



Medina City Schools

Five Year Forecast Financial Report

October, 2016

Table of Contents

	<u>PAGE #</u>
Table of Contents	2
Executive Summary	3
Revenue 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
Forecast Compare	22
Five Year Forecast	23

Forecast Purpose/Objectives

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

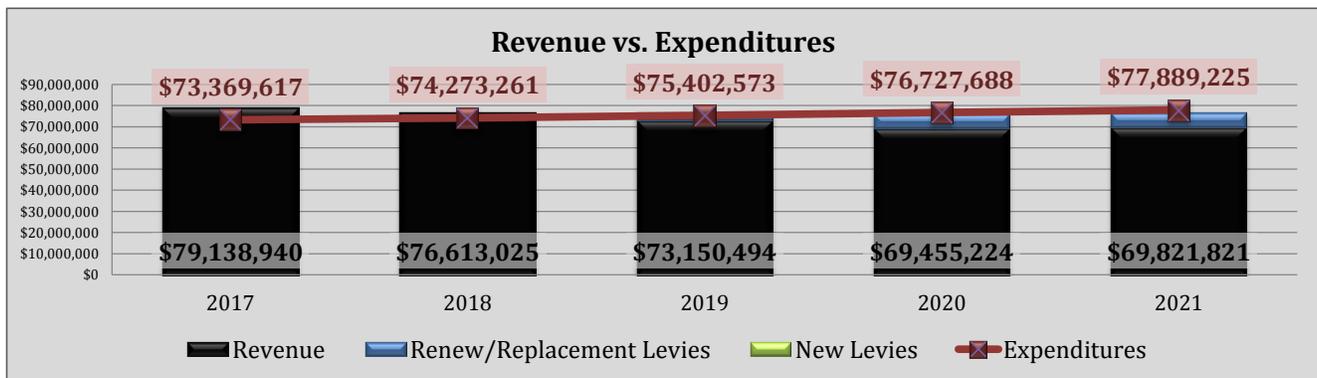
1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 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 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	47,858,603	53,627,927	55,967,691	57,141,614	56,722,452
+ Revenue	79,138,940	76,613,025	73,150,494	69,455,224	69,821,821
+ Proposed Renew/Replacement Levies	-	-	3,426,003	6,853,302	6,854,195
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(73,369,617)	(74,273,261)	(75,402,573)	(76,727,688)	(77,889,225)
= Revenue Surplus or Deficit	5,769,323	2,339,764	1,173,924	(419,162)	(1,213,209)
Ending Balance	53,627,927	55,967,691	57,141,614	56,722,452	55,509,243
Revenue Surplus or Deficit w/o Levies	5,769,323	2,339,764	(2,252,079)	(7,272,464)	(8,067,404)
Ending Balance w/o Levies	53,627,927	55,967,691	53,715,612	46,443,148	38,375,744

Summary:

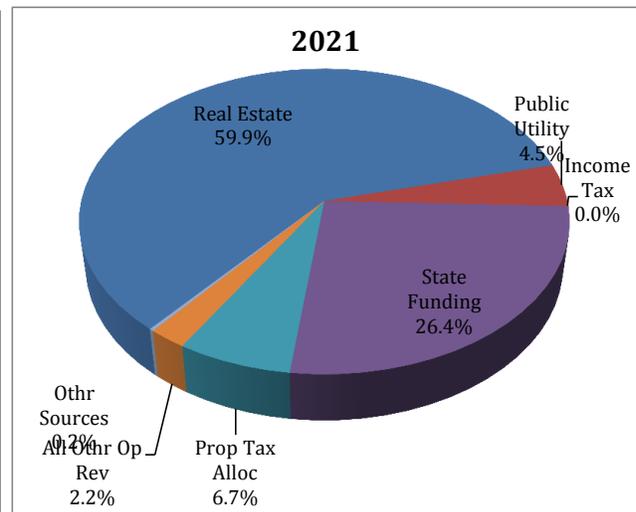
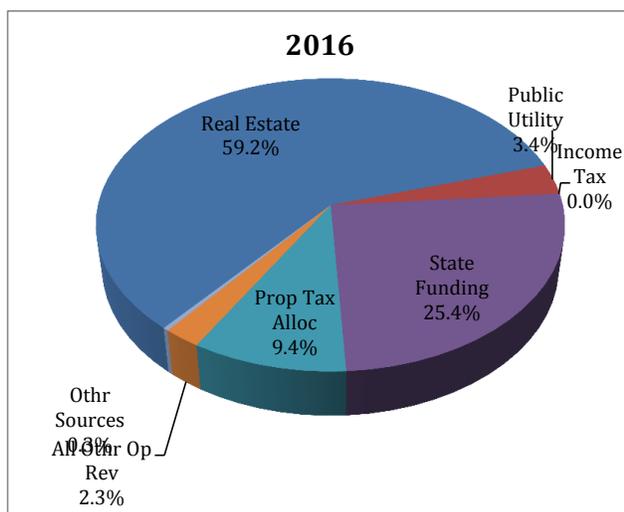
Revenues are trending downward with the two largest reasons being the end of the Emergency Levy and the final payments from the State for Tangible Personal Property Tax Loss Reimbursement money. Expenditures are trending upward as student, supply, fuel, and auditor costs all are assumed to be increasing.



Revenue Overview

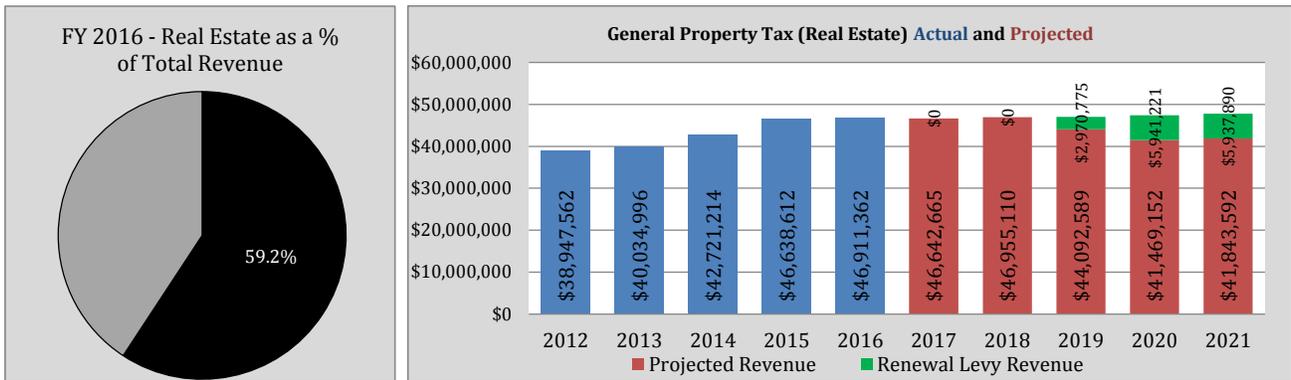
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year					
		2017	2018	2019	2020	2021	
Revenue:							
1.010-Real Estate	3.60%	-0.57%	0.67%	0.23%	0.74%	0.78%	0.37%
1.020-Public Utility	7.53%	6.86%	4.53%	4.41%	4.28%	3.87%	4.79%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	5.37%	3.04%	-6.21%	-0.32%	-3.89%	-0.78%	-1.63%
1.040-Restricted Aid	172.83%	7.78%	-8.32%	-1.70%	-2.23%	-2.07%	-1.30%
1.045-Restr Federal SFSF	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-7.45%	-17.67%	-11.88%	-2.57%	0.90%	0.78%	-6.09%
1.060-All Other Operating	1.44%	-2.62%	-2.80%	-4.37%	-2.74%	-1.56%	-2.82%
1.070-Total Revenue	2.20%	-1.06%	-2.08%	-0.05%	-0.35%	0.48%	-0.61%
2.070-Total Other Sources	42.46%	297.03%	-84.14%	0.00%	0.00%	0.00%	42.58%
2.080-Total Rev & Other Srcs	1.99%	-0.05%	-3.19%	-0.05%	-0.35%	0.48%	-0.63%

Real Estate Taxes are looking at a decrease in the current year due to a higher than normal collection on delinquencies last fiscal year. Also, the district is showing the end of the Emergency Levy in December 2018. Public Utility Personal Property is anticipated to increase but at a slower pace than prior years. State funding looks to peak with the newest funding formula, then decline as the district wealth and valuation show higher increases than the State median. Property Tax Allocation is reducing with the last years of Tangible Personal Property Tax Loss Reimbursement money coming in at a lower pace until it ends in 2018. And interest income and refunds of prior expenses are anticipated to come in at lower levels as the district moves toward future years.

