1,500,000	86.66	(0.65)	83.6%
2023	55,633,080	1,100,000	86.66	(0.01)	83.6%
2024	56,833,080	1,200,000	86.64	(0.01)	83.6%
2025	58,033,080	1,200,000	86.47	(0.18)	83.6%

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 4.69% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 87.31 mills. The forecast is modeling an average gross collection rate of 83.61%. The revenue changed historically at an average annual dollar amount of \$222,761 and is projected to change at an average annual dollar amount of \$76,344 through FY 2026.

**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.

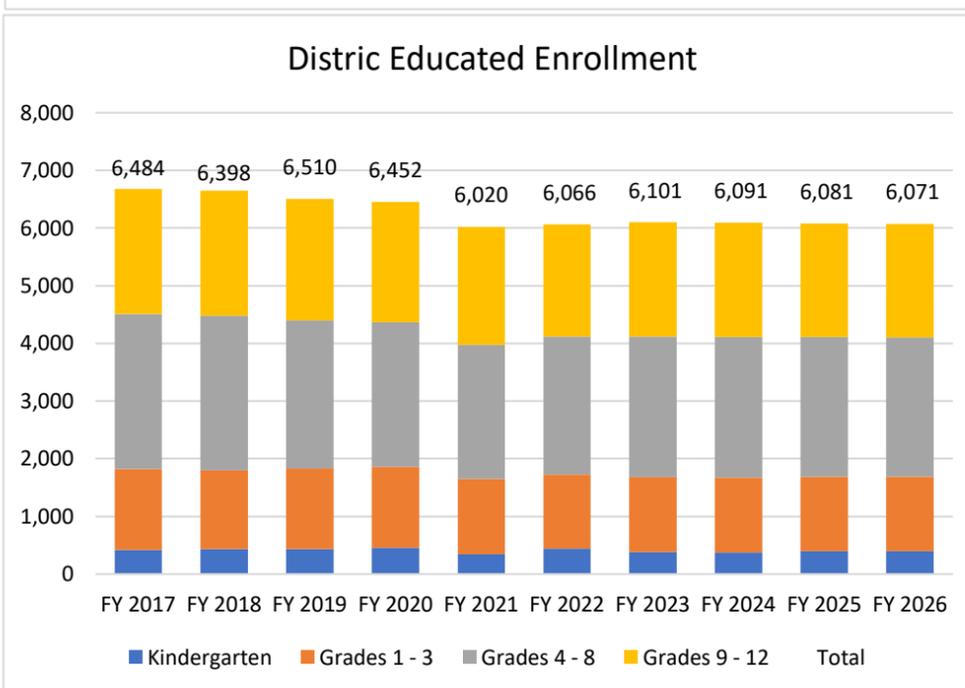
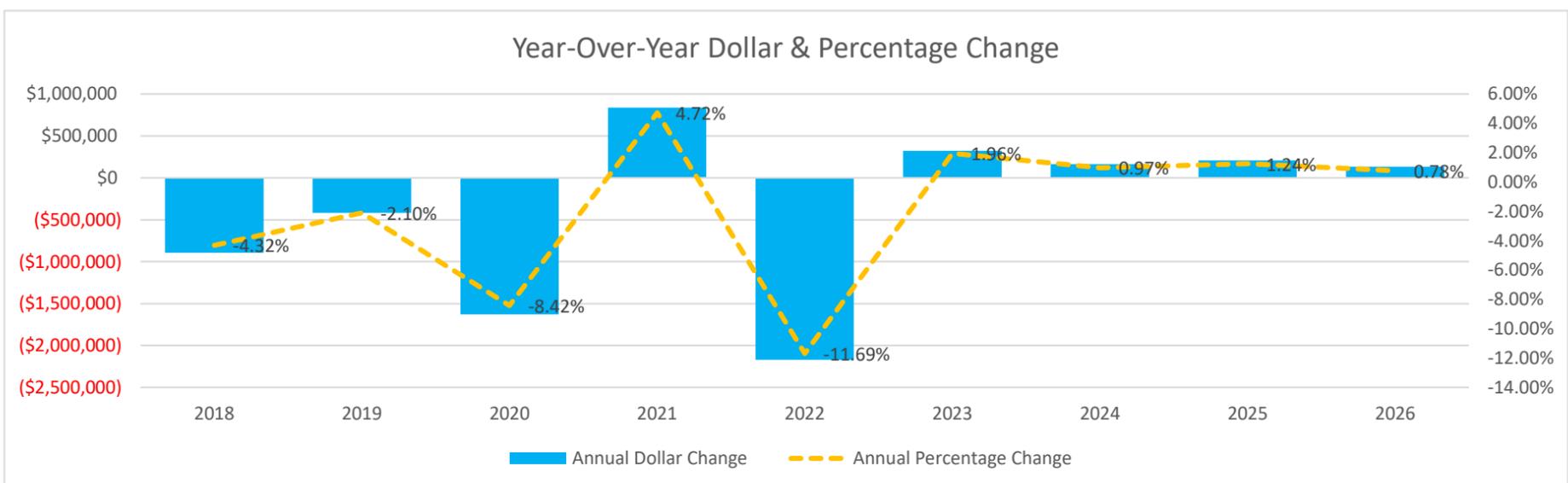
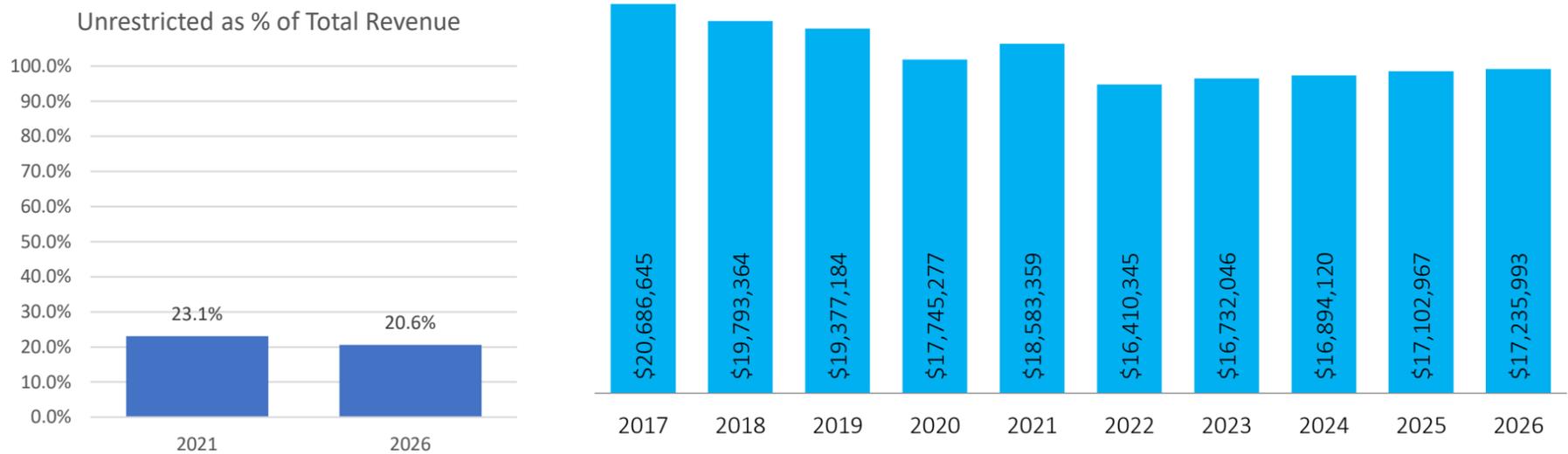


The district does not have an income tax levy.

*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



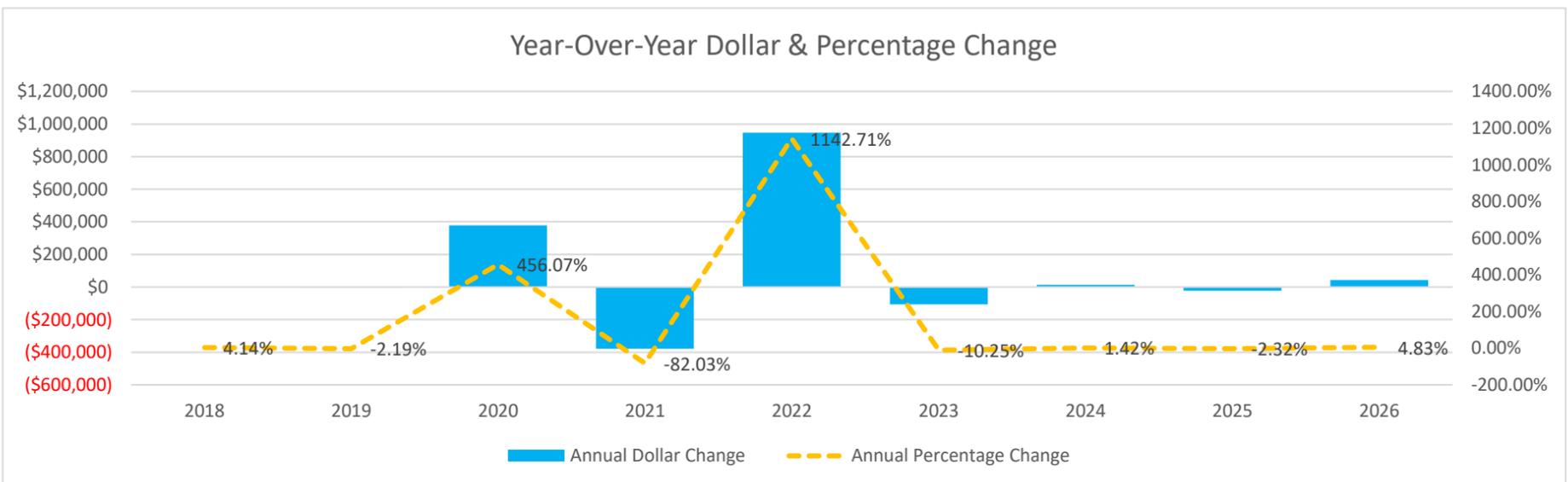
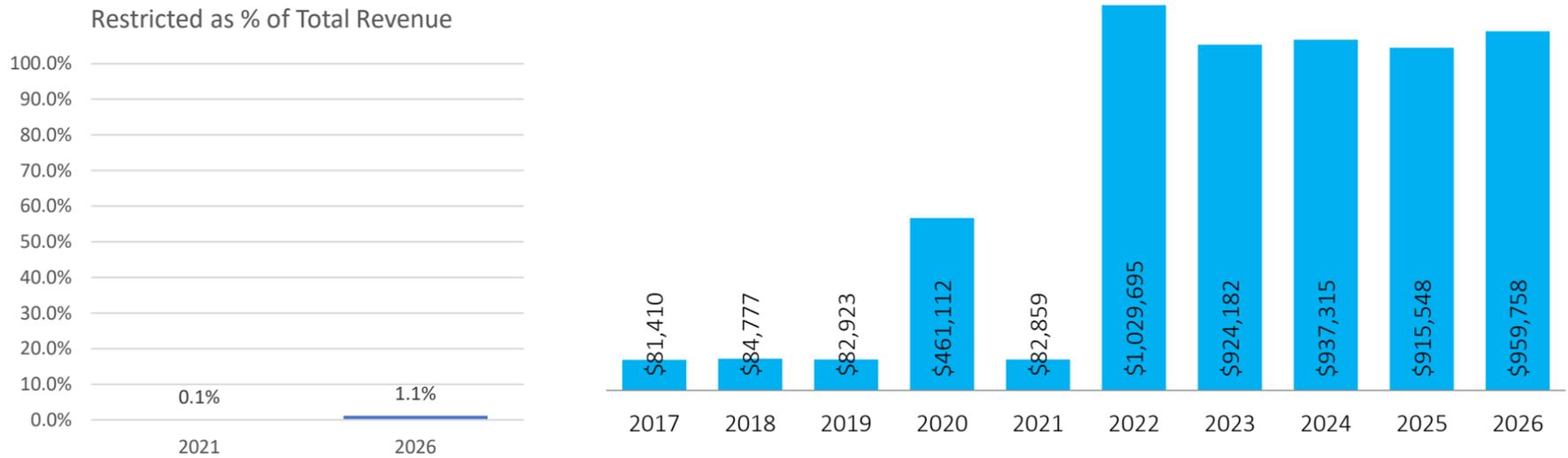
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual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

