



Medina City Schools

Five Year Forecast Financial Report

May, 2017

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Forecast Purpose/Objectives

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

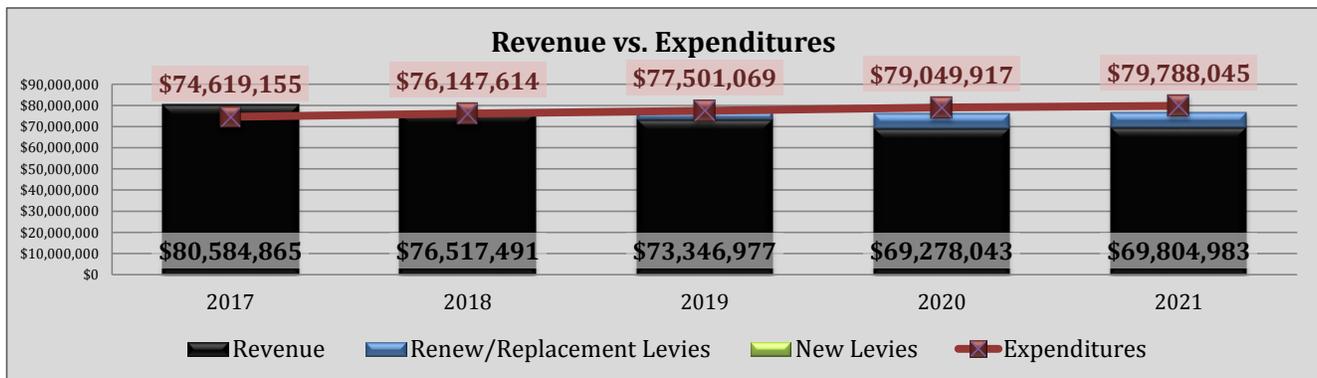
1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 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 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	47,858,603	53,824,312	54,194,190	53,465,947	50,547,075
+ Revenue	80,584,865	76,517,491	73,346,977	69,278,043	69,804,983
+ Proposed Renew/Replacement Levies	-	-	3,425,850	6,853,002	6,853,906
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(74,619,155)	(76,147,614)	(77,501,069)	(79,049,917)	(79,788,045)
= Revenue Surplus or Deficit	5,965,709	369,877	(728,242)	(2,918,873)	(3,129,155)
Ending Balance	53,824,312	54,194,190	53,465,947	50,547,075	47,417,919
Revenue Surplus or Deficit w/o Levies	5,965,709	369,877	(4,154,092)	(9,771,874)	(9,983,062)
Ending Balance w/o Levies	53,824,312	54,194,190	50,040,098	40,268,224	30,285,162

Summary:

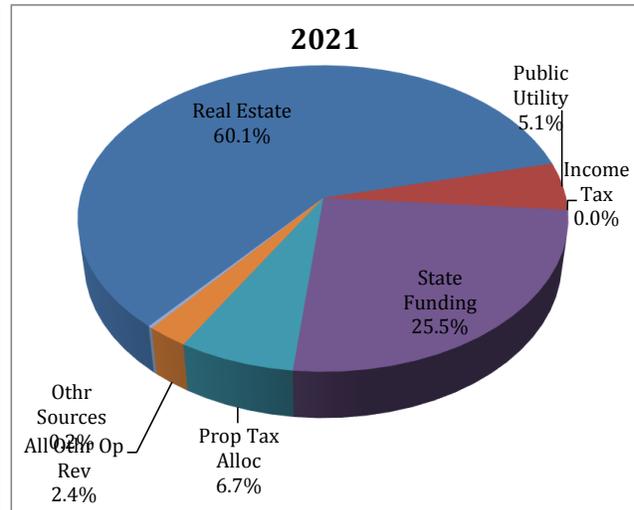
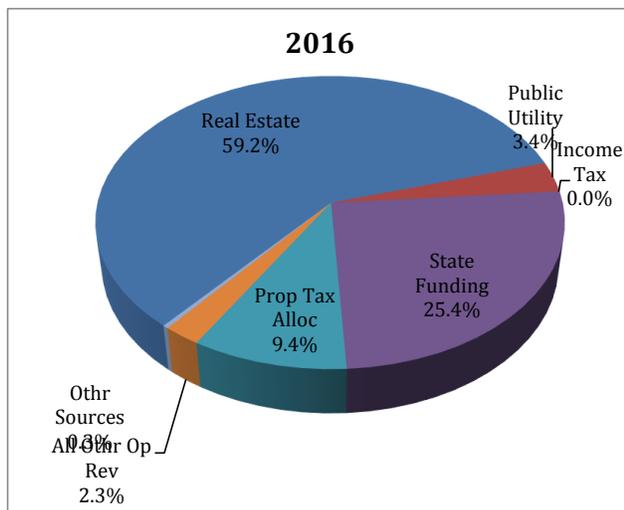
The Medina City Schools has been conservative in its spending over the last four years. The Emergency Levy of 2013 will fall off the books after 2018. This is reflective in Fy 2019 and beyond. The State of Ohio did school districts no favor back in 2006 when it deemed Personal Property Taxes to be null and void. The district has lost these moneys and by next year these funds would total a \$7 million dollar loss per year in property taxes. The State will be decreasing funding for the district as the district grows more wealthy compared to the rest of Ohio. On the Expenditure side, the district has placed the most recent contracts onto the forecast. We are assuming this to be reflective throughout the entire forecast. The district is looking at slight increases in all expenses we cannot control including supplies, utilities, fees, and tuition.



Revenue Overview

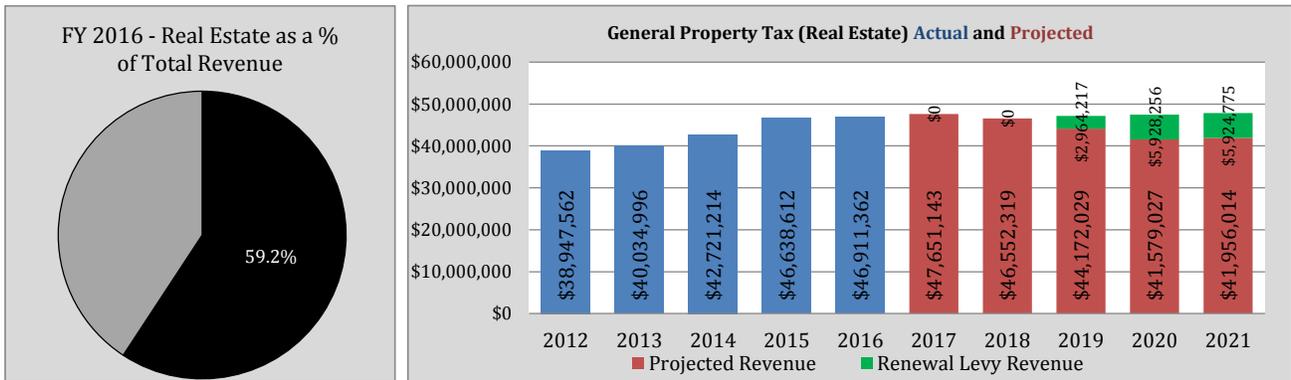
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year					
		2017	2018	2019	2020	2021	
Revenue:							
1.010-Real Estate	3.60%	1.58%	-2.31%	1.25%	0.79%	0.79%	0.42%
1.020-Public Utility	7.53%	13.56%	9.75%	4.41%	4.29%	3.88%	7.18%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	5.37%	3.25%	-7.59%	-0.91%	-6.31%	-0.04%	-2.32%
1.040-Restricted Aid	172.83%	40.61%	-28.35%	-2.17%	-2.25%	-2.11%	1.15%
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%	-17.90%	-11.03%	-2.39%	0.91%	0.79%	-5.93%
1.060-All Other Operating	1.44%	7.98%	-3.47%	-8.99%	-0.88%	-1.17%	-1.31%
1.070-Total Revenue	2.20%	0.74%	-3.95%	0.33%	-0.84%	0.69%	-0.60%
2.070-Total Other Sources	42.46%	306.58%	-84.51%	0.00%	0.00%	0.00%	44.41%
2.080-Total Rev & Other Srcs	1.99%	1.78%	-5.05%	0.33%	-0.84%	0.69%	-0.62%

The district is looking at a decrease due to lower tax collections anticipated for the first half of fiscal year 2018 and reductions in State funding based upon the current funding formula. These two items account for nearly 85% of all funding sources for the district. As such, we will be monitoring both closely in the next fiscal year. Following next year, the Emergency Levy will end. This will lead to a large reduction in district funding which is shown by the drop off of taxes following 2018.

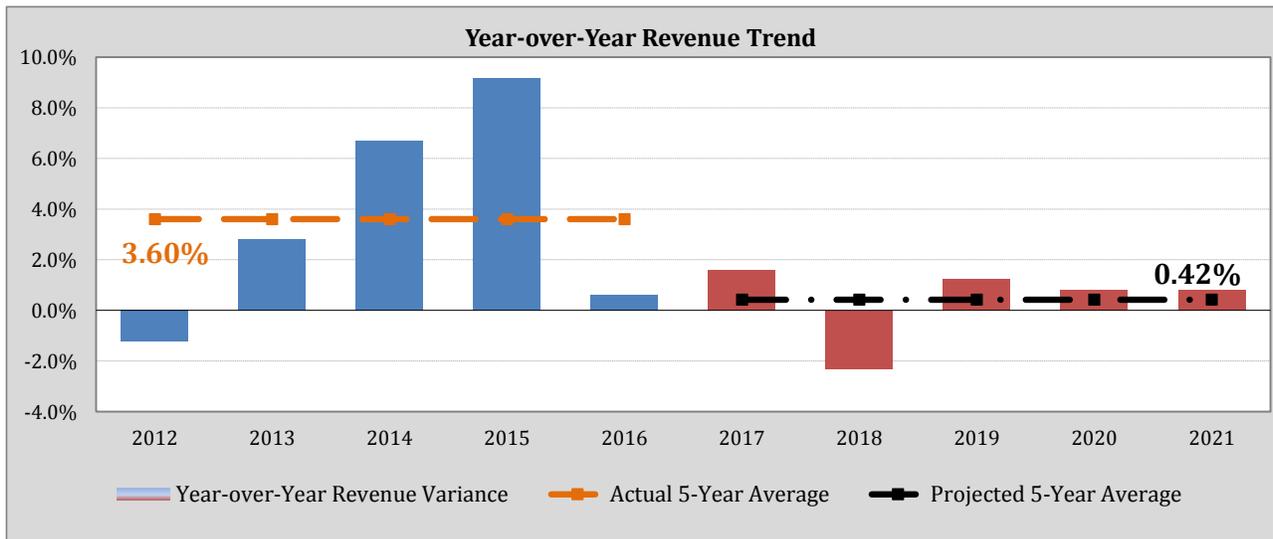


1.010 - General Property Tax (Real Estate)

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).



