



Medina City School District

Five Year Forecast Financial Report

May, 2023

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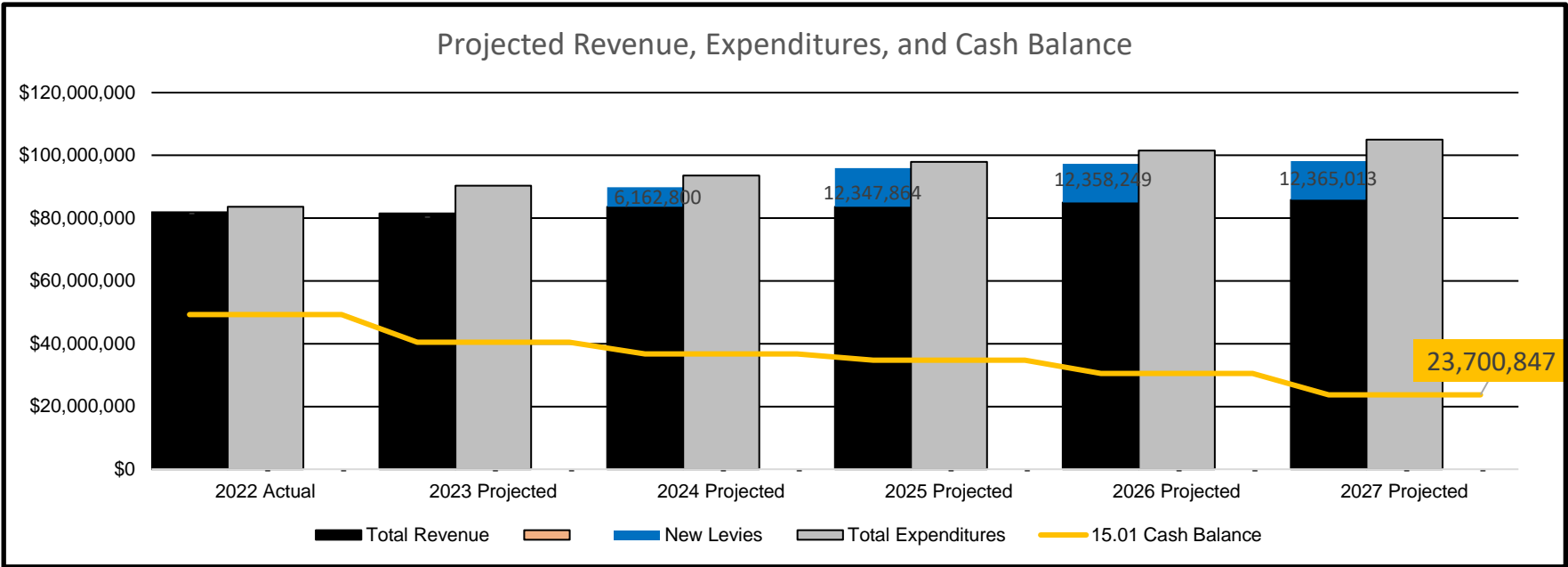
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Forecast Purpose/Objectives

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

- 1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
- 2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
- 3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	49,279,578	40,436,429	36,692,660	34,732,334	30,494,305
+ Revenue	81,553,649	83,685,024	83,643,552	84,930,683	85,871,717
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	6,162,800	12,347,864	12,358,249	12,365,013
- Expenditures	(90,396,797)	(93,591,593)	(97,951,742)	(101,526,961)	(105,030,187)
= Revenue Surplus or Deficit	(8,843,149)	(3,743,769)	(1,960,326)	(4,238,029)	(6,793,458)
Line 7.020 Ending Balance with renewal/new levies	40,436,429	36,692,660	34,732,334	30,494,305	23,700,847

Analysis Without Renewal Levies Included:

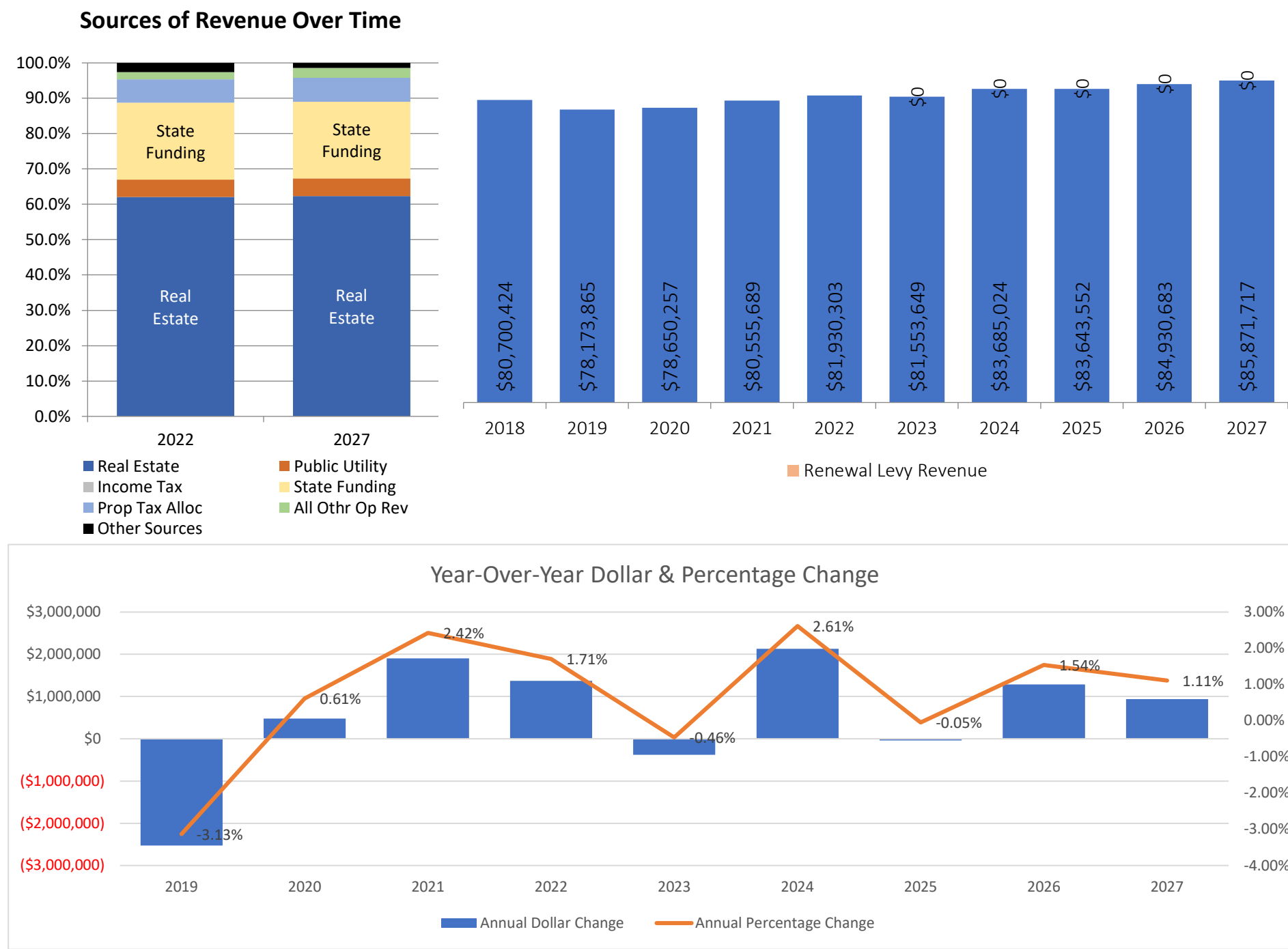
Revenue Surplus or Deficit w/o Levies	(8,843,149)	(9,906,569)	(14,308,190)	(16,596,278)	(19,158,471)
Ending Balance w/o Levies	40,436,429	30,529,860	16,221,670	(374,608)	(19,533,079)

In FY 2023 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$8,843,149 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$19,158,471. The district would need to cut its FY 2027 projected expenses by 18.24% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2023 and is projected to worsen by FY 2027. 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 \$993,025 in FY 2023. 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 2023. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