For Medina City School District the calculated Base Cost total is \$45,833,921 in FY 2022. The state's share of the calculated Base Cost total is \$9,367,486 or \$1,544 per pupil.

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 \$2,344,911 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

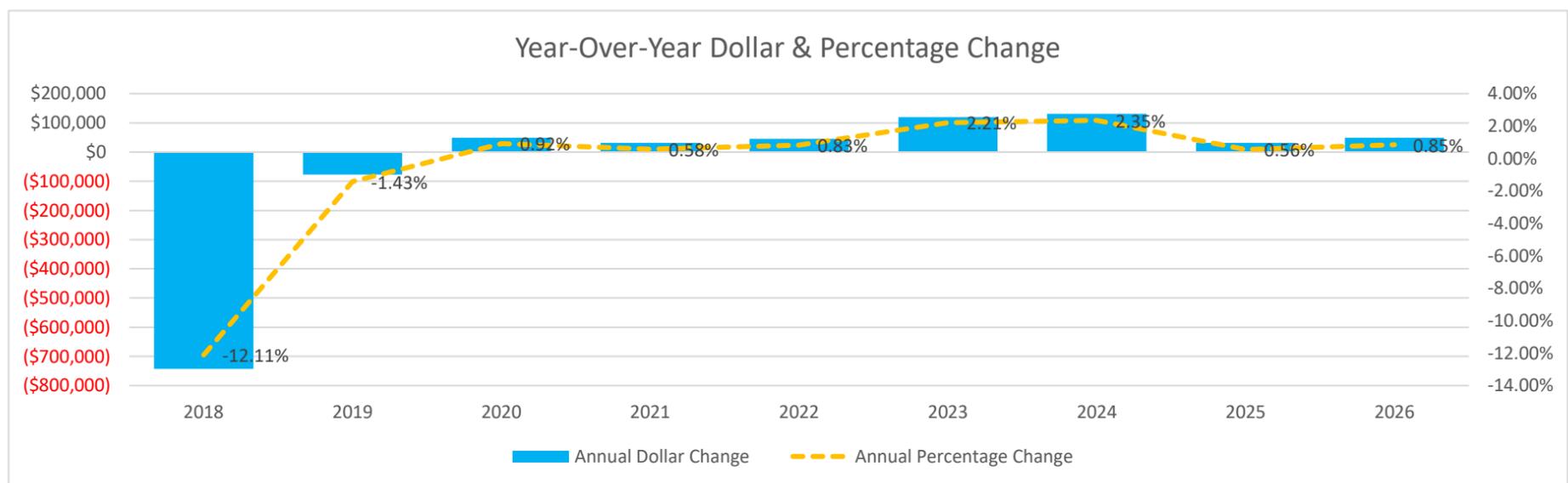
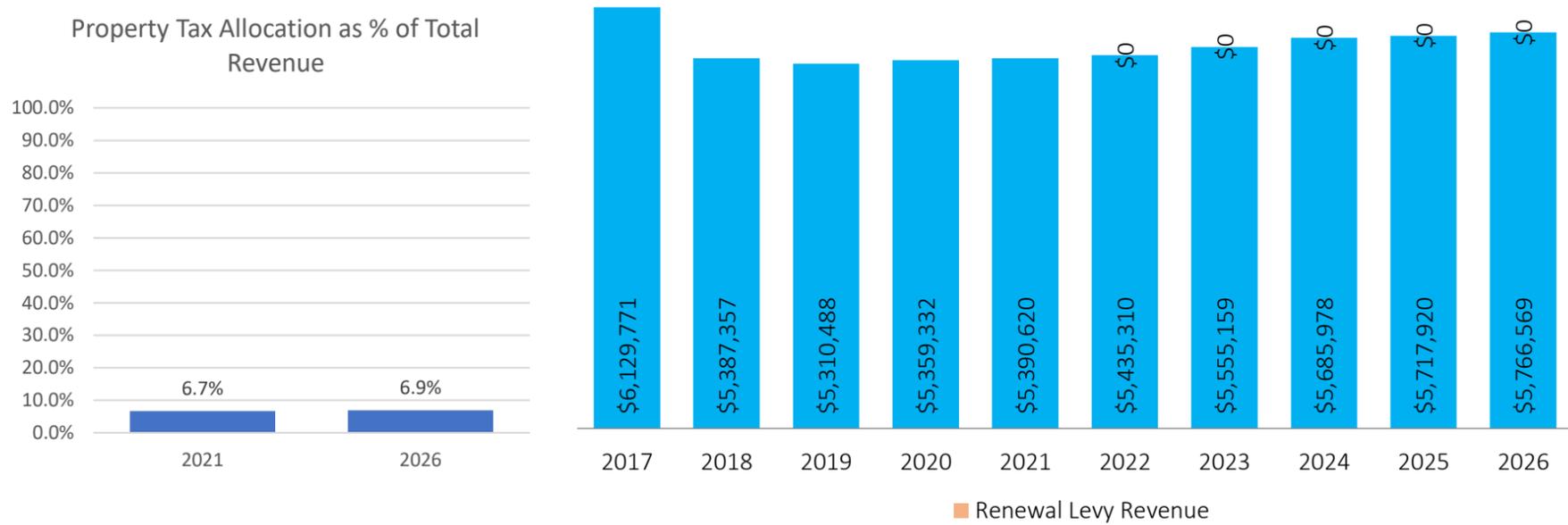
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 -\$639 and is projected to change annually on average by \$175,380. Restricted funds represent 0.10% 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 \$613,900. 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.

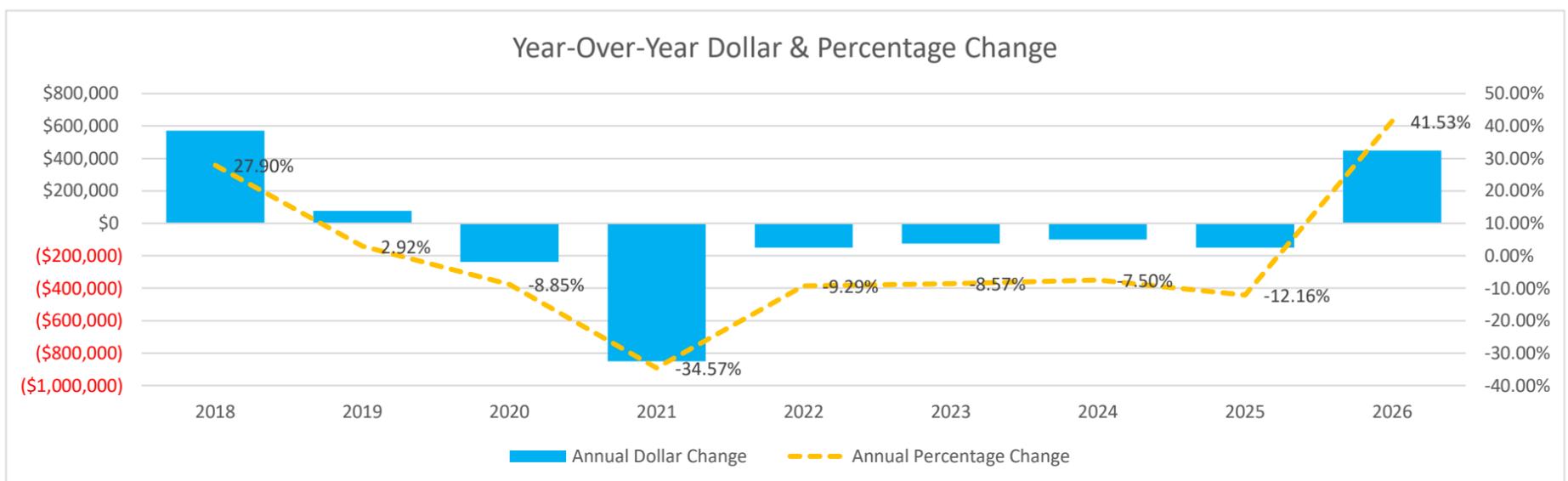
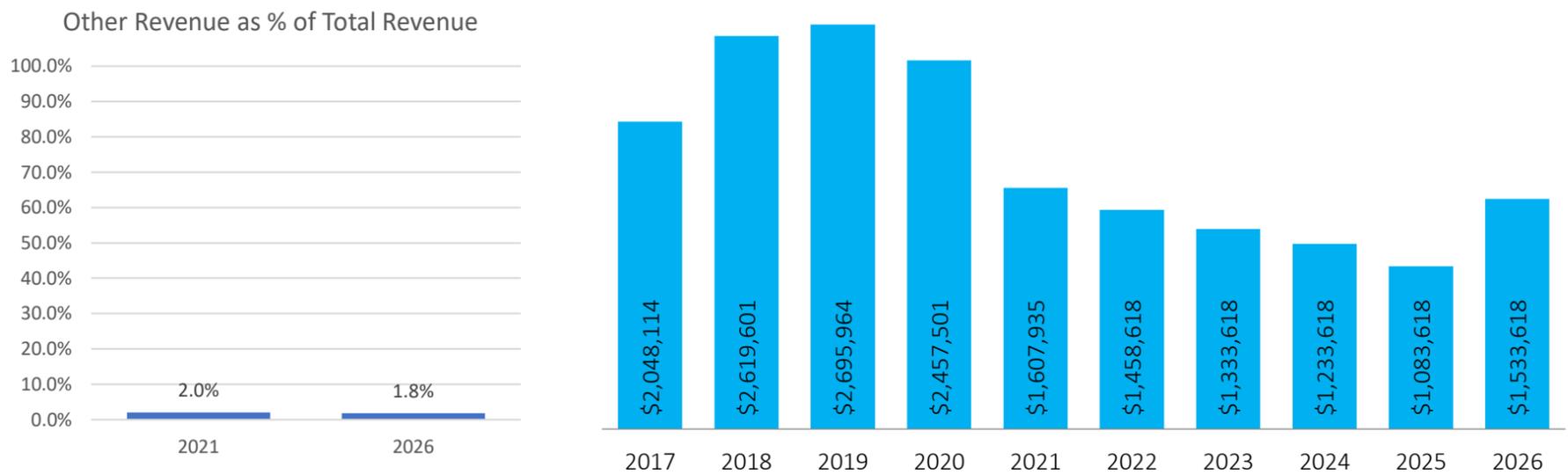