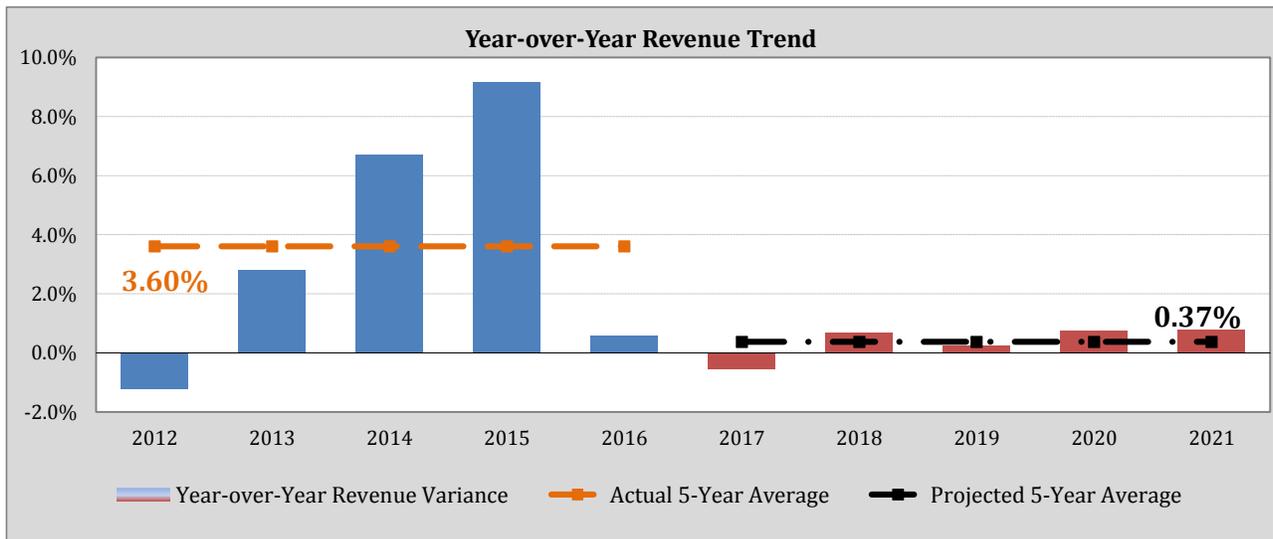


1.010 - General Property Tax (Real Estate)

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).



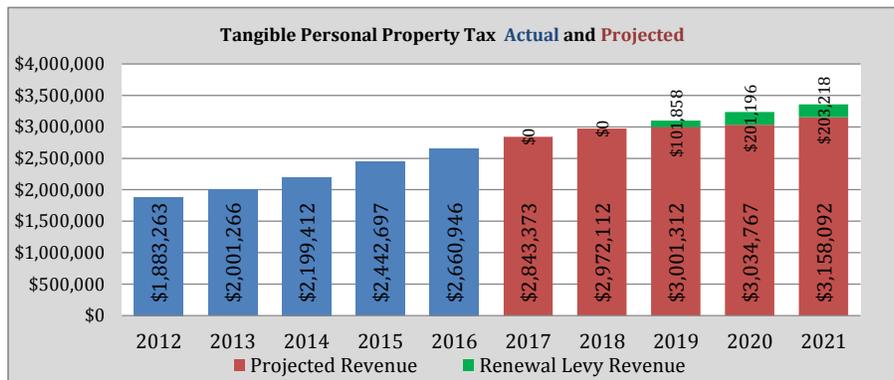
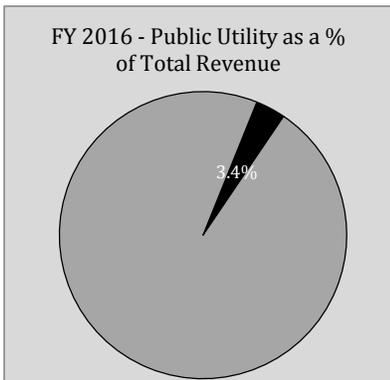
Larger than normal delinquent collections in Real Property last year led to higher total collections. This year, updates in valuations are expected to be offset by normal or less than normal delinquent collections leading to a slight decrease overall. With the Emergency Levy expiring in January 2019, the forecast reflects this reduction in collections from 2019 to 2021.



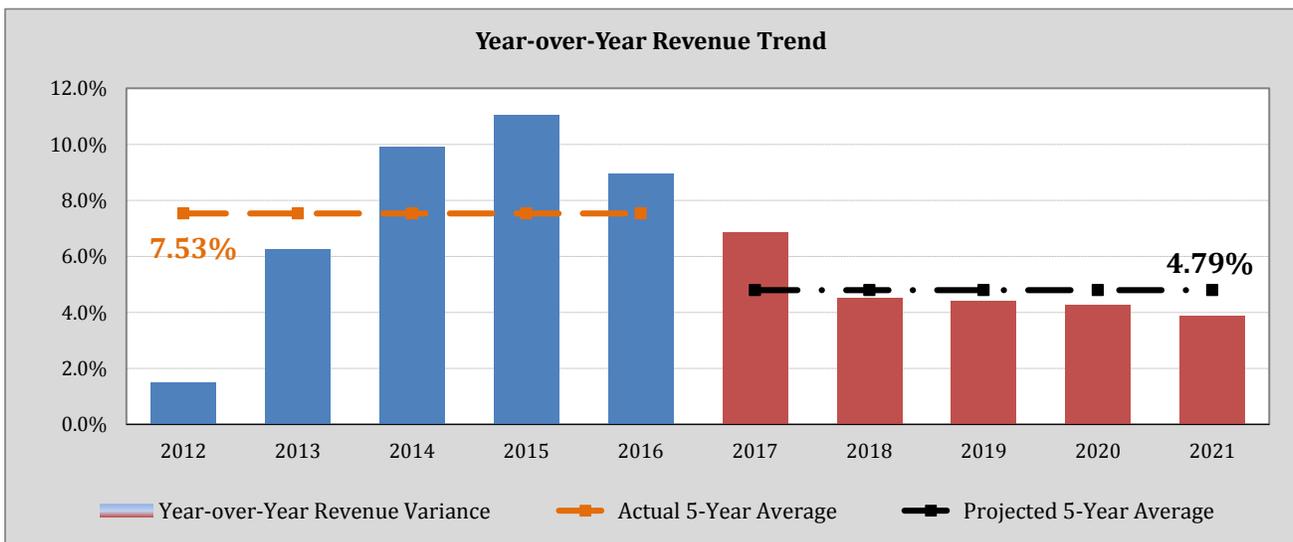
*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

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



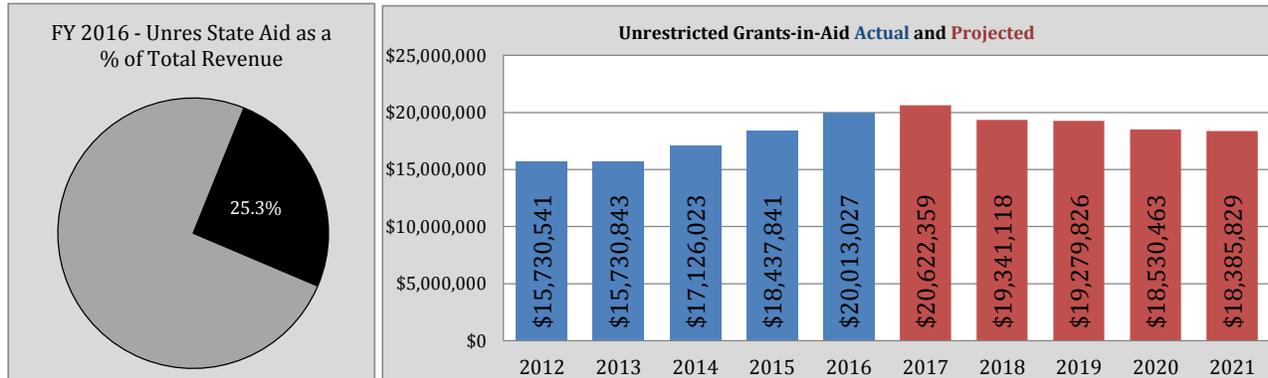
Public Utility Personal Property Tax Collections has shown a steady increase throughout the last five years. The district assumes this will continue to increase. However, there will come a time when public utility valuations will begin to decline with depreciation of the utility. These values are set by the State and the taxes are collected by the State. As can be seen by the Year over Year trending, the district believes the increases will not be as great into the future.



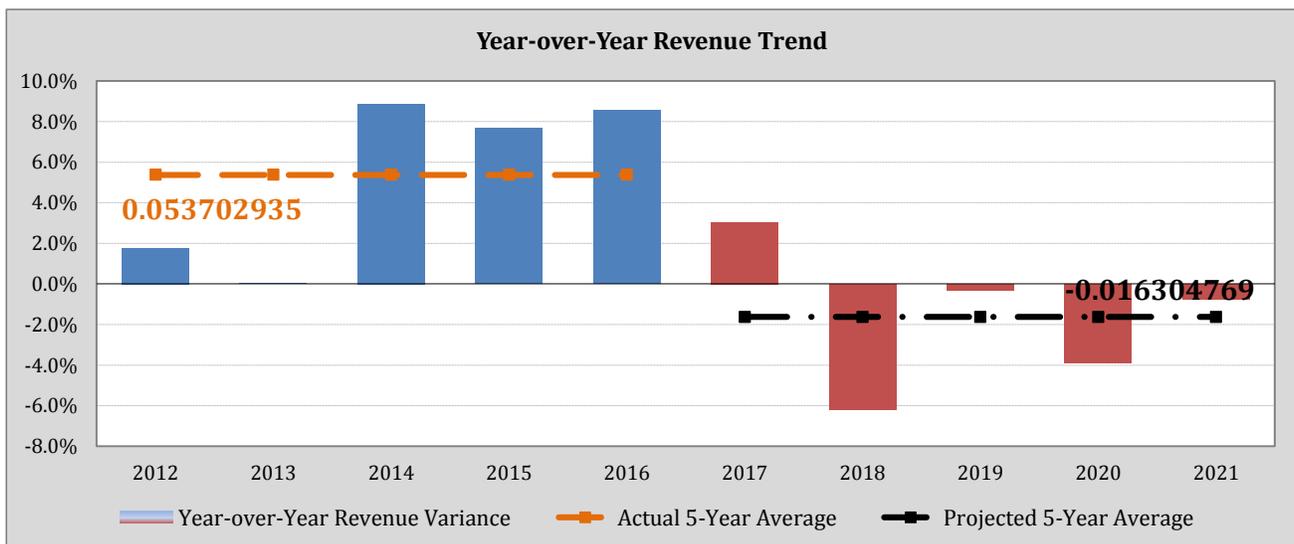
*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

