



Medina City Schools

Five Year Forecast Financial Report

May, 2018

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Forecast Purpose/Objectives

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

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

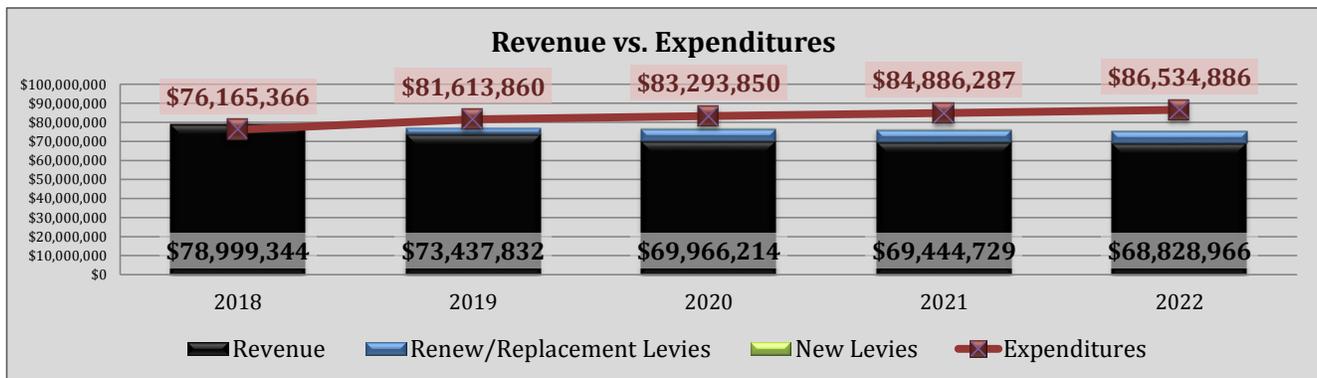
Five Year Forecast - Simplified Statement

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Beginning Balance	53,333,891	56,167,870	51,250,924	44,464,625	35,606,173
+ Revenue	78,999,344	73,437,832	69,966,214	69,444,729	68,828,966
+ Proposed Renew/Replacement Levies	-	3,259,083	6,519,337	6,520,520	6,520,523
+ Proposed New Levies	-	-	22,001	62,585	88,920
- Expenditures	(76,165,366)	(81,613,860)	(83,293,850)	(84,886,287)	(86,534,886)
= Revenue Surplus or Deficit	2,833,978	(4,916,945)	(6,786,299)	(8,858,452)	(11,096,478)
Ending Balance	56,167,870	51,250,924	44,464,625	35,606,173	24,509,695
Revenue Surplus or Deficit w/o Levies	2,833,978	(8,176,028)	(13,327,637)	(15,441,557)	(17,705,920)
Ending Balance w/o Levies	56,167,870	47,991,842	34,664,205	19,222,648	1,516,728

Summary:

The Medina City School District has opportunities to become a better District within the next five years. The Board of Education approved a Five-Year Strategic Plan which will provide additional programming for students K-12. In order to be able to effectively implement of the Strategic Plan, the District has to remain fiscally conservative and remain fiscally stable with help from the Medina community. The community has done their part by passing a Substitute Levy in May providing for the continued collection of \$6.6 million.

For the District to move forward and show continued financial transparency, the District will be spending down monies accumulated over the last five years allowing taxpayers of the District to not see a request for additional funds for a total of eight or nine years. This five year forecast provides for anticipated revenues and expenditures of the District and fully incorporates the five-year Strategic Plan.



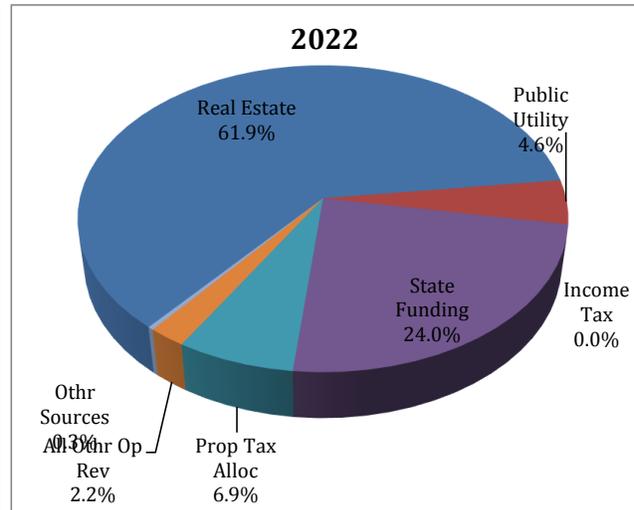
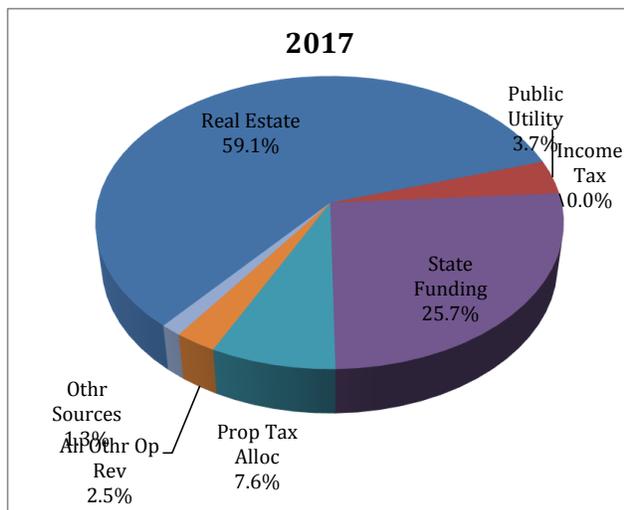
Revenue Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year					
		2018	2019	2020	2021	2022	
Revenue:							
1.010-Real Estate	4.17%	0.98%	-1.57%	0.79%	0.83%	0.34%	0.27%
1.020-Public Utility	9.94%	1.31%	-4.23%	5.07%	4.54%	4.98%	2.34%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	5.69%	-6.85%	-0.70%	-3.85%	-5.69%	-5.20%	-4.46%
1.040-Restricted Aid	188.70%	3.66%	0.04%	1.58%	1.61%	1.88%	1.75%
1.045-Restr Federal SFSF	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-8.68%	-12.01%	-1.75%	0.84%	0.87%	0.25%	-2.36%
1.060-All Other Operating	7.02%	18.27%	-31.81%	-2.51%	-3.60%	-3.32%	-4.59%
1.070-Total Revenue	3.03%	-1.60%	-2.40%	-0.28%	-0.68%	-0.81%	-1.15%
2.070-Total Other Sources	49.25%	-37.31%	-64.65%	0.00%	0.00%	0.00%	-20.39%
2.080-Total Rev & Other Srcs	2.23%	-2.05%	-2.91%	-0.28%	-0.68%	-0.81%	-1.35%

There are three main sources of revenues which will be affected throughout the forecast. These sources are Real Property Taxes, Unrestricted Grants-in Aid (School Foundation) and Property Tax Allocation funding. The Real Property revenue fund is looking at stability as a result of the passage of the Substitute Levy in May with collection beginning in calendar year 2019. This levy will allow for continued funding of \$6.6 million to the District. The passage of the Substitute Levy allows the District to move forward with the Strategic Plan approved by the Board in June, 2017.

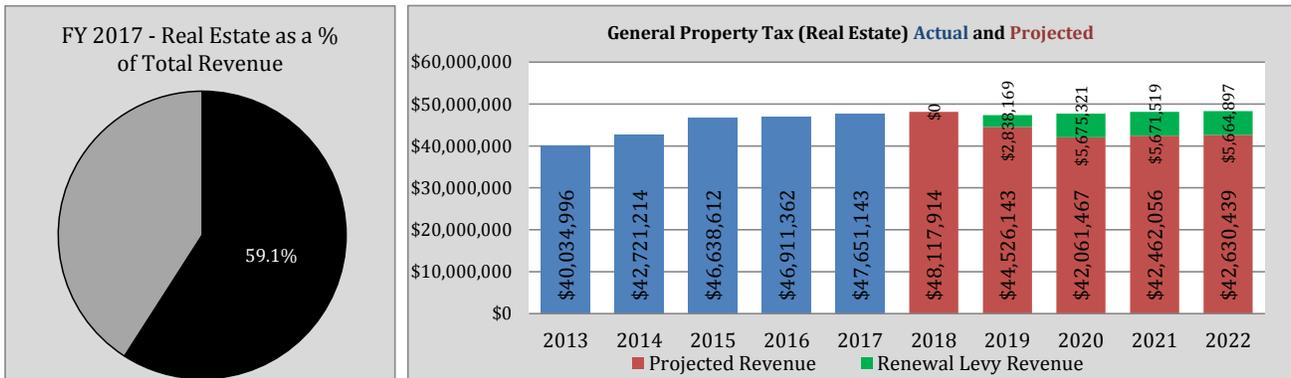
School Foundation funding has been declared unconstitutional by the courts dating back to 1997. The State has changed the foundation funding system completely three times in the last eight years. With the latest system in place, the State allocated an increase of \$10 per student this current budget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

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



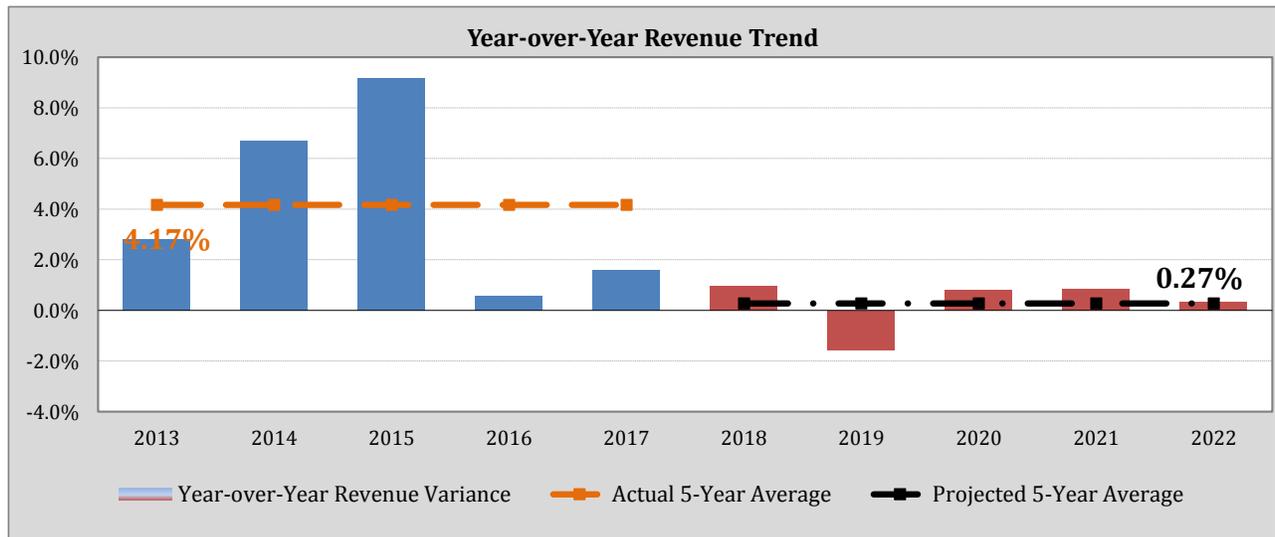
1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



On May 8, 2018 saw the Medina community approved the 5.2 mill Substitute Levy. This levy will continue to provide approximately \$6.6 million to the District providing financial stability as the District looks to enact the strategic plan accepted by the Board of Education in June, 2017.