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, approximately 10.6% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.9% will be reimbursed in the form of qualifying homestead exemption credits.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

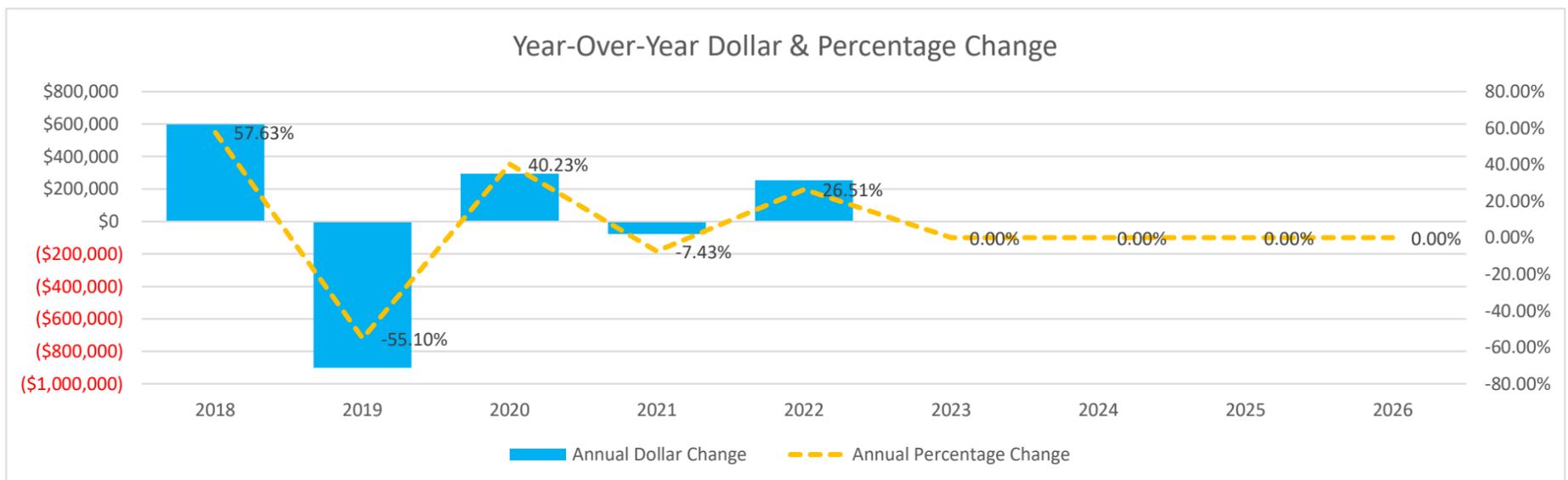
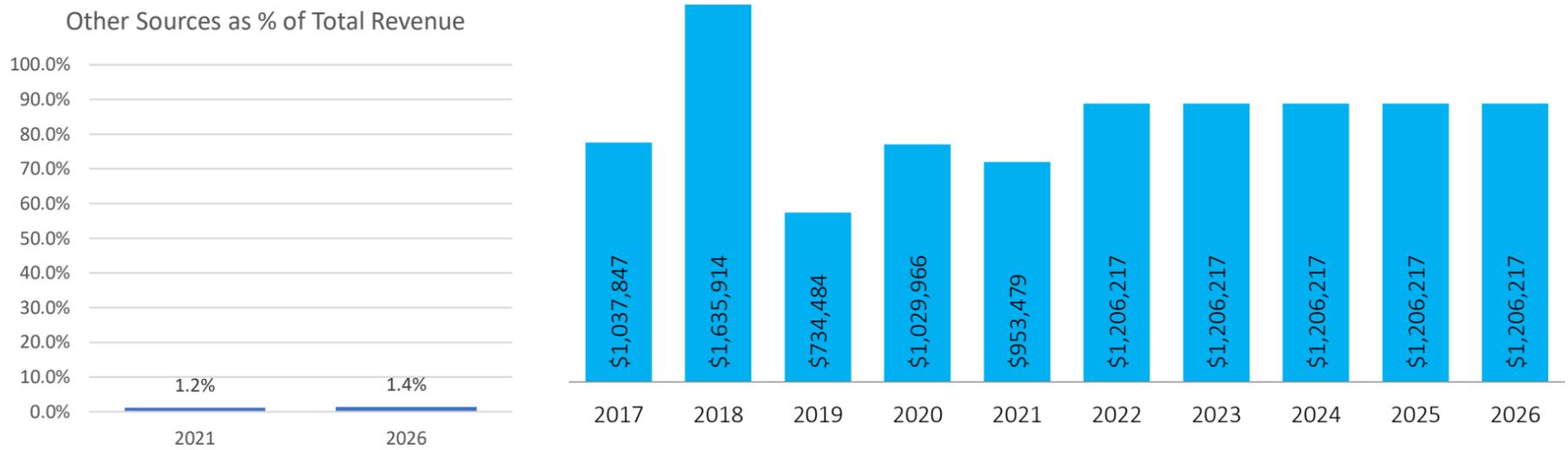
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 -\$37,770. The projected average annual change is -\$14,863 through FY 2026. 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 \$1,204 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.

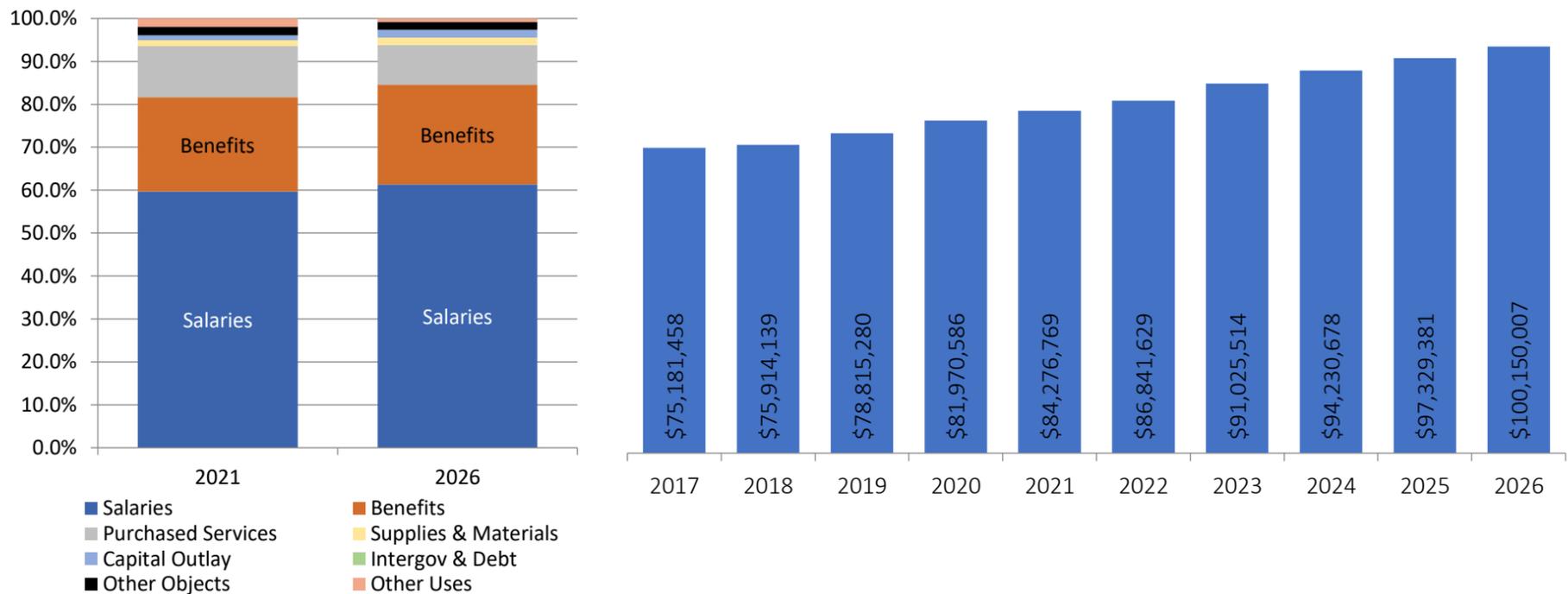


	2021	FORECASTED				
		2022	2023	2024	2025	2026
Transfers In	14,221	5,576	5,576	5,576	5,576	5,576
Advances In	649,329	649,323	649,323	649,323	649,323	649,323
All Other Financing Sources	289,929	551,318	551,318	551,318	551,318	551,318