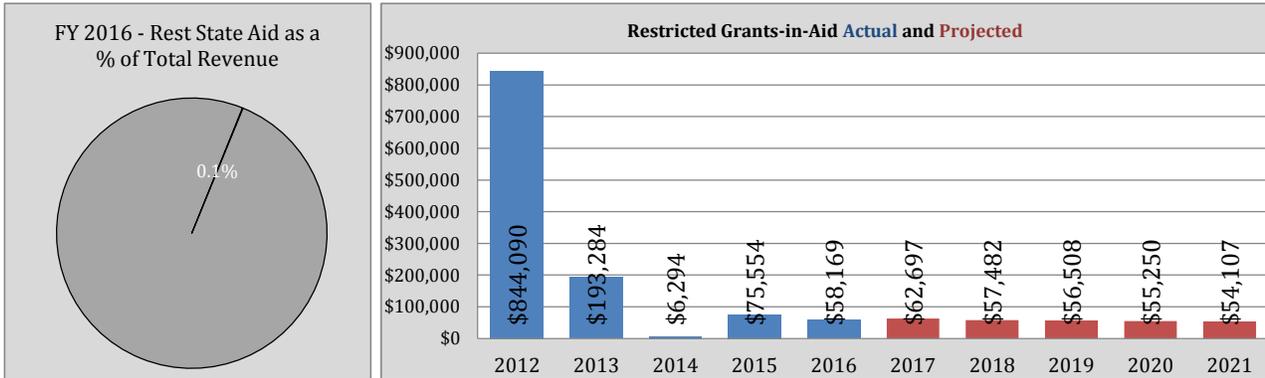


Unrestricted Grants-in-Aid are funds given directly by the State to support school districts. These include Foundation funding and Casino Revenue. Let's first address Casino Revenue. For the Medina Schools, this is not a windfall. The district has received nearly \$350,000 each year from the State. This figure adjusts as the total number of students in the district and in the State adjusts. The Foundation Funds make up the majority of this category. The district is projecting a leveling off and decrease in the upcoming years. The State uses the district valuation and wealth as compared to the State average to determine the States Shared Index (SSI) in order to provide funding. The district valuation per pupil and median wealth are currently greater than the State averages. This places the SSI for Medina City Schools at 34.96% of the current \$6,000 per pupil. As growth continues in the district, the State Share will decrease. This is the reason for the estimated decrease in future years.

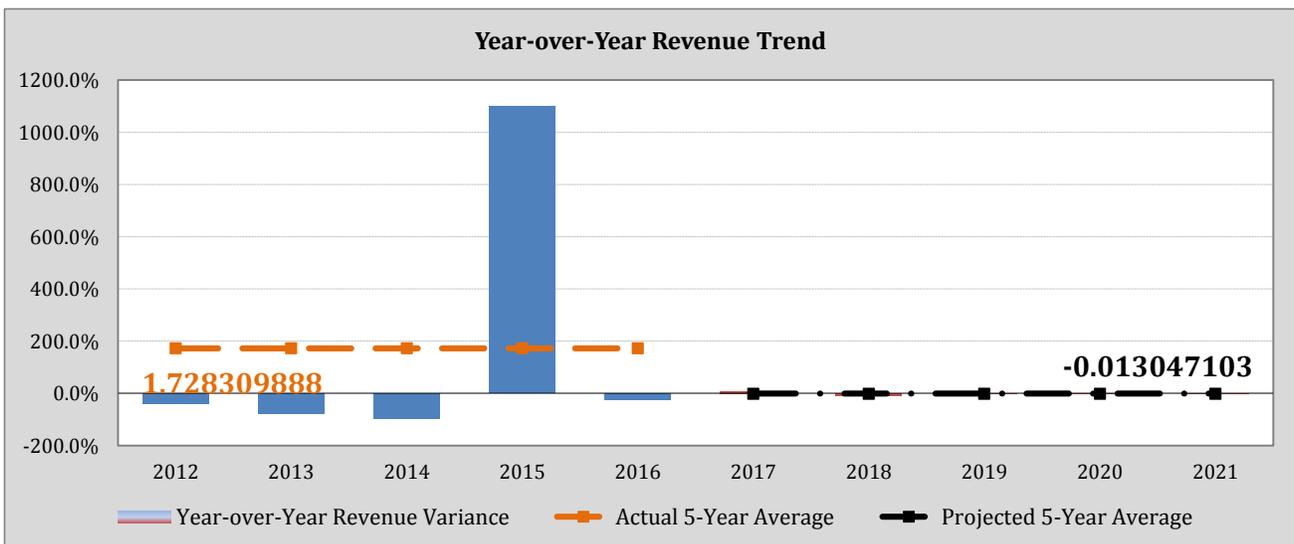


1.040 & 1.045 - Restricted Grants-in-Aid

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

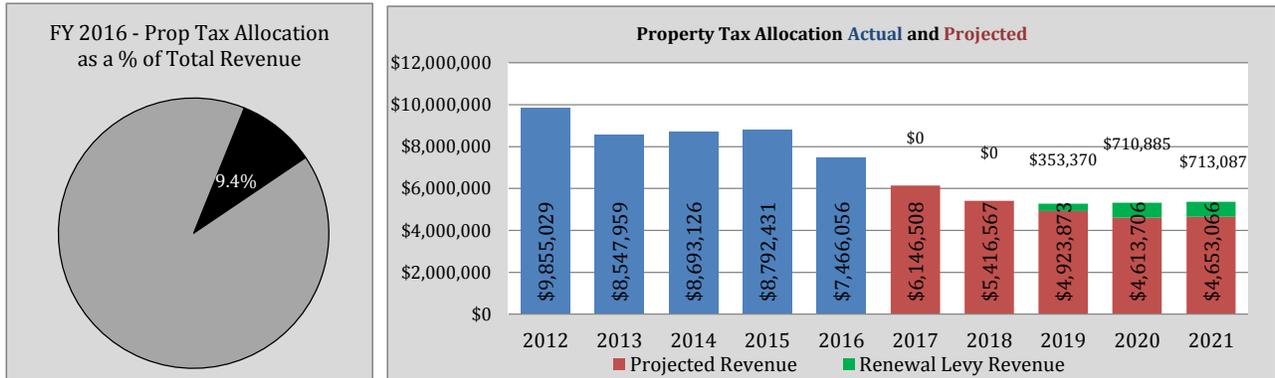


Restricted Grants-in-Aid are funds from the State that can only be used for specific purposes. In the case of the Medina City Schools, we receive funding for Career Technology and for Economically Disadvantaged Students.