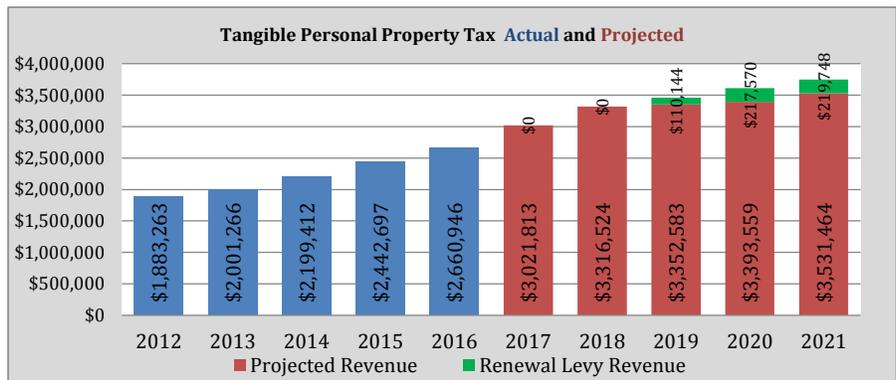
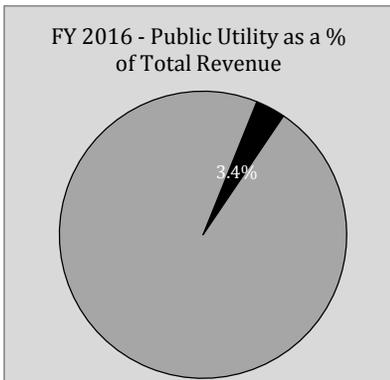
The District is looking at its highest collection of taxes in the current fiscal year due to an increase of payments in the first half of 2017. These payments are projected to lead to a slight reduction for the next fiscal year. The forecast has to show a reduction in 2019 and beyond with the end of the Emergency Levy.



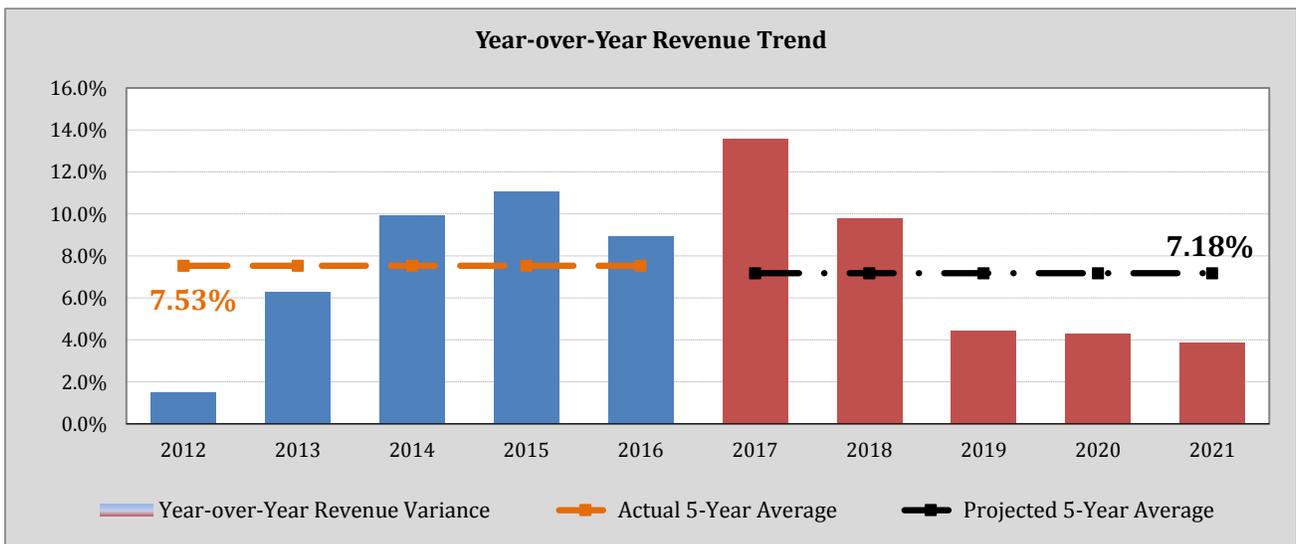
*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

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



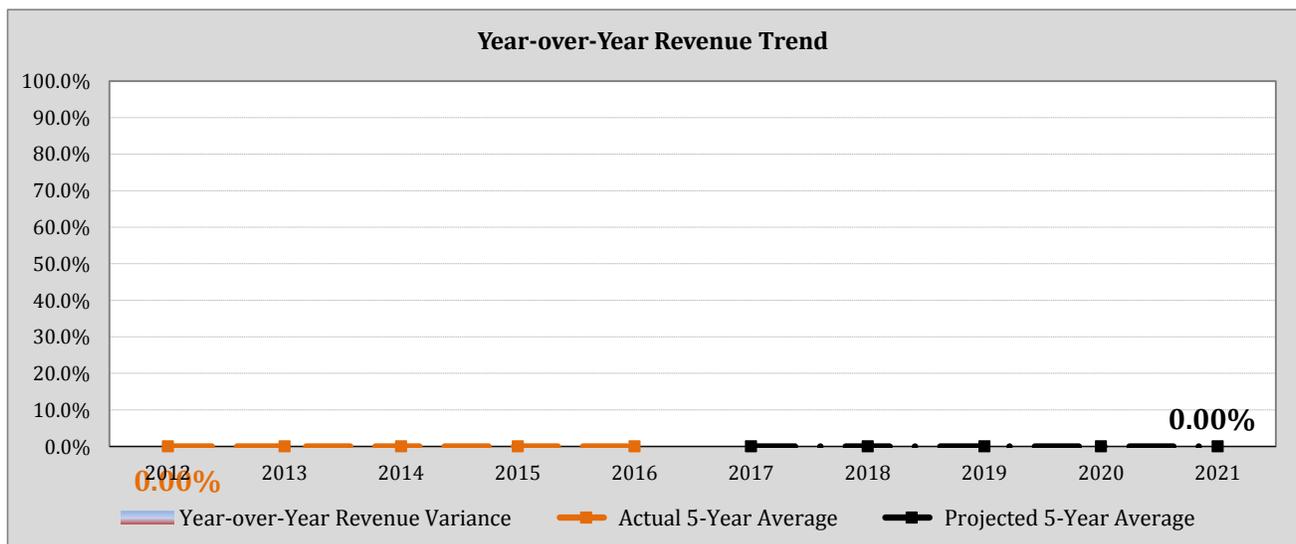
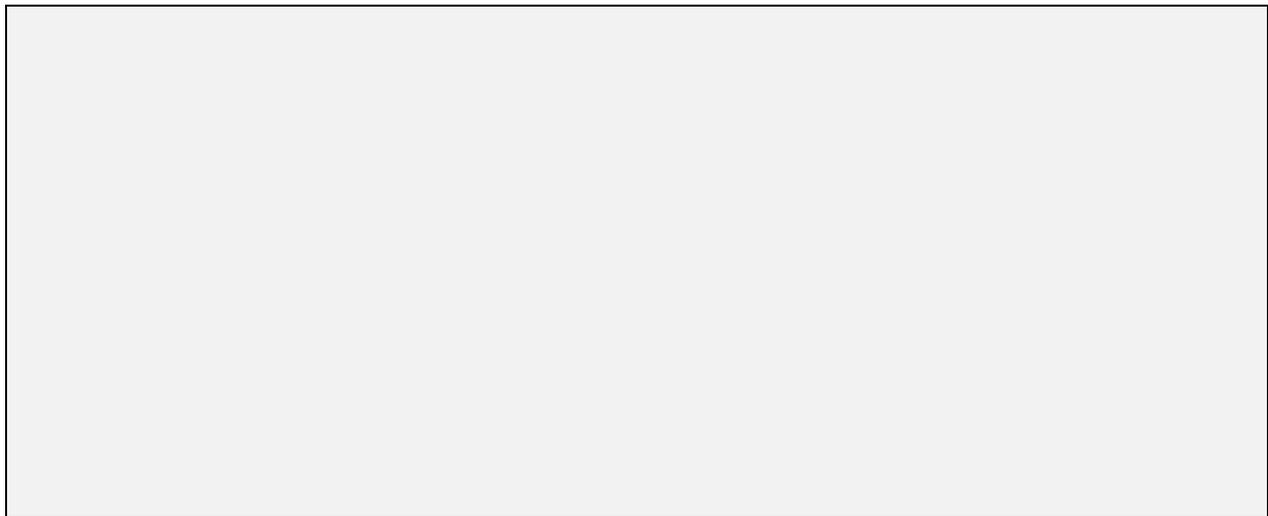
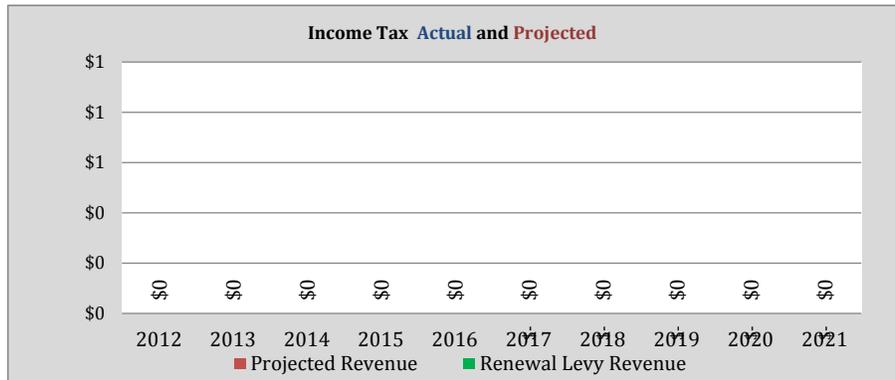
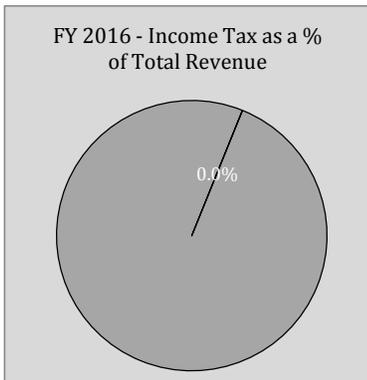
At this time, the district Public Utility Property has steadily increased over the past five years. We are assuming this trend will continue into the future.