Revenue Sources and Forecast Year-Over-Year Projected Overview



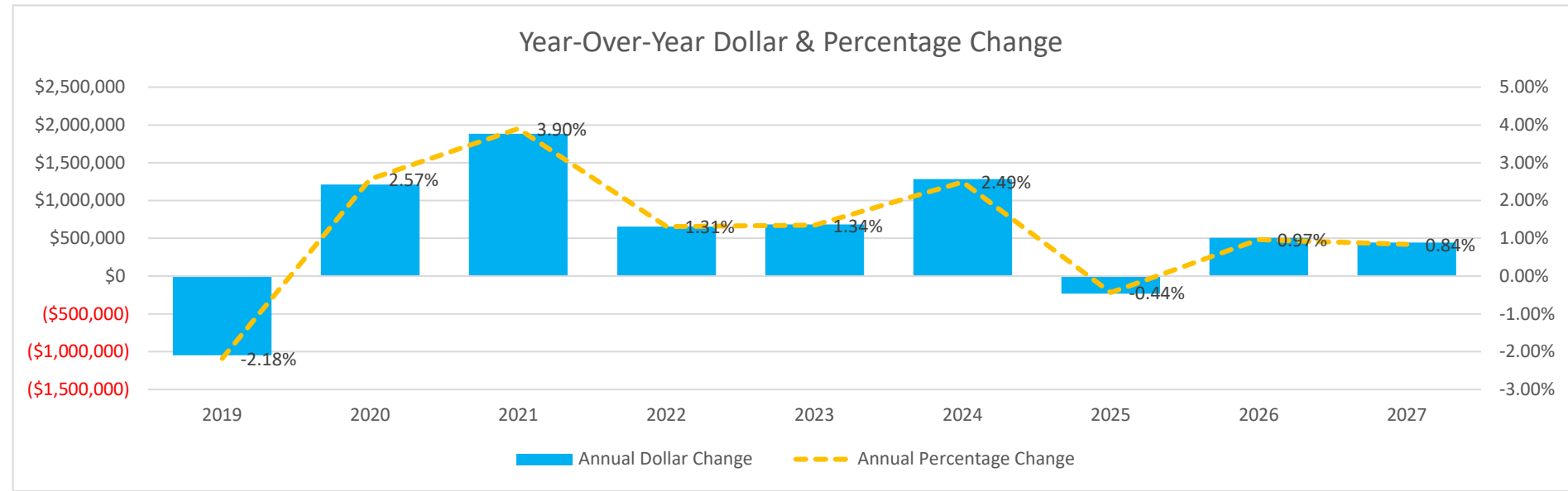
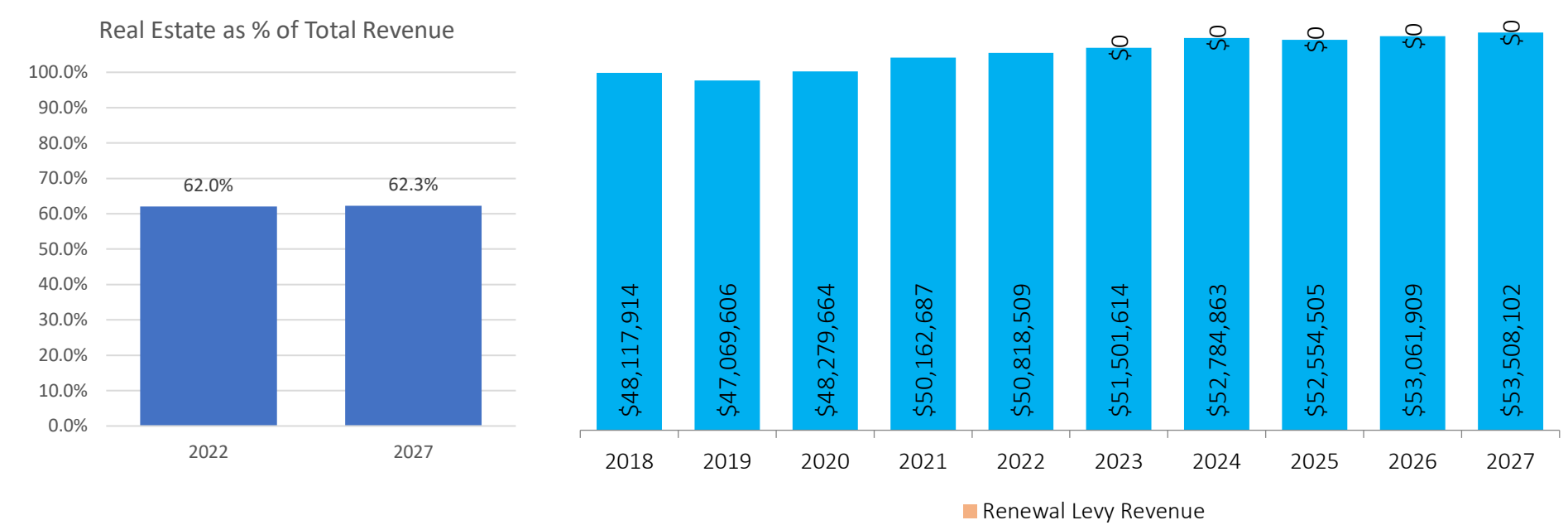
5-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 0.32% or \$254,711 annually during the past 5-Year period and is projected to increase 0.94% or \$788,283 annually through FY2027. State Funding has the most projected average annual variance compared to the historical average at \$744,789
Real Estate	633,473	537,919	(\$95,555)	
Public Utility	\$206,590	\$53,859	(\$152,731)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$589,496)	155,293	\$744,789	
Prop Tax Alloc	(\$143,021)	\$86,968	\$229,988	
All Othr Op Rev	(\$72,868)	\$129,870	\$202,739	
Other Sources	\$220,033	(\$175,626)	(\$395,660)	
Total Average Annual Change	254,711 0.32%	788,283 0.94%	\$533,571 0.62%	

Note: Expenditure average annual change is projected to be > \$4,284,834 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).



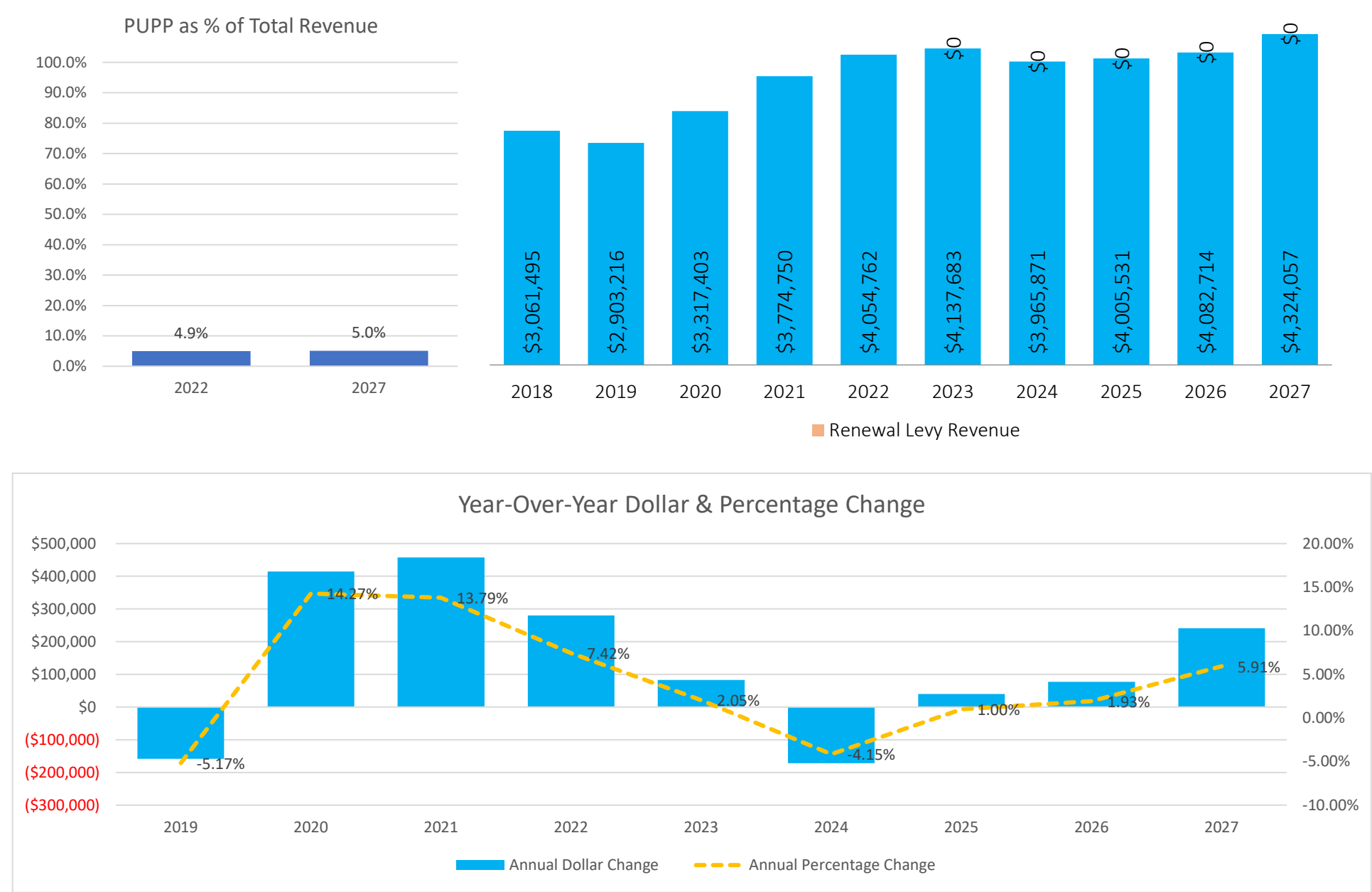
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	1,500,635,380	18,294,690	36.37	-	41.53	-	100.1%
2022	1,838,232,180	337,596,800	30.04	(6.32)	38.51	(3.02)	99.8%
2023	1,846,917,180	8,685,000	29.99	(0.05)	38.64	0.13	99.8%
2024	1,858,062,180	11,145,000	29.92	(0.07)	38.68	0.04	99.8%
2025	1,998,657,180	140,595,000	28.09	(1.83)	37.54	(1.14)	99.8%
2026	2,007,342,180	8,685,000	28.05	(0.04)	37.71	0.17	99.8%

Real estate property tax revenue accounts for 62.03% of total revenue. Class I or residential/agricultural taxes make up approximately 75.86% of the real estate property tax revenue. The Class I tax rate is 30.04 mills in tax year 2022. The projections reflect an average gross collection rate of 99.8% annually through tax year 2026. The revenue changed at an average annual historical rate of 1.30% and is projected to change at an average annual rate of 1.02% through FY 2027.

*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.



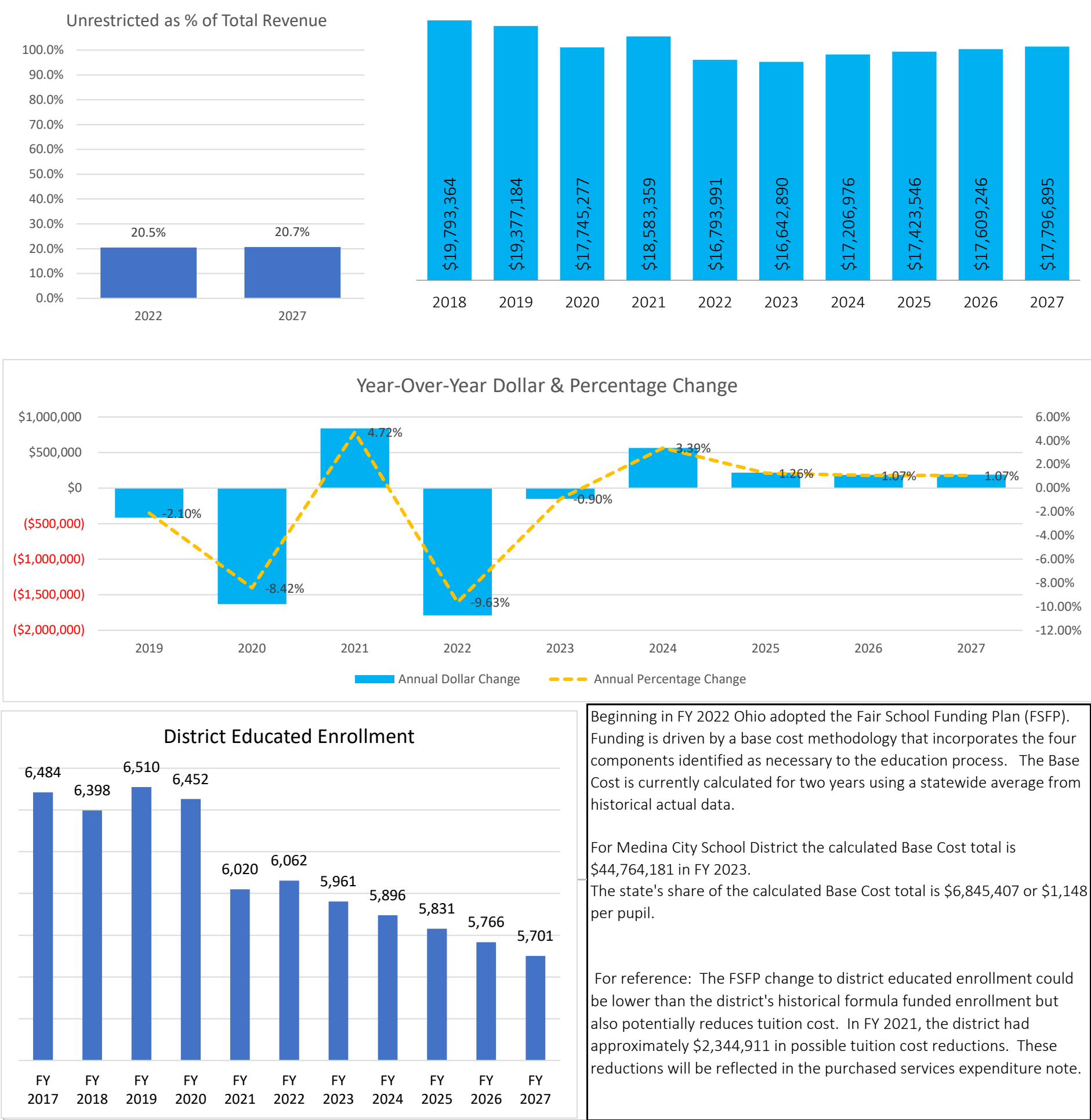
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2021	53,033,080	52,490	87.33	-	83.6%
2022	55,982,680	2,949,600	86.54	(0.79)	89.9%
2023	57,082,680	1,100,000	86.53	(0.01)	80.2%
2024	58,282,680	1,200,000	86.52	(0.01)	80.2%
2025	59,482,680	1,200,000	86.28	(0.24)	80.2%
2026	60,582,680	1,100,000	86.28	(0.00)	80.2%