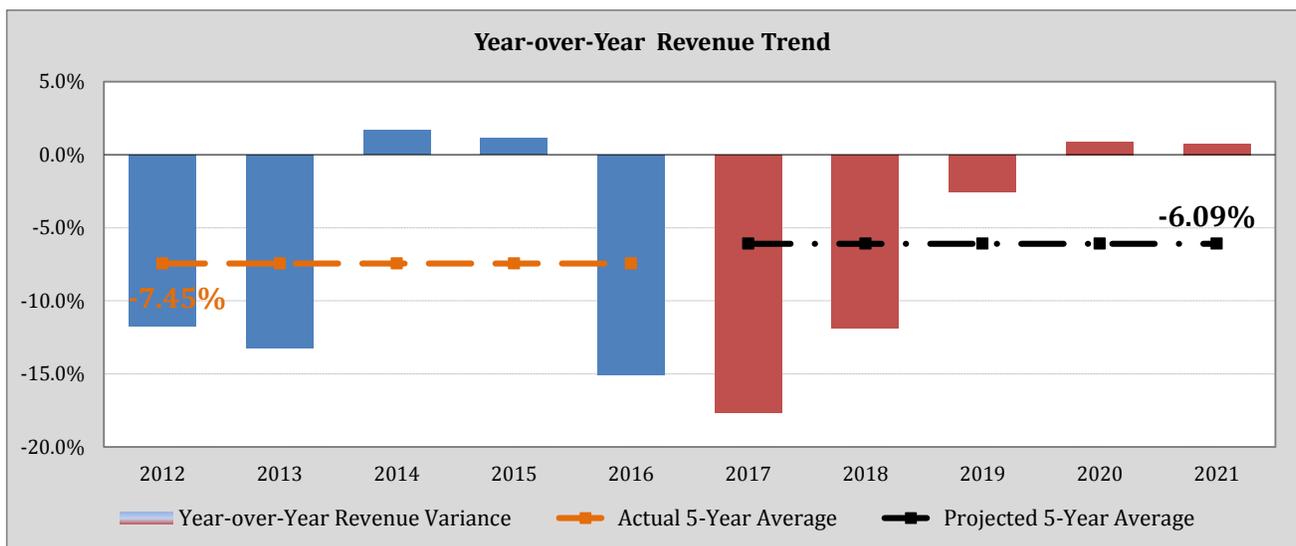


1.050 - Property Tax Allocation

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



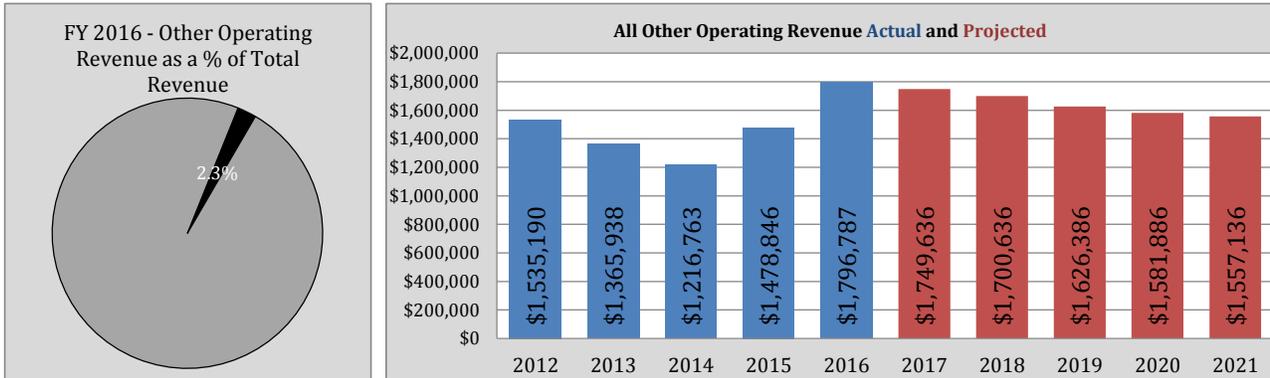
Property Tax Allocations are funds from the State for Homestead and Rollback reductions provided taxpayers and for Tangible Personal Property Tax Loss Reimbursement provided as an offset to Districts when the State decided to not collect this form of taxes on businesses. The district is assuming the Homestead and Rollback collections will continue to follow the collections of Real Property Taxes. However, the district will be losing 5/8ths of a mill over the next year and the remainder in 2018 on what remains of the Tangible Personal Property Tax Loss Reimbursement. Please be aware, the Emergency Levy runs until 2018 and after that, the forecast reflects a reduction in Homestead collections on this funding.



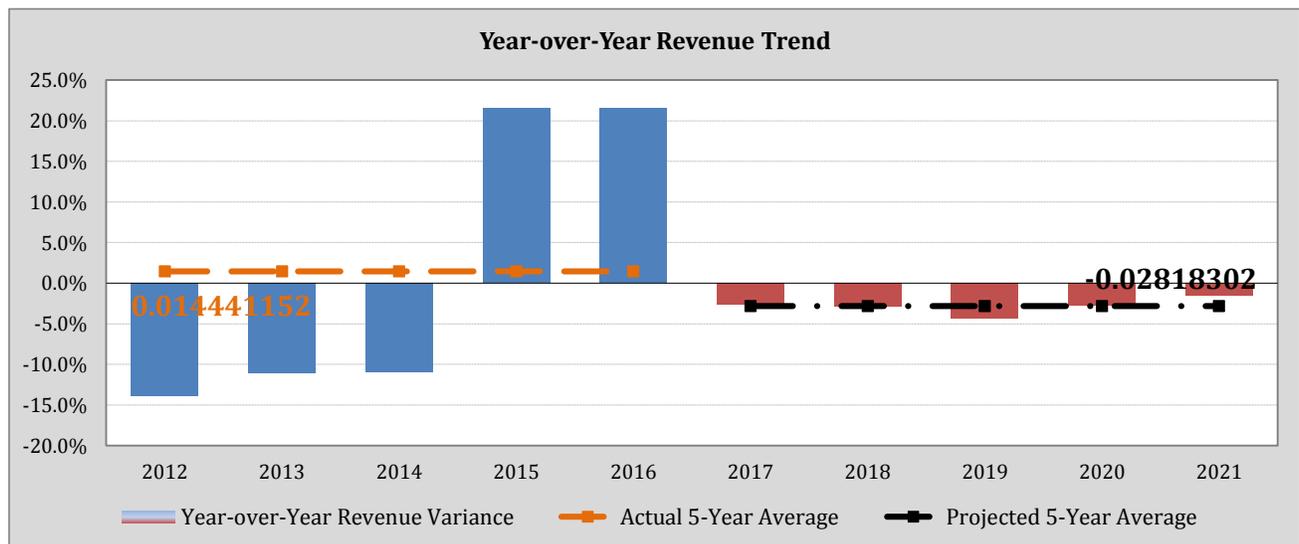
*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

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

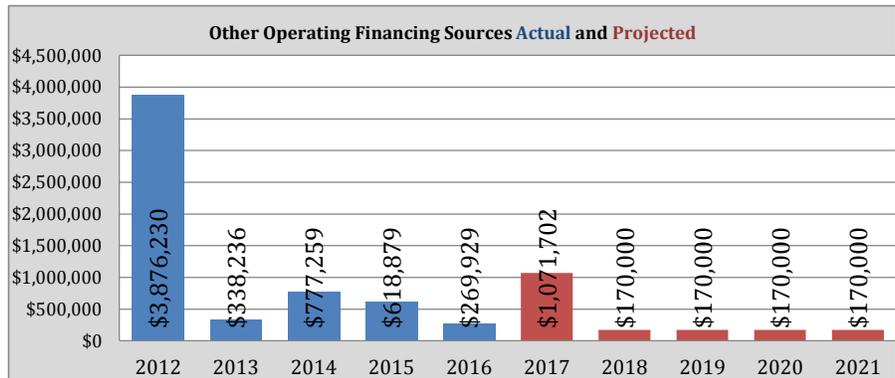
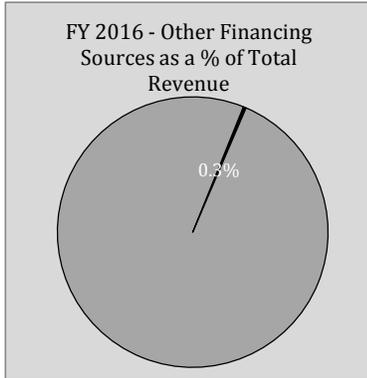


This category includes Tuition, Rentals, Investment Earnings, Donations, Medicare Reimbursement, and other revenue. The district is assuming a reduction do directly to reduced balances. As the district balances decline, the investment earnings will also decline due to less money being able to be invested. All other funding sources are considered to be relatively stable in the forecast.

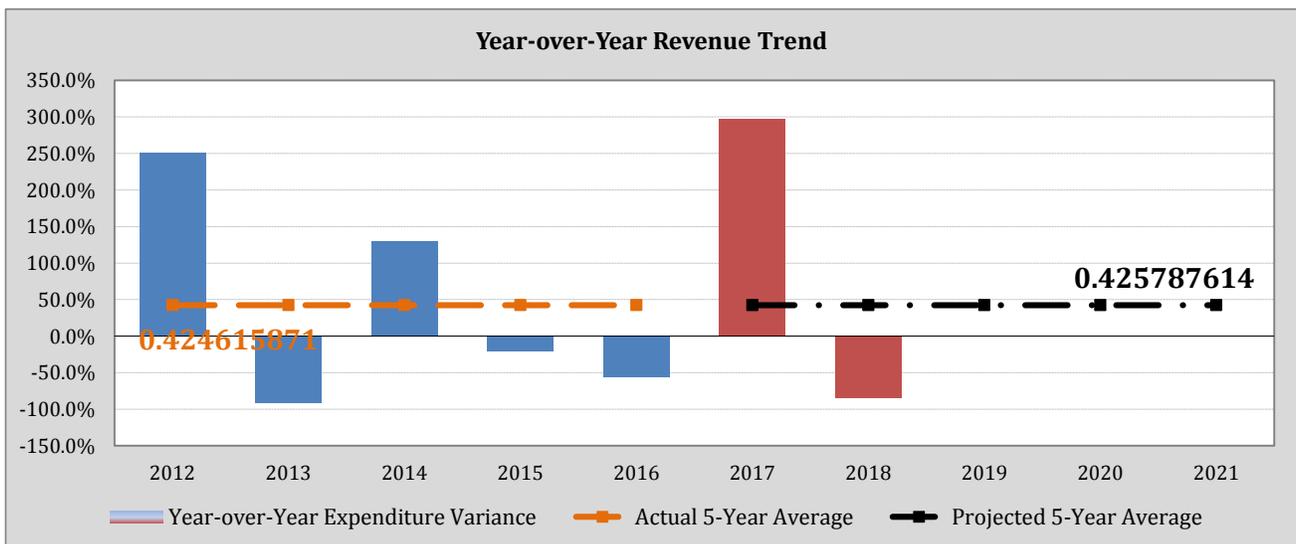


2.070 - Total Other Financing Sources

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.