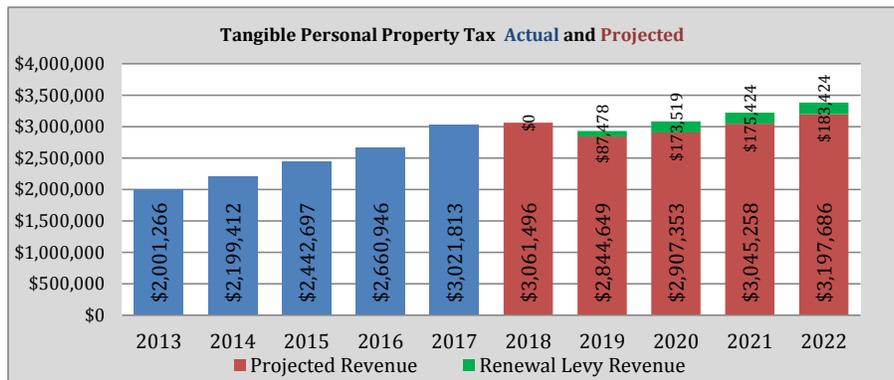
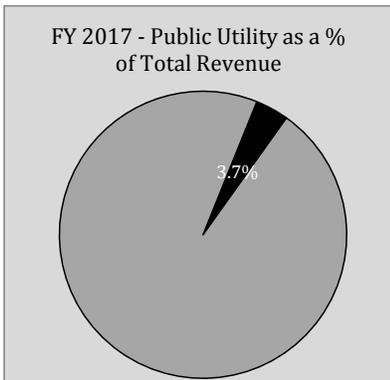
The current forecast does not reflect a possible increase due to the Nexus Pipeline. It is the Districts understanding the pipeline value will be placed on real property the year after completion. This value will increase the amount of funds received for Real Property Tax purposes, however, this value and when completion takes place are dependent upon factors the District cannot control nor estimate accurately.



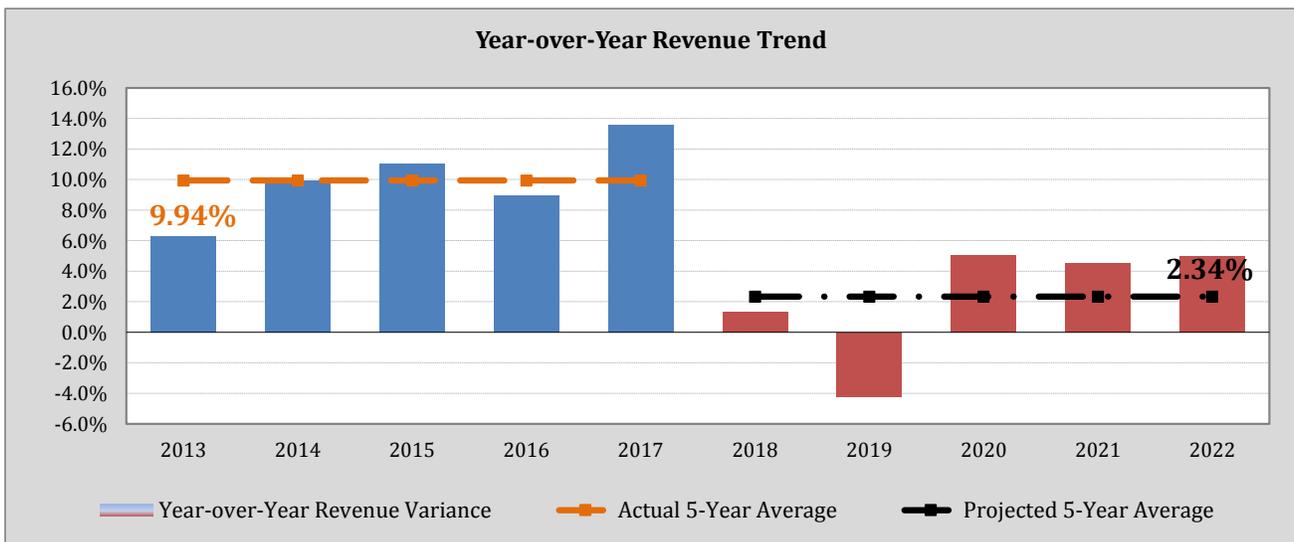
*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

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



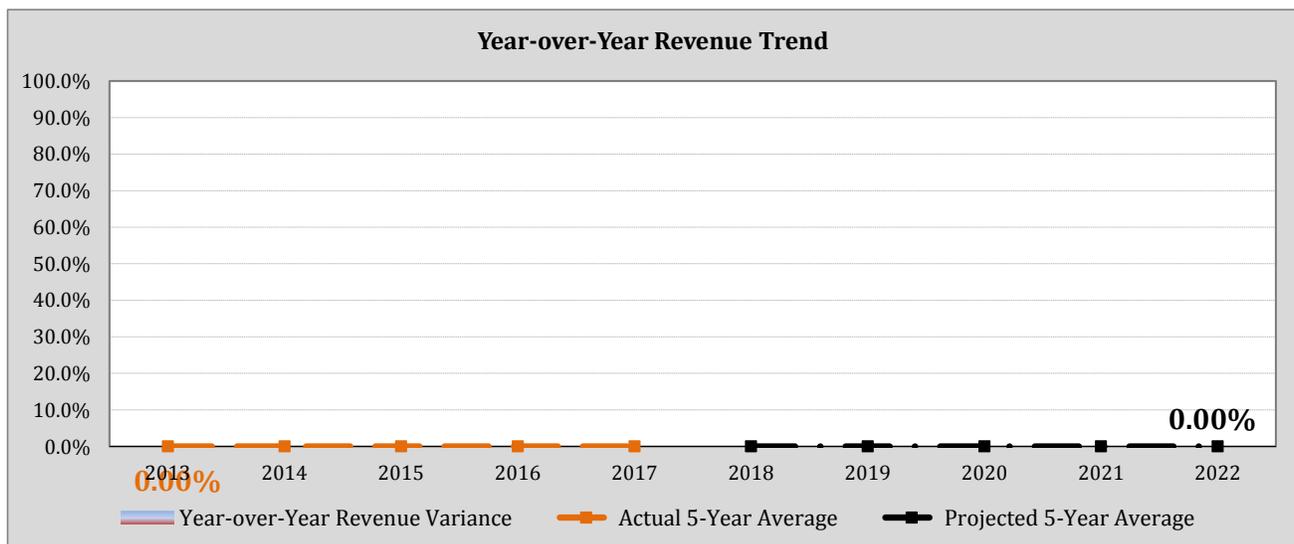
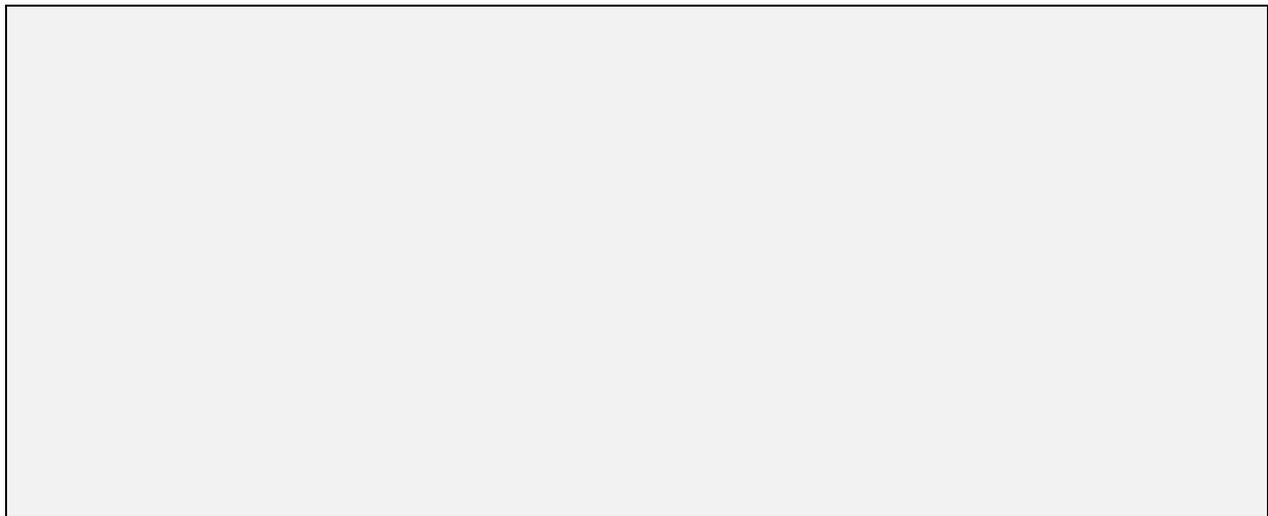
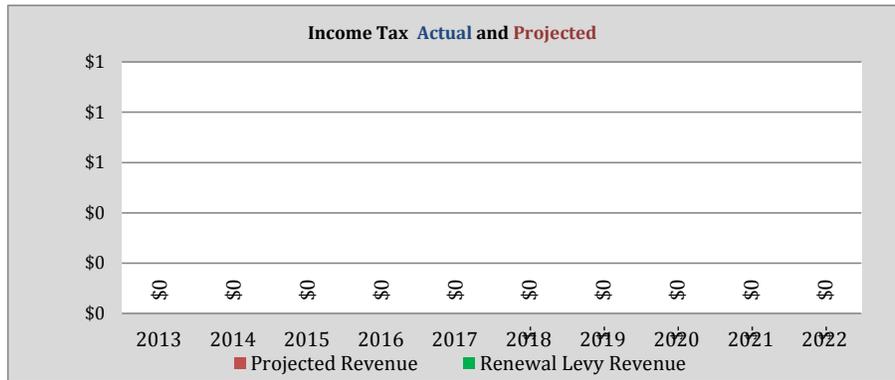
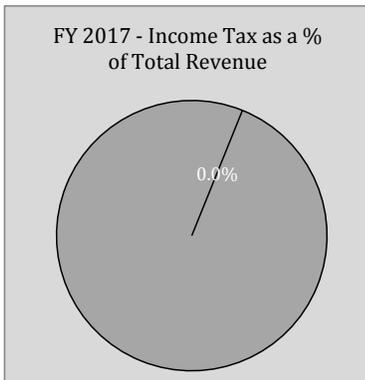
The District is looking for continued growth in Public Utility Personal Property. The current year saw a drop due to a filing that may have been missed by a utility. Public utilities file with the State which is then passed down through the County to the District. We have been in touch with the County Auditor questioning the loss in valuation for the current year.