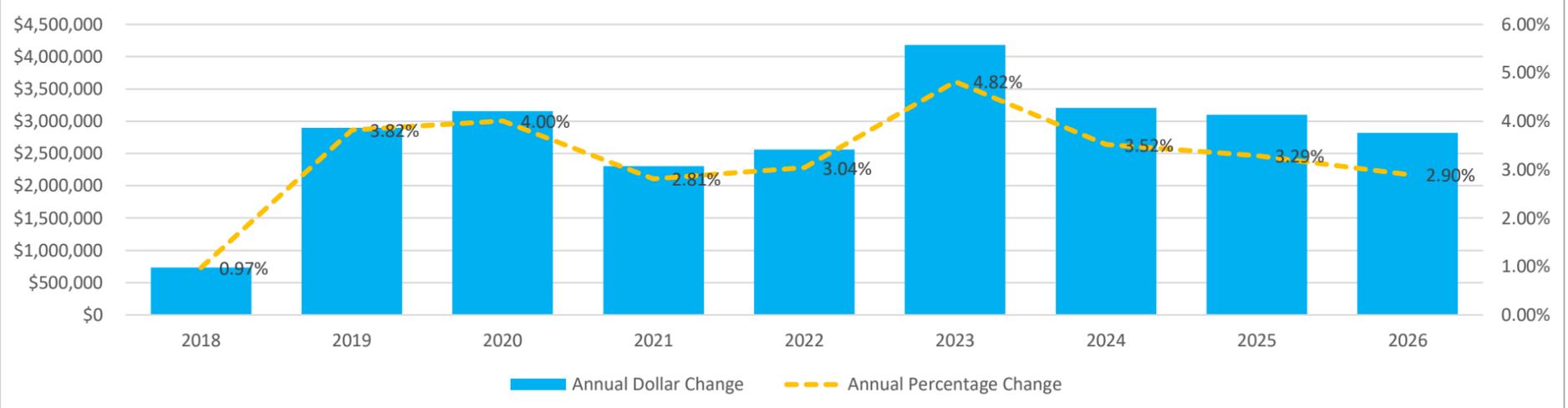
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district receipted \$649,329 as advances-in and is projecting advances of \$649,323 in FY 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$551,318 in FY 2022 and average \$551,318 annually through FY 2026.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



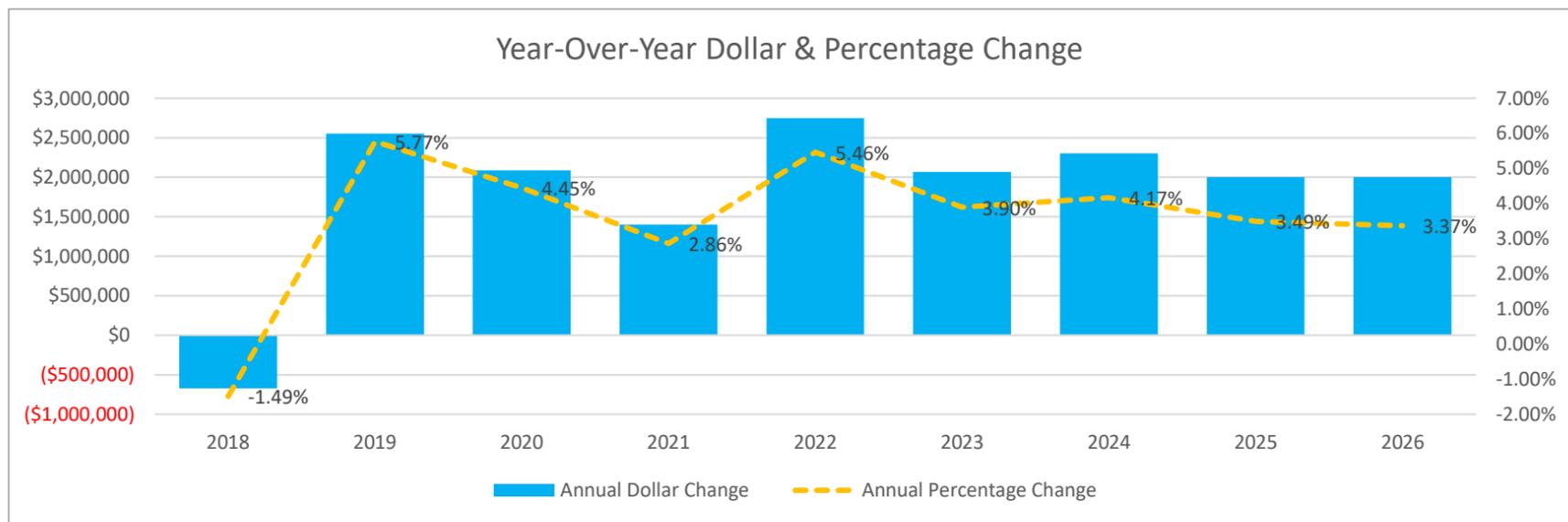
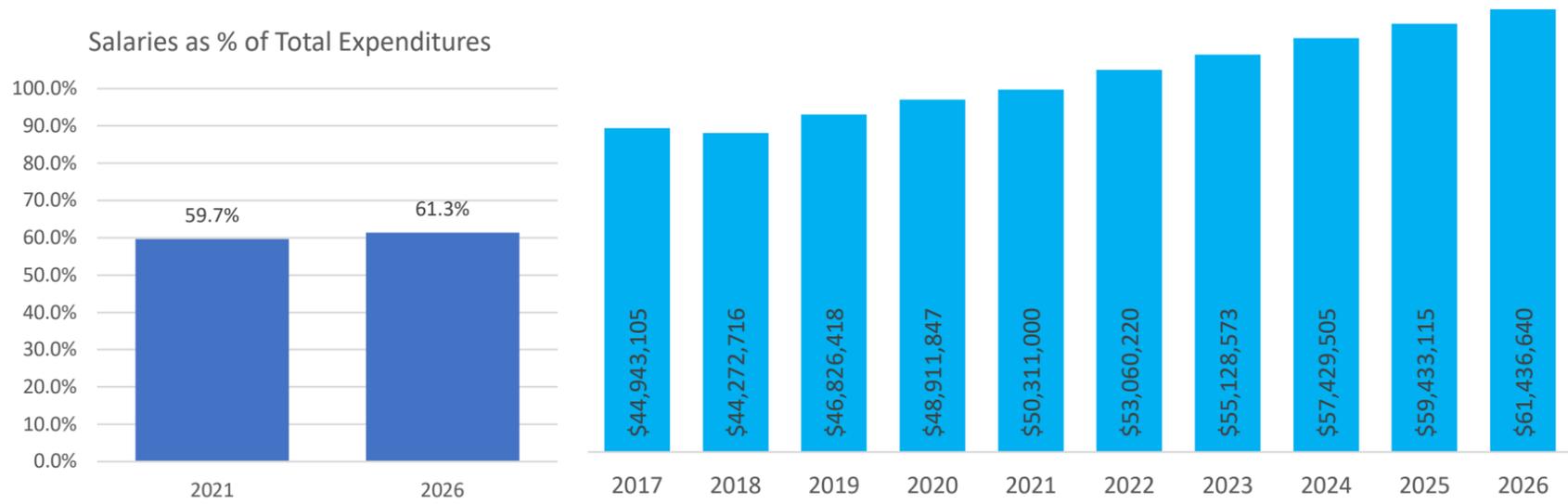
5-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 3.41% or \$2,697,972 annually during the past 5-Year period and is projected to increase 3.77% or \$3,174,647 annually through FY2026. Salaries has the largest projected average annual variance compared to the historical average at \$499,562. Purchased services are reducing due to the Fair School Funding Plan where students are paid in the district attending and not the district they live.
Salaries	1,725,566	2,225,128	\$499,562	
Benefits	\$646,741	\$960,129	\$313,388	
Purchased Services	\$275,914	(\$167,207)	(\$443,121)	
Supplies & Materials	(\$85,977)	\$114,714	\$200,691	
Capital Outlay	\$50,456	\$178,862	\$128,407	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	(\$19,102)	\$27,497	\$46,599	
Other Uses	\$104,375	(\$164,475)	(\$268,850)	
Total Average Annual Change	\$2,697,972	\$3,174,647	\$476,676	
	3.41%	3.77%	0.36%	

Note: Revenue average annual change is projected to be > \$585,687. On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

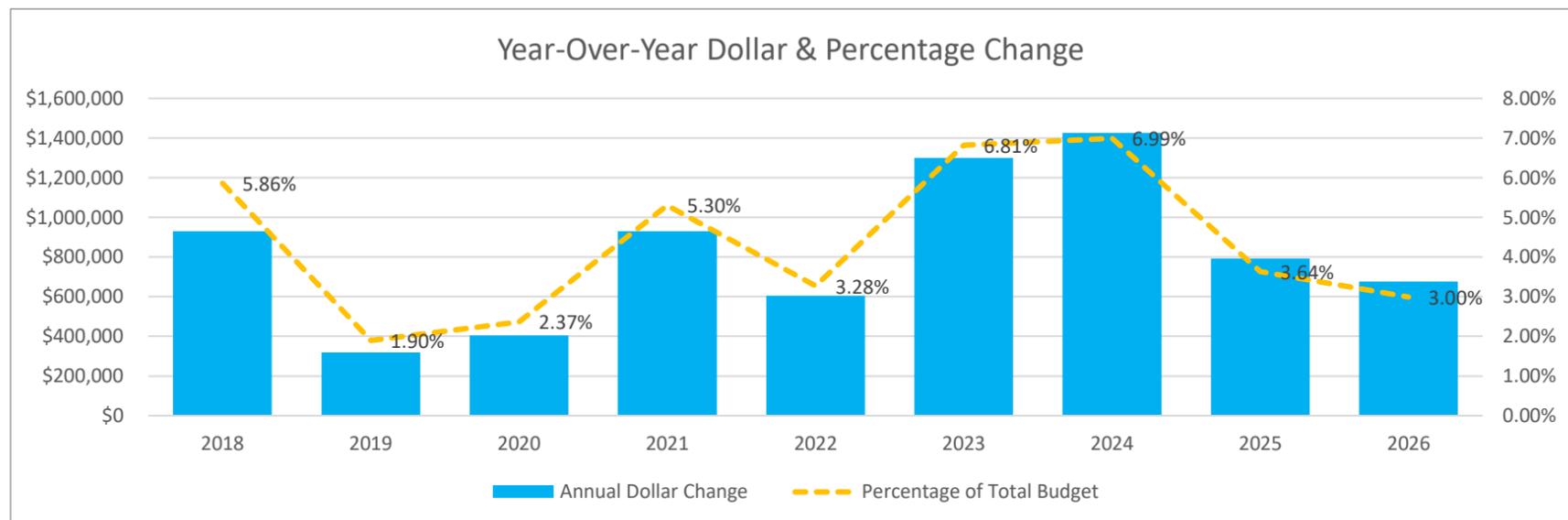
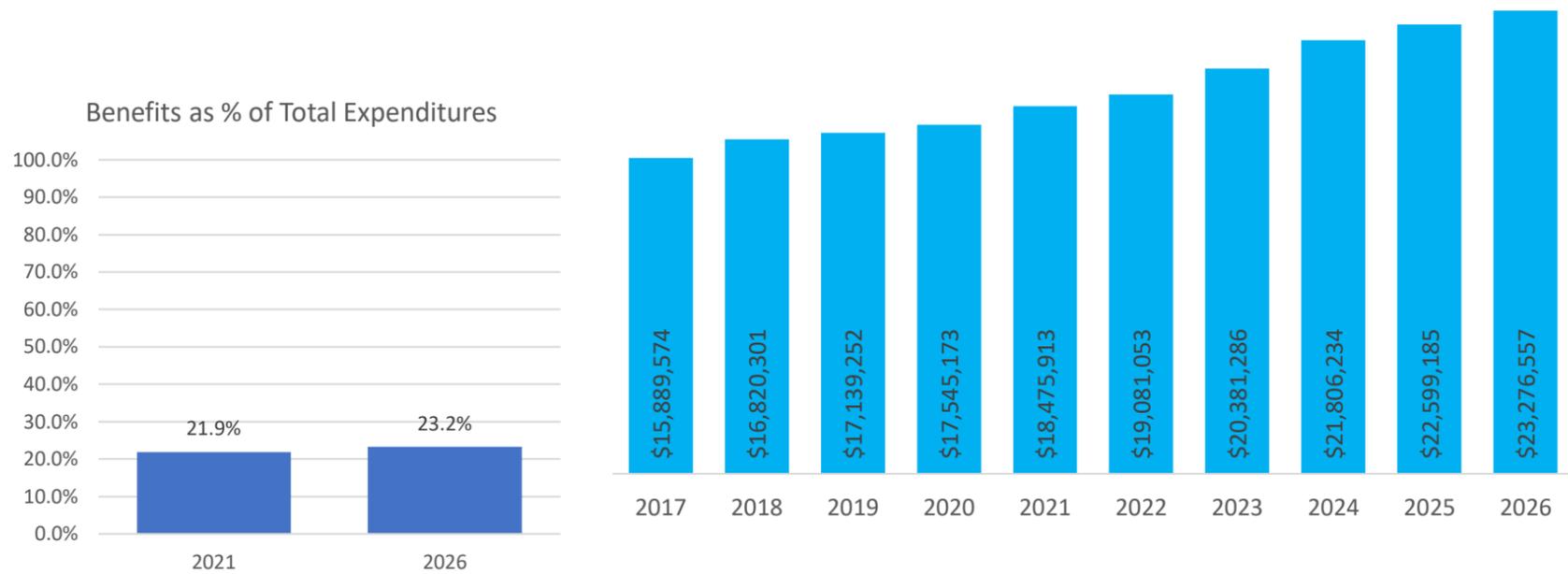
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 59.70% of total expenditures and increased at a historical average annual rate of 3.67% or \$1,725,566. This category of expenditure is projected to grow at an annual average rate of 3.88% or \$2,225,128 through FY 2026. The projected average annual rate of change is 0.22% more than the five year historical annual average.