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 4.95% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 86.54 mills. The forecast is modeling an average gross collection rate of 82.17%. The revenue changed historically at an average annual dollar amount of \$206,590 and is projected to change at an average annual dollar amount of \$53,859 through FY 2027.

*Projected % trends include renewal levies

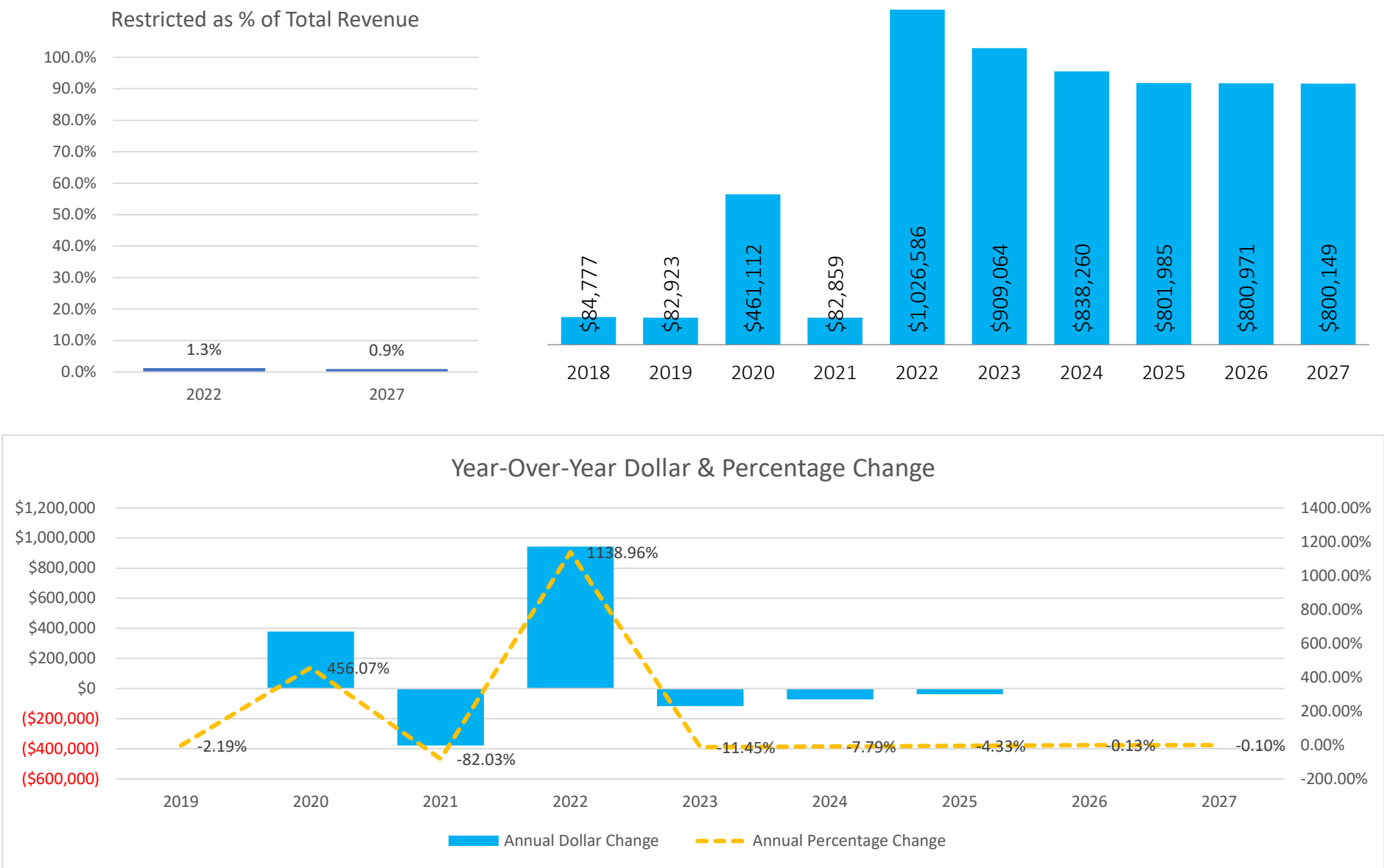
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



1.040 & 1.045 - Restricted Grants-in-Aid

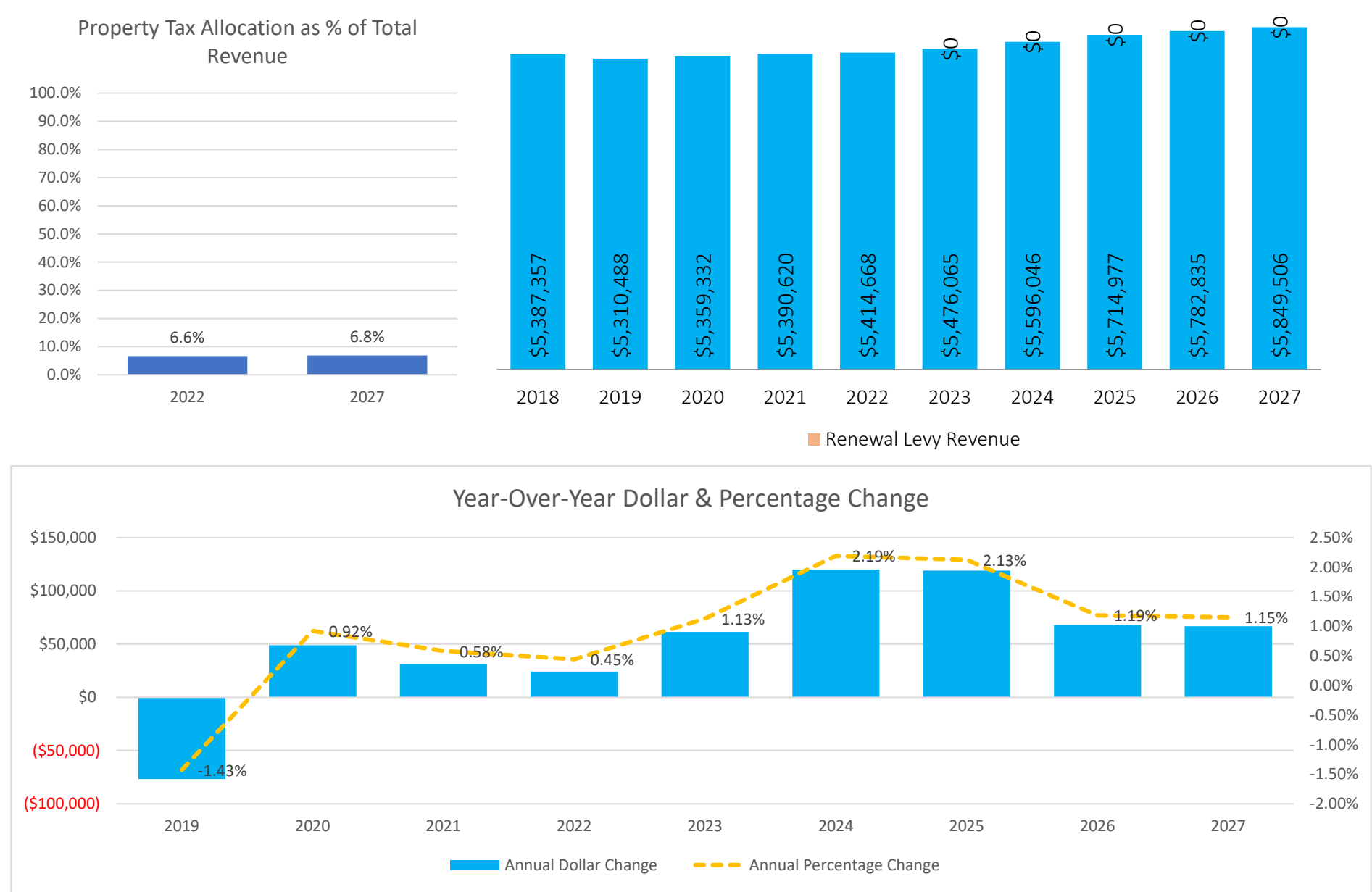
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$314,554 and is projected to change annually on average by -\$45,287. Restricted funds represent 1.25% 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 \$552,213. 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.