*Projected % trends include renewal levies

1.030 - Income Tax

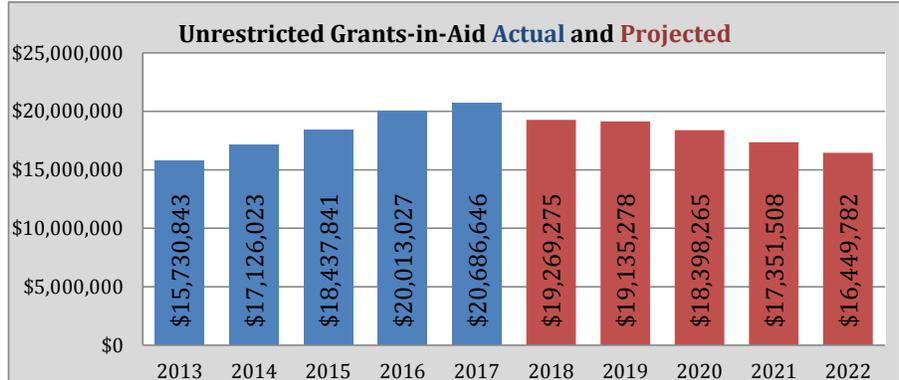
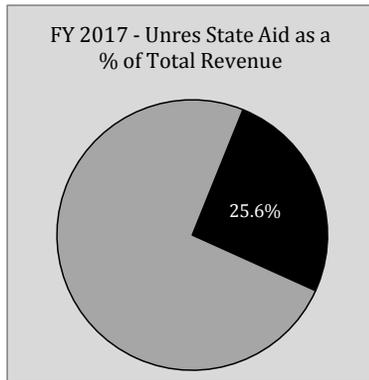
Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



*Projected % trends include renewal levies

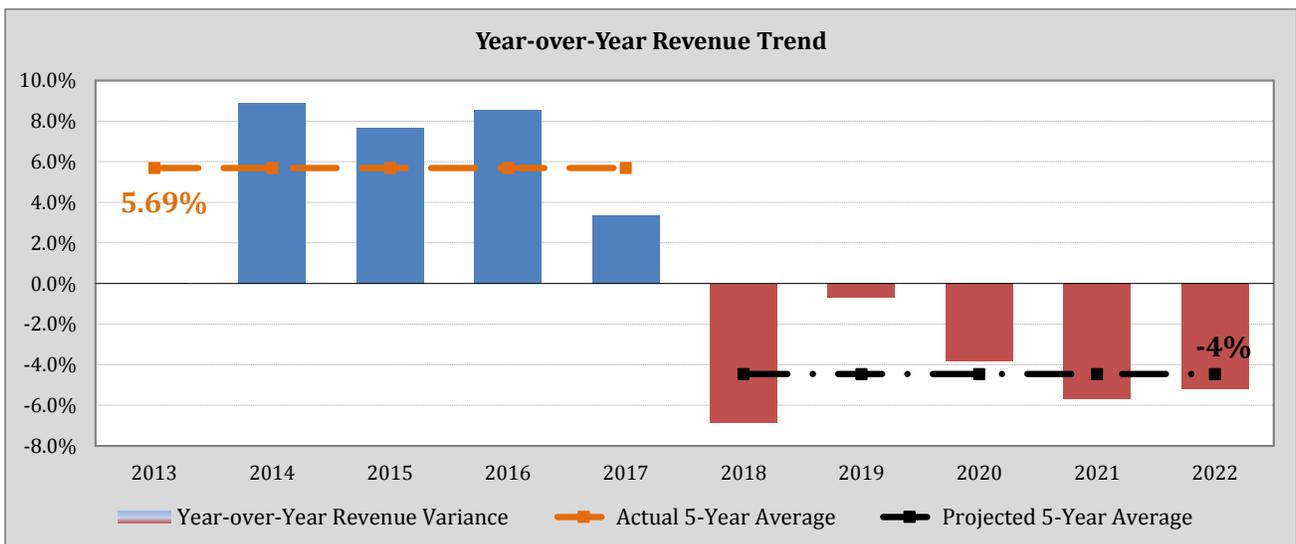
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



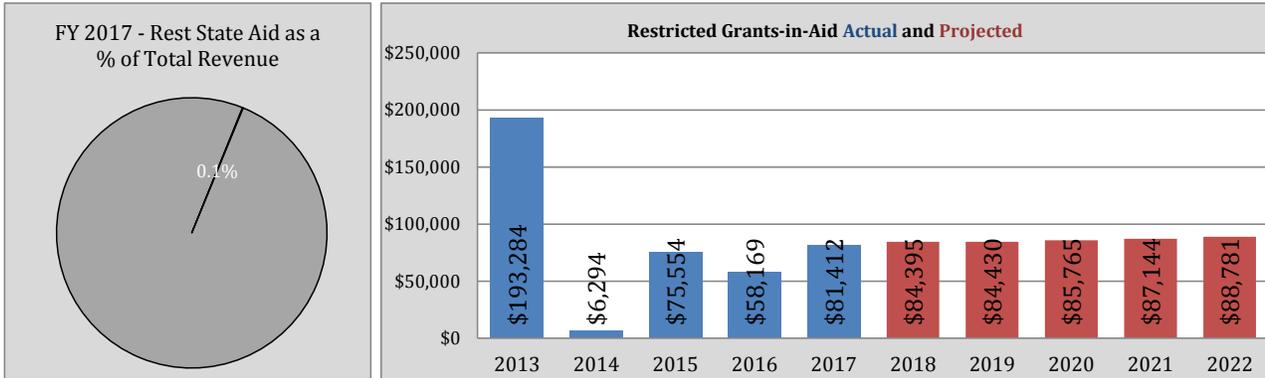
The District is seeing continued steady growth in value of property and in new construction. This growth is good for the community, however, as this growth per student continues to outpace the growth per student of the entire State, the amount the State funds the District decreases. This is reflective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

Also, as noted with Real Property, the value of the Nexus Pipeline is not reflected in the forecast. What is not known at this time is how much the increase in value will affect the value per pupil of the District when the pipeline is placed upon the tax tables. As with regular growth of the District, as the value increases with the pipeline, the value per student will increase and outpace the State value per student causing the State to decrease the amount of funding to the District.

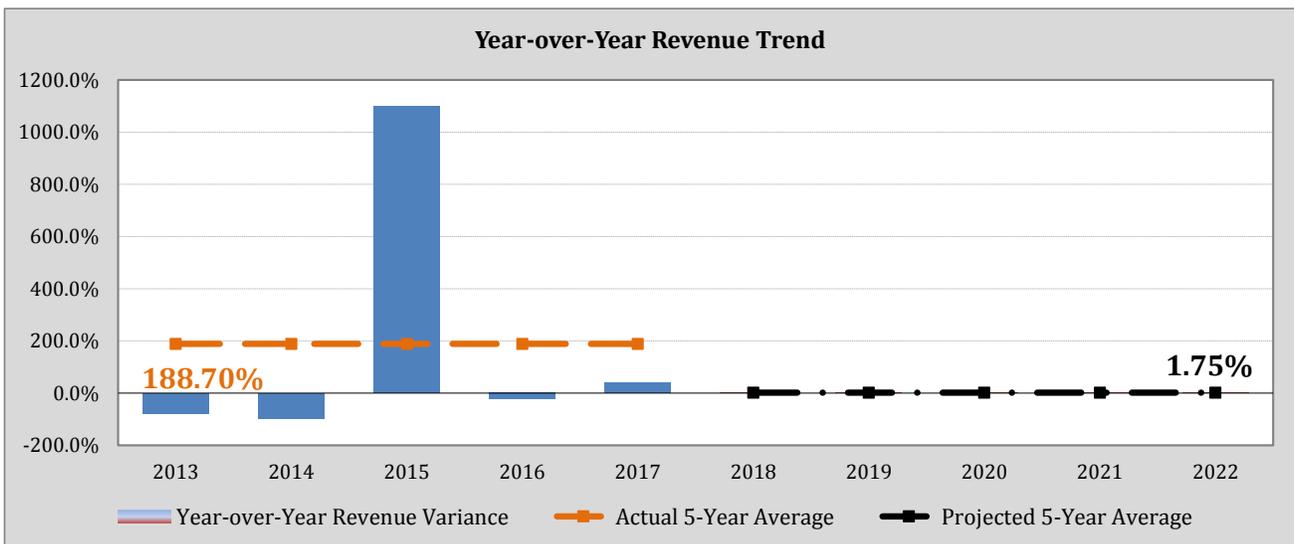


1.040 & 1.045 - Restricted Grants-in-Aid

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

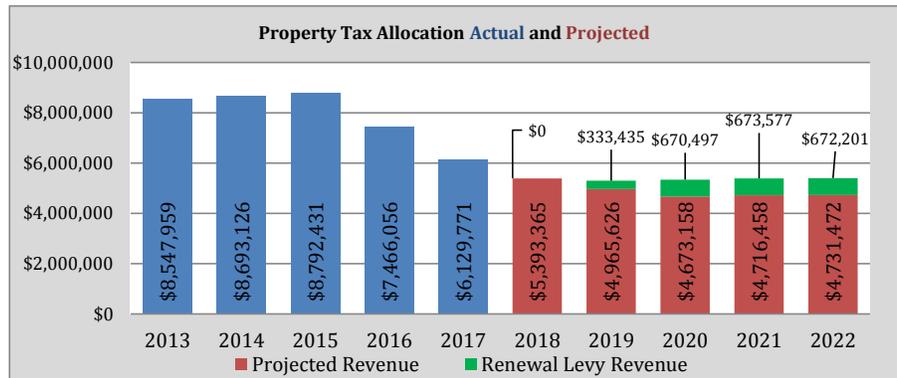
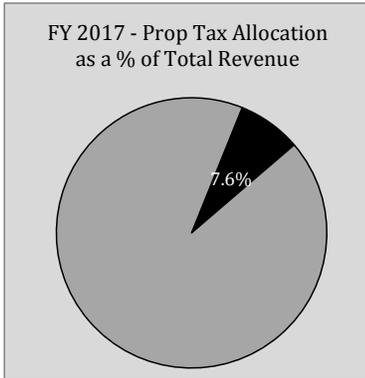


The District assumes the continued receipt of monies for Economically Disadvantaged Students and Career Tech Students throughout the forecast.