3.020 - Employees' Benefits

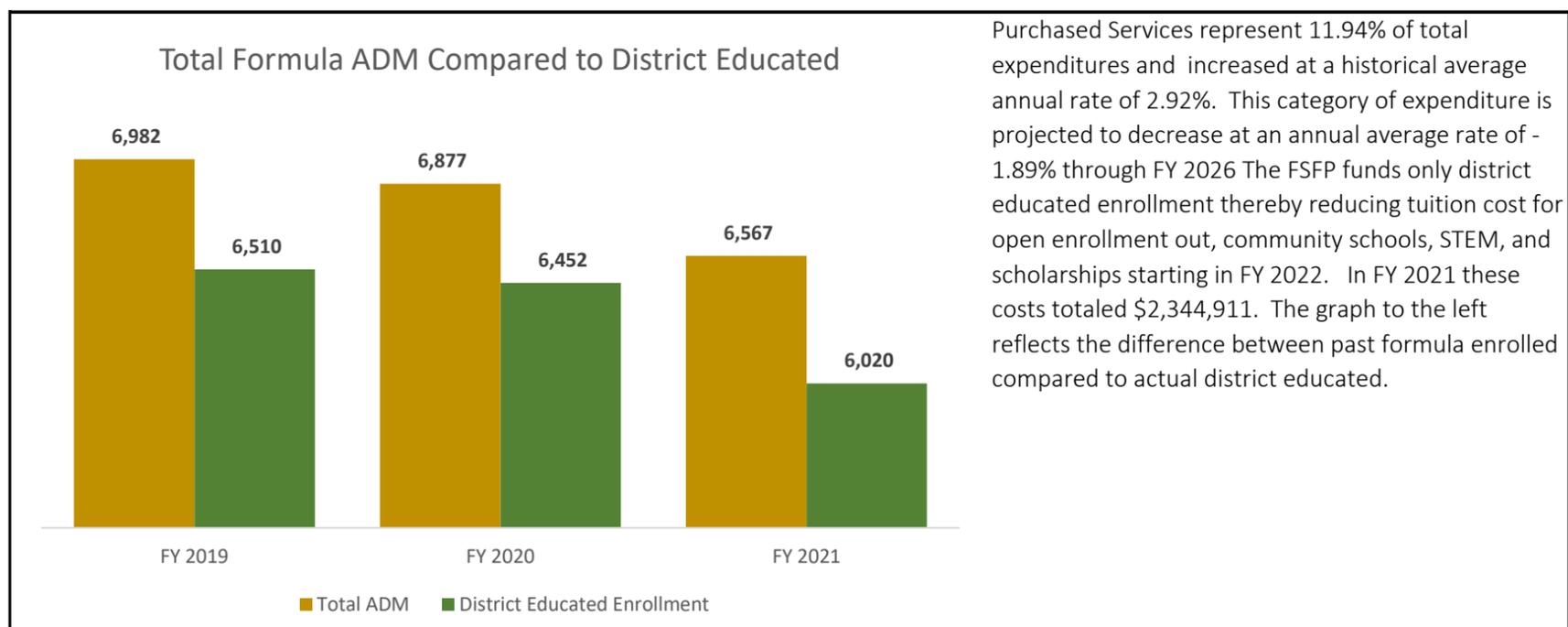
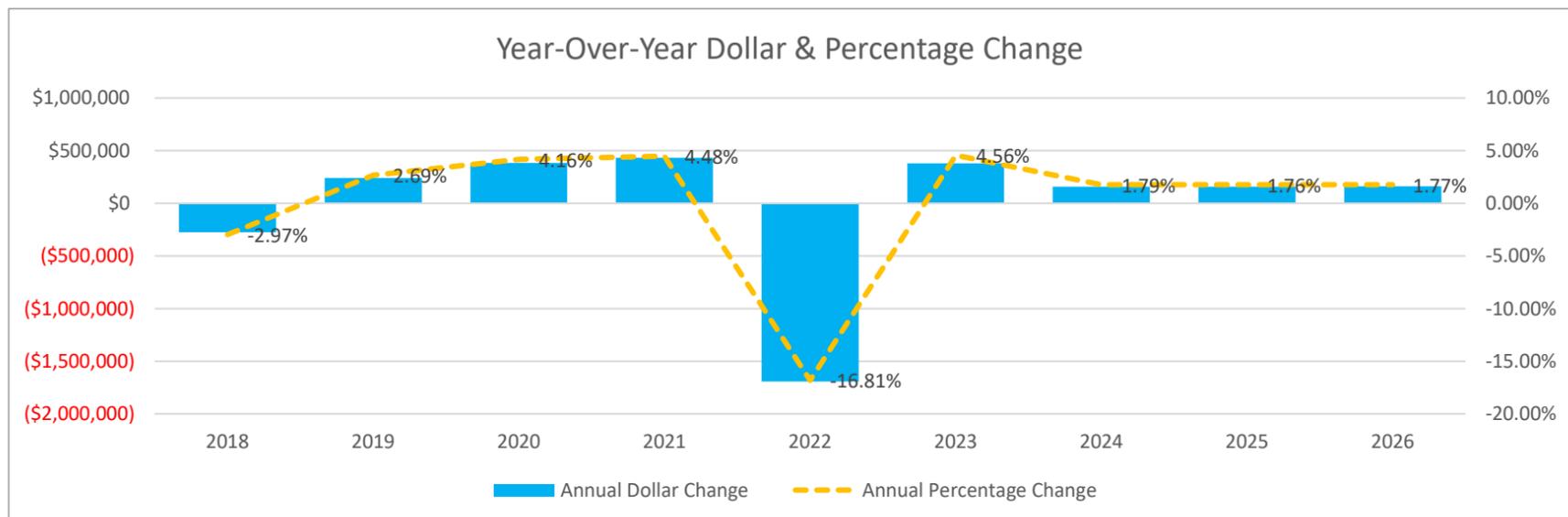
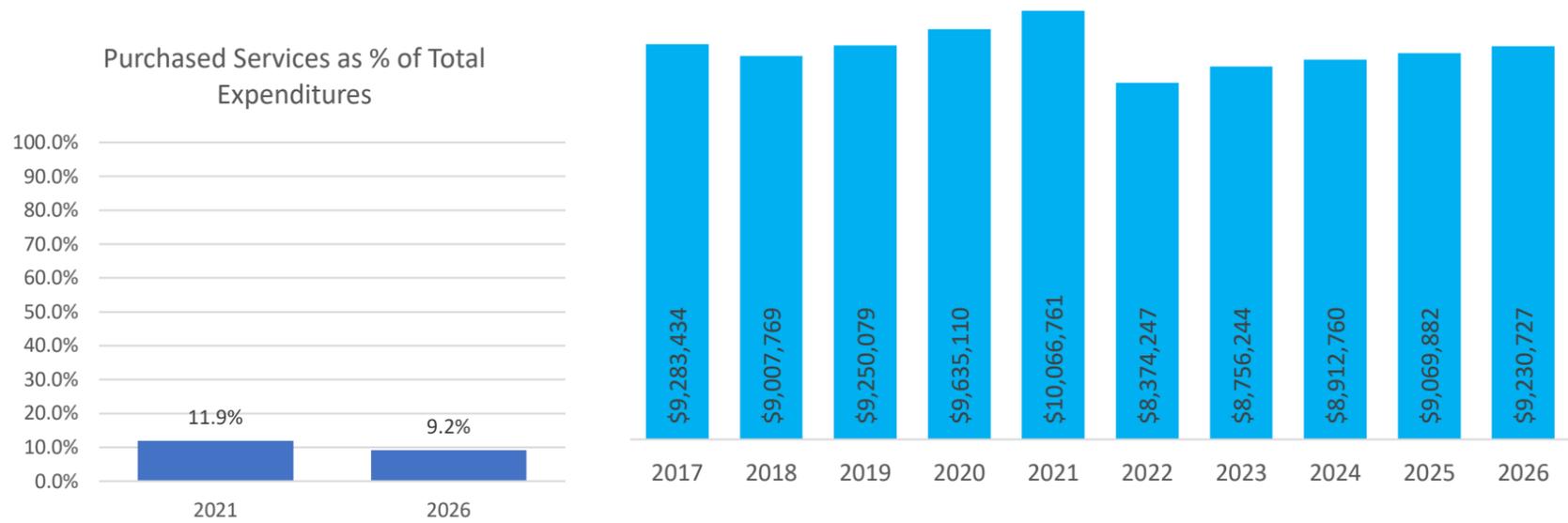
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 21.92% of total expenditures and increased at a historical average annual rate of 3.77%. This category of expenditure is projected to grow at an annual average rate of 4.48% through FY 2026. The projected average annual rate of change is 0.71% more than the five year historical annual average.