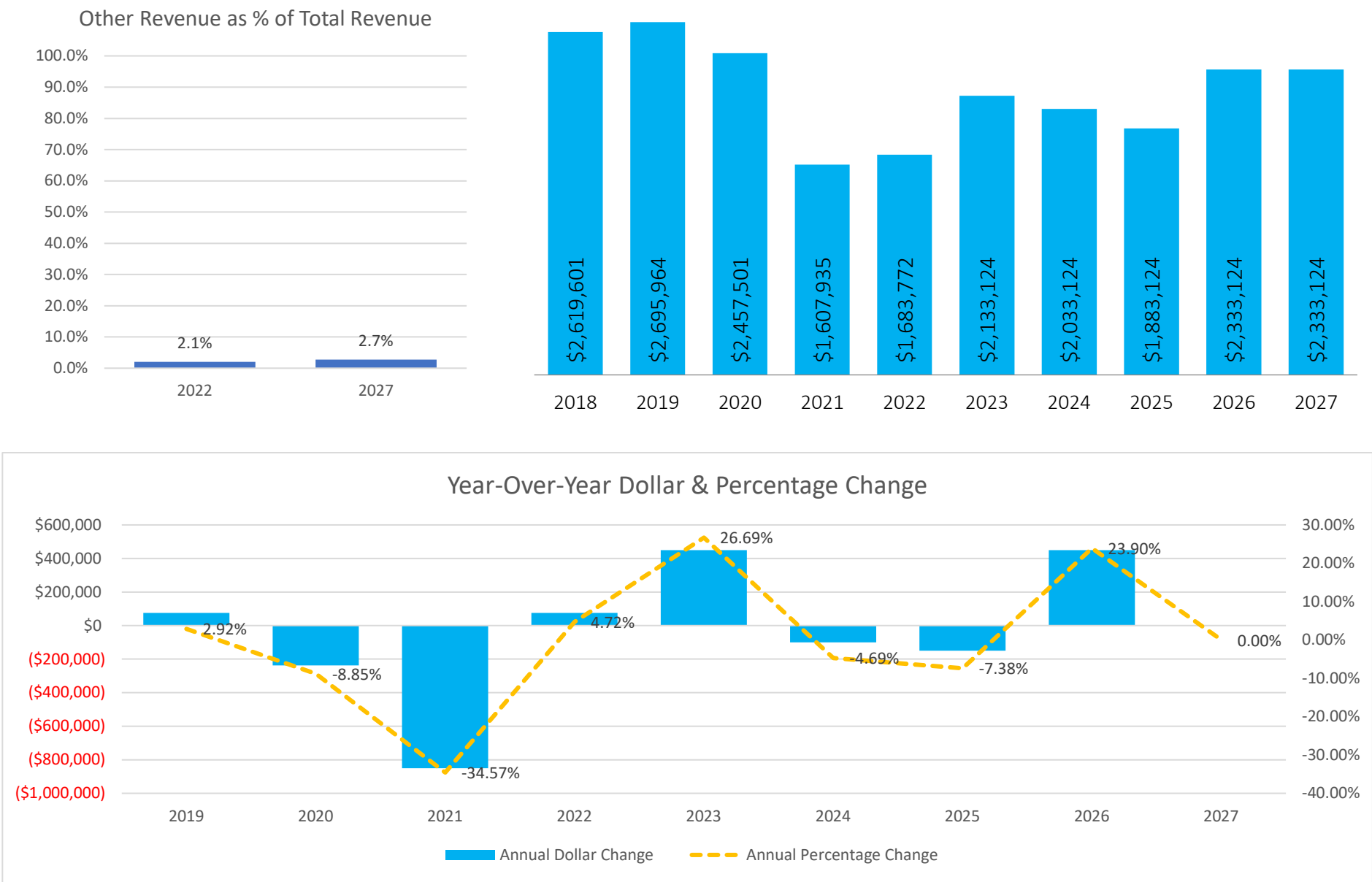


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 10.6% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.8% will be reimbursed in the form of qualifying homestead exemption credits.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

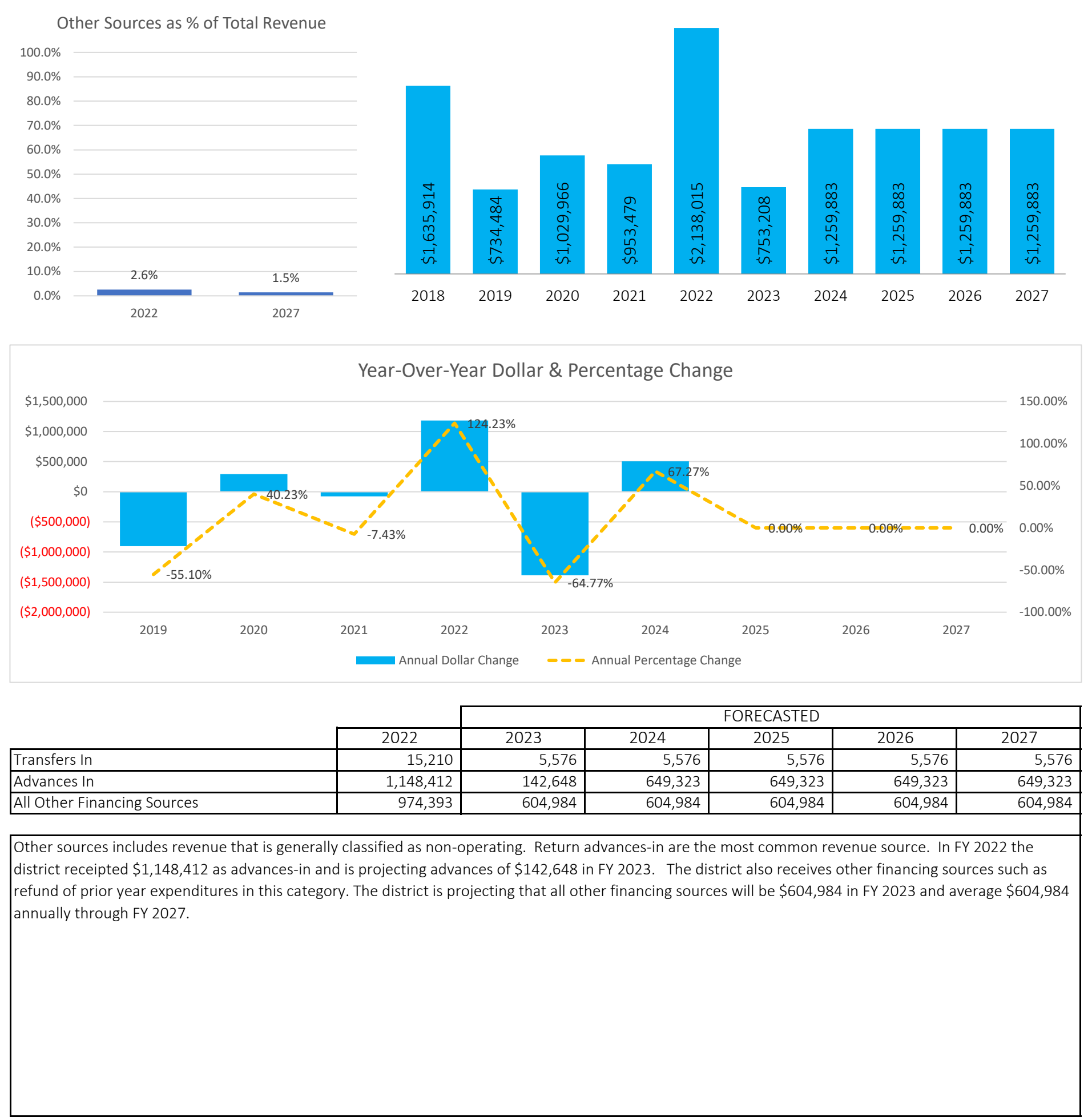
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



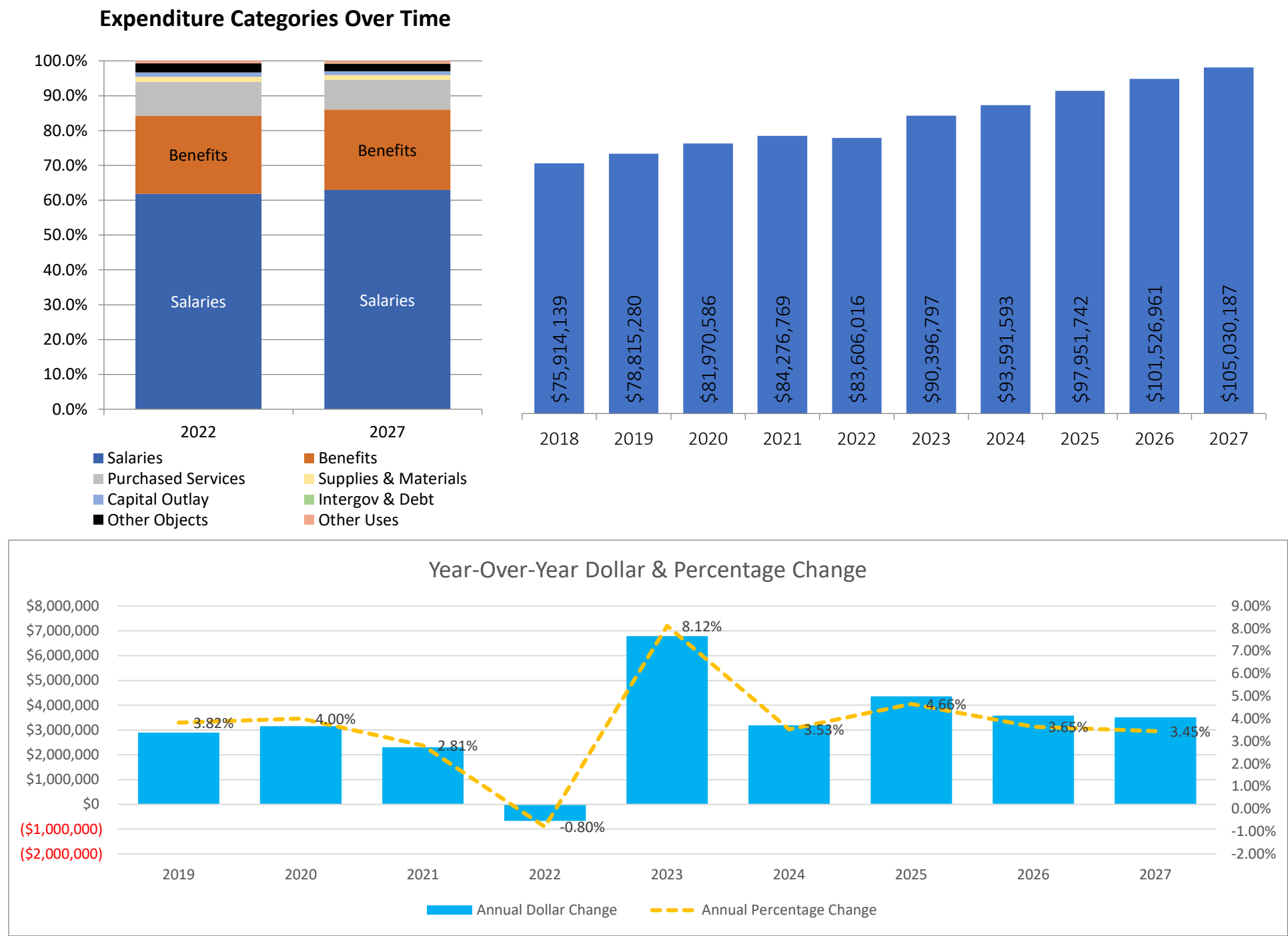
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$72,868. The projected average annual change is \$129,870 through FY 2027. 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.