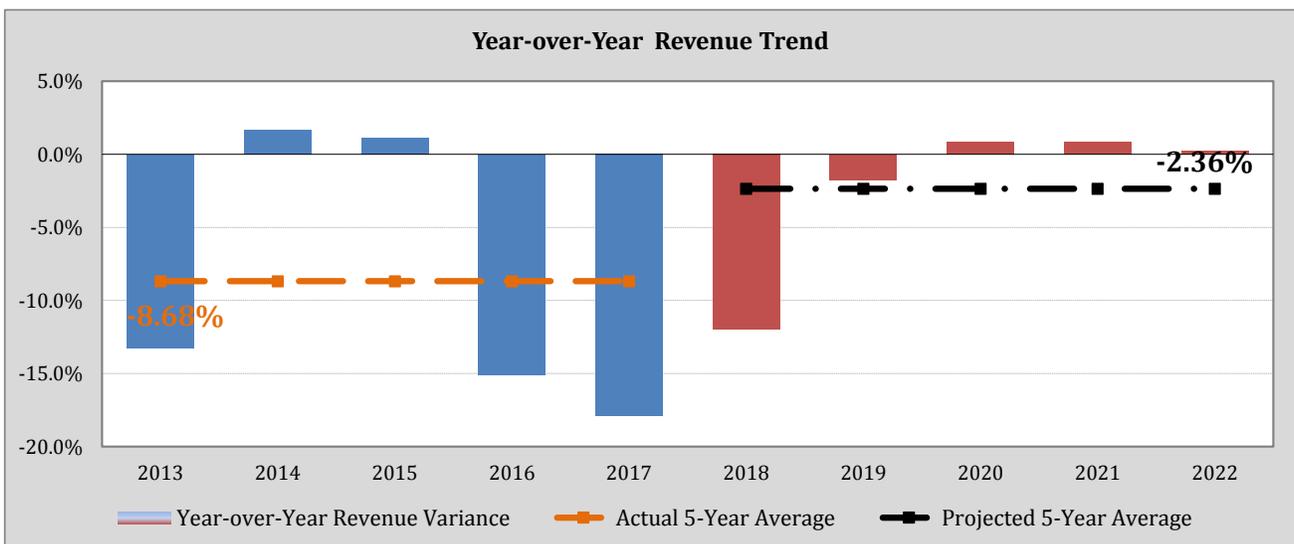


1.050 - Property Tax Allocation

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



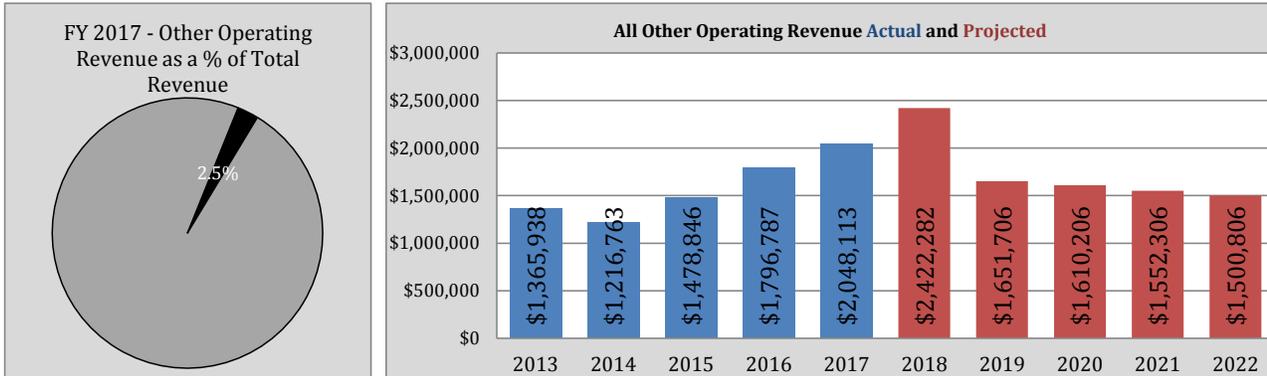
As has been the case for the last number of years, the District will realize a loss of monies from the State due to the reduction of Tangible Personal Property Tax Loss Reimbursement Funds. State law has reductions at 5/8 of a mill or roughly \$700,000 that will no longer be reimbursed. The District will receive nearly \$150,000 this year. Next year, this \$150,000 will no longer be reimbursed. The District is projecting that Homestead and Rollback funds will continue to be reimbursed at the same rate based upon property valuations.



*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

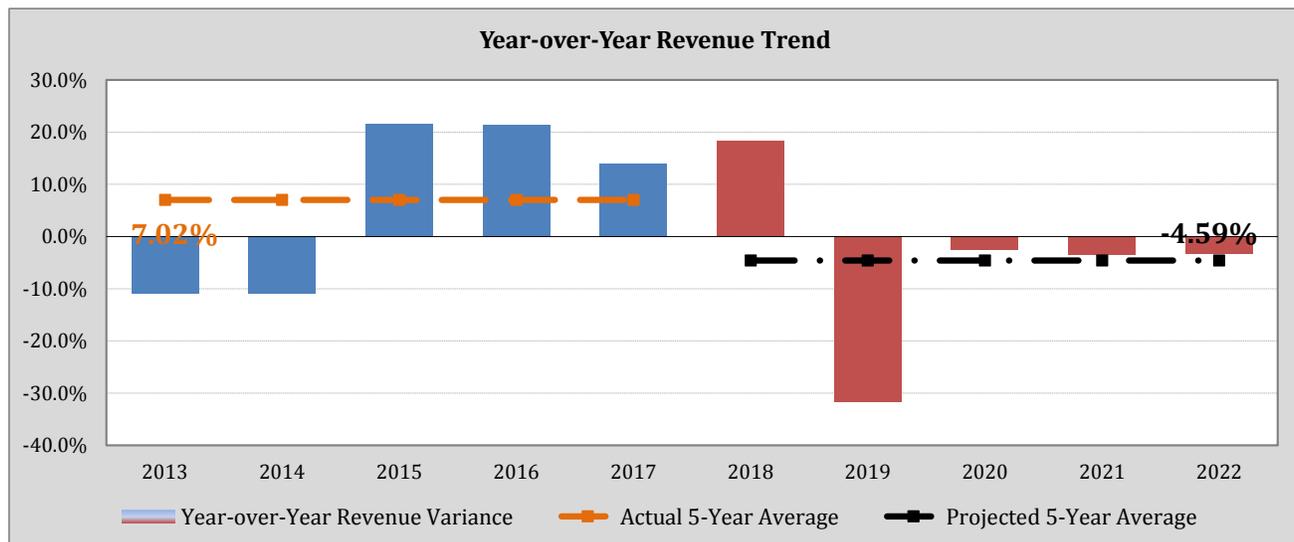
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



The District had changes to their reconciliation due to receiving advice from the State Auditors. This change resulted in an increase to the Other Operating Revenues pushing anticipating funding higher than anticipated for the current fiscal year.

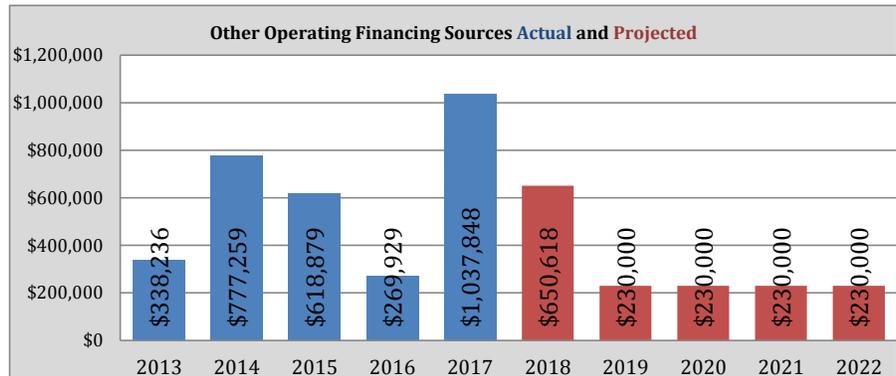
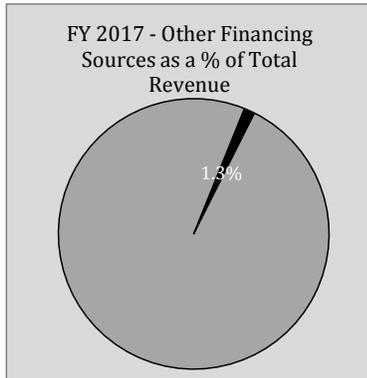
As we move forward, two portions of Other Operating Revenues are assumed to be decreasing/reduced in the forecast. The first is investment earnings. As the District begins to use its cash balance with the approval of the Substitute Levy, monies available for investing will decrease leading to lower earnings.

The second is part of the District Strategic Plan. Prior to passage of the Substitute Levy, the District set out to incorporate all-day kindergarten. The District currently charges for this program as tuition based services. As such, monies received will no longer be available into the future as we move forward with the strategic Plan.