*Projected % trends include renewal levies

1.030 - Income Tax

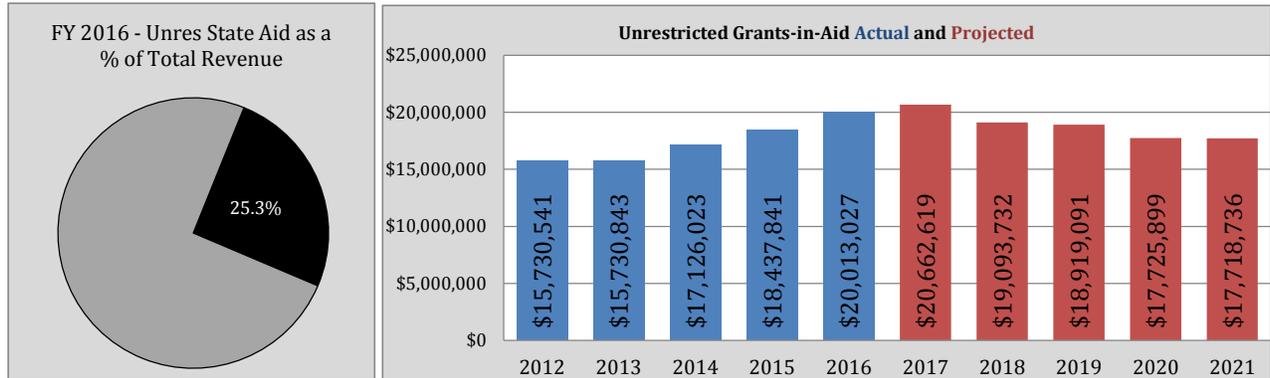
Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



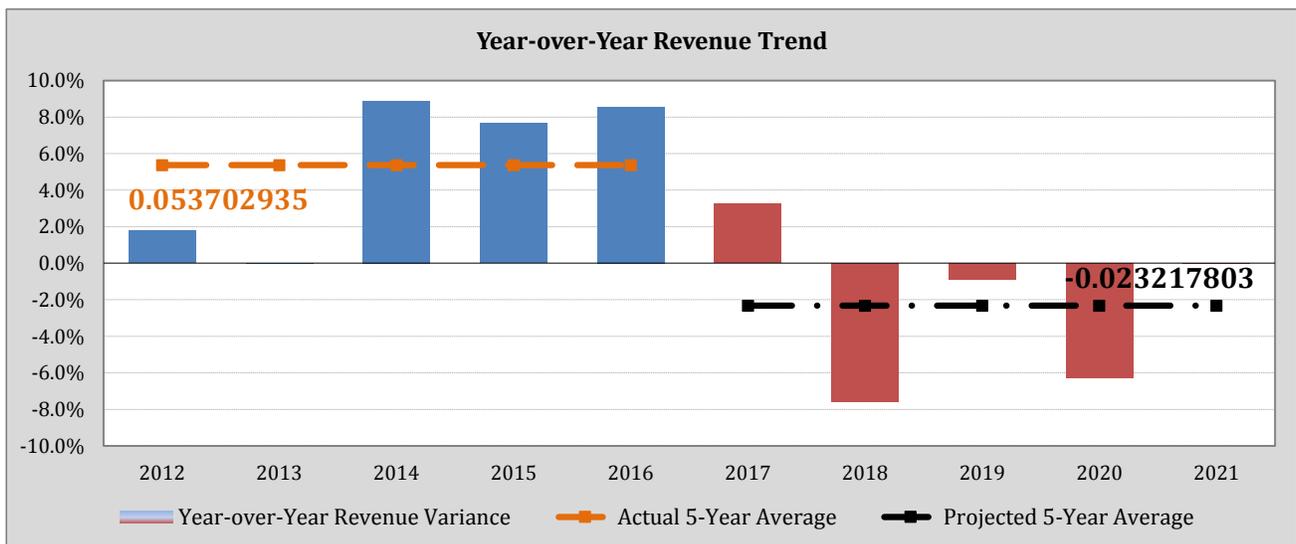
*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

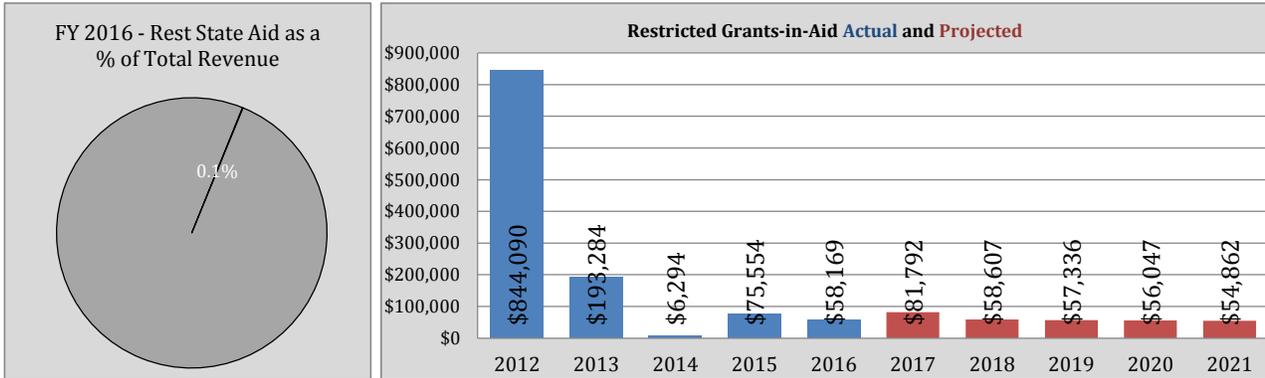


With the most recent change to the State Funding Formula, the State has based funding upon three factors: Number of Students, Valuation of the district compared to all other districts, Wealth of the district compared to all other districts. The State considers Medina City Schools a wealthy district as our median income exceeds the State median income. These three factors have the district receiving only around 30% of the dollars the State sets for pupil funding. Casino revenue is not the panacea, nor is the lottery. As smaller numbers enter our doors attending our schools, the money coming from the State decreases. As valuations increase compared to the State average, the funding decreases. The current House Budget no longer has a hold harmless for school districts losing funding. Fiscal year 2017 is the last year for this hold harmless. Therefore, we are assuming a decrease of funding into the future.

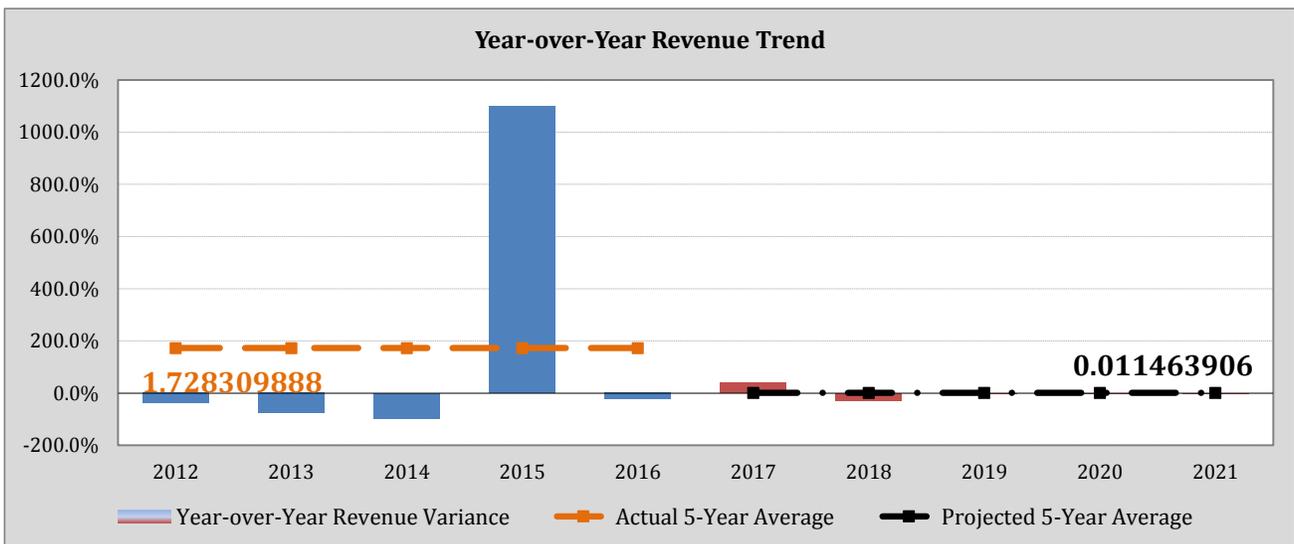


1.040 & 1.045 - Restricted Grants-in-Aid

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

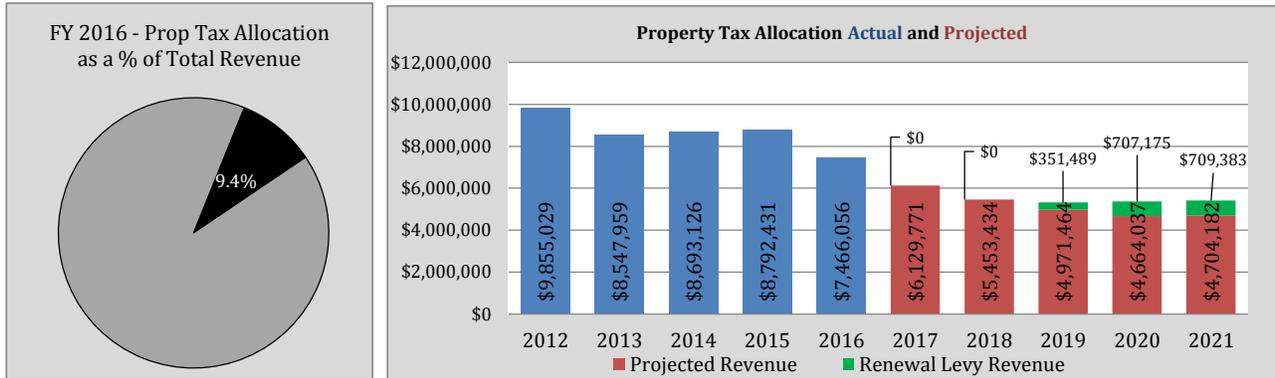


Restricted Funding is tied directly to Career Technical classes. We are assuming this funding will not only continue into the future, but will also be somewhat stable.