Expenditure Categories and Forecast Year-Over-Year Projected Overview



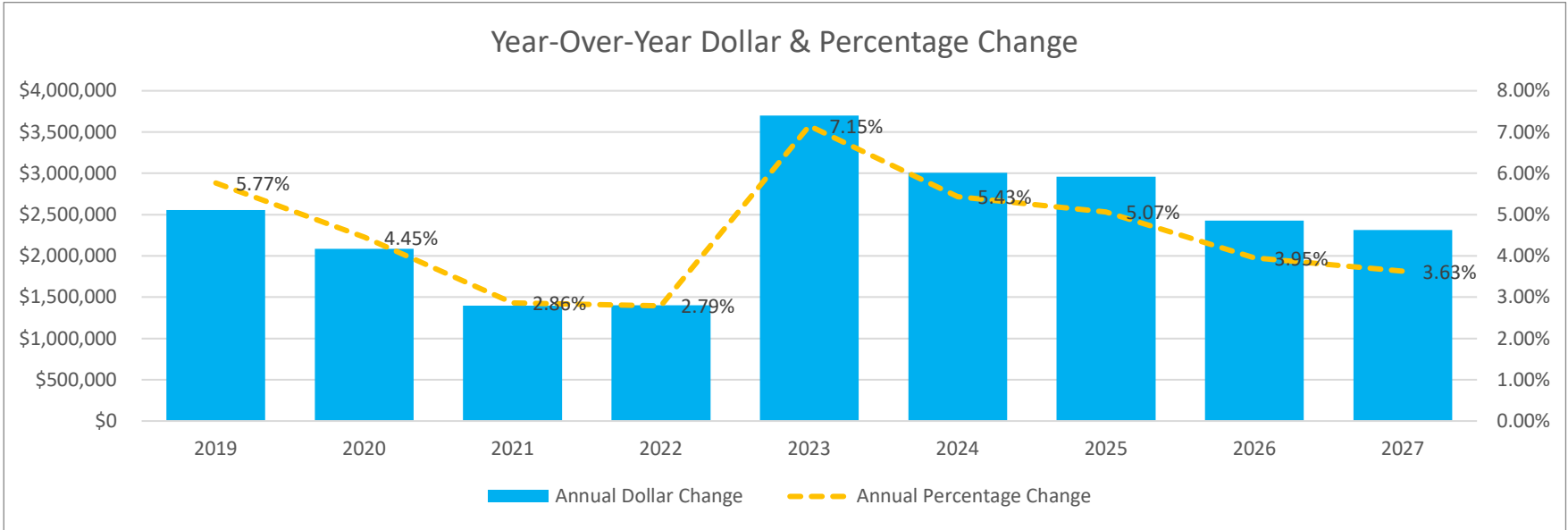
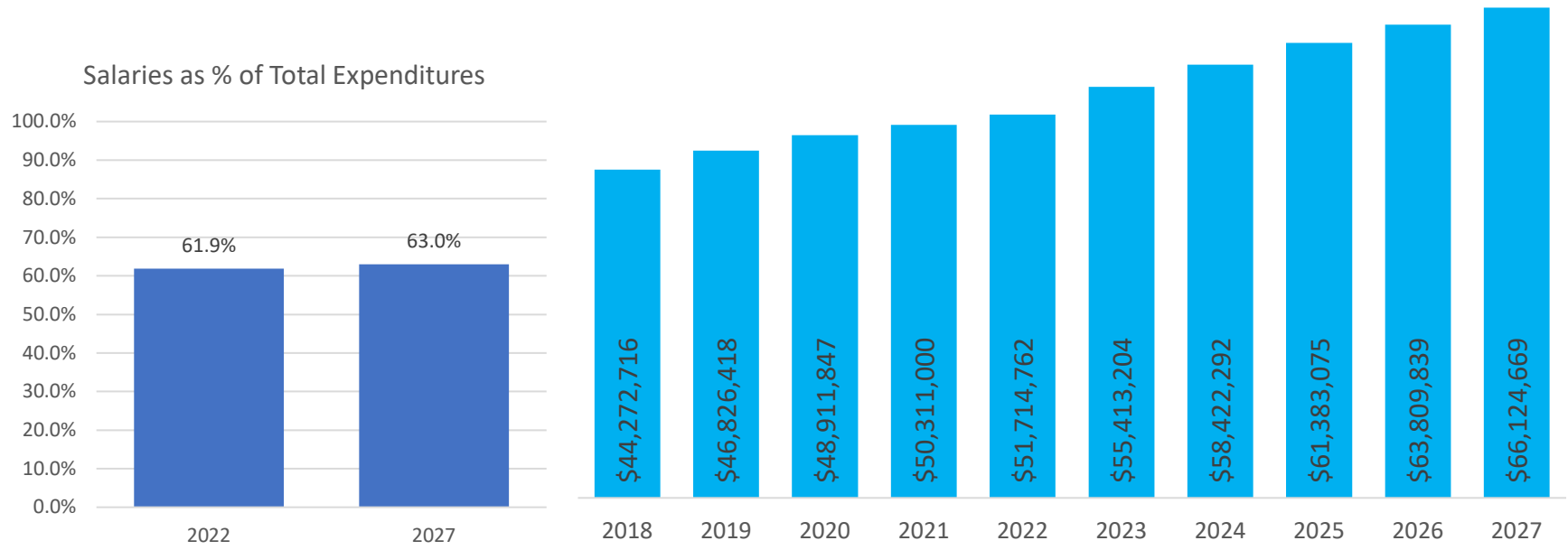
5-Year Historical Actual Average Annual Dollar Change
Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 2.08% or \$1,684,912 annually during the past 5-Year period and is projected to increase 5.13% or \$4,284,834 annually through FY2027. Salaries has the largest projected average annual variance compared to the historical average at \$1,527,650.
Salaries	1,354,331	2,881,981	\$1,527,650	
Benefits	\$567,467	\$1,099,200	\$531,733	
Purchased Services	(\$224,296)	\$163,700	\$387,996	
Supplies & Materials	(\$90,510)	\$47,651	\$138,161	
Capital Outlay	\$32,358	\$26,183	(\$6,175)	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	\$103,339	\$21,267	(\$82,072)	
Other Uses	(\$57,777)	\$44,853	\$102,630	
Total Average Annual Change	\$1,684,912 2.08%	\$4,284,834 5.13%	\$2,599,923 3.04%	

Note: Revenue average annual change is projected to be > \$788,283 On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

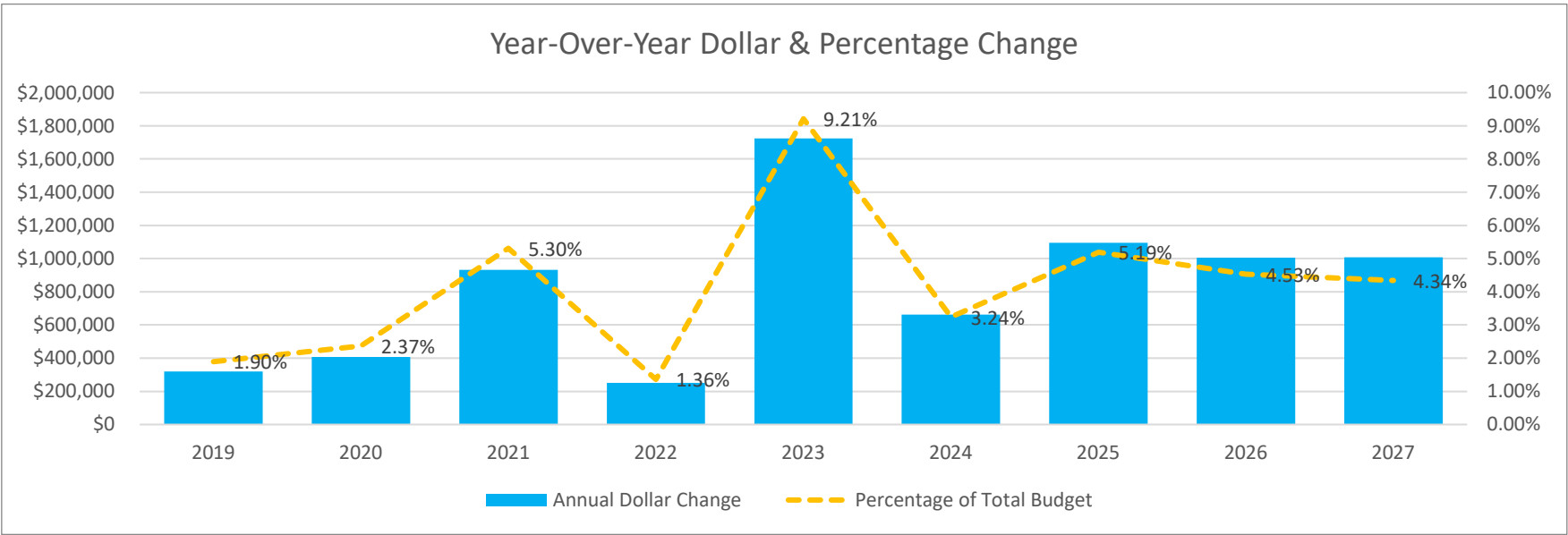
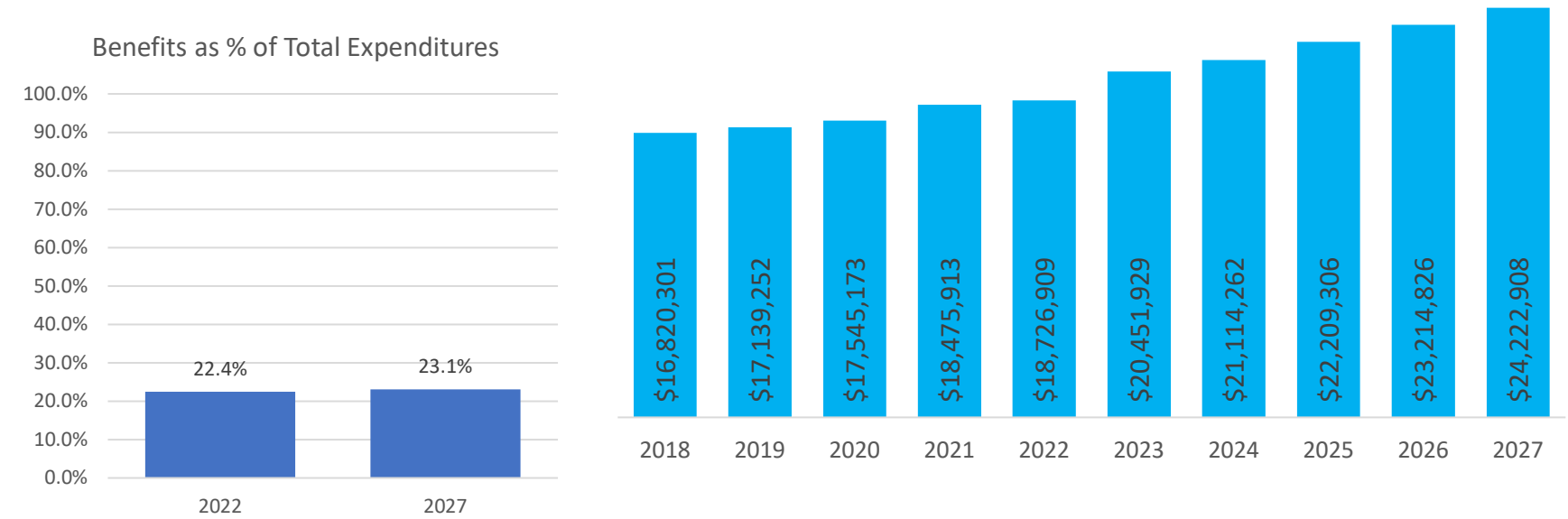
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 61.86% of total expenditures and increased at a historical average annual rate of 2.80% or \$1,354,331. This category of expenditure is projected to grow at an annual average rate of 4.72% or \$2,881,981 through FY 2027. The projected average annual rate of change is 1.92% more than the five year historical annual average.