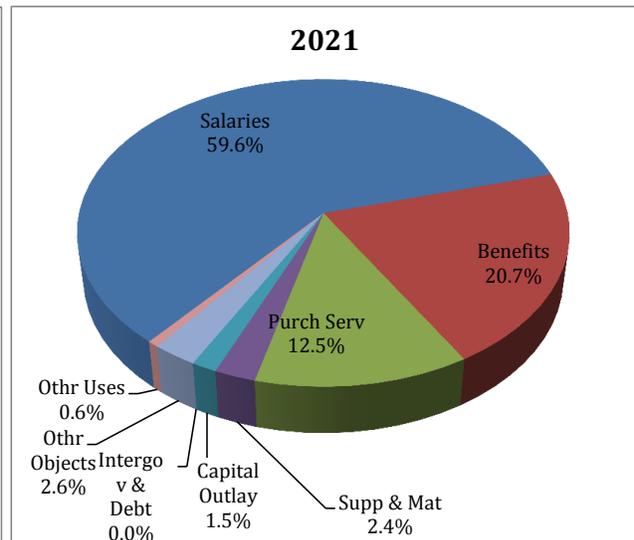
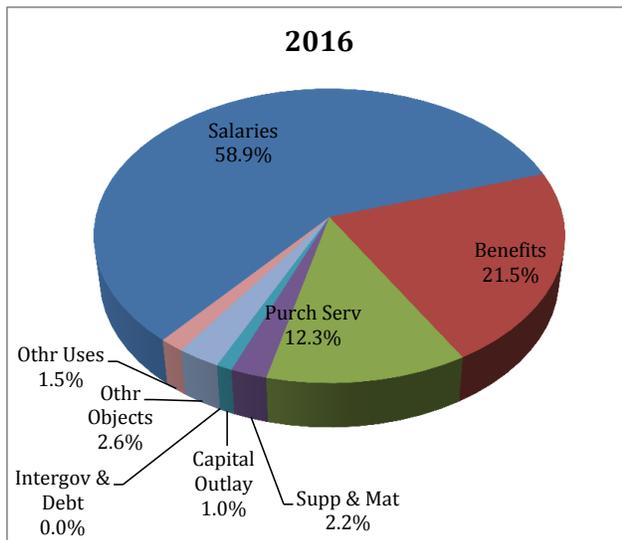
This category includes Returns of Advances, Refunds of Prior Year's Expenses. The district anticipates the return of advances from last year's Title funds, Cafeteria, Auxiliary Mobile Unit as well as refunds from the ESC and other sources. We do not want to place estimates for returns in the future as we do not estimate advances. Yet, we do believe we will continue to receive refunds from sources outside the district in future years.



Expenditures Overview

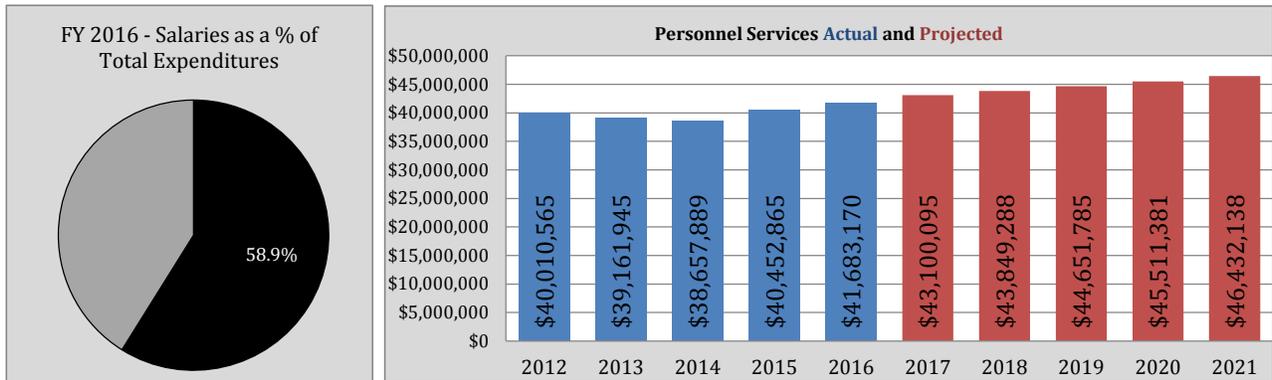
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	
Expenditures:							
3.010-Salaries	-0.35%	3.40%	1.74%	1.83%	1.93%	2.02%	2.18%
3.020-Benefits	0.03%	1.75%	0.90%	0.95%	1.01%	1.07%	1.14%
3.030-Purchased Services	2.31%	6.00%	1.22%	1.55%	1.51%	1.60%	2.38%
3.040-Supplies & Materials	1.44%	26.49%	-6.54%	0.70%	6.07%	-5.06%	4.33%
3.050-Capital Outlay	47.63%	59.54%	0.61%	1.35%	1.33%	1.35%	12.84%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	28.75%	n/a	n/a	n/a	n/a	n/a	n/a
4.300-Other Objects	6.42%	7.07%	1.32%	-0.21%	1.71%	0.22%	2.02%
4.500-Total Expenditures	-0.02%	4.54%	1.24%	1.52%	1.77%	1.53%	2.12%
5.040-Total Other Uses	23.91%	-53.99%	0.02%	1.99%	0.11%	-0.71%	-10.52%
5.050-Total Exp & Other Uses	0.16%	3.65%	1.23%	1.52%	1.76%	1.51%	1.93%

The district is looking at the final year of negotiated contracts for two unions which results in the large change in the first year. Benefits mostly follow salaries. Purchased Services assumes increases in Tuition and Professional Services as well as Open Enrollment and Community School costs. The purchase of Textbooks, Custodial Supplies and Fuel contribute to the anticipated increase in Supplies and Materials. The Board election to increase Capital Outlay for replacement of buses leads to an increase in Capital funding. And Auditor/Treasurer fees, Audit fees, and increase in students for ESC purposes is responsible for Other Object increases.

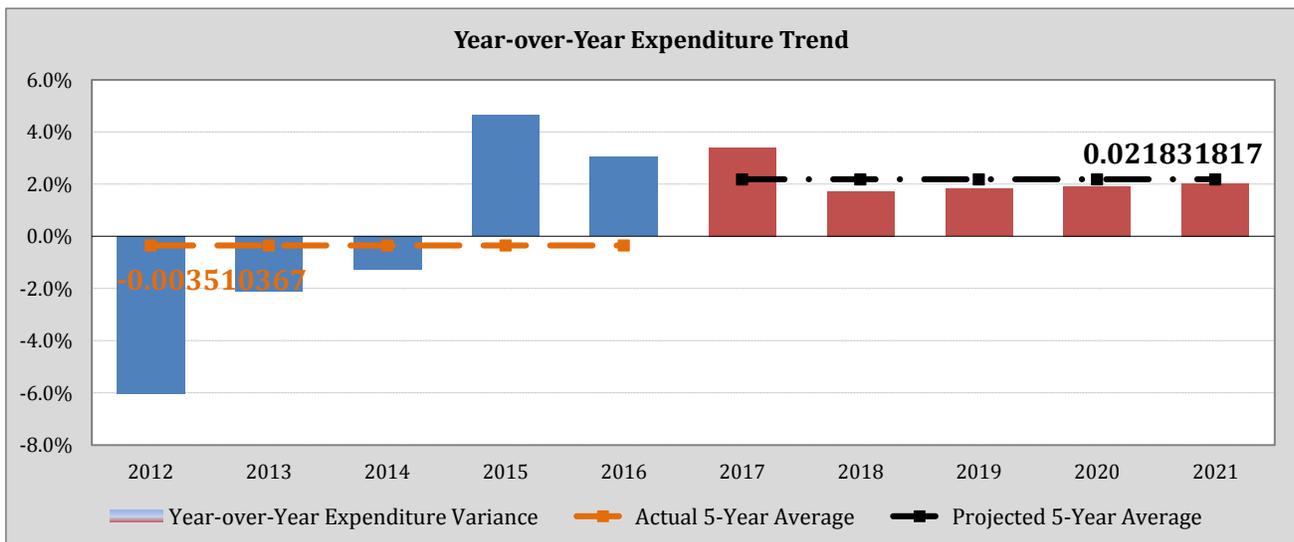


3.010 - Personnel Services

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

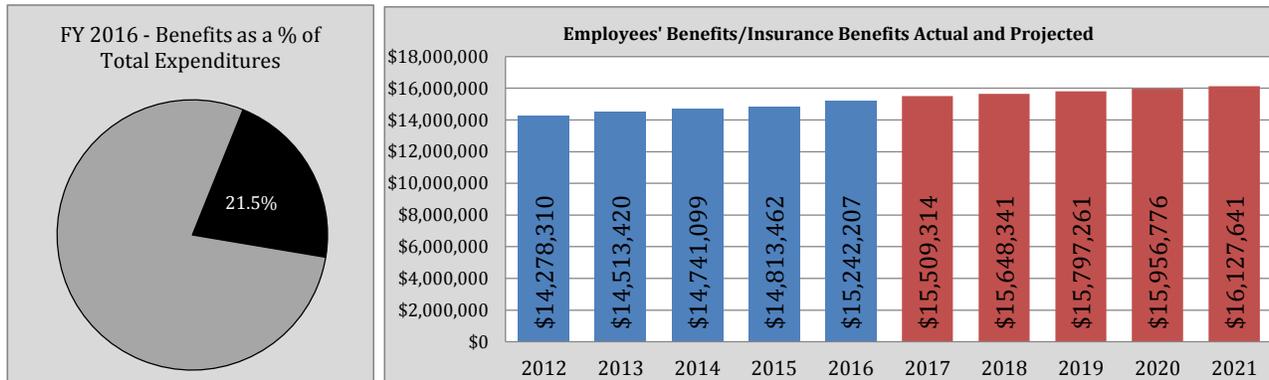


The district is in the last year of negotiated contracts with the Teacher's and Support Staff Unions. These contracts provide increases for the current year. At this time, the district does not assume any increases beyond the current year.