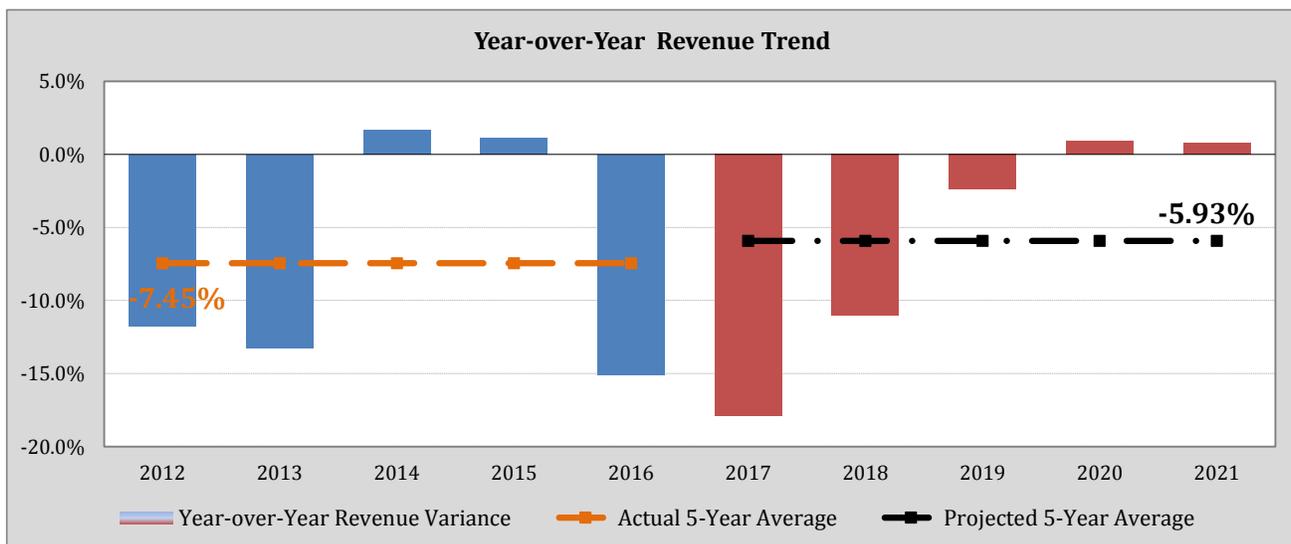


1.050 - Property Tax Allocation

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



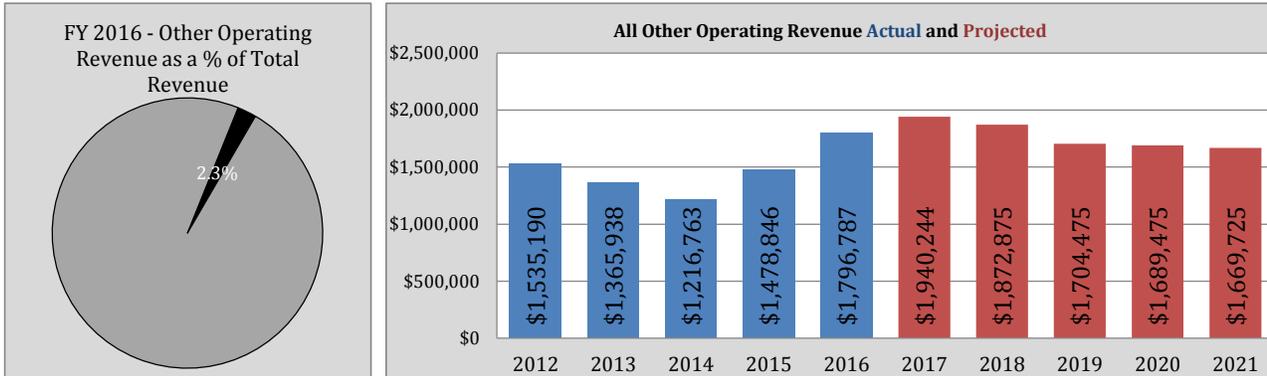
Property Tax Allocation Funding is the Homestead/Rollback and Tangible Personal Property Tax Loss Reimbursement funds received by the district. With the State stopping collections on Tangible Personal Property Taxes in 2006, they were providing school district with a reimbursement for lost taxes. This, as everything with the State was only provided for so long as they reduced this funding to the schools. 2018 is the last year we will receive any reimbursement for this fund. Also, with the end of the Emergency Levy, the district would lose any Homestead money collected. We assume the collections to be steady based upon tax collections into the future.



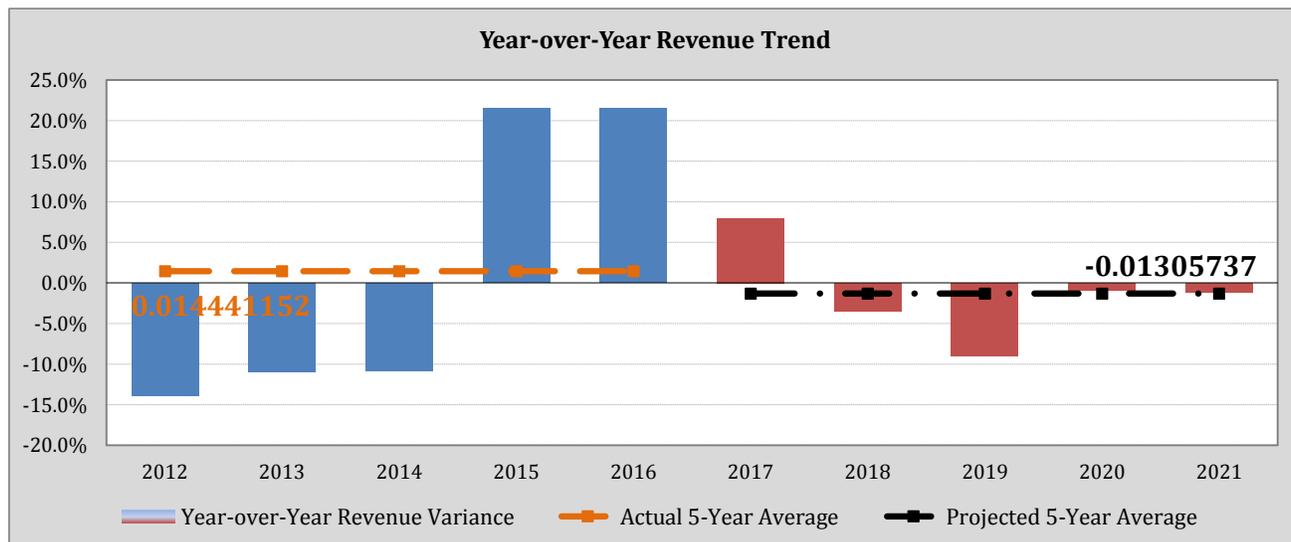
*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

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

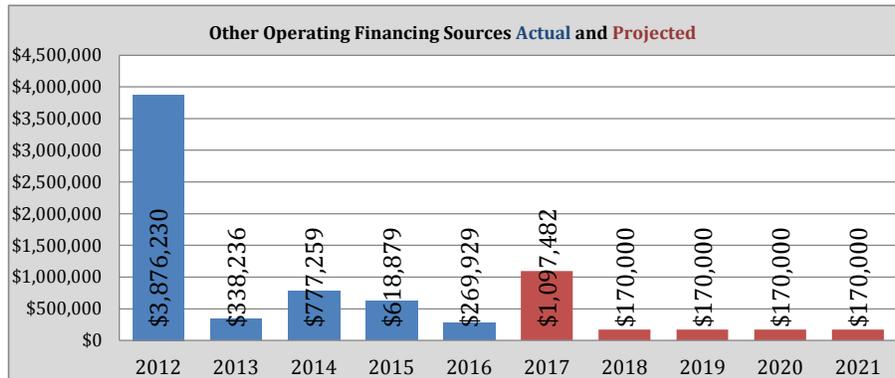
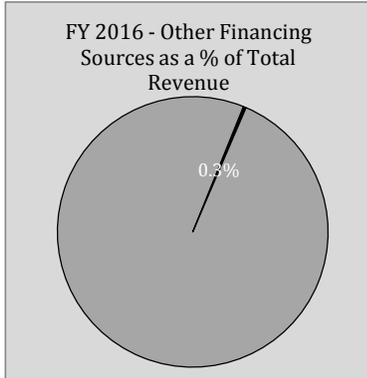


The District Other Operating Revenue is made up of Tuition, Interest Earnings, and Fees. The current assumption is the majority of these earnings are from interest earnings. As such, when the balances begin to wane, the district will be pulling back investments causing lower revenue. Aslo, we are looking at providing the retirement systems with even more accurate estimates, thus reduing funds sent back in the following years.

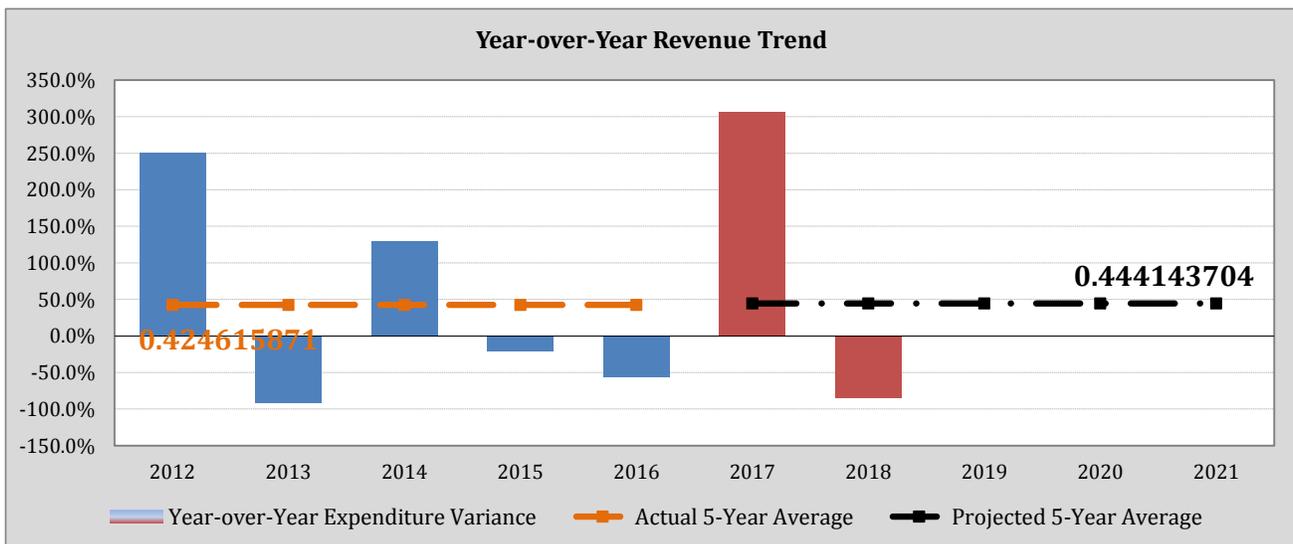


2.070 - Total Other Financing Sources

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.