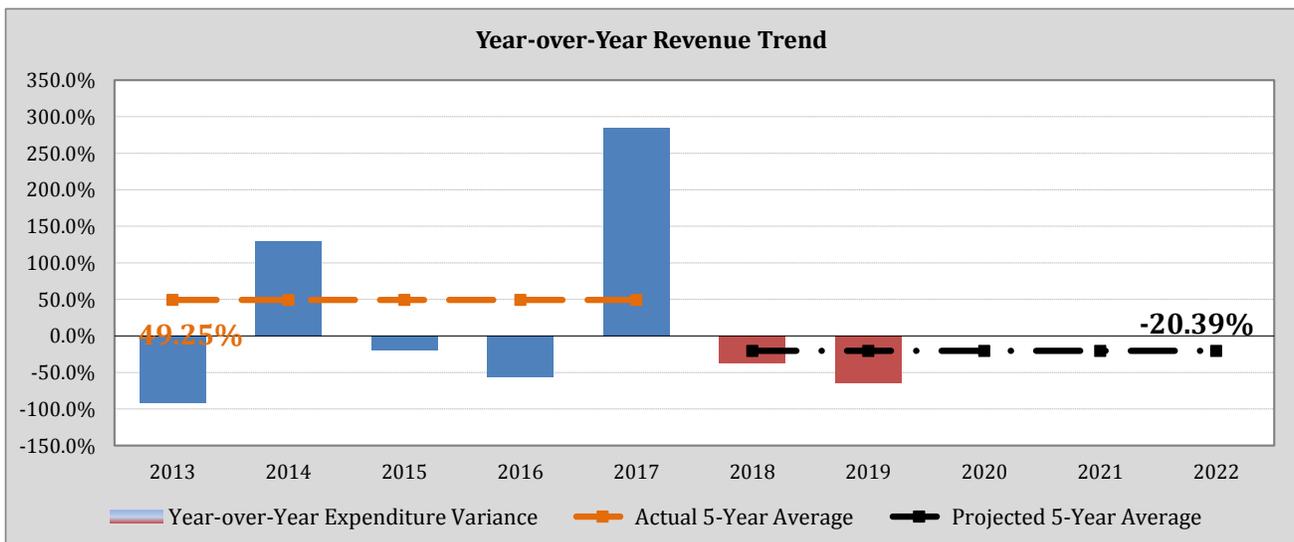


2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



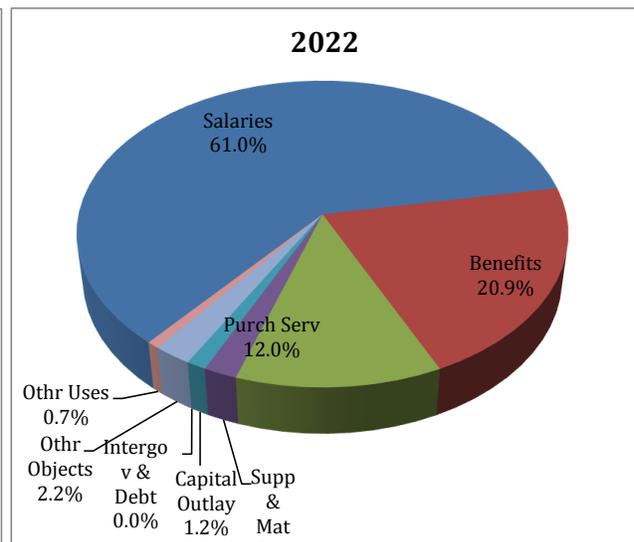
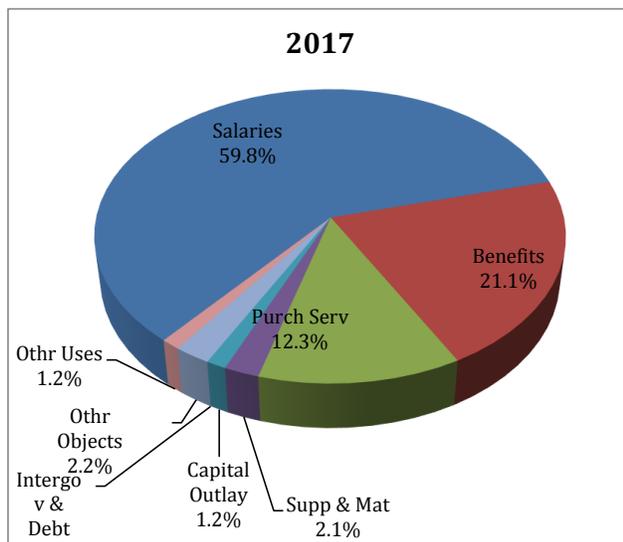
The District will have monies returned from last year's advances to Title funds and Food Service. We will be revisiting advances at the end of the fiscal year. Other funding sources include refunds and reimbursements which the assumption is the District will continue to receive as they have in the past.



Expenditures Overview

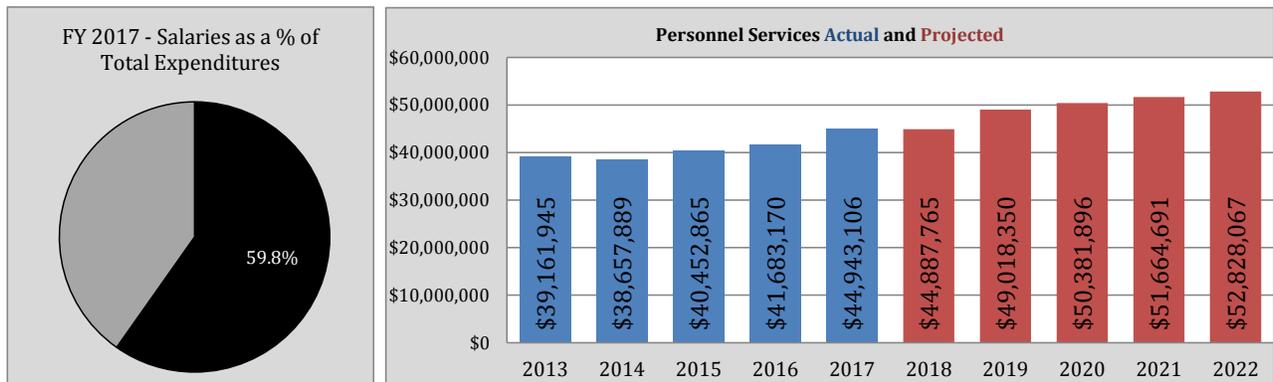
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
Expenditures:							
3.010-Salaries	2.42%	-0.12%	9.20%	2.78%	2.55%	2.25%	3.33%
3.020-Benefits	2.17%	4.31%	4.63%	1.46%	1.35%	1.21%	2.59%
3.030-Purchased Services	5.48%	3.75%	4.31%	0.22%	1.67%	1.75%	2.34%
3.040-Supplies & Materials	2.20%	3.58%	9.50%	-2.02%	-5.59%	0.00%	1.09%
3.050-Capital Outlay	50.15%	2.26%	2.14%	1.05%	1.59%	1.60%	1.73%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	-20.00%	n/a	n/a	n/a	n/a	n/a	n/a
4.300-Other Objects	2.09%	8.36%	-0.26%	3.75%	-0.48%	3.40%	2.95%
4.500-Total Expenditures	1.71%	1.61%	7.27%	2.07%	1.93%	1.94%	2.96%
5.040-Total Other Uses	17.17%	-24.16%	-5.75%	0.09%	-0.57%	1.79%	-5.72%
5.050-Total Exp & Other Uses	1.80%	1.31%	7.15%	2.06%	1.91%	1.94%	2.87%

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

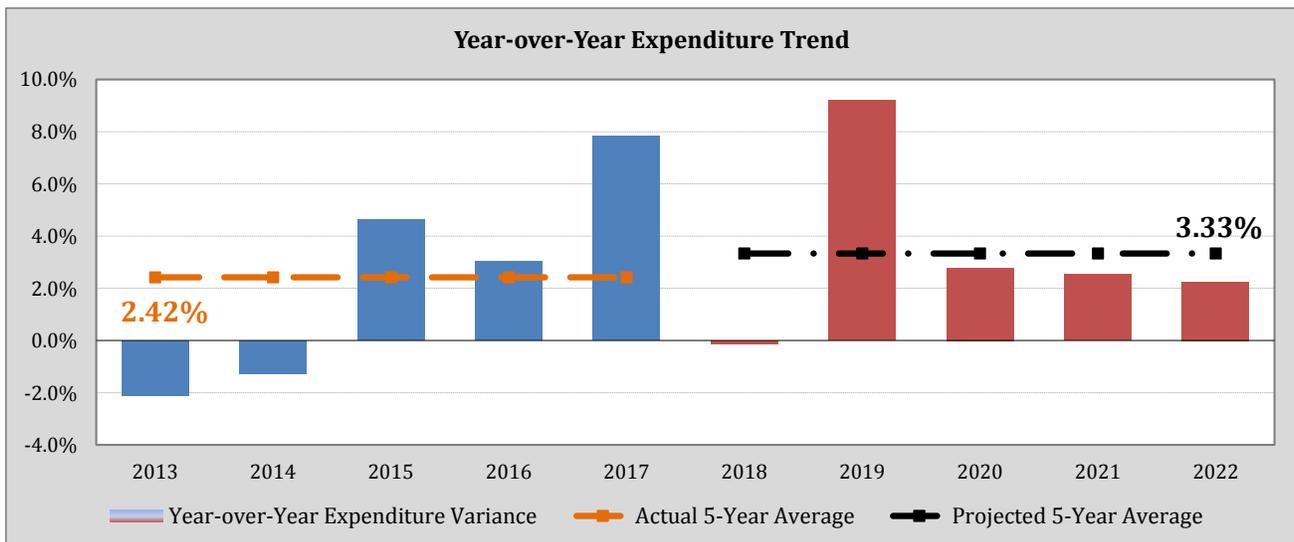


3.010 - Personnel Services

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

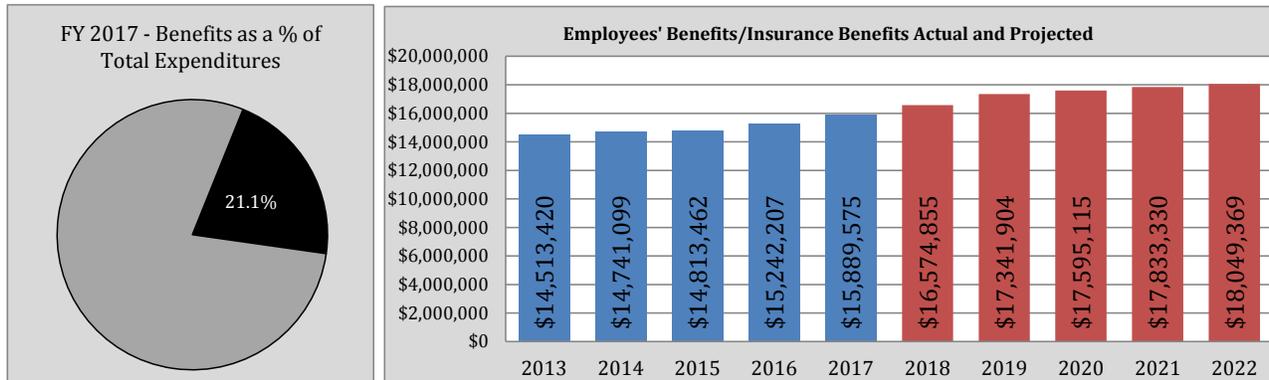


The District assumes to continue into the forecasted years with the same number of staff moving up one step each year. Current contracted percentages have been added into the figures. Also, the District has added amounts to the forecast based upon the academic portions of the current Strategic Plan.