3.020 - Employees' Benefits

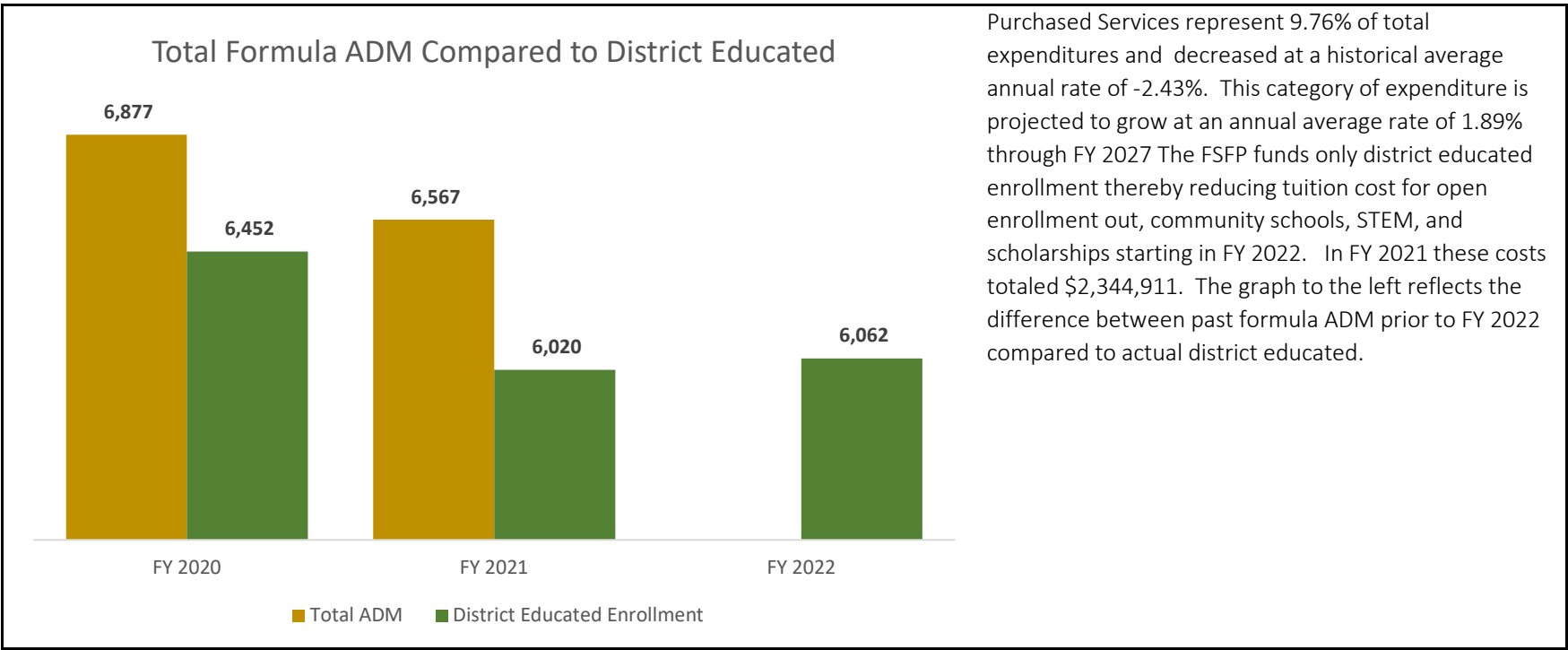
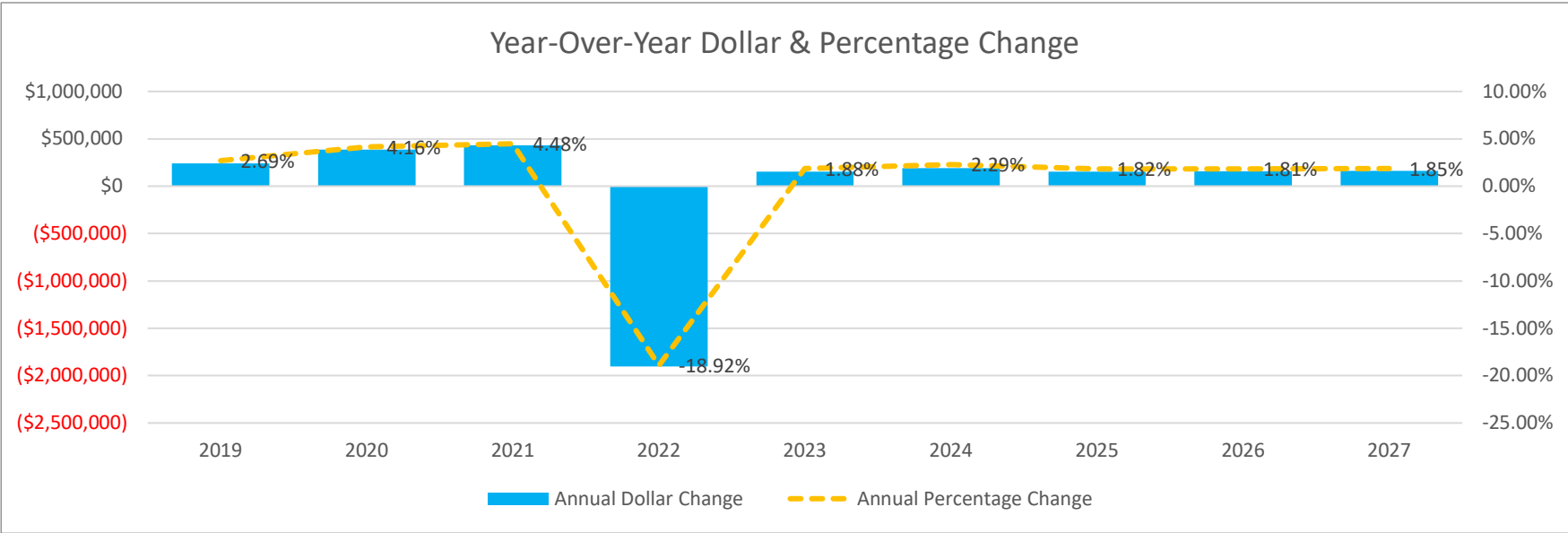
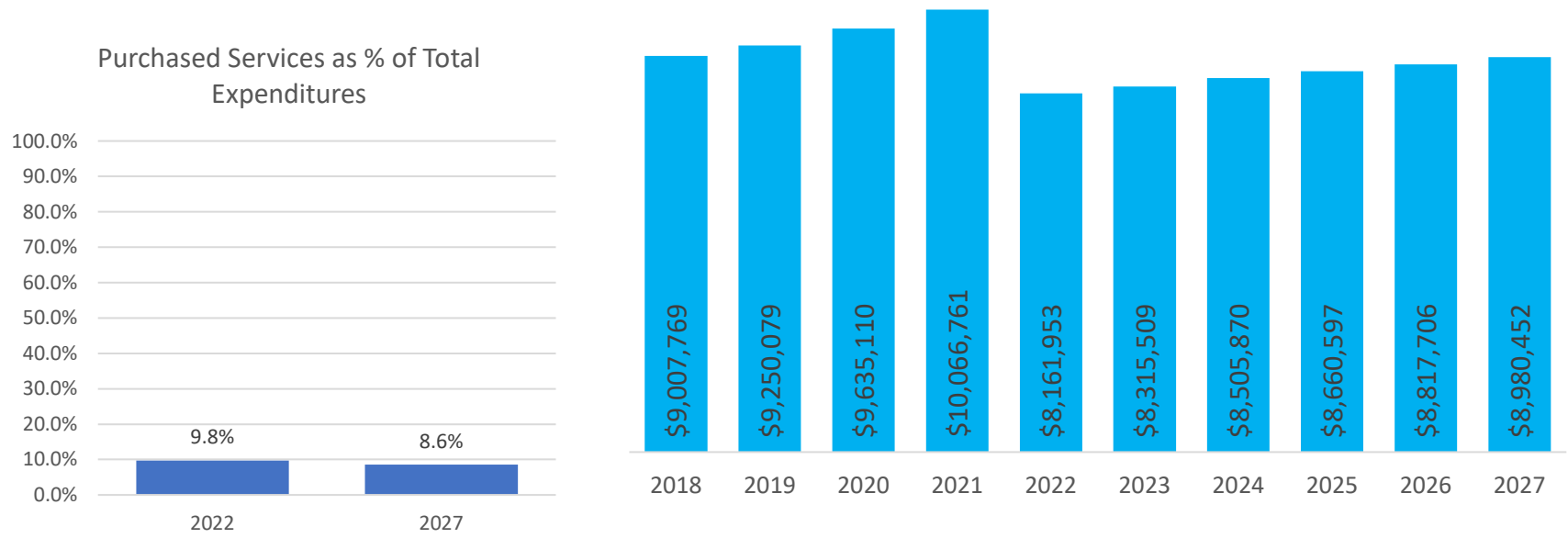
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 22.40% of total expenditures and increased at a historical average annual rate of 3.20% This category of expenditure is projected to grow at an annual average rate of 4.94% through FY 2027. The projected average annual rate of change is 1.74% more than the five year historical annual average.