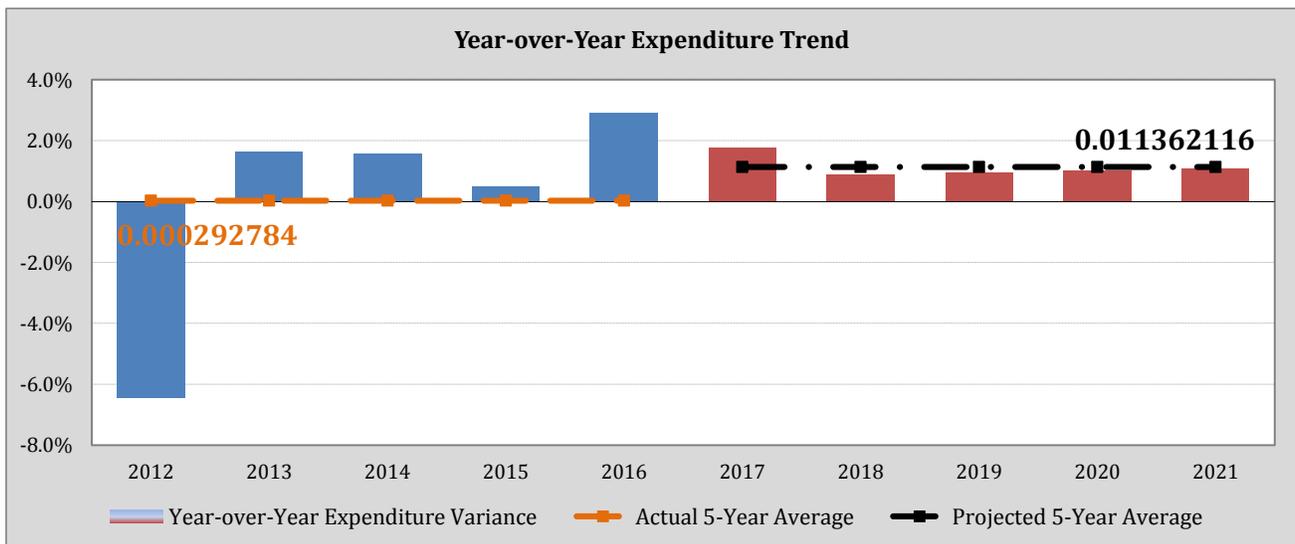


3.020 - Employees' Benefits

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

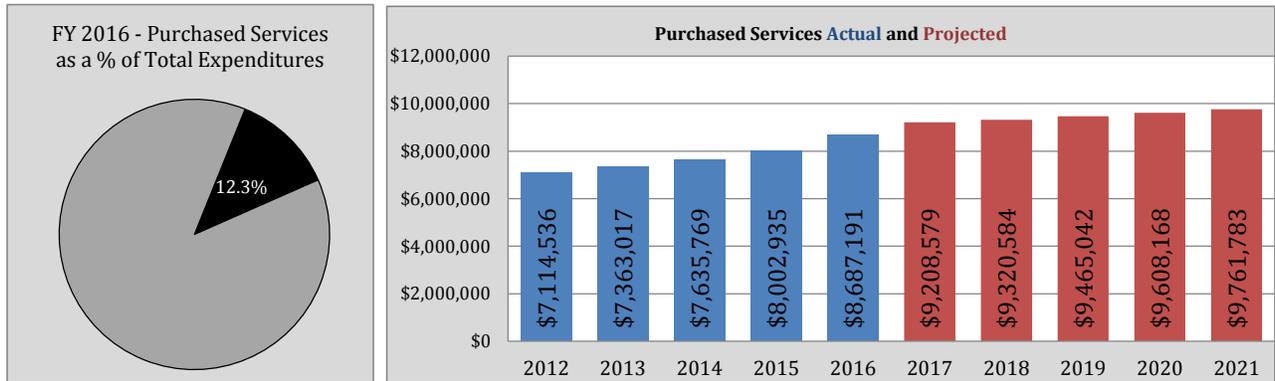


The district pays for Retirement of all Employees, Workers Compensation, Medicare, Unemployment, and all Health Related Insurances to those who qualify. The majority of benefits are tied directly to salaries. The district assumes insurance costs will increase at a rate near historical trends throughout the forecast.

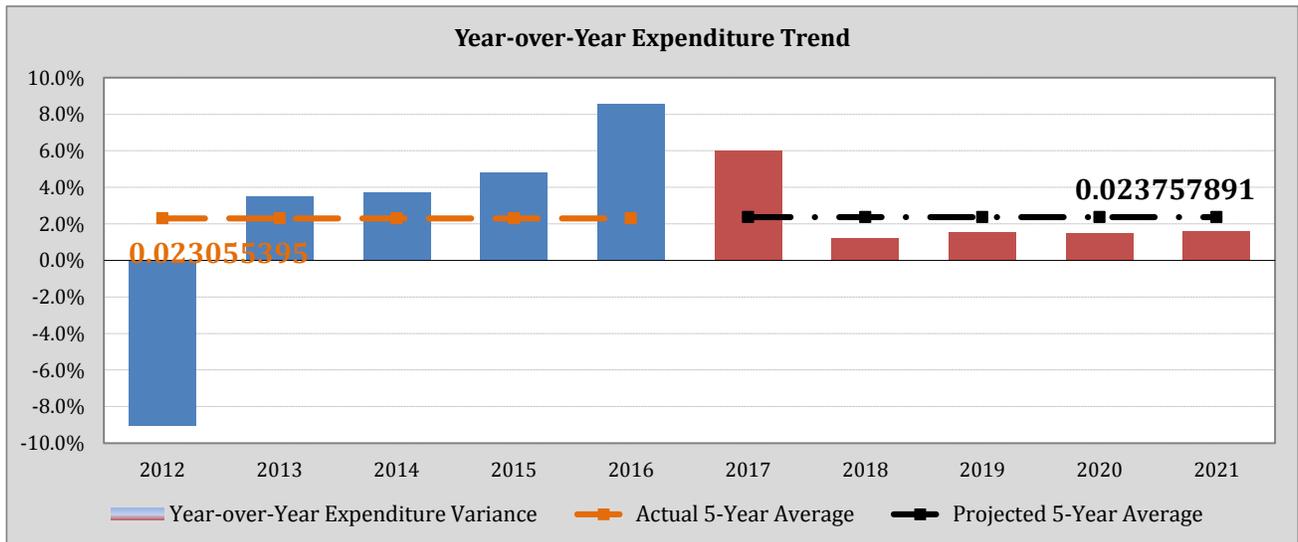


3.030 - Purchased Services

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.



This category includes Tuition to Other Districts, Open Enrollment Out, Community Schools, Utilities and other services needed. The district assumes costs will follow historical trends. Open Enrollment and Community Schools are assumed to be increasing with the State Per Pupil Funding. Year-over-Year Trend increased due to higher cost in Tuition and Professional Services. These are assumed to continue at the increased levels.

