



Medina City School District

# Five Year Forecast Financial Report

November, 2022

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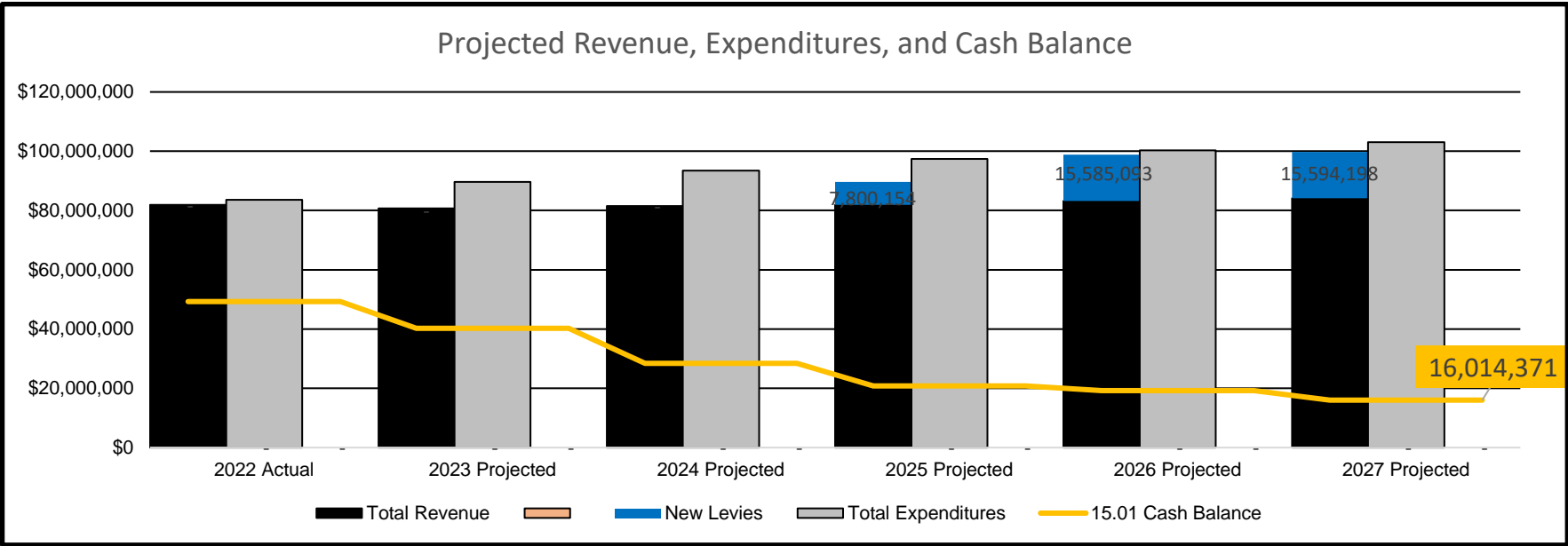
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Forecast Purpose/Objectives

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	40,295,320	28,450,522	20,812,400	19,274,915
+ Revenue	80,731,147	81,567,859	81,899,402	83,201,880	84,156,912
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	7,800,154	15,585,093	15,594,198
- Expenditures	(89,715,404)	(93,412,657)	(97,337,677)	(100,324,458)	(103,011,653)
= Revenue Surplus or Deficit	(8,984,258)	(11,844,798)	(7,638,121)	(1,537,486)	(3,260,544)
Line 7.020 Ending Balance with renewal/new levies	40,295,320	28,450,522	20,812,400	19,274,915	16,014,371

Analysis Without Renewal Levies Included:

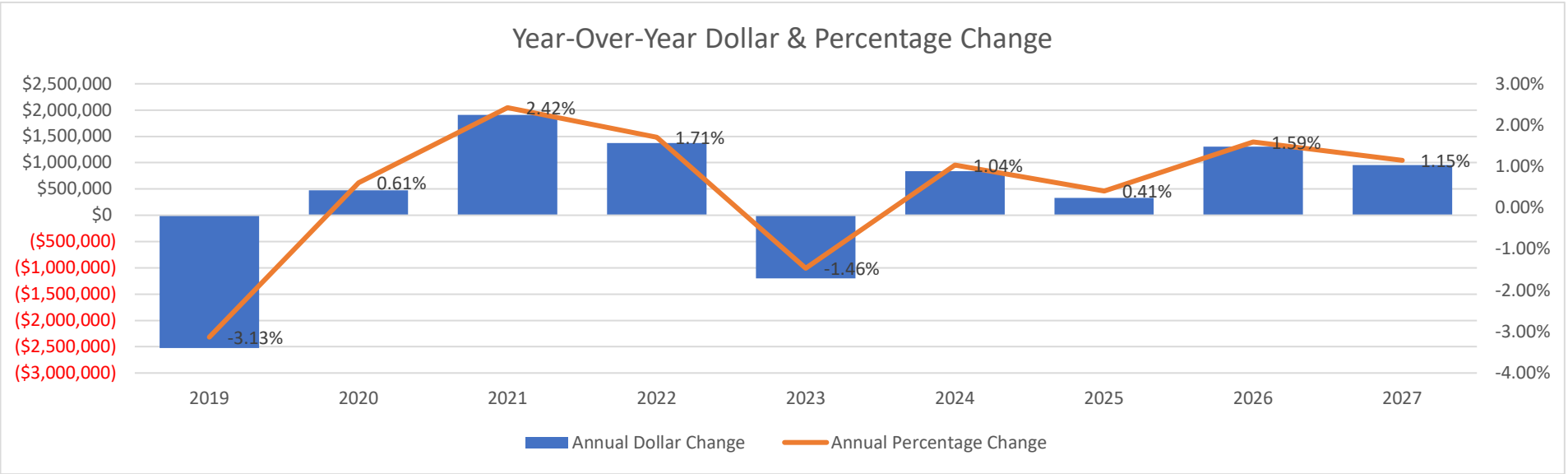