3.030 - Purchased Services

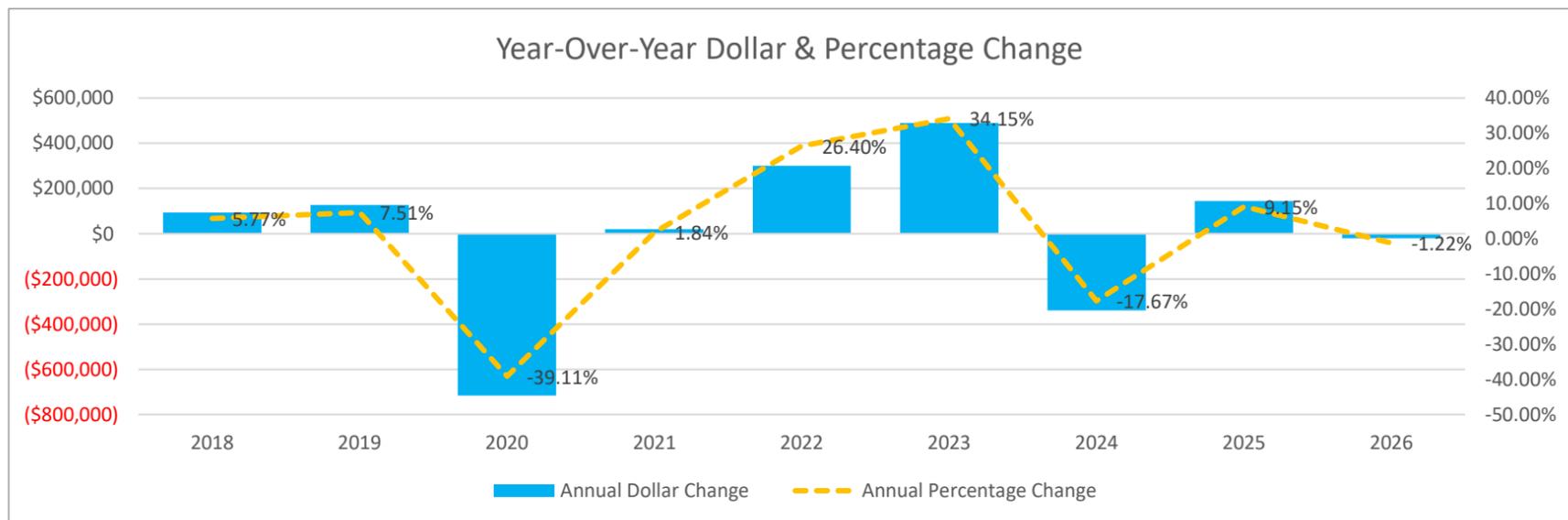
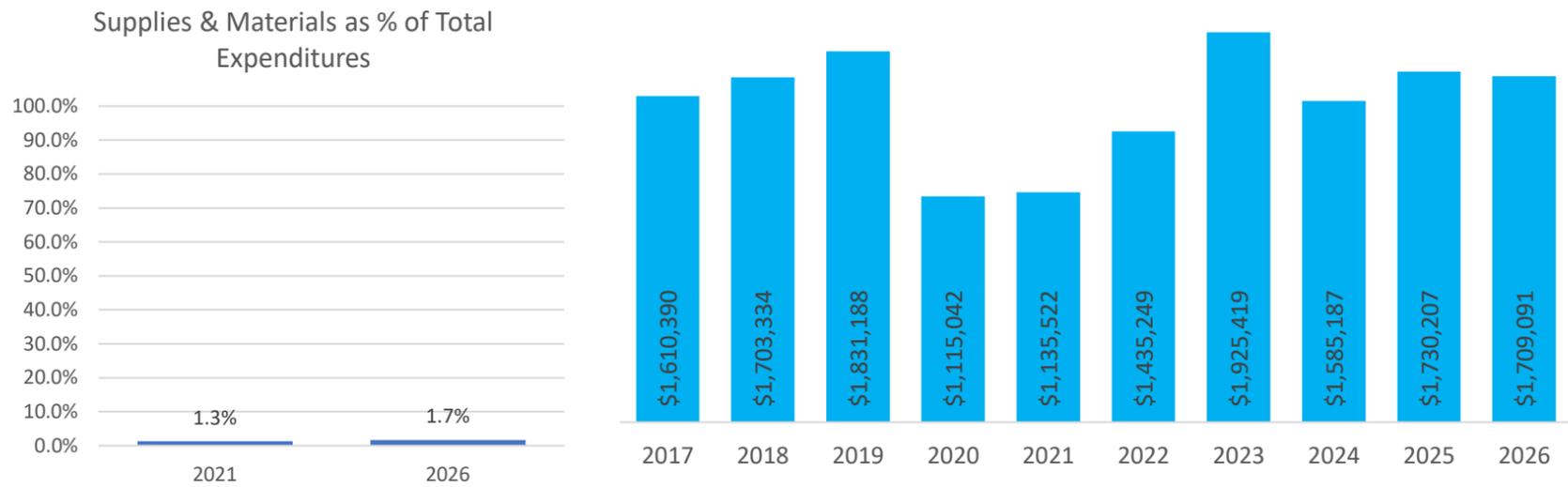
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 11.94% of total expenditures and increased at a historical average annual rate of 2.92%. This category of expenditure is projected to decrease at an annual average rate of -1.89% through FY 2026. 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 \$2,344,911. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

3.040 - Supplies & Materials

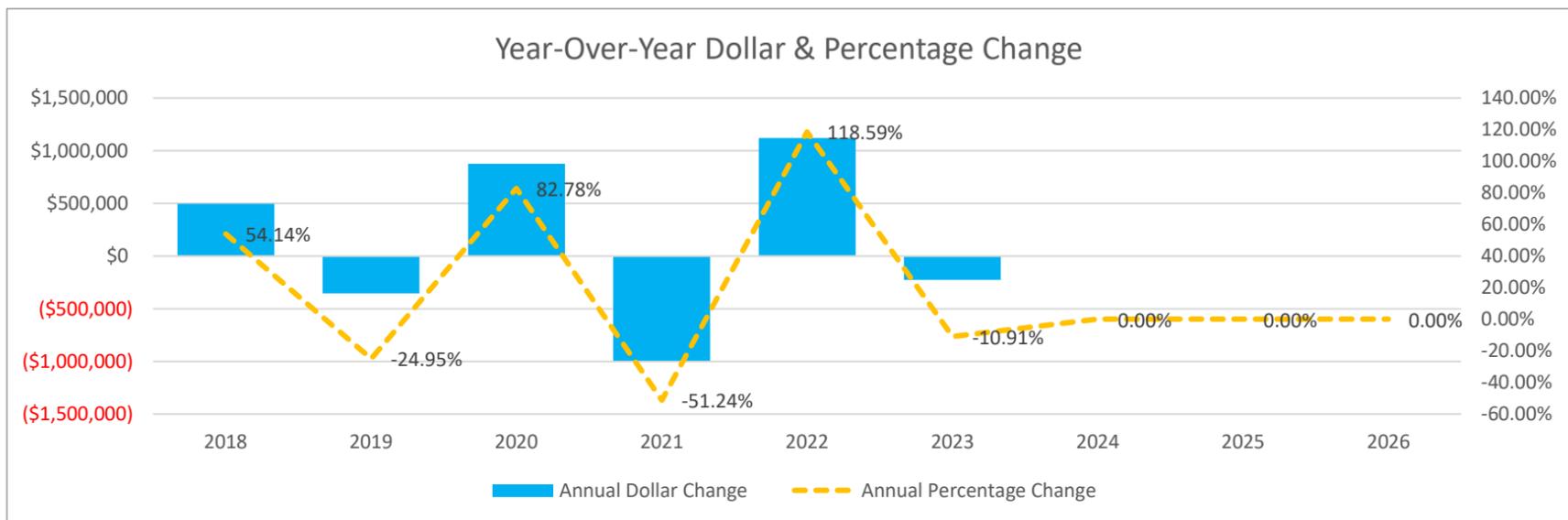
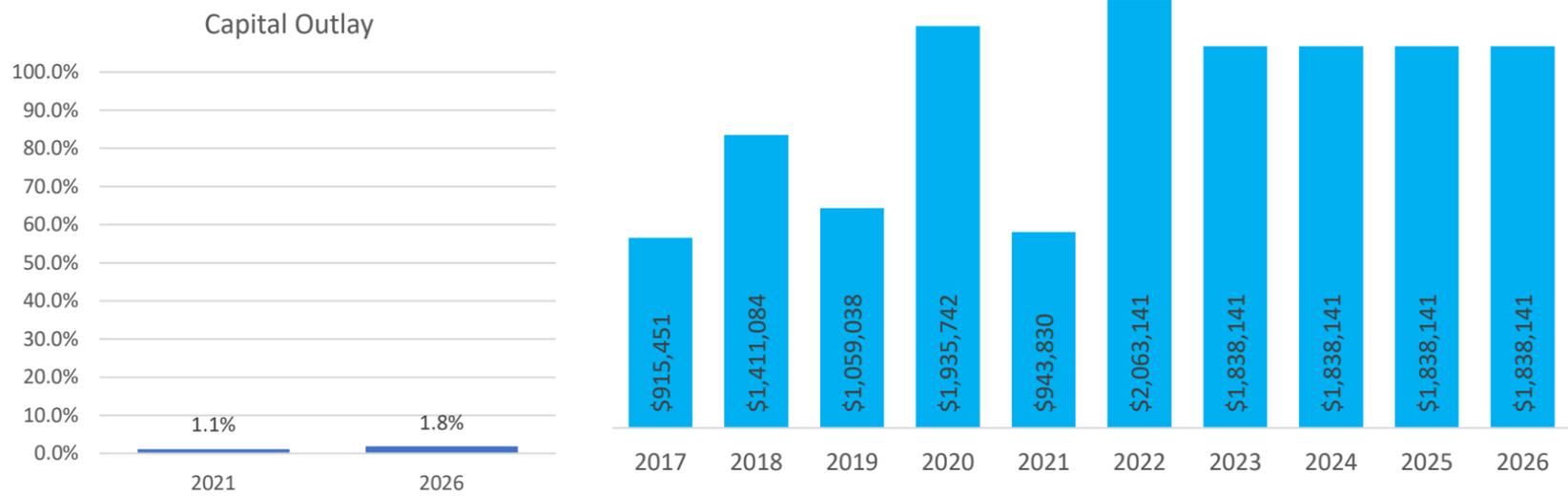
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 1.35% of total expenditures and decreased at a historical average annual rate of -5.81%. This category of expenditure is projected to grow at an annual average rate of 6.84% through FY 2026. The projected average annual rate of change is 12.65% more than the five year historical annual average. The district anticipates purchasing ELA textbooks in FY23. This accounts for nearly \$650,000 in additional supply expense>