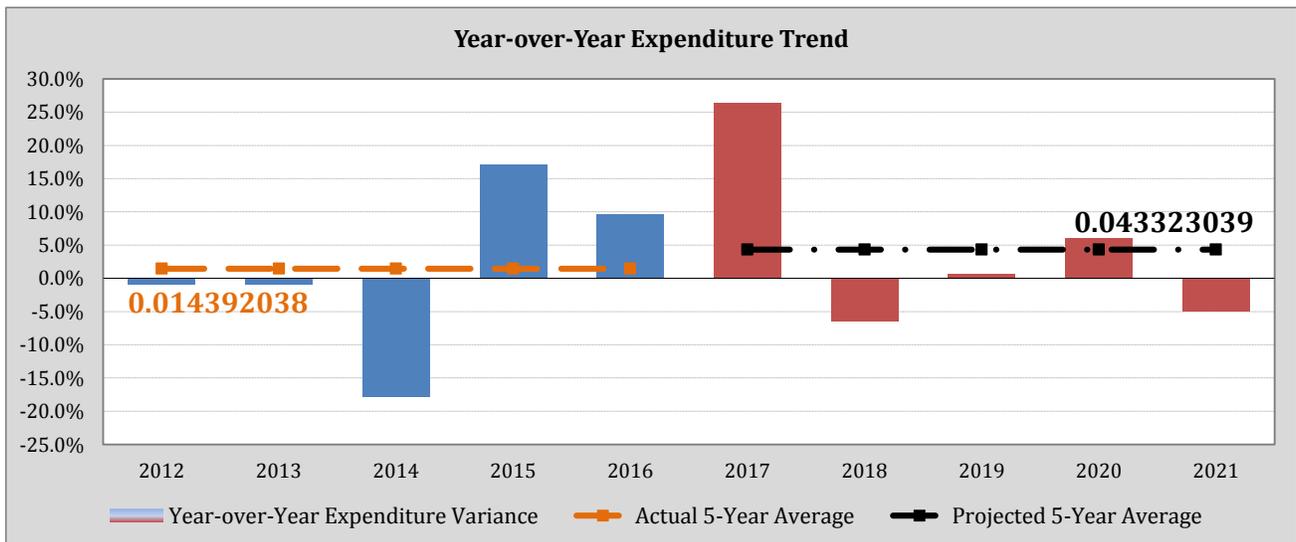


3.040 - Supplies & Materials

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

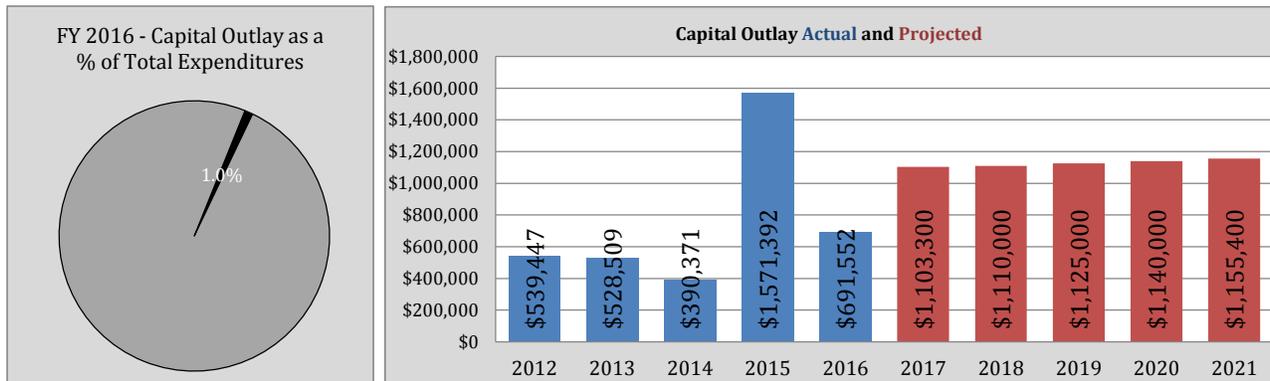


The district is projecting increased costs for Textbooks, Custodial Supplies, and Fuel. These increases are the drivers behind the projected increase in this category. All other supply accounts are anticipated to increase toward historical trends.

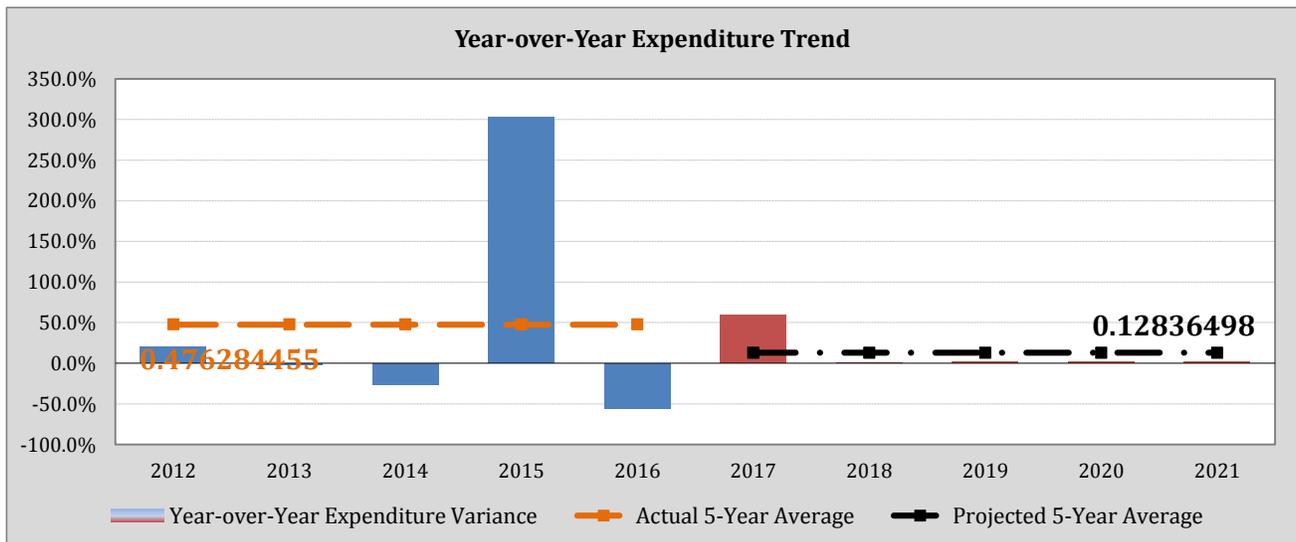


3.050 - Capital Outlay

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.

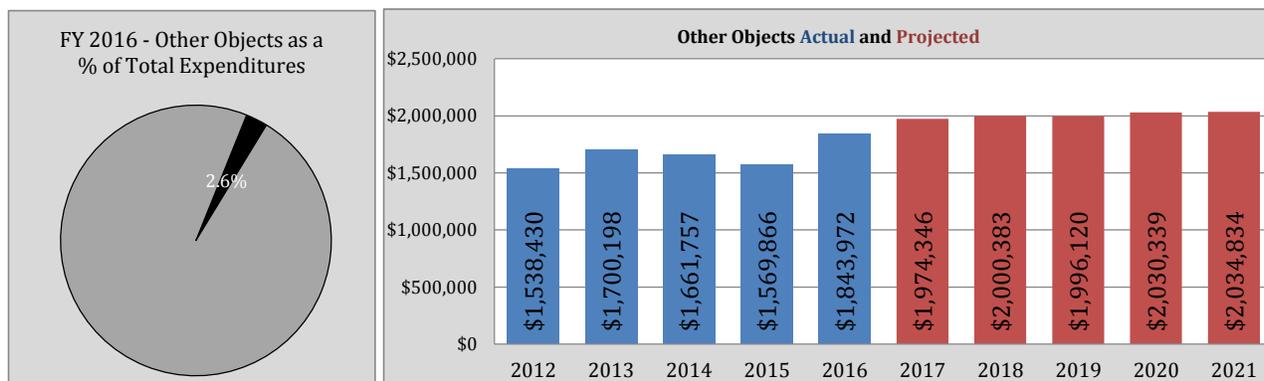


Last year, the Board of Education elected to increase Capital Outlay for the replacement of buses in the district on a yearly basis. This increase is reflective on the forecast for the current and future years.

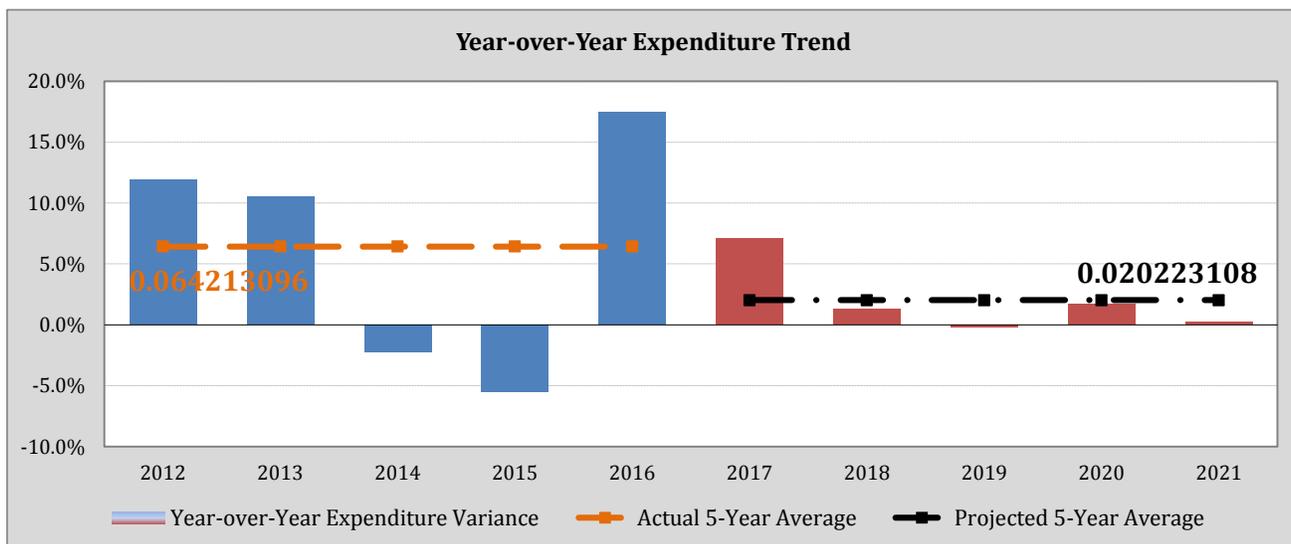


4.300 - Other Objects

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

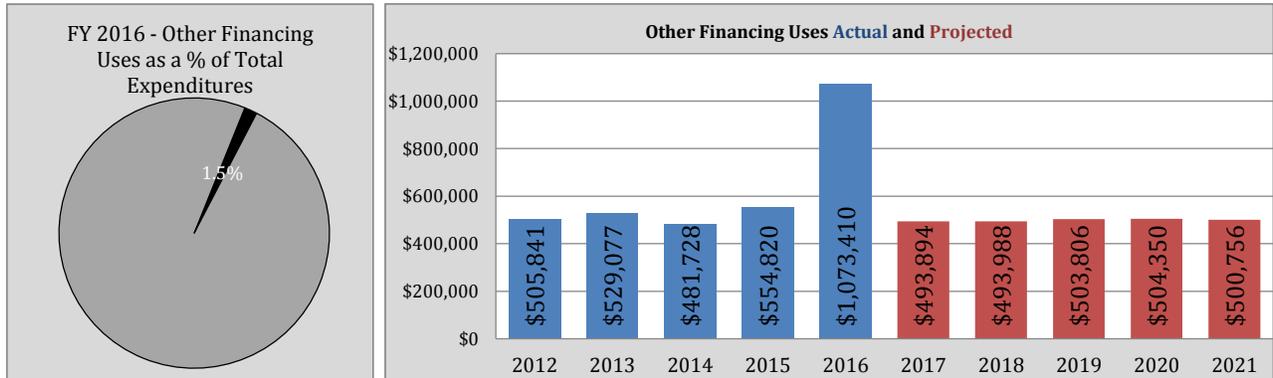


The district is anticipating increases due to additional students on the ESC contract. We are also assuming Auditor/Treasurer costs to increase with the valuation update and audit costs to increase per the State contract. These costs continue into the future.