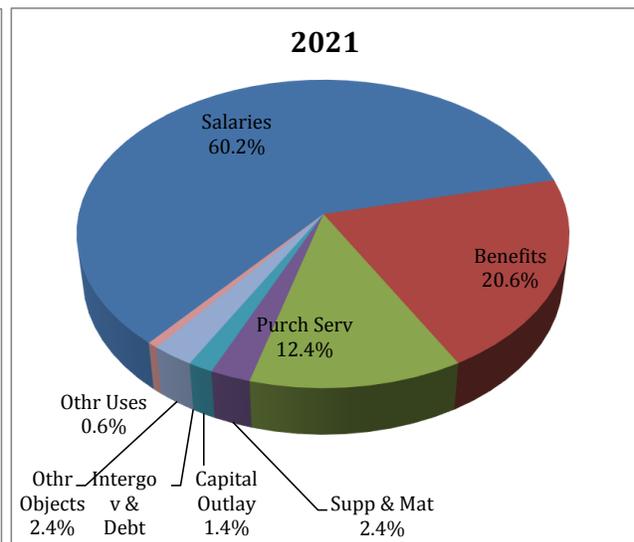
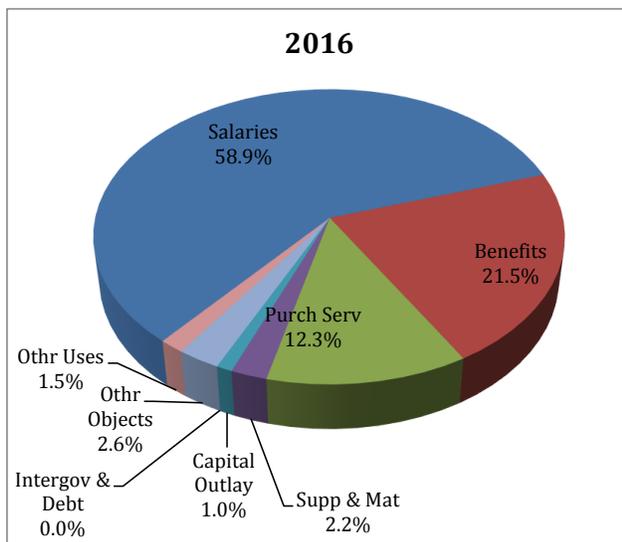
The district received funding through return of advances made to other funds. At this time, we are not aware if these advances are necessary to finish the Fiscal Year. However, as May and June proceed, advances to our federal funds, fee accounts, and cafeteria may be needed to end the year in the black.



Expenditures Overview

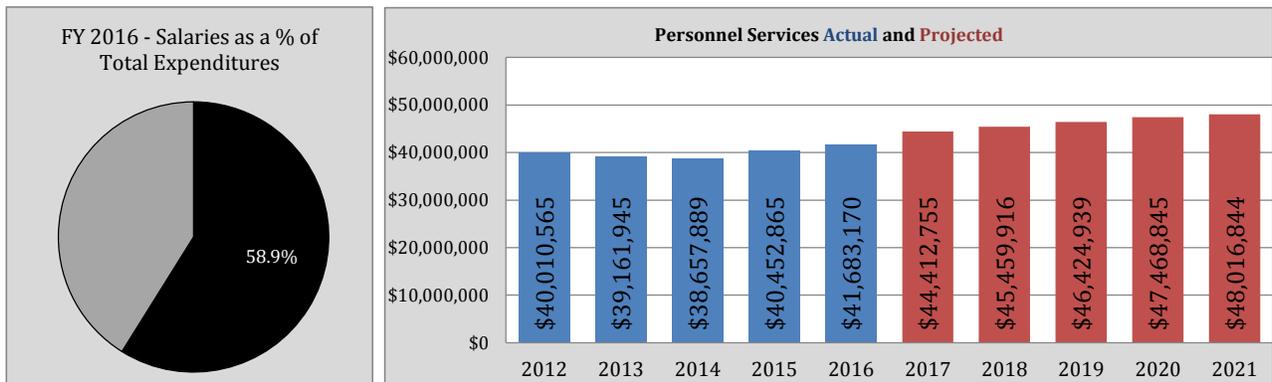
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	
Expenditures:							
3.010-Salaries	-0.35%	6.55%	2.36%	2.12%	2.25%	1.15%	2.89%
3.020-Benefits	0.03%	3.35%	1.23%	1.12%	1.20%	0.62%	1.51%
3.030-Purchased Services	2.31%	7.30%	1.22%	1.55%	1.51%	1.60%	2.64%
3.040-Supplies & Materials	1.44%	15.47%	2.39%	0.70%	6.07%	-5.06%	3.91%
3.050-Capital Outlay	47.63%	57.52%	1.90%	1.35%	1.33%	1.35%	12.69%
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%	-5.58%	6.27%	1.36%	2.00%	1.10%	1.03%
4.500-Total Expenditures	-0.02%	6.33%	2.06%	1.78%	2.01%	0.94%	2.62%
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%	5.41%	2.05%	1.78%	2.00%	0.93%	2.43%

The district is projecting salary and benefit increases based upon recent contracts and assumes slight increases going forward. Supplies increases have occurred due to textbook adoptions and Capital increases have occurred because of a new vehicle replacement policy.

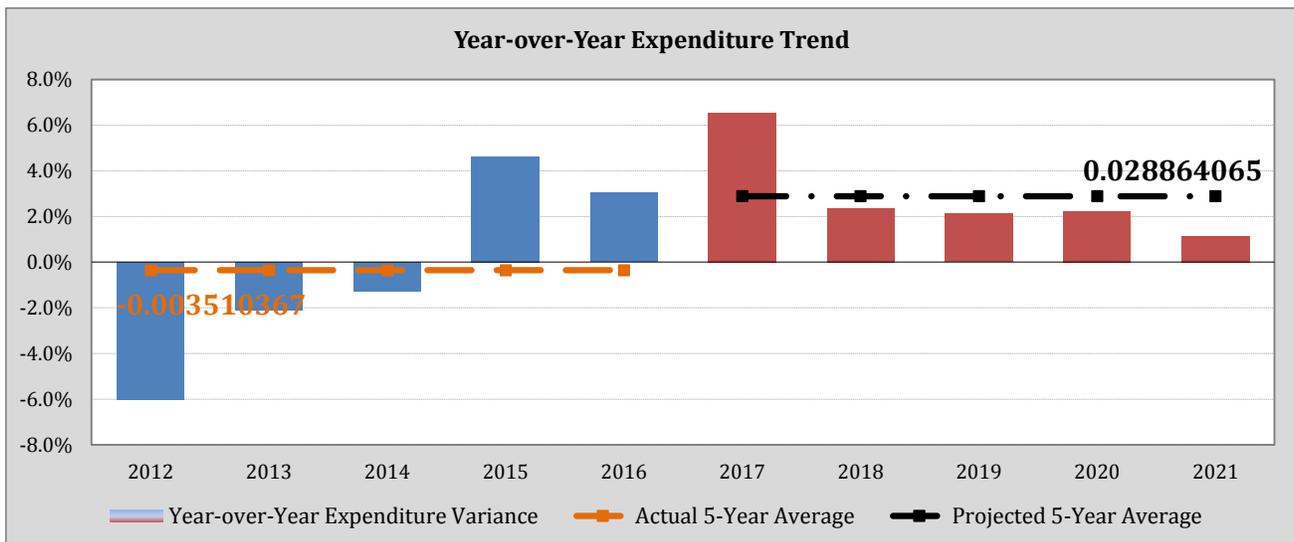


3.010 - Personnel Services

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

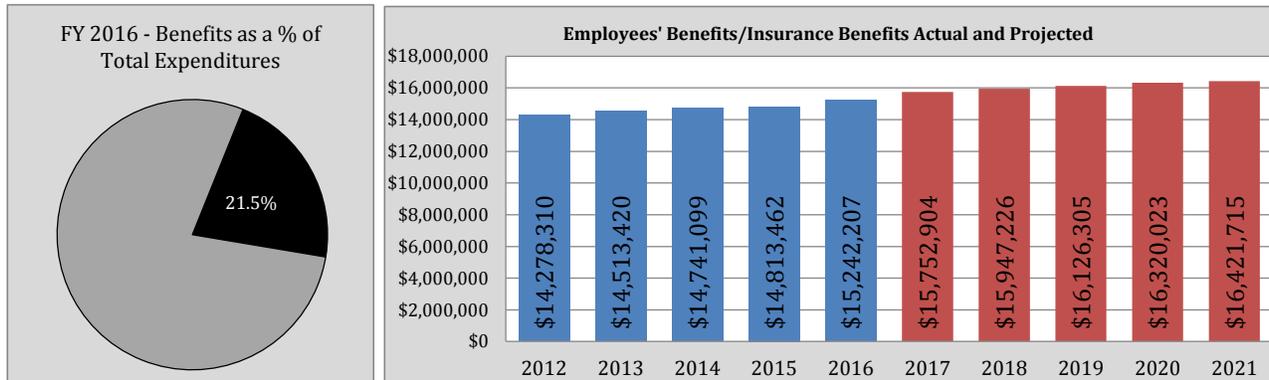


The district is reflecting the current contracts ratified in the salary estimates. The increase in 2017 reflects an additional pay during the fiscal year as the first pay was July 1, 2016 and the last will be June 30, 2017. The assumption going forward has every current employee moving forward on their respective salary schedule.