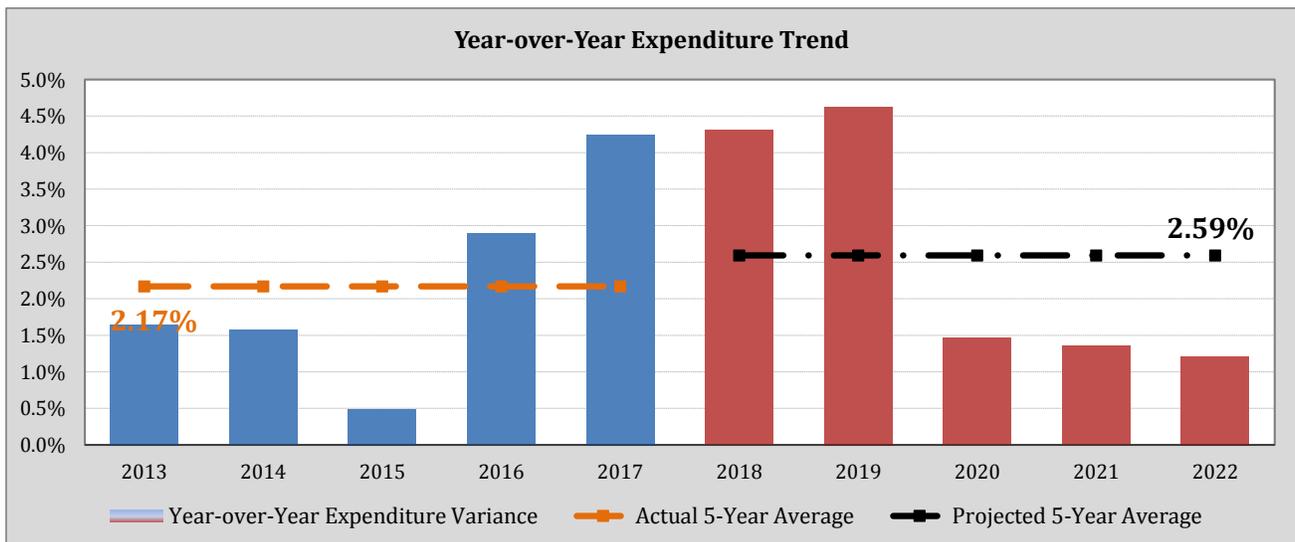


3.020 - Employees' Benefits

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

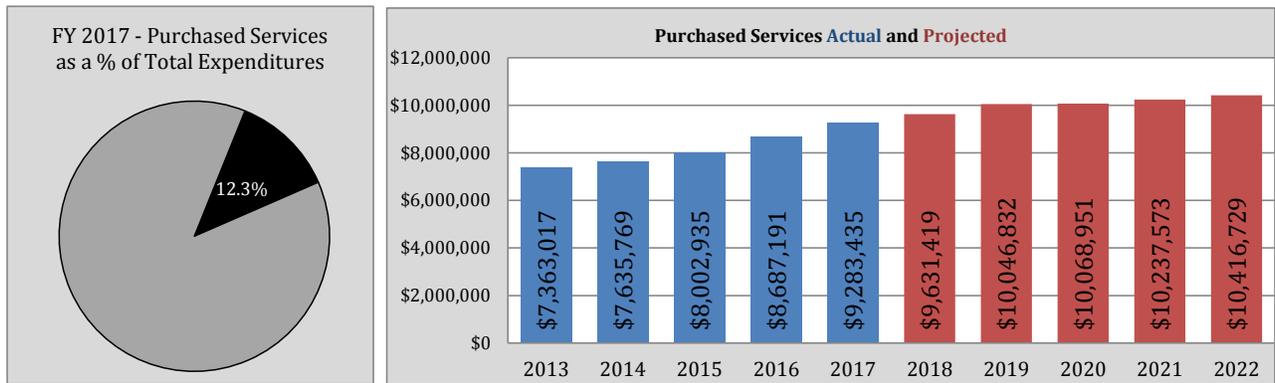


Benefits of the forecast follow the salaries. As the District assumes movement on the salary schedules, retirements, workers compensation and Medicare tax follow. The District assumes a 0% increase for the upcoming year and a 7% increase in medical throughout the forecast as the upcoming year rates have been provided. This is good news as the District has worked to have lower premium changes with the addition of a wellness program.

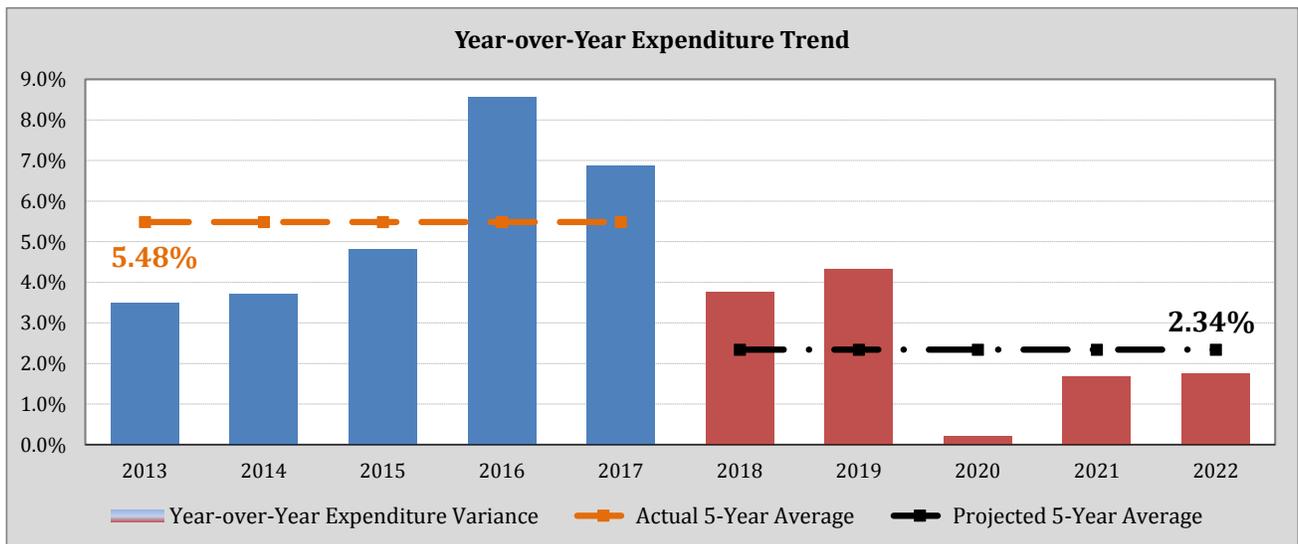


3.030 - Purchased Services

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



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

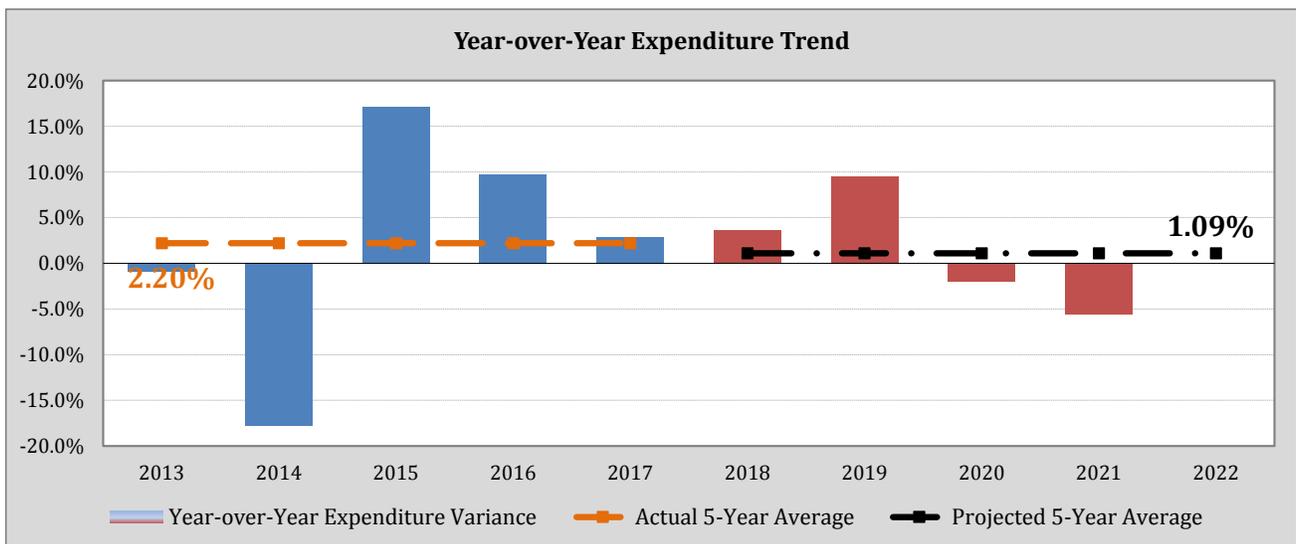


3.040 - Supplies & Materials

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

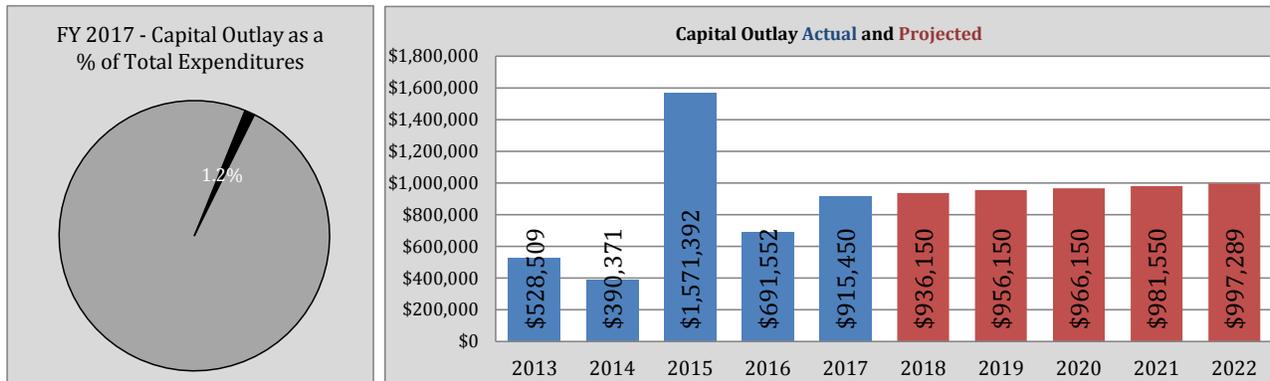


The District assumes a minimal increase throughout the forecast for supply and material expense as these expenses tend to rise. However, within the forecast, expenses based upon the current Strategic Plan will provide increases and decreases.