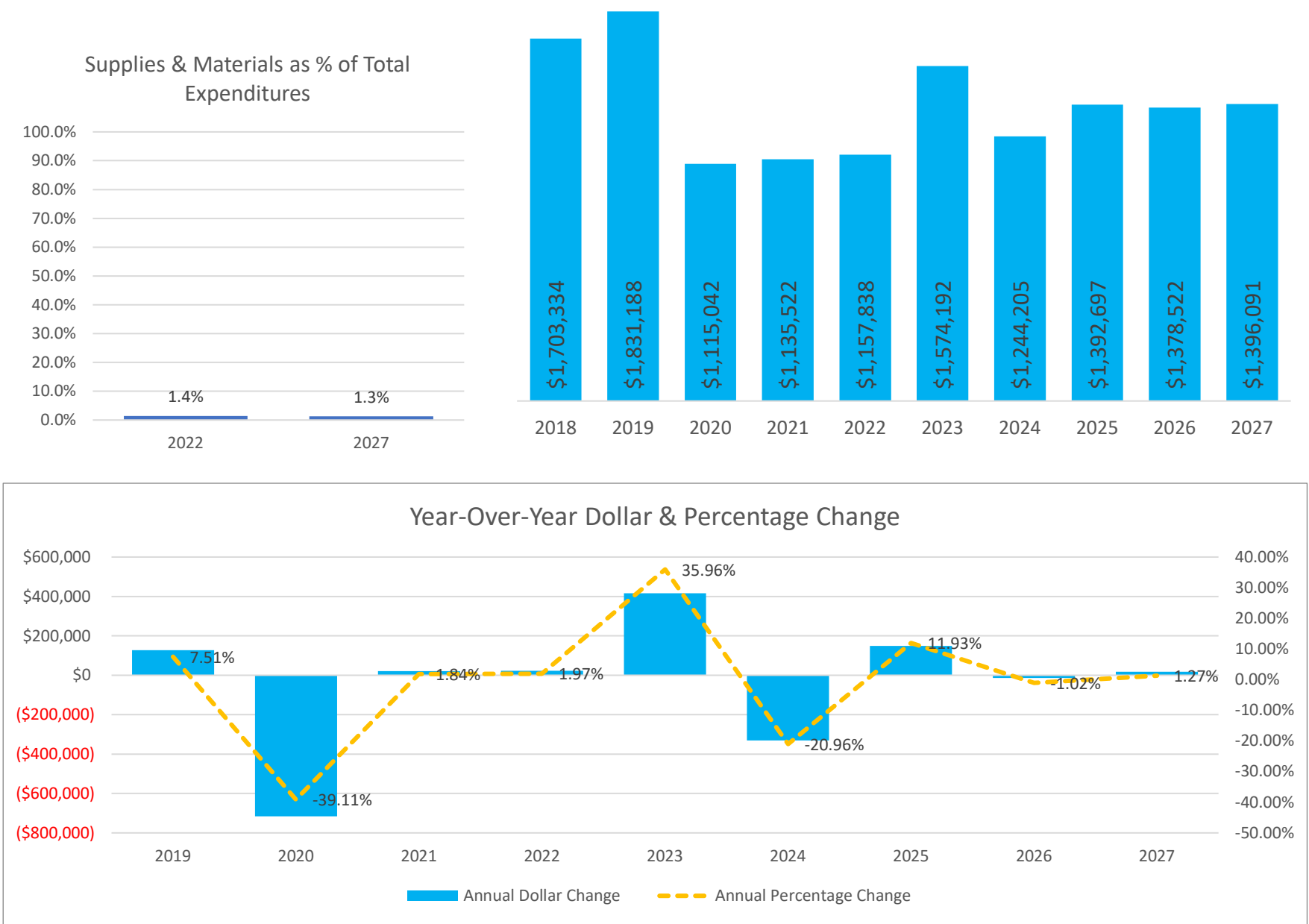
3.030 - Purchased Services

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.



3.040 - Supplies & Materials

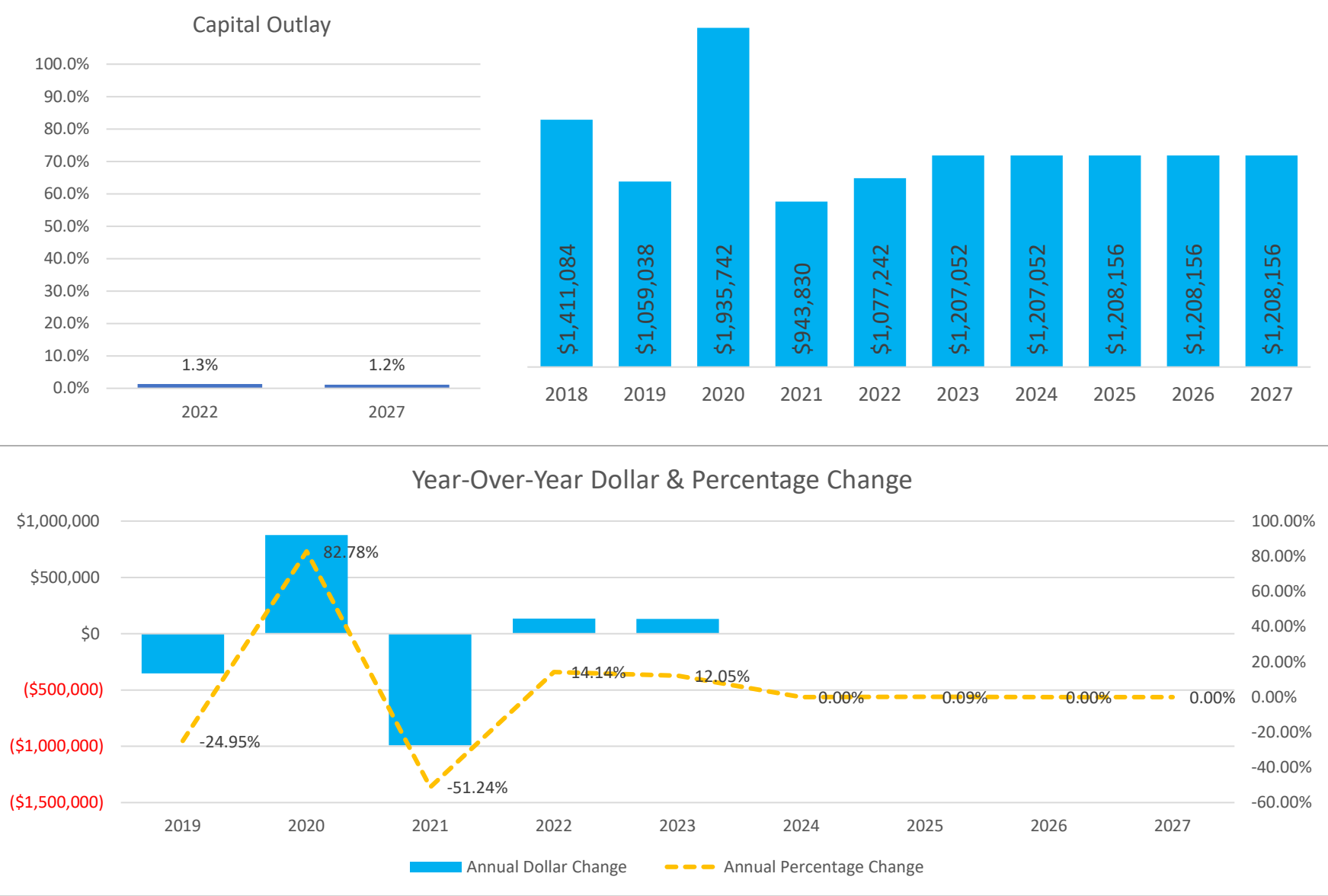
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 1.38% of total expenditures and decreased at a historical average annual rate of -6.52%. This category of expenditure is projected to grow at an annual average rate of 3.41% through FY 2027. The projected average annual rate of change is 9.93% more than the five year historical annual average.

3.050 - Capital Outlay

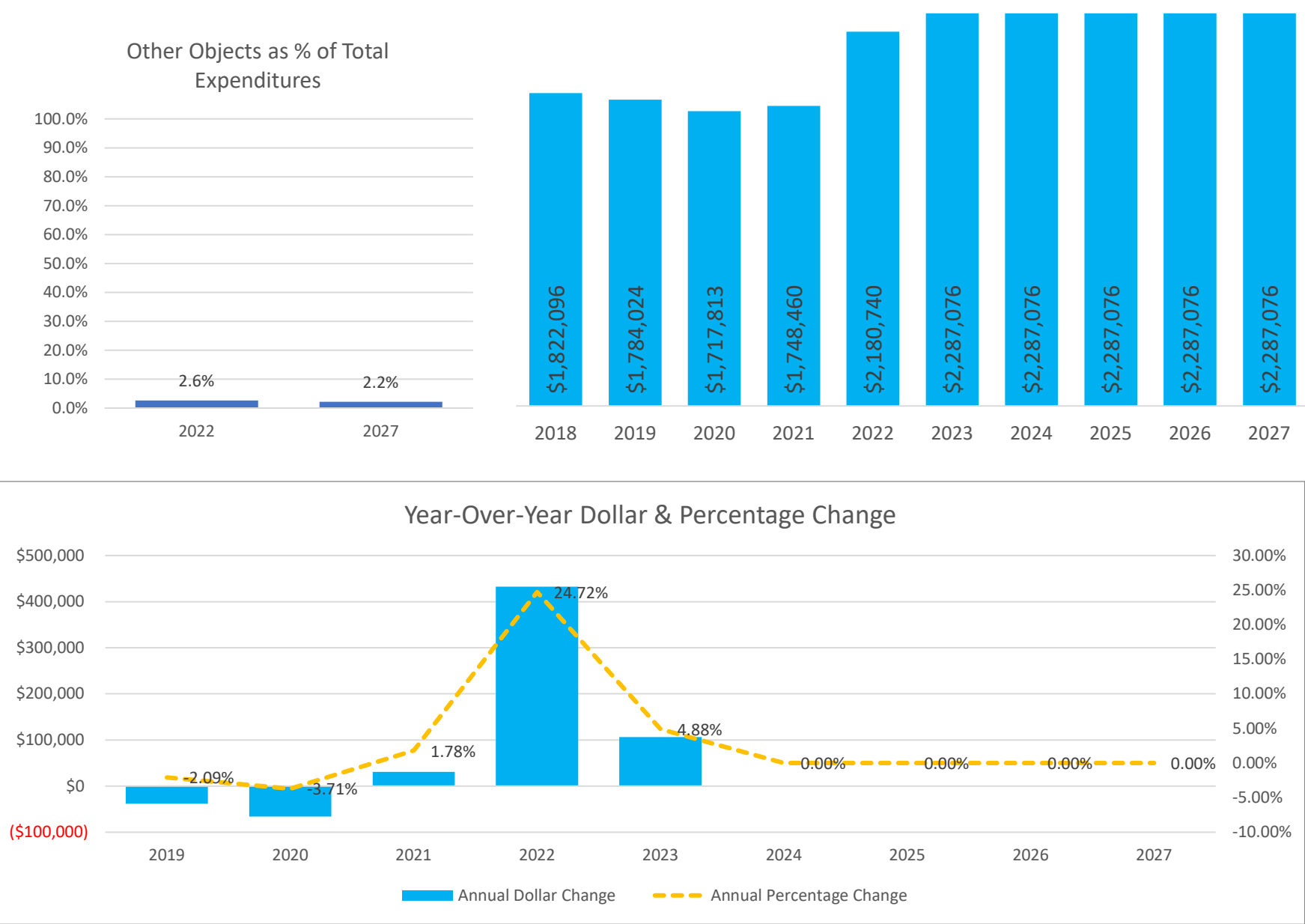
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 1.29% of total expenditures and increased at a historical average annual amount of \$32,358. This category of expenditure is projected to grow at an annual average rate of \$26,183 through FY 2027. The projected average annual change is less than the five year historical annual average.