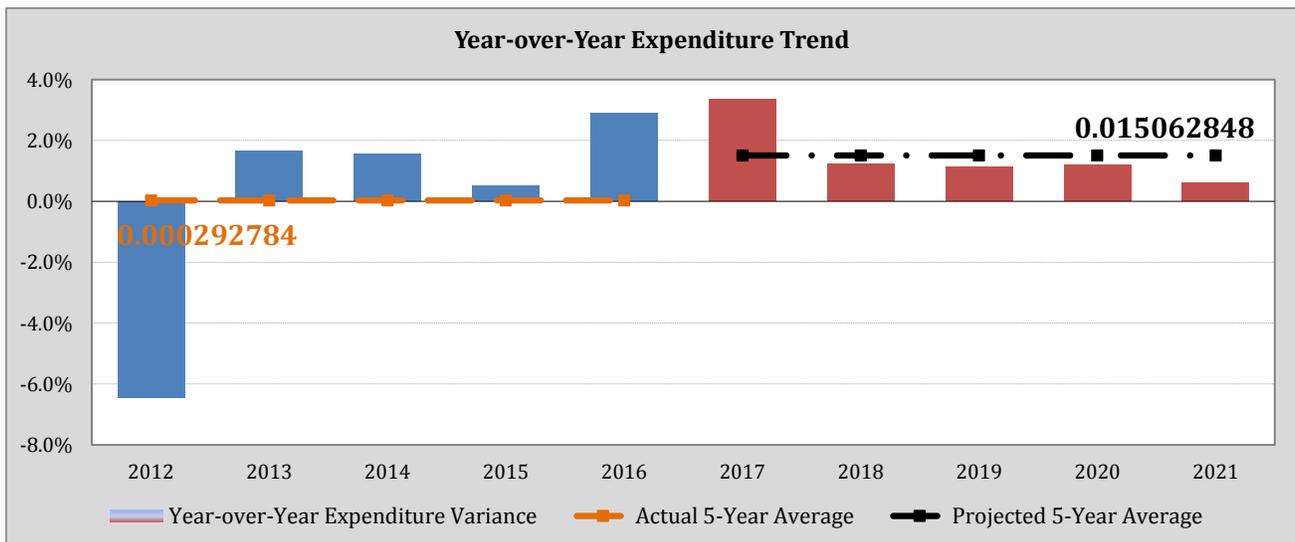


3.020 - Employees' Benefits

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

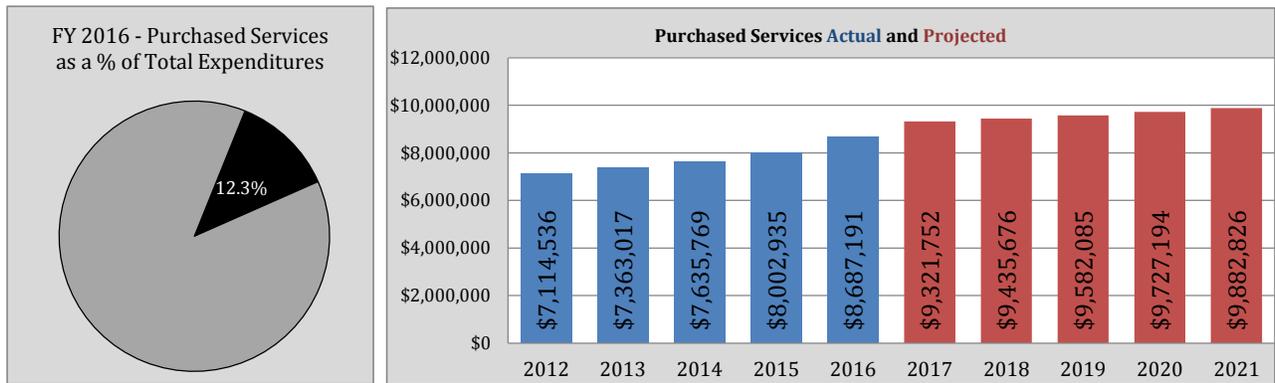


Benefits follow the salary cost. The assumption is a mild increase in health benefits as we have received word our current year has been vary favorable. Also, the retirement benefits plan no longer has a manditory increase as with the past four years.

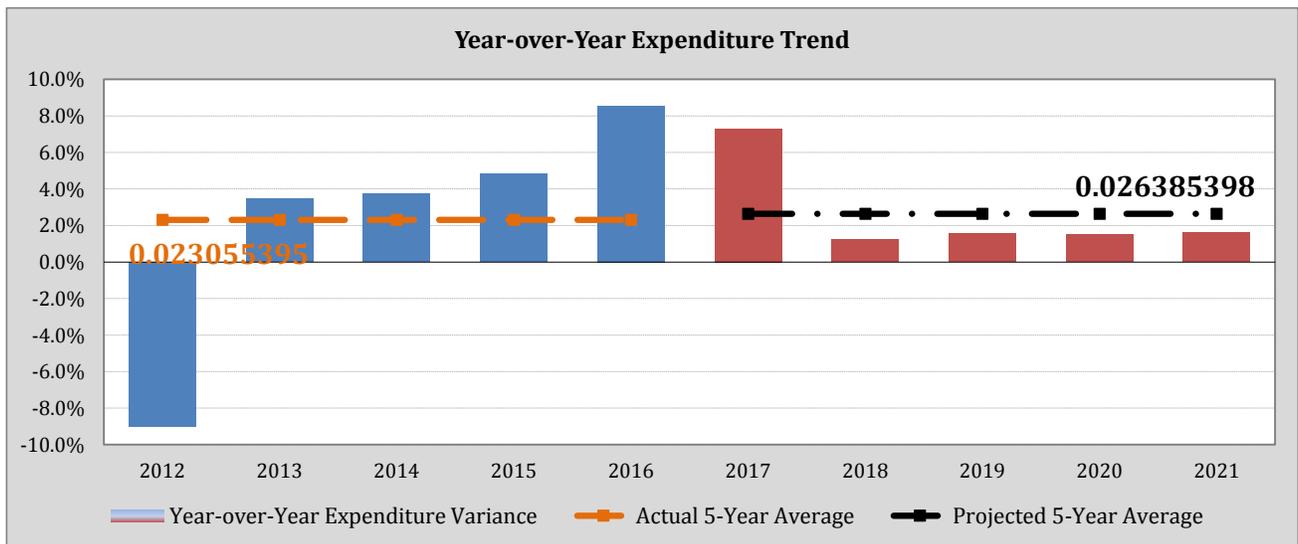


3.030 - Purchased Services

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.

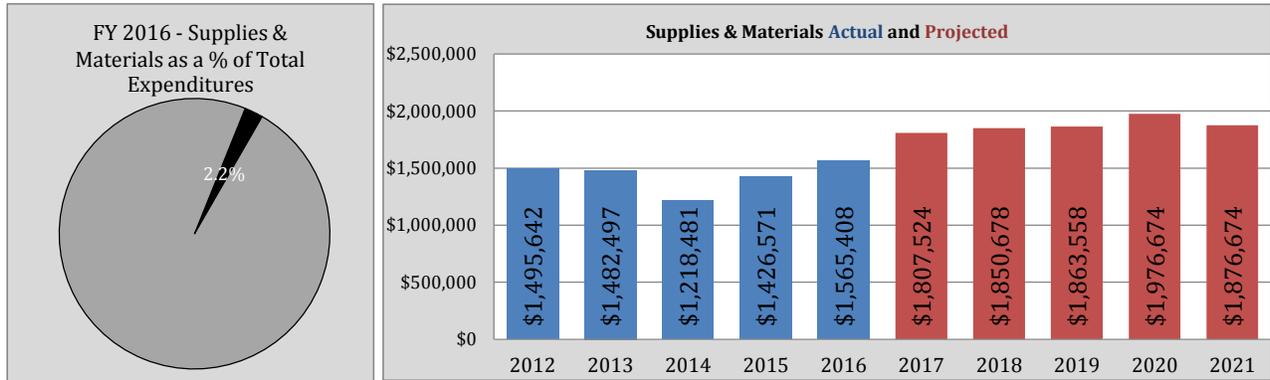


Purchased services has been the largest growing accounts over the past five years. These funds include tuition, open enrollment, repairs, rent, and utilities. The assumption is increases as the years progress.

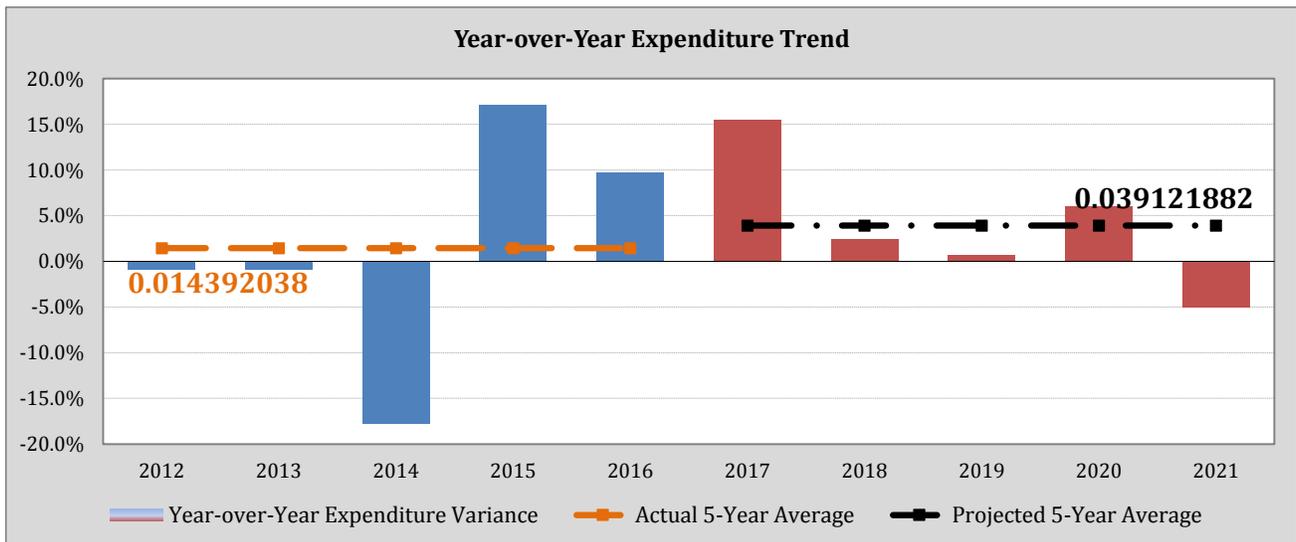


3.040 - Supplies & Materials

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

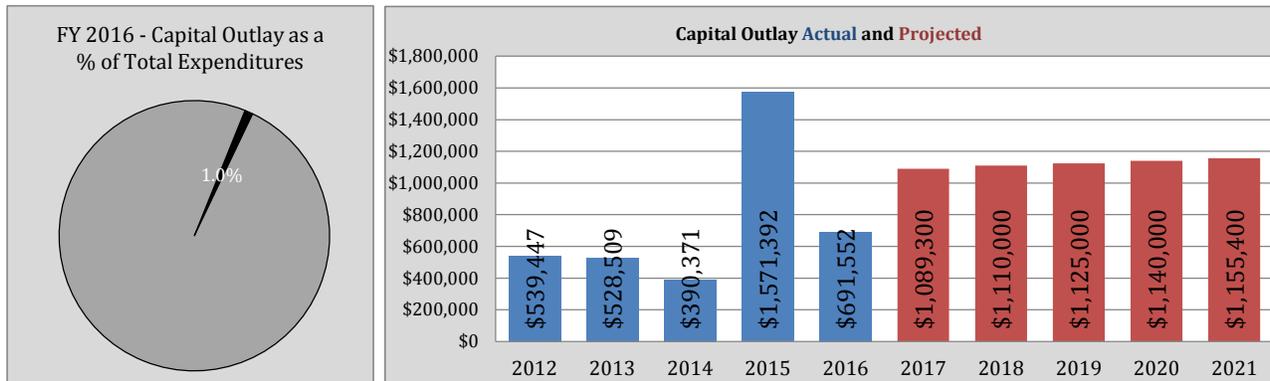


Supplies for the district revolve on the textbook adoption. When the district purchases new textbooks, these purchases lead to higher spending. However, some courses cost more than others to replace and the district is on a textbook adoption schedule which allows for the higher spending in different years.