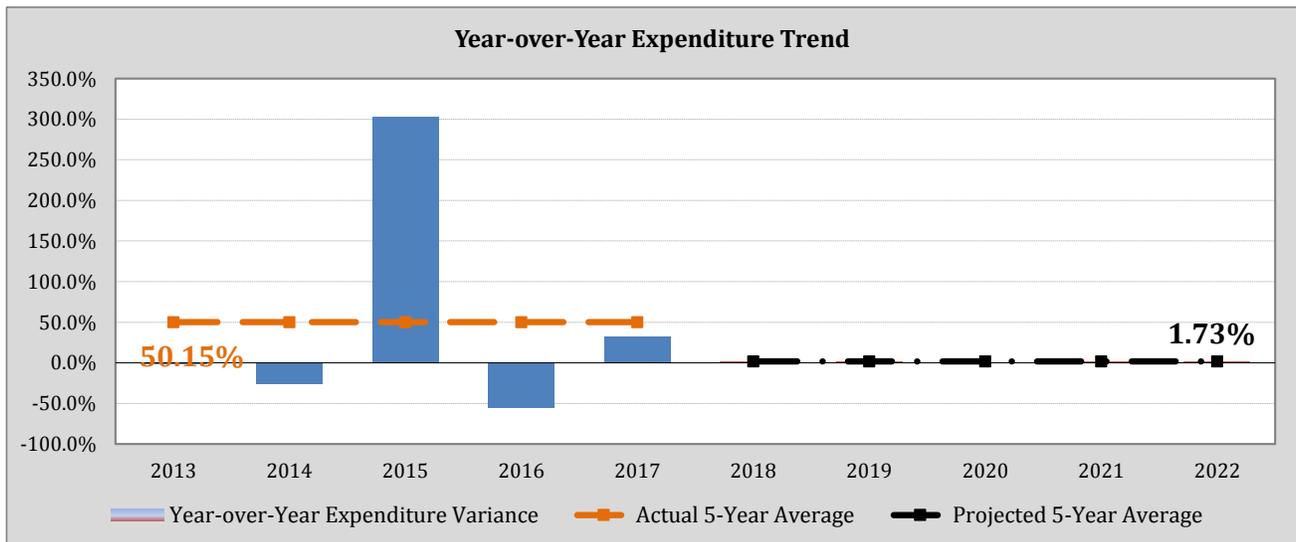


3.050 - Capital Outlay

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

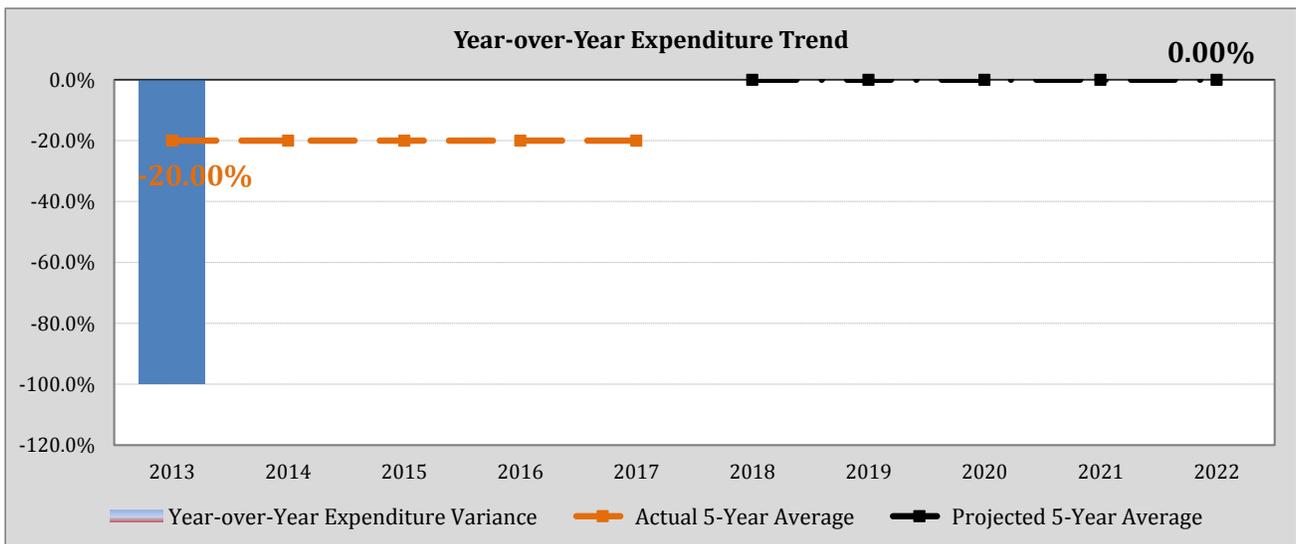
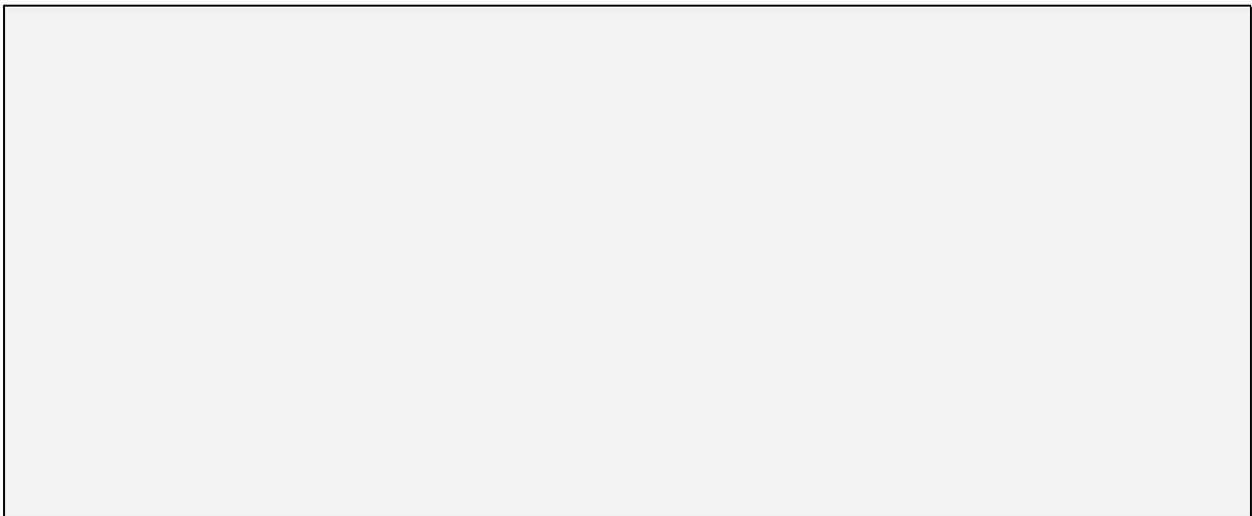
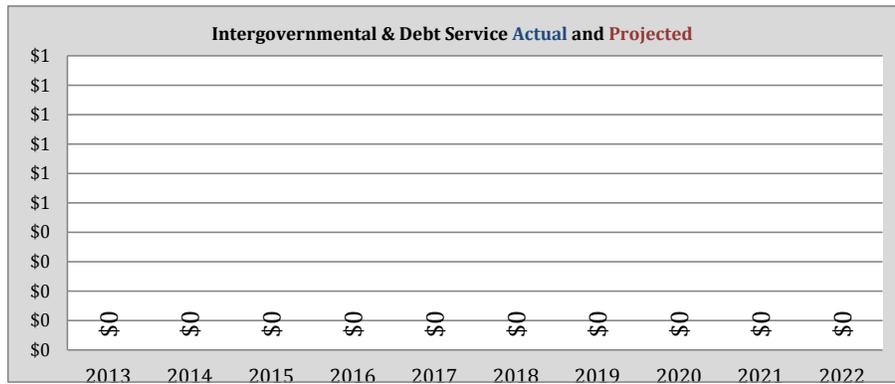
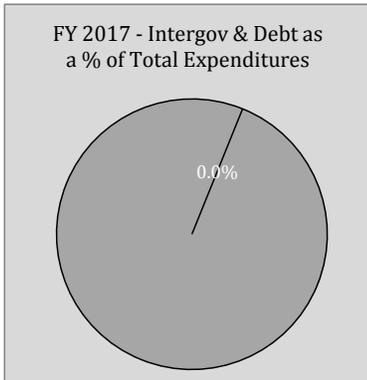


Capital has two main expenses, the first being building and equipment and the second being transportation vehicles. The District assumes no increase in cost for transportation vehicles as the Board directs \$440,000 yearly towards this expense. We assume the cost for new/replacement equipment will increase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



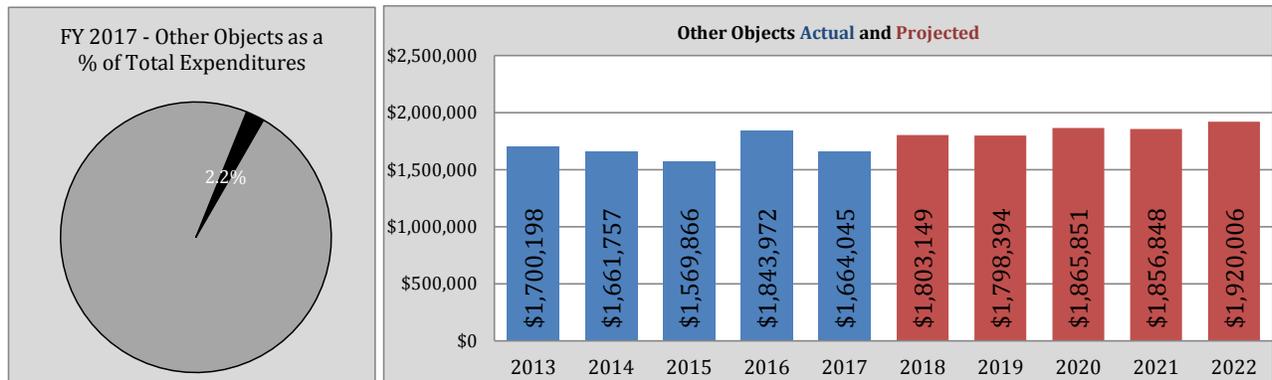
3.060-4.060 - Intergovernmental & Debt

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.