3.050 - Capital Outlay

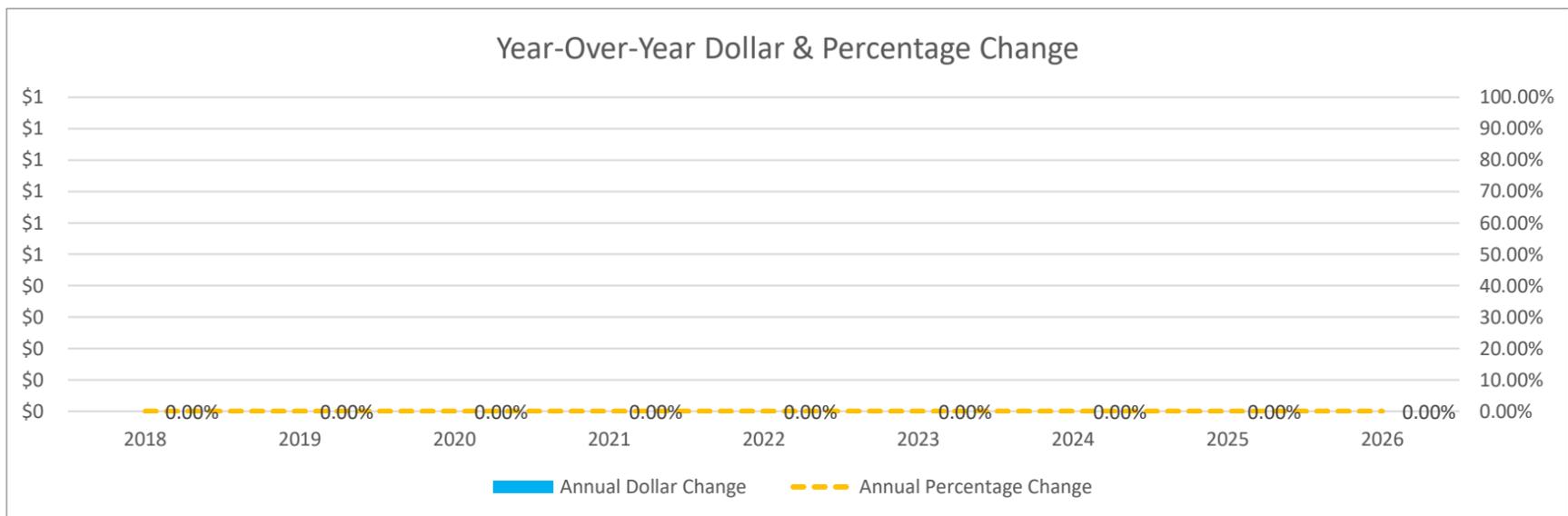
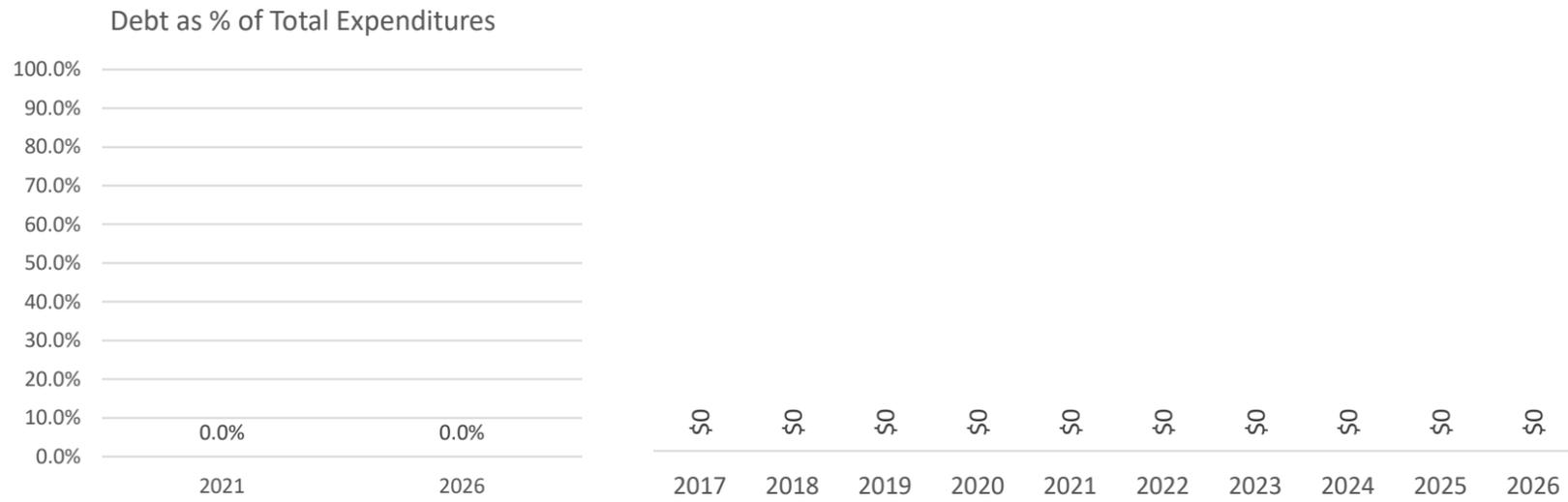
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 1.12% of total expenditures and increased at a historical average annual amount of \$50,456. This category of expenditure is projected to grow at an annual average rate of \$178,862 through FY 2026. The projected average annual change is more than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

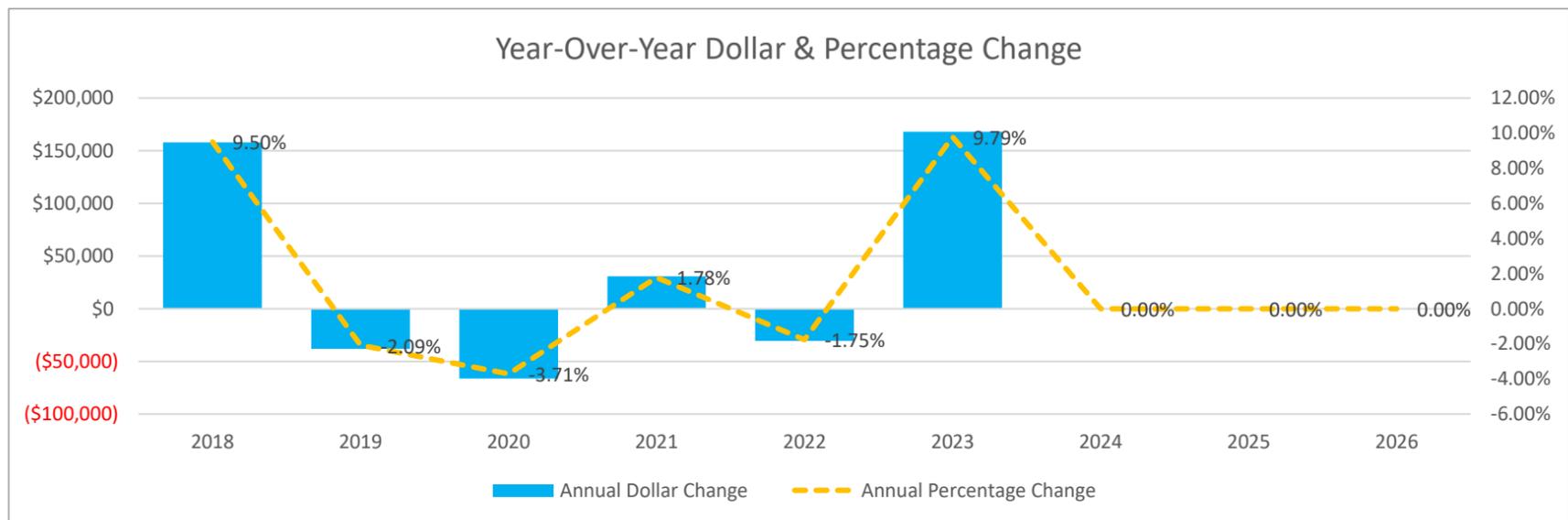
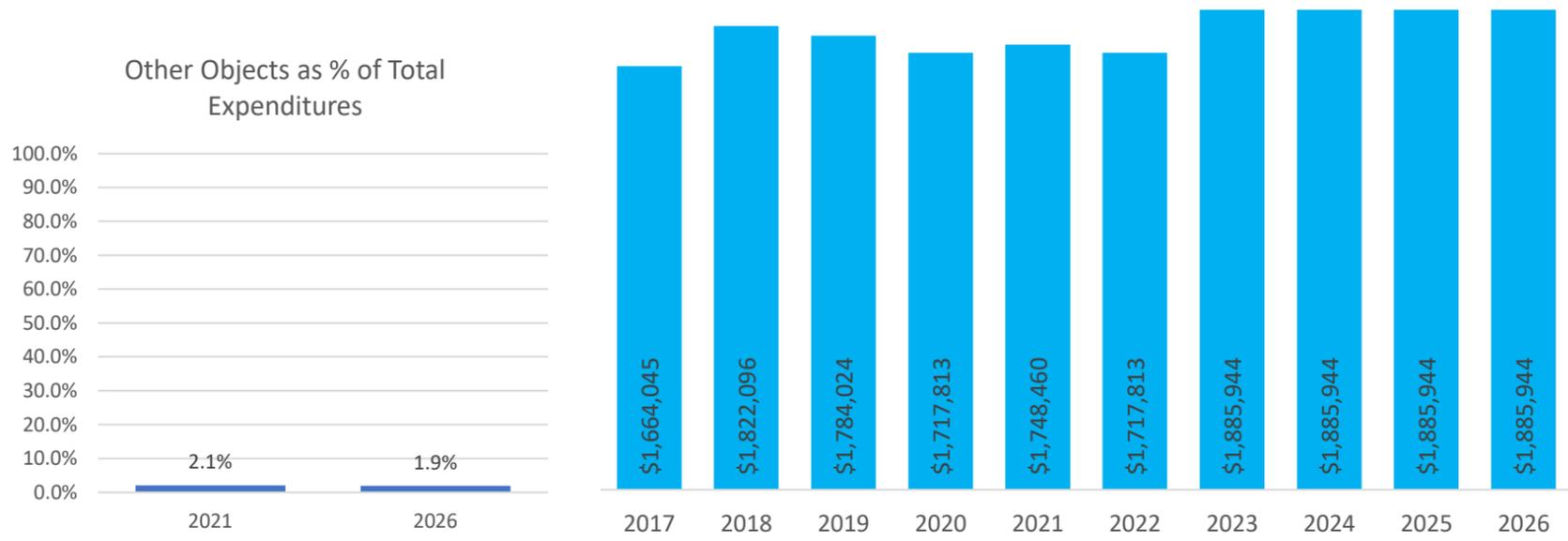
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