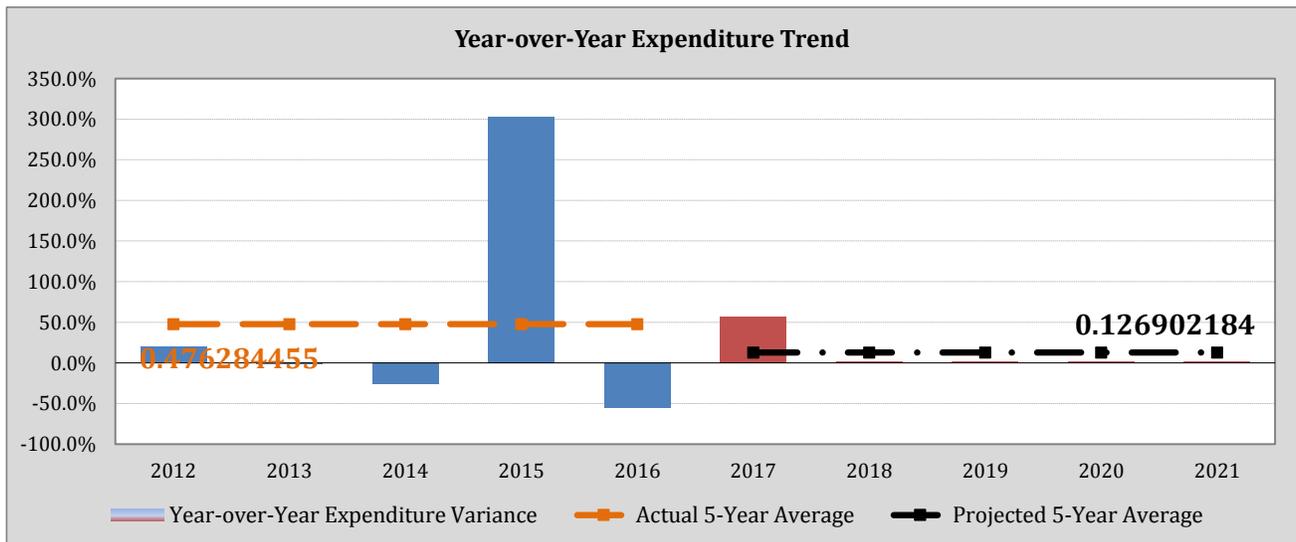


3.050 - Capital Outlay

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.

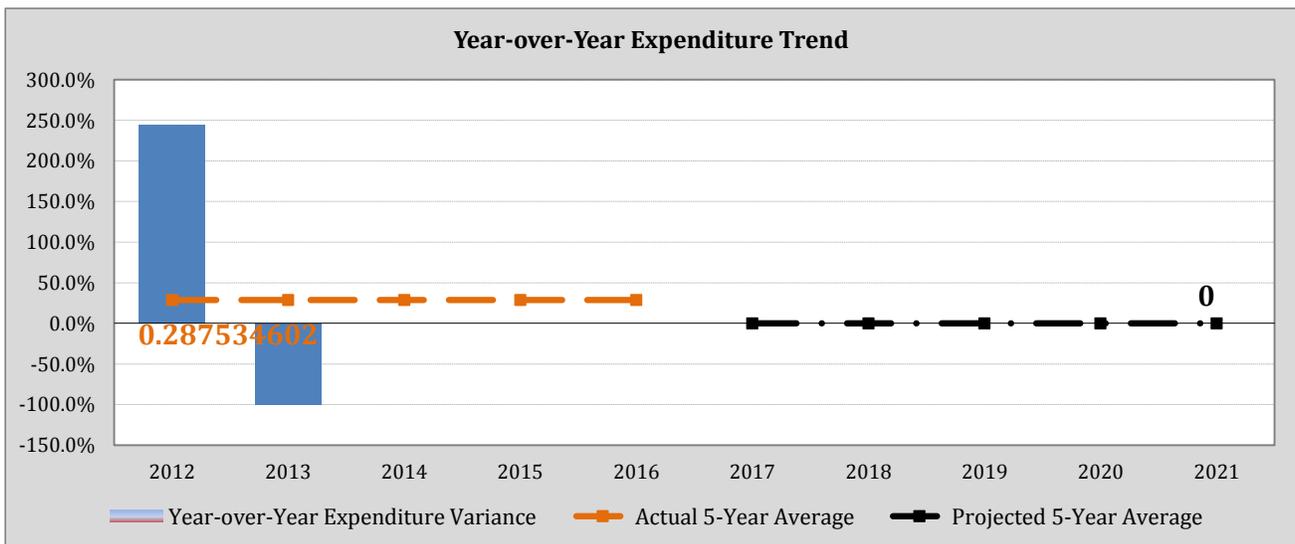
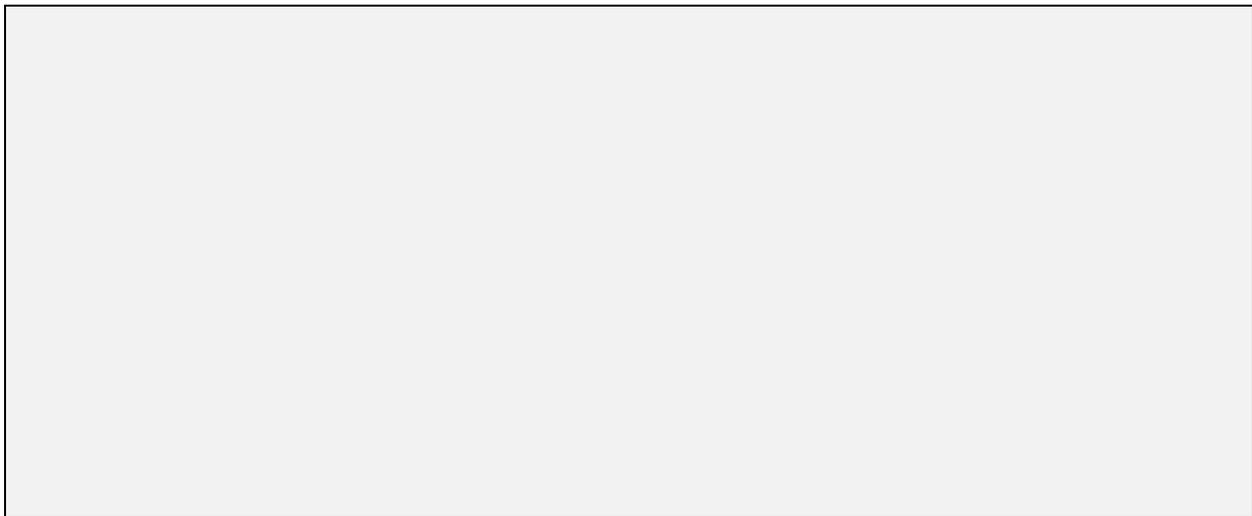
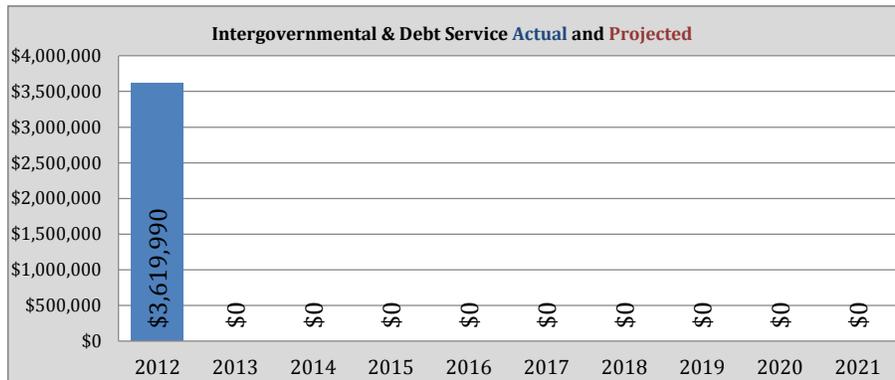
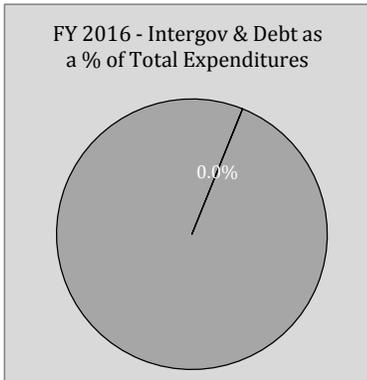


This past year, the Board asked that we provide money to the Transportation Department in order to have a vehicle replacement schedule. This led to the increase for 2017 and beyond. The assumption is the Board will continue with the replacement schedule and continue the repairs and maintenance of capital assets.



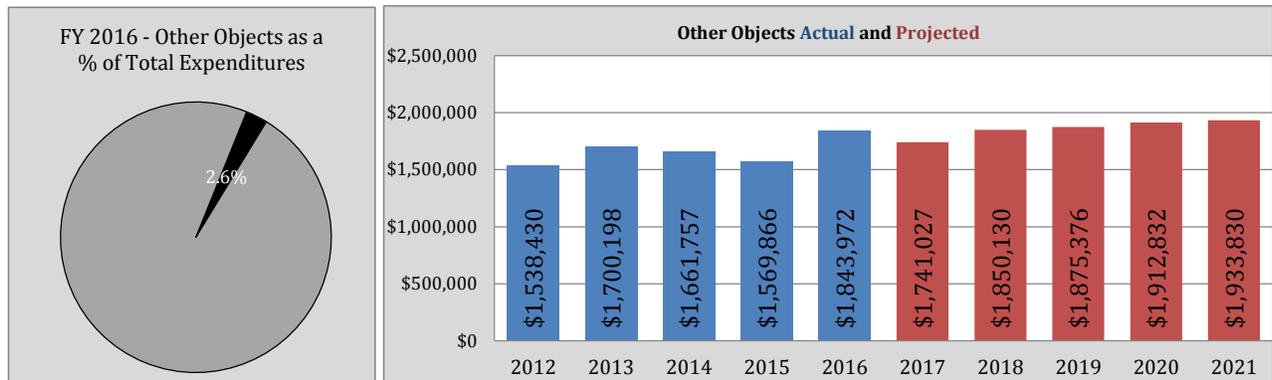
3.060-4.060 - Intergovernmental & Debt

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.