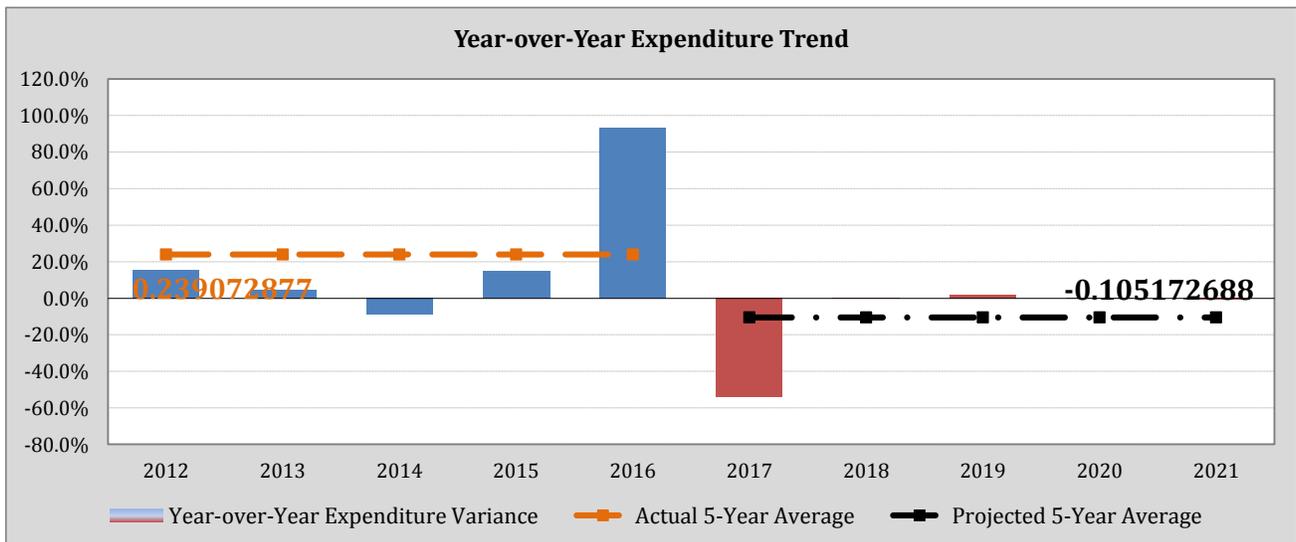


5.040 - Total Other Financing Uses

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



The district had a large amount of advances to Title funds last year to keep these in the black as these are reimbursement funds from the State. At this time, we do not plan advances out of the General Fund, however, this will be looked at at the year progresses. The remaining forecast amounts are for payments for Energy/Transportation Bond principal and interest and for Recreation PI Funding.



Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers
F.Y. 2017

		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. 2017 Prepared on: 05/18/2016	Forecast Amounts For F.Y. 2017 Prepared on: 10/14/2016		
Revenue:					
1	Real Estate & Property Allocation	\$52,921,246	\$52,789,173	-\$132,073	-0.2%
2	Public Utility Personal Property	\$2,842,246	\$2,843,373	\$1,127	0.0%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$18,874,175	\$20,685,056	\$1,810,881	9.6%
5	Other Revenue	\$1,537,799	\$1,749,636	\$211,837	13.8%
6	Other Non Operating Revenue	\$269,000	\$1,071,702	\$802,702	298.4%
7	Total Revenue	\$76,444,466	\$79,138,940	\$2,694,474	3.5%
Expenditures:					
8	Salaries	\$43,120,306	\$43,100,095	-\$20,211	0.0%
9	Fringe Benefits	\$15,641,165	\$15,509,314	-\$131,851	-0.8%
10	Purchased Services	\$8,743,014	\$9,208,579	\$465,565	5.3%
11	Supplies, Debt, Capital Outlay & Other	\$4,953,486	\$5,057,735	\$104,249	2.1%
12	Other Non Operating Expenditures	\$493,894	\$493,894	\$0	0.0%
13	Total Expenditures	\$72,951,865	\$73,369,617	\$417,752	0.6%
14	Revenue Over/(Under) Expenditures	\$3,492,601	\$5,769,323	\$2,276,722	3.1%*
15	Ending Cash Balance	\$51,535,660	\$53,627,927	\$2,092,267	2.9%*

*Percentage expressed in terms of total expenditures

As can be seen on the revenue side, the question concerning how the State will fund schools is becoming more clear. Questions concerning the newest formula have been answered. There have been no major changes from last year. However, funding estimates are based upon how we feel the community compares to the rest of the state providing a State Share Index. Until actual funding arrives, districts have little to help with projections. The Other Revenue is strictly associated with investment earnings. The Other Non Operating is associated with advances in June. On the expense side, Purchased Services trended upward with Tuition to other districts, Open Enrollment and Community School payments. Supplies, including Textbooks, Custodial and Maintenance Supplies and Fuel, and increased Tuition make up the difference from last year.

Medina City Schools

Fiscal Year:	Actual	FORECASTED				
	2016	2017	2018	2019	2020	2021
Revenue:						
1.010 - General Property Tax (Real Estate)	46,911,362	46,642,665	46,955,110	44,092,589	41,469,152	41,843,592
1.020 - Public Utility Personal Property	2,660,946	2,843,373	2,972,112	3,001,312	3,034,767	3,158,092
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	20,013,027	20,622,359	19,341,118	19,279,826	18,530,463	18,385,829
1.040 - Restricted Grants-in-Aid	58,169	62,697	57,482	56,508	55,250	54,107
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	7,466,056	6,146,508	5,416,567	4,923,873	4,613,706	4,653,066
1.060 - All Other Operating Revenues	1,796,787	1,749,636	1,700,636	1,626,386	1,581,886	1,557,136
1.070 - Total Revenue	78,906,347	78,067,238	76,443,025	72,980,494	69,285,224	69,651,821
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	14,186	20,000	20,000	20,000	20,000	20,000
2.050 - Advances-In	148,000	612,679	-	-	-	-
2.060 - All Other Financing Sources	107,743	439,023	150,000	150,000	150,000	150,000
2.070 - Total Other Financing Sources	269,929	1,071,702	170,000	170,000	170,000	170,000
2.080 - Total Rev & Other Sources	79,176,276	79,138,940	76,613,025	73,150,494	69,455,224	69,821,821
Expenditures:						
3.010 - Personnel Services	41,683,170	43,100,095	43,849,288	44,651,785	45,511,381	46,432,138
3.020 - Employee Benefits	15,242,207	15,509,314	15,648,341	15,797,261	15,956,776	16,127,641
3.030 - Purchased Services	8,687,191	9,208,579	9,320,584	9,465,042	9,608,168	9,761,783
3.040 - Supplies and Materials	1,565,408	1,980,090	1,850,678	1,863,558	1,976,674	1,876,674
3.050 - Capital Outlay	691,552	1,103,300	1,110,000	1,125,000	1,140,000	1,155,400
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	1,843,972	1,974,346	2,000,383	1,996,120	2,030,339	2,034,834
4.500 - Total Expenditures	69,713,499	72,875,723	73,779,274	74,898,767	76,223,338	77,388,469
Other Financing Uses						
5.010 - Operating Transfers-Out	486,731	493,894	493,988	503,806	504,350	500,756
5.020 - Advances-Out	586,679	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	1,073,410	493,894	493,988	503,806	504,350	500,756
5.050 - Total Exp and Other Financing Uses	70,786,910	73,369,617	74,273,261	75,402,573	76,727,688	77,889,225
6.010 - Excess of Rev Over/(Under) Exp	8,389,366	5,769,323	2,339,764	(2,252,079)	(7,272,464)	(8,067,404)
7.010 - Cash Balance July 1 (No Levies)	39,469,237	47,858,603	53,627,927	55,967,691	53,715,612	46,443,148
7.020 - Cash Balance June 30 (No Levies)	47,858,603	53,627,927	55,967,691	53,715,612	46,443,148	38,375,744
8.010 - Estimated Encumbrances June 30	1,245,163	946,266	946,300	946,300	946,300	946,300
9.080 - Reservations Subtotal	3,482,805	3,595,383	3,630,985	3,686,024	3,744,586	3,805,421
10.010 - Fund Bal June 30 for Cert of App	43,130,636	49,086,277	51,390,406	49,083,288	41,752,262	33,624,023
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	3,426,003	6,853,302	6,854,195
11.030 - Cumulative Balance of Levies	-	-	-	3,426,003	10,279,305	17,133,499
12.010 - Fund Bal June 30 for Cert of Obligations	43,130,636	49,086,277	51,390,406	52,509,290	52,031,566	50,757,522
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	43,130,636	49,086,277	51,390,406	52,509,290	52,031,566	50,757,522