Not Applicable

4.300 - Other Objects

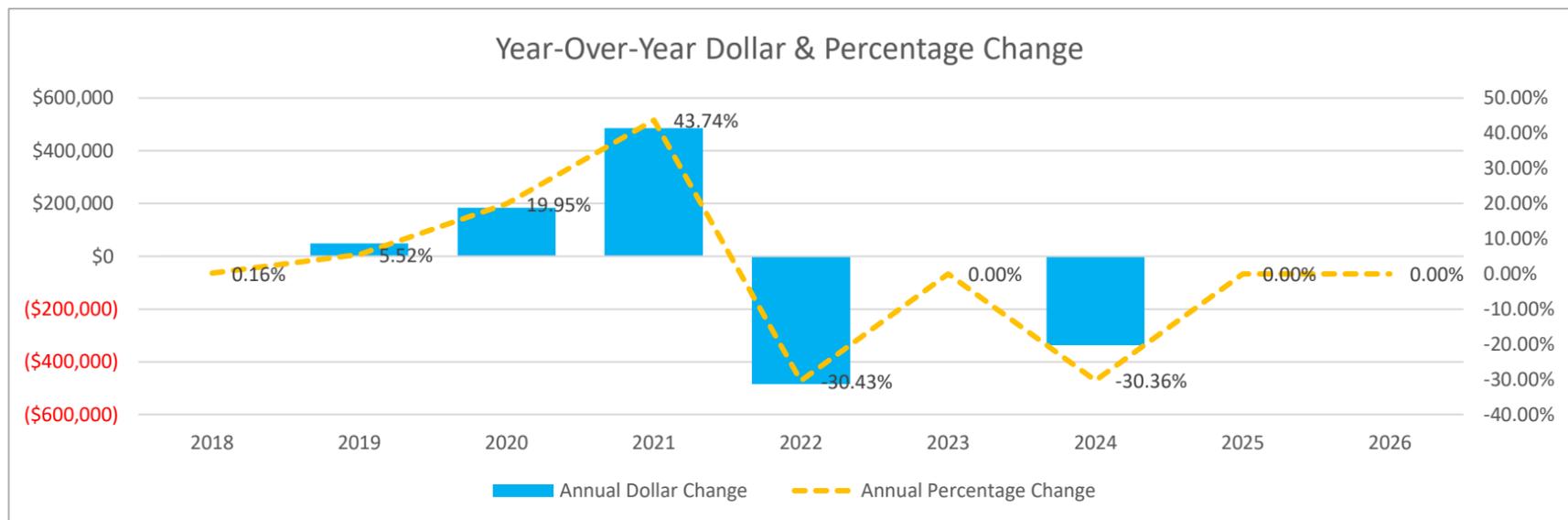
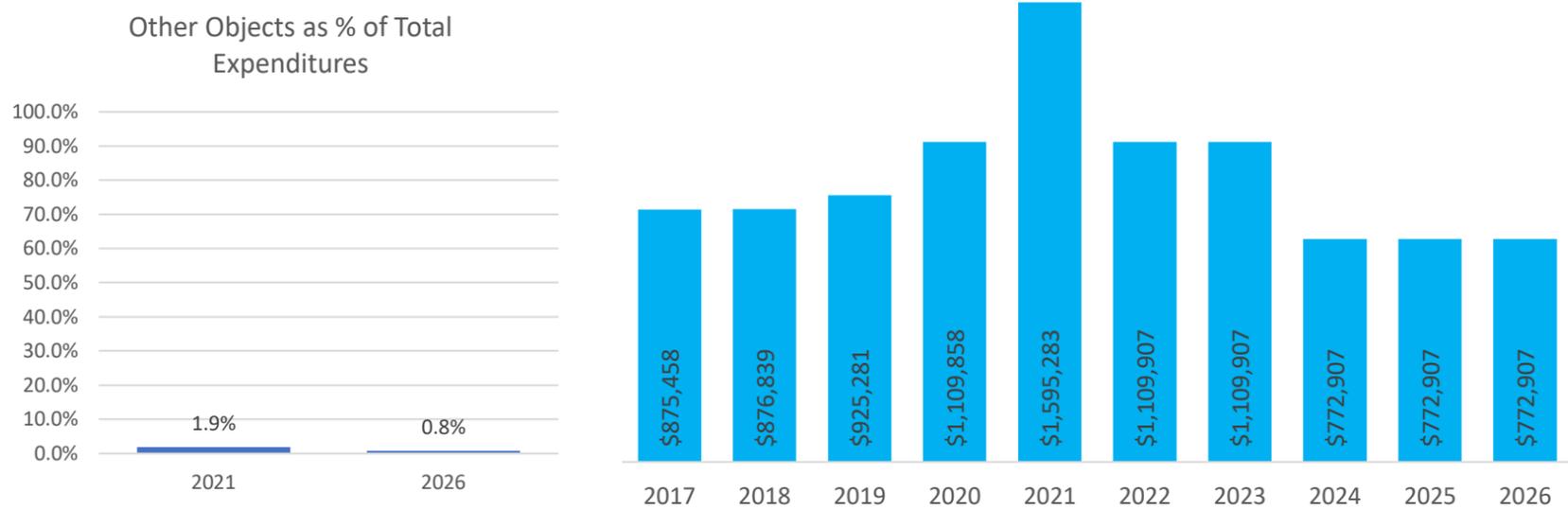
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 2.07% of total expenditures and decreased at a historical average annual rate of -1.09%. This category of expenditure is projected to grow at an annual average rate of 1.48% through FY 2026. The projected average annual rate of change is 2.58% more than the five year historical annual average. County Board of Education expenditures for special education are estimated to increase in FY23.

5.040 - Total Other Financing Uses

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



	2021	2022	2023	2024	2025	2026
Transfers Out	446,871	460,578	460,578	123,578	123,578	123,578
Advances Out	1,148,412	649,329	649,329	649,329	649,329	649,329
Other Financing Uses	-	(0)	(0)	(0)	(0)	(0)

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 2021 the district had advances-out and has advances-out forecasted through FY 2026. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2026. 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. The district's payments for Energy and Transportation bonds ends in October 2022 reducing transfers to the bond retirement funds.

Medina City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2021	2022	2023	2024	2025	2026
Revenue:						
1.010 - General Property Tax (Real Estate)	50,162,687	50,419,831	51,273,069	52,045,716	52,270,728	52,625,499
1.020 - Public Utility Personal Property	3,774,750	3,869,838	3,911,480	3,991,207	4,074,097	4,156,468
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	18,583,359	16,410,345	16,732,046	16,894,120	17,102,967	17,235,993
1.040 - Restricted Grants-in-Aid	82,859	1,029,695	924,182	937,315	915,548	959,758
1.050 - Property Tax Allocation	5,390,620	5,435,310	5,555,159	5,685,978	5,717,920	5,766,569
1.060 - All Other Operating Revenues	1,607,935	1,458,618	1,333,618	1,233,618	1,083,618	1,533,618
1.070 - Total Revenue	79,602,209	78,623,637	79,729,554	80,787,954	81,164,878	82,277,905
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	14,221	5,576	5,576	5,576	5,576	5,576
2.050 - Advances-In	649,329	649,323	649,323	649,323	649,323	649,323
2.060 - All Other Financing Sources	289,929	551,318	551,318	551,318	551,318	551,318
2.070 - Total Other Financing Sources	953,479	1,206,217	1,206,217	1,206,217	1,206,217	1,206,217
2.080 - Total Rev & Other Sources	80,555,689	79,829,855	80,935,772	81,994,172	82,371,096	83,484,123
Expenditures:						
3.010 - Personnel Services	50,311,000	53,060,220	55,128,573	57,429,505	59,433,115	61,436,640
3.020 - Employee Benefits	18,475,913	19,081,053	20,381,286	21,806,234	22,599,185	23,276,557
3.030 - Purchased Services	10,066,761	8,374,247	8,756,244	8,912,760	9,069,882	9,230,727
3.040 - Supplies and Materials	1,135,522	1,435,249	1,925,419	1,585,187	1,730,207	1,709,091
3.050 - Capital Outlay	943,830	2,063,141	1,838,141	1,838,141	1,838,141	1,838,141
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	1,748,460	1,717,813	1,885,944	1,885,944	1,885,944	1,885,944
4.500 - Total Expenditures	82,681,486	85,731,722	89,915,607	93,457,771	96,556,474	99,377,099
Other Financing Uses						
5.010 - Operating Transfers-Out	446,871	460,578	460,578	123,578	123,578	123,578
5.020 - Advances-Out	1,148,412	649,329	649,329	649,329	649,329	649,329
5.030 - All Other Financing Uses	-	(0)	(0)	(0)	(0)	(0)
5.040 - Total Other Financing Uses	1,595,283	1,109,907	1,109,907	772,907	772,907	772,907
5.050 - Total Exp and Other Financing Uses	84,276,769	86,841,629	91,025,514	94,230,678	97,329,381	100,150,007
6.010 - Excess of Rev Over/(Under) Exp	(3,721,080)	(7,011,775)	(10,089,742)	(12,236,507)	(14,958,286)	(16,665,884)
7.010 - Cash Balance July 1 (No Levies)	54,676,370	50,955,290	43,943,515	33,853,773	21,617,266	6,658,980
7.020 - Cash Balance June 30 (No Levies)	50,955,290	43,943,515	33,853,773	21,617,266	6,658,980	(10,006,904)
		Reservations				
8.010 - Estimated Encumbrances June 30	851,800	851,800	851,800	851,800	851,800	851,800
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	50,103,490	43,091,715	33,001,973	20,765,466	5,807,180	(10,858,704)
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	50,103,490	43,091,715	33,001,973	20,765,466	5,807,180	(10,858,704)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	5,508,999	11,024,639
13.030 - Cumulative Balance of New Levies	-	-	-	-	5,508,999	16,533,638
15.010 - Unreserved Fund Balance June 30	50,103,490	43,091,715	33,001,973	20,765,466	11,316,179	5,674,934