4.300 - Other Objects

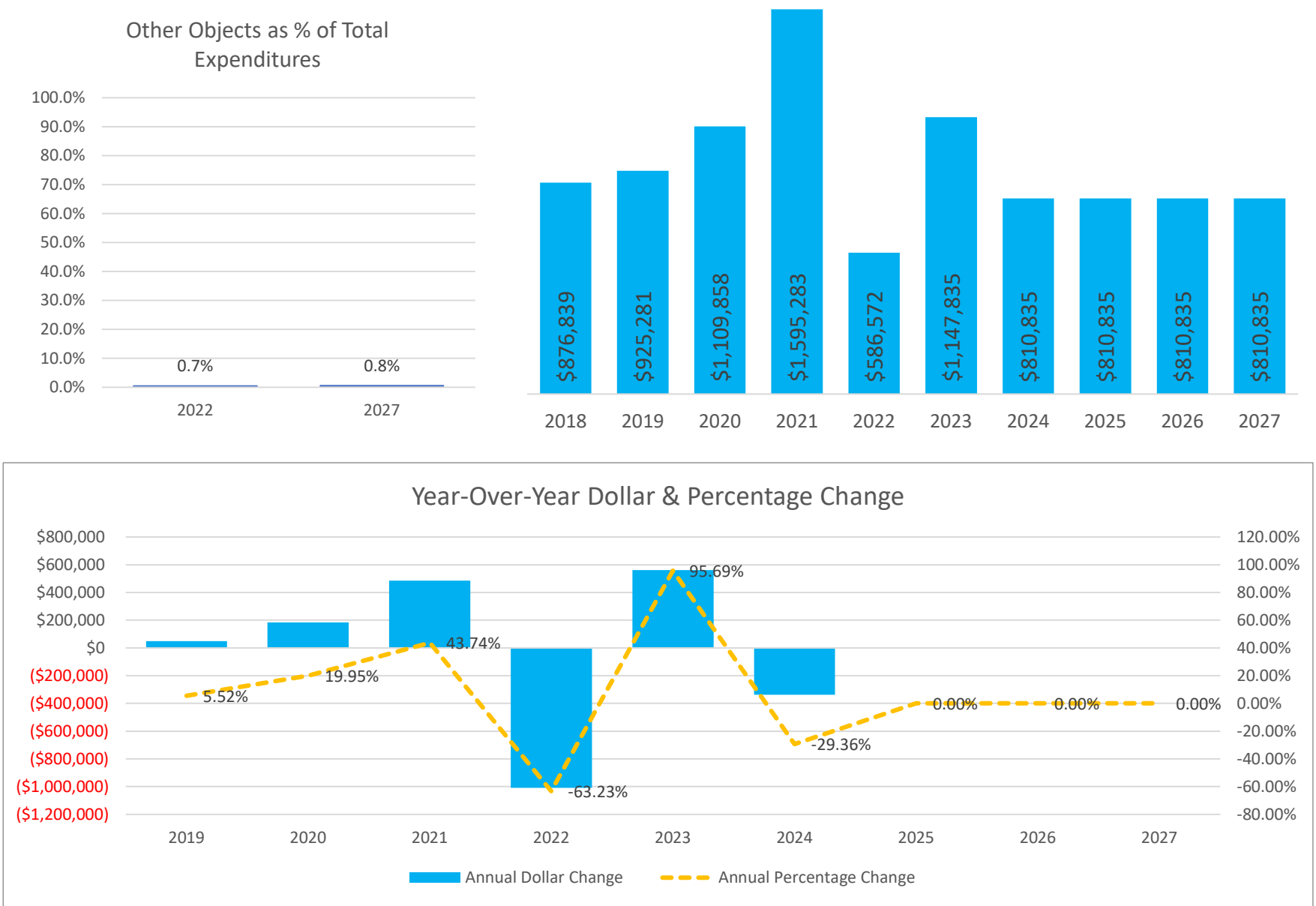
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 2.61% of total expenditures and increased at a historical average annual rate of 5.58%. This category of expenditure is projected to grow at an annual average rate of 0.93% through FY 2027. The projected average annual rate of change is -4.65% less than the five year historical annual average.

5.040 - Total Other Financing Uses

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



		FORECASTED				
	2022	2023	2024	2025	2026	2027
Transfers Out	443,888	492,501	155,501	155,501	155,501	155,501
Advances Out	142,684	649,329	649,329	649,329	649,329	649,329
Other Financing Uses	-	6,005	6,005	6,005	6,005	6,005

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 2022 the district had advances-out and has advances-out forecasted through FY 2027. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2027. 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.

Medina City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2022	2023	2024	2025	2026	2027
Revenue:						
1.010 - General Property Tax (Real Estate)	50,818,509	51,501,614	52,784,863	52,554,505	53,061,909	53,508,102
1.020 - Public Utility Personal Property	4,054,762	4,137,683	3,965,871	4,005,531	4,082,714	4,324,057
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	16,793,991	16,642,890	17,206,976	17,423,546	17,609,246	17,796,895
1.040 - Restricted Grants-in-Aid	1,026,586	909,064	838,260	801,985	800,971	800,149
1.050 - Property Tax Allocation	5,414,668	5,476,065	5,596,046	5,714,977	5,782,835	5,849,506
1.060 - All Other Operating Revenues	1,683,772	2,133,124	2,033,124	1,883,124	2,333,124	2,333,124
1.070 - Total Revenue	79,792,289	80,800,440	82,425,140	82,383,668	83,670,799	84,611,833
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	15,210	5,576	5,576	5,576	5,576	5,576
2.050 - Advances-In	1,148,412	142,648	649,323	649,323	649,323	649,323
2.060 - All Other Financing Sources	974,393	604,984	604,984	604,984	604,984	604,984
2.070 - Total Other Financing Sources	2,138,015	753,208	1,259,883	1,259,883	1,259,883	1,259,883
2.080 - Total Rev & Other Sources	81,930,303	81,553,649	83,685,024	83,643,552	84,930,683	85,871,717
Expenditures:						
3.010 - Personnel Services	51,714,762	55,413,204	58,422,292	61,383,075	63,809,839	66,124,669
3.020 - Employee Benefits	18,726,909	20,451,929	21,114,262	22,209,306	23,214,826	24,222,908
3.030 - Purchased Services	8,161,953	8,315,509	8,505,870	8,660,597	8,817,706	8,980,452
3.040 - Supplies and Materials	1,157,838	1,574,192	1,244,205	1,392,697	1,378,522	1,396,091
3.050 - Capital Outlay	1,077,242	1,207,052	1,207,052	1,208,156	1,208,156	1,208,156
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	2,180,740	2,287,076	2,287,076	2,287,076	2,287,076	2,287,076
4.500 - Total Expenditures	83,019,444	89,248,962	92,780,758	97,140,906	100,716,125	104,219,352
Other Financing Uses						
5.010 - Operating Transfers-Out	443,888	492,501	155,501	155,501	155,501	155,501
5.020 - Advances-Out	142,684	649,329	649,329	649,329	649,329	649,329
5.030 - All Other Financing Uses	-	6,005	6,005	6,005	6,005	6,005
5.040 - Total Other Financing Uses	586,572	1,147,835	810,835	810,835	810,835	810,835
5.050 - Total Exp and Other Financing Uses	83,606,016	90,396,797	93,591,593	97,951,742	101,526,961	105,030,187
6.010 - Excess of Rev Over/(Under) Exp	(1,675,712)	(8,843,149)	(9,906,569)	(14,308,190)	(16,596,278)	(19,158,471)
7.010 - Cash Balance July 1 (No Levies)	50,955,290	49,279,578	40,436,429	30,529,860	16,221,670	(374,608)
7.020 - Cash Balance June 30 (No Levies)	49,279,578	40,436,429	30,529,860	16,221,670	(374,608)	(19,533,079)
		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	48,427,778	39,584,629	29,678,060	15,369,870	(1,226,408)	(20,384,879)
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	48,427,778	39,584,629	29,678,060	15,369,870	(1,226,408)	(20,384,879)
Revenue from New Levies						
13.010 & 13.020 - New Levies		-	6,162,800	12,347,864	12,358,249	12,365,013
13.030 - Cumulative Balance of New Levies	-	-	6,162,800	18,510,664	30,868,913	43,233,926
15.010 - Unreserved Fund Balance June 30	48,427,778	39,584,629	35,840,860	33,880,534	29,642,505	22,849,047

State Funding Budget Process and May Financial Forecast

At the start of the state's FY 2024 and 2025 budget process the Governor introduced these key elements regarding the Fair School Funding Plan which started July 1, 2022:

- The FSFP would continue.
- It would be funded at the same 2018 base cost calculations
- Original phase-ins of the new formula would continue

While there is no legislatively approved state budget, the May forecast as prepared assumes the Governor's proposal. The 2018 base cost components as used in FY 2022 and 2023 and proposed by the Governor would be extended as follows:

- Base per pupil cost (funding) is calculated at the 2018 level through FY 2027
- FSFP phase-in continues until culminating at 100% phased-in by FY 2027

The Ohio House of Representatives introduced an amendment to the Governor's proposal that would update the base cost components to the 2022 cost data. This change is potentially significant for many districts, however some districts will benefit only minimally or not at all. While the state budget deliberations continue the 2022 base cost was modeled to see the potential impact on the district's forecast. This is only an estimate and is intended to show relative potential significance. The modeling assumes:

- That the 2022 base cost components will be used in FY 2024 and 2025.
- The 2022 base cost components will be updated to 2024 cost data in FY 2026 and 2027.
- That the formula is fully phased-in by FY 2027.

For our district the annual impact on revenue Over/(Under) the current forecast modeling is reflected below along with a cumulative potential impact on the district's cash balance. If warranted the Board may be asked to approve an amended forecast in June.

Other Observations:

Paste Your Visual Here