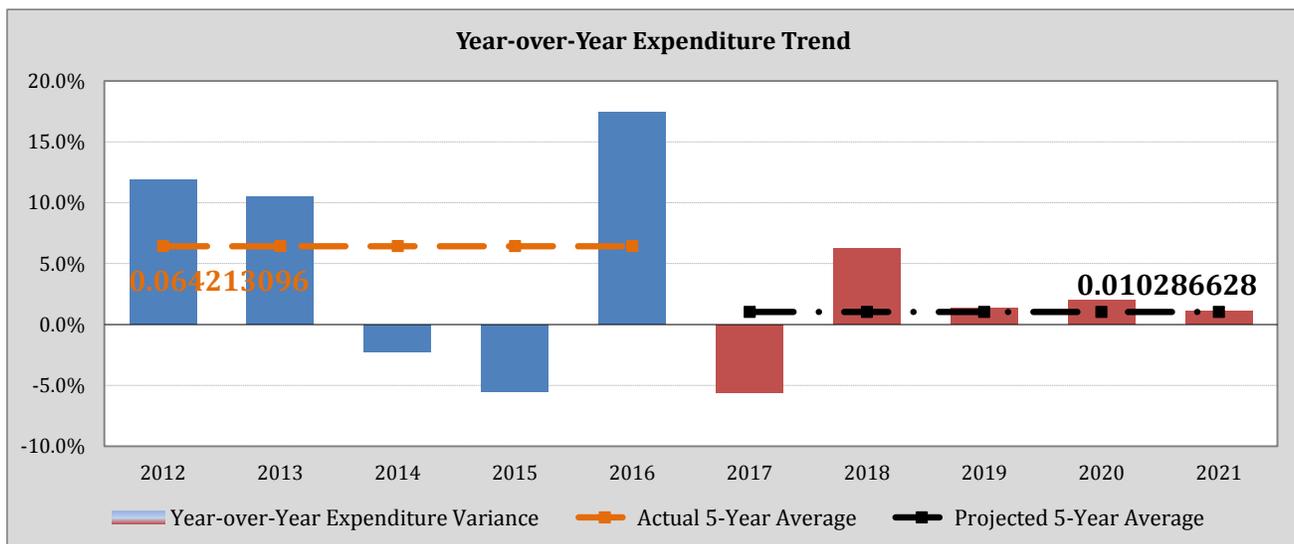


4.300 - Other Objects

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

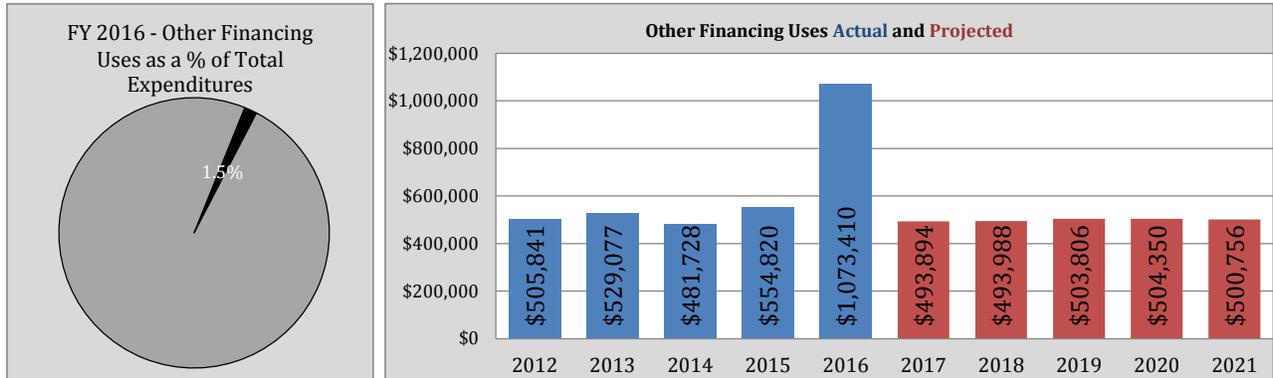


Other Objects as defined are Auditor/Treasurer Fees, County Board Fees, District Audit Fees, Memberships and Fees. The largest expense is the Auditor/Treasurer fees as these are based upon collections for the Property Taxes. The district assumes the fees will increase slightly over the next five years.

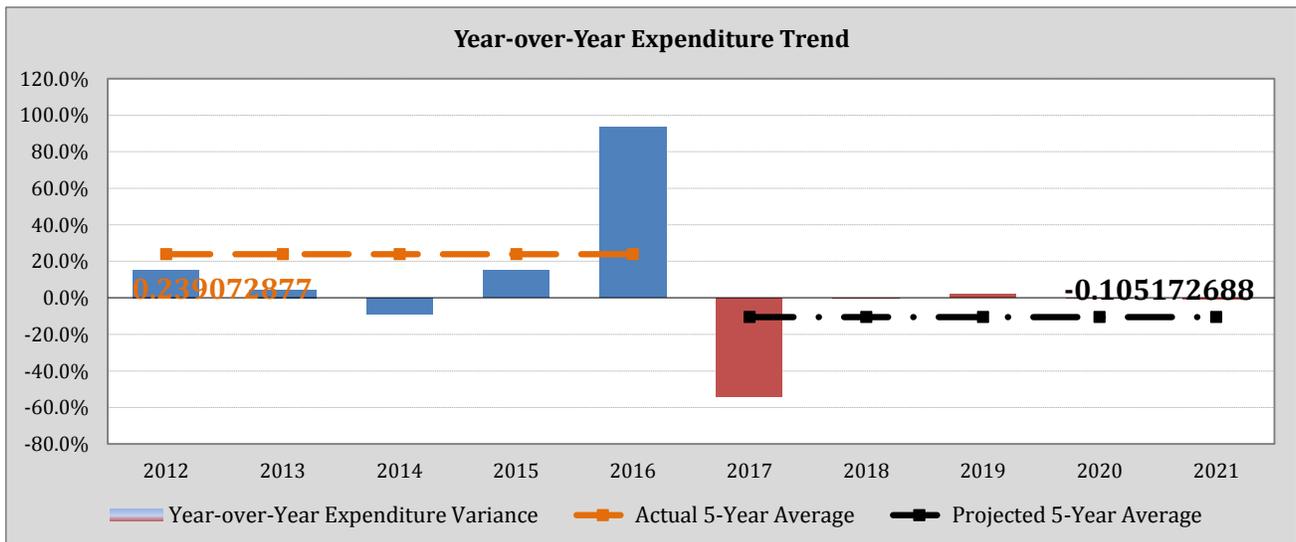


5.040 - Total Other Financing Uses

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



Last year, the district saw a need for a number of advances to our federal funds to keep them in the black until reimbursed by the Government. At this time, we assume the need will be again, however, the amounts will not be know until the middle of June. The future figures represent transfers to the district recreation center and bond fund for the energy/transportation bonds.



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: 10/17/2016	Forecast Amounts For F.Y. 2017 Prepared on: 5/12/2017		
Revenue:					
1	Real Estate & Property Allocation	\$52,789,173	\$53,780,914	\$991,742	1.9%
2	Public Utility Personal Property	\$2,843,373	\$3,021,813	\$178,440	6.3%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$20,685,056	\$20,744,411	\$59,355	0.3%
5	Other Revenue	\$1,749,636	\$1,940,244	\$190,608	10.9%
6	Other Non Operating Revenue	\$1,071,702	\$1,097,482	\$25,780	2.4%
7	Total Revenue	\$79,138,940	\$80,584,865	\$1,445,925	1.8%
Expenditures:					
8	Salaries	\$43,100,095	\$44,412,755	\$1,312,660	3.0%
9	Fringe Benefits	\$15,509,314	\$15,752,904	\$243,590	1.6%
10	Purchased Services	\$9,208,579	\$9,321,752	\$113,174	1.2%
11	Supplies, Debt, Capital Outlay & Other	\$5,057,735	\$4,637,851	-\$419,885	-8.3%
12	Other Non Operating Expenditures	\$493,894	\$493,894	\$0	0.0%
13	Total Expenditures	\$73,369,617	\$74,619,155	\$1,249,539	1.7%
14	Revenue Over/(Under) Expenditures	\$5,769,323	\$5,965,709	\$196,386	0.3%*
15	Ending Cash Balance	\$53,627,927	\$53,824,312	\$196,386	0.3%*

*Percentage expressed in terms of total expenditures

The district has been conservative in its figures and funding over the past four years. As can be seen, while we have seen increases within the year, we have been able to offset these with revenue from various sources.

Medina City Schools

Fiscal Year:	Actual	FORECASTED				
	2016	2017	2018	2019	2020	2021
Revenue:						
1.010 - General Property Tax (Real Estate)	46,911,362	47,651,143	46,552,319	44,172,029	41,579,027	41,956,014
1.020 - Public Utility Personal Property	2,660,946	3,021,813	3,316,524	3,352,583	3,393,559	3,531,464
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	20,013,027	20,662,619	19,093,732	18,919,091	17,725,899	17,718,736
1.040 - Restricted Grants-in-Aid	58,169	81,792	58,607	57,336	56,047	54,862
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	7,466,056	6,129,771	5,453,434	4,971,464	4,664,037	4,704,182
1.060 - All Other Operating Revenues	1,796,787	1,940,244	1,872,875	1,704,475	1,689,475	1,669,725
1.070 - Total Revenue	78,906,347	79,487,382	76,347,491	73,176,977	69,108,043	69,634,983
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	464,803	150,000	150,000	150,000	150,000
2.070 - Total Other Financing Sources	269,929	1,097,482	170,000	170,000	170,000	170,000
2.080 - Total Rev & Other Sources	79,176,276	80,584,865	76,517,491	73,346,977	69,278,043	69,804,983
Expenditures:						
3.010 - Personnel Services	41,683,170	44,412,755	45,459,916	46,424,939	47,468,845	48,016,844
3.020 - Employee Benefits	15,242,207	15,752,904	15,947,226	16,126,305	16,320,023	16,421,715
3.030 - Purchased Services	8,687,191	9,321,752	9,435,676	9,582,085	9,727,194	9,882,826
3.040 - Supplies and Materials	1,565,408	1,807,524	1,850,678	1,863,558	1,976,674	1,876,674
3.050 - Capital Outlay	691,552	1,089,300	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	1,741,027	1,850,130	1,875,376	1,912,832	1,933,830
4.500 - Total Expenditures	69,713,499	74,125,262	75,653,626	76,997,263	78,545,567	79,287,289
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	74,619,155	76,147,614	77,501,069	79,049,917	79,788,045
6.010 - Excess of Rev Over/(Under) Exp	8,389,366	5,965,709	369,877	(4,154,092)	(9,771,874)	(9,983,062)
7.010 - Cash Balance July 1 (No Levies)	39,469,237	47,858,603	53,824,312	54,194,190	50,040,098	40,268,224
7.020 - Cash Balance June 30 (No Levies)	47,858,603	53,824,312	54,194,190	50,040,098	40,268,224	30,285,162
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	49,282,663	49,616,905	45,407,774	35,577,338	25,533,441
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	3,425,850	6,853,002	6,853,906
11.030 - Cumulative Balance of Levies	-	-	-	3,425,850	10,278,851	17,132,758
12.010 - Fund Bal June 30 for Cert of Obligations	43,130,636	49,282,663	49,616,905	48,833,623	45,856,189	42,666,198
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	49,282,663	49,616,905	48,833,623	45,856,189	42,666,198