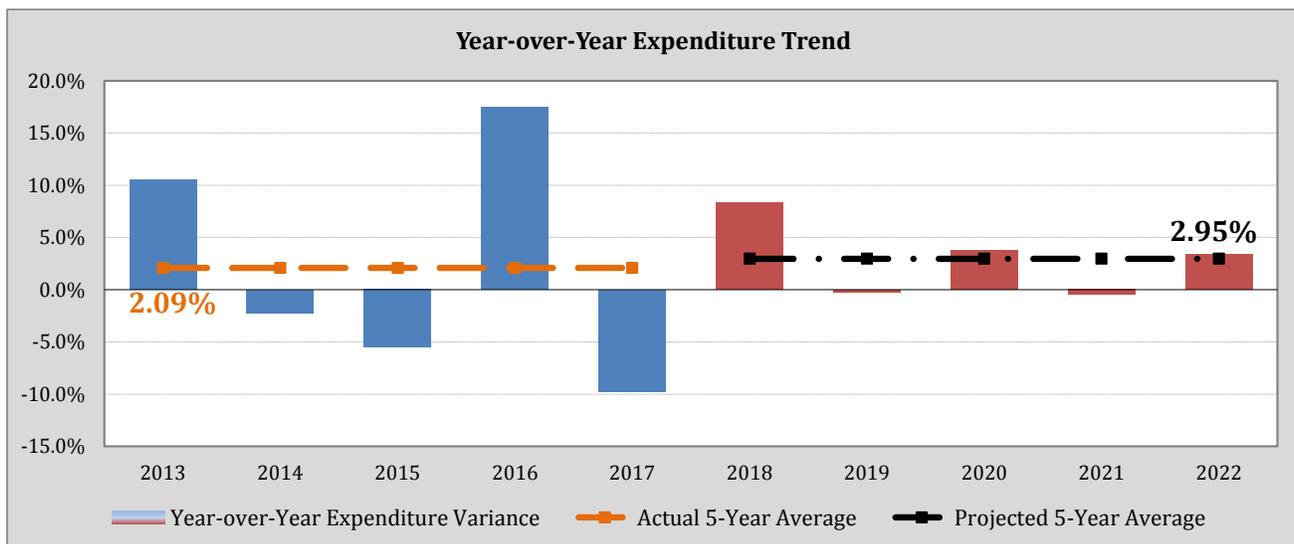


4.300 - Other Objects

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

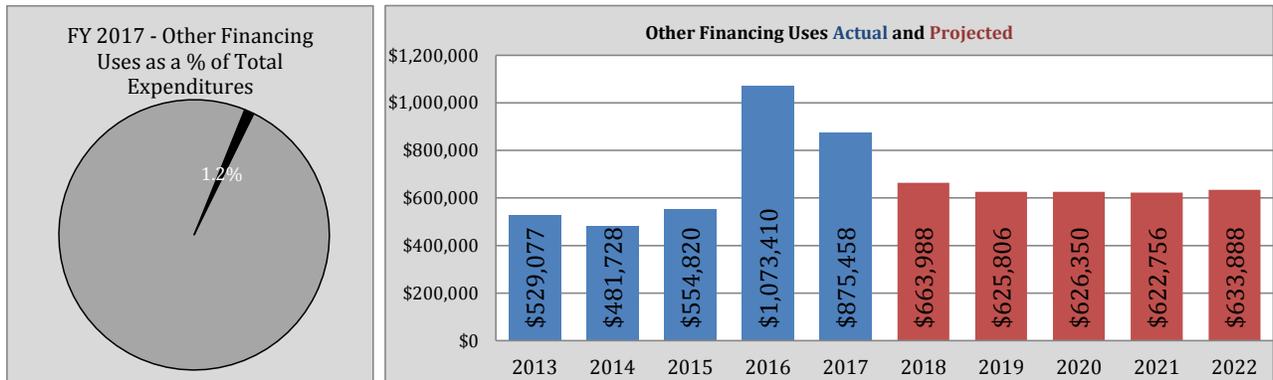


Other objects are essentially miscellaneous expenses the District incurs such as auditor/treasurer fees, audit fees, County Board of Education fees, Awards and Prizes. The assumption is costs will be rising. As a large portion of these are fees for collections/usage, the District will see increases and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



5.040 - Total Other Financing Uses

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

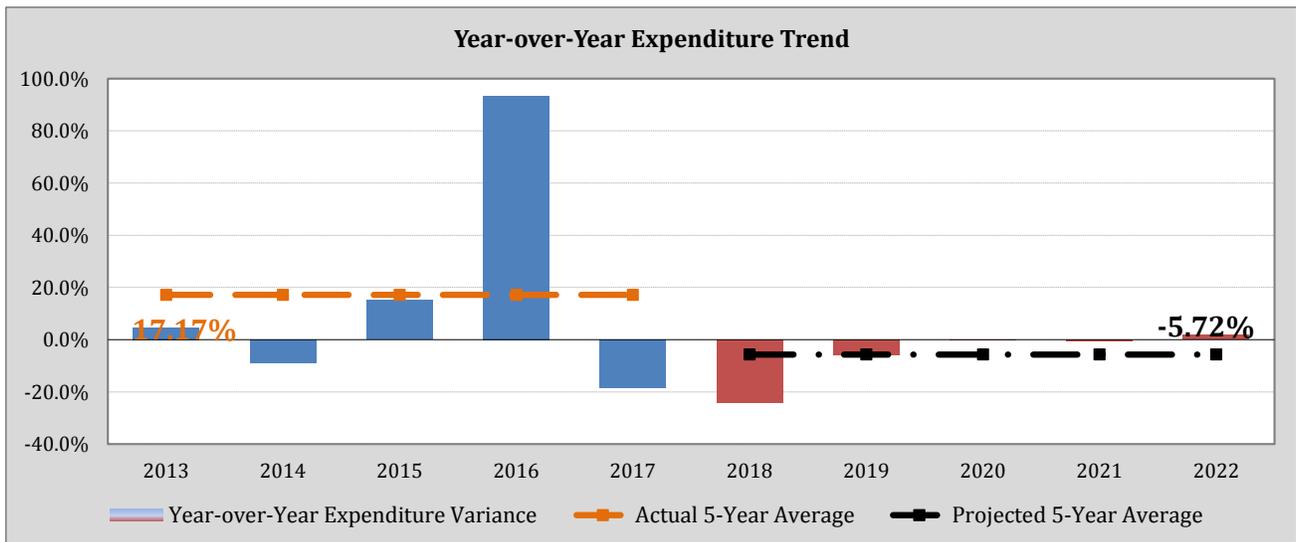


This category is for the funding of Energy and Transportation Bonds and the Medina Community Recreation Center. The Energy and Transportation Bonds are coming to the end of their term in 2022 and will fall off. The District moves \$100,000 into the Recreation Center PI fund to cover improvements.

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

The District has added a payment over the five years for Bonds as part of the Strategic Plan for Building improvements.

Finally, the District assumes a minimum in advances for all other funds through the remaining forecast, however, we reserve the right to make advances as necessary.



Forecast Compare

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

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
		Forecast Amounts For F.Y. 2018 Prepared on: 10/16/2017	Forecast Amounts For F.Y. 2018 Prepared on: 5/21/2018		
Revenue:					
1	Real Estate & Property Allocation	\$53,145,957	\$53,511,279	\$365,322	0.7%
2	Public Utility Personal Property	\$3,304,324	\$3,061,496	-\$242,829	-7.3%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$19,262,182	\$19,353,670	\$91,487	0.5%
5	Other Revenue	\$2,090,206	\$2,422,282	\$332,076	15.9%
6	Other Non Operating Revenue	\$650,618	\$650,618	\$0	0.0%
7	Total Revenue	\$78,453,287	\$78,999,344	\$546,057	0.7%
Expenditures:					
8	Salaries	\$46,138,997	\$44,887,765	-\$1,251,232	-2.7%
9	Fringe Benefits	\$16,206,317	\$16,574,855	\$368,537	2.3%
10	Purchased Services	\$9,631,419	\$9,631,419	\$0	0.0%
11	Supplies, Debt, Capital Outlay & Other	\$4,393,442	\$4,407,339	\$13,897	0.3%
12	Other Non Operating Expenditures	\$663,988	\$663,988	\$0	0.0%
13	Total Expenditures	\$77,034,164	\$76,165,366	-\$868,798	-1.1%
14	Revenue Over/(Under) Expenditures	\$1,419,124	\$2,833,978	\$1,414,854	1.8%*
15	Ending Cash Balance	\$54,753,015	\$56,167,870	\$1,414,854	1.8%*

*Percentage expressed in terms of total expenditures

In comparing revenue forecast numbers, the District has collected more Real Property Taxes in the first half of the fiscal year as compared to last year at this time. Public Utility Personal Property valuations declined and is being questioned by the County. State Funding is holding fairly steady for the current fiscal year. Interest rates and the State Auditor reclassification change have provided for additional revenue in the Other Revenue category.

In comparing expenditure estimates, the District has experienced payroll creep and moved the final payment back into the month of July creating a reduction of money going out in the current fiscal year. The estimates given for retirement purposes produced and increase in the money taken from our foundation causing the increase in fringe benefits.

Medina City Schools

Fiscal Year:	Actual	FORECASTED				
	2017	2018	2019	2020	2021	2022
Revenue:						
1.010 - General Property Tax (Real Estate)	47,651,143	48,117,914	44,526,143	42,061,467	42,462,056	42,630,439
1.020 - Public Utility Personal Property	3,021,813	3,061,496	2,844,649	2,907,353	3,045,258	3,197,686
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	20,686,646	19,269,275	19,135,278	18,398,265	17,351,508	16,449,782
1.040 - Restricted Grants-in-Aid	81,412	84,395	84,430	85,765	87,144	88,781
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	6,129,771	5,393,365	4,965,626	4,673,158	4,716,458	4,731,472
1.060 - All Other Operating Revenues	2,048,113	2,422,282	1,651,706	1,610,206	1,552,306	1,500,806
1.070 - Total Revenue	79,618,898	78,348,726	73,207,832	69,736,214	69,214,729	68,598,966
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	8,151	20,000	20,000	20,000	20,000	20,000
2.050 - Advances-In	612,680	396,514	-	-	-	-
2.060 - All Other Financing Sources	417,017	234,104	210,000	210,000	210,000	210,000
2.070 - Total Other Financing Sources	1,037,848	650,618	230,000	230,000	230,000	230,000
2.080 - Total Rev & Other Sources	80,656,746	78,999,344	73,437,832	69,966,214	69,444,729	68,828,966
Expenditures:						
3.010 - Personnel Services	44,943,106	44,887,765	49,018,350	50,381,896	51,664,691	52,828,067
3.020 - Employee Benefits	15,889,575	16,574,855	17,341,904	17,595,115	17,833,330	18,049,369
3.030 - Purchased Services	9,283,435	9,631,419	10,046,832	10,068,951	10,237,573	10,416,729
3.040 - Supplies and Materials	1,610,389	1,668,040	1,826,423	1,789,539	1,689,539	1,689,539
3.050 - Capital Outlay	915,450	936,150	956,150	966,150	981,550	997,289
3.060 - Intergovernmental	-	-	-	-	-	-
Debt Service:						
4.010 - Principal-All Years	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	-	-	-	-	-	-
4.300 - Other Objects	1,664,045	1,803,149	1,798,394	1,865,851	1,856,848	1,920,006
4.500 - Total Expenditures	74,306,000	75,501,378	80,988,054	82,667,500	84,263,530	85,900,998
Other Financing Uses						
5.010 - Operating Transfers-Out	478,893	663,988	625,806	626,350	622,756	633,888
5.020 - Advances-Out	396,515	-	-	-	-	-
5.030 - All Other Financing Uses	50	-	-	-	-	-
5.040 - Total Other Financing Uses	875,458	663,988	625,806	626,350	622,756	633,888
5.050 - Total Exp and Other Financing Uses	75,181,458	76,165,366	81,613,860	83,293,850	84,886,287	86,534,886
6.010 - Excess of Rev Over/(Under) Exp	5,475,288	2,833,978	(8,176,028)	(13,327,637)	(15,441,557)	(17,705,920)
7.010 - Cash Balance July 1 (No Levies)	47,858,603	53,333,891	56,167,870	47,991,842	34,664,205	19,222,648
7.020 - Cash Balance June 30 (No Levies)	53,333,891	56,167,870	47,991,842	34,664,205	19,222,648	1,516,728
8.010 - Estimated Encumbrances June 30	946,266	946,300	946,300	946,300	946,300	946,300
9.080 - Reservations Subtotal	3,595,383	3,756,100	4,024,793	4,107,642	4,186,173	4,267,474
10.010 - Fund Bal June 30 for Cert of App	48,792,242	51,465,470	43,020,749	29,610,263	14,090,175	(3,697,046)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	3,259,083	6,519,337	6,520,520	6,520,523
11.030 - Cumulative Balance of Levies	-	-	3,259,083	9,778,420	16,298,939	22,819,462
12.010 - Fund Bal June 30 for Cert of Obligations	48,792,242	51,465,470	46,279,831	39,388,683	30,389,114	19,122,416
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	22,001	62,585	88,920
13.030 - Cumulative Balance of New Levies	-	-	-	22,001	84,586	173,506
15.010 - Unreserved Fund Balance June 30	48,792,242	51,465,470	46,279,831	39,410,683	30,473,700	19,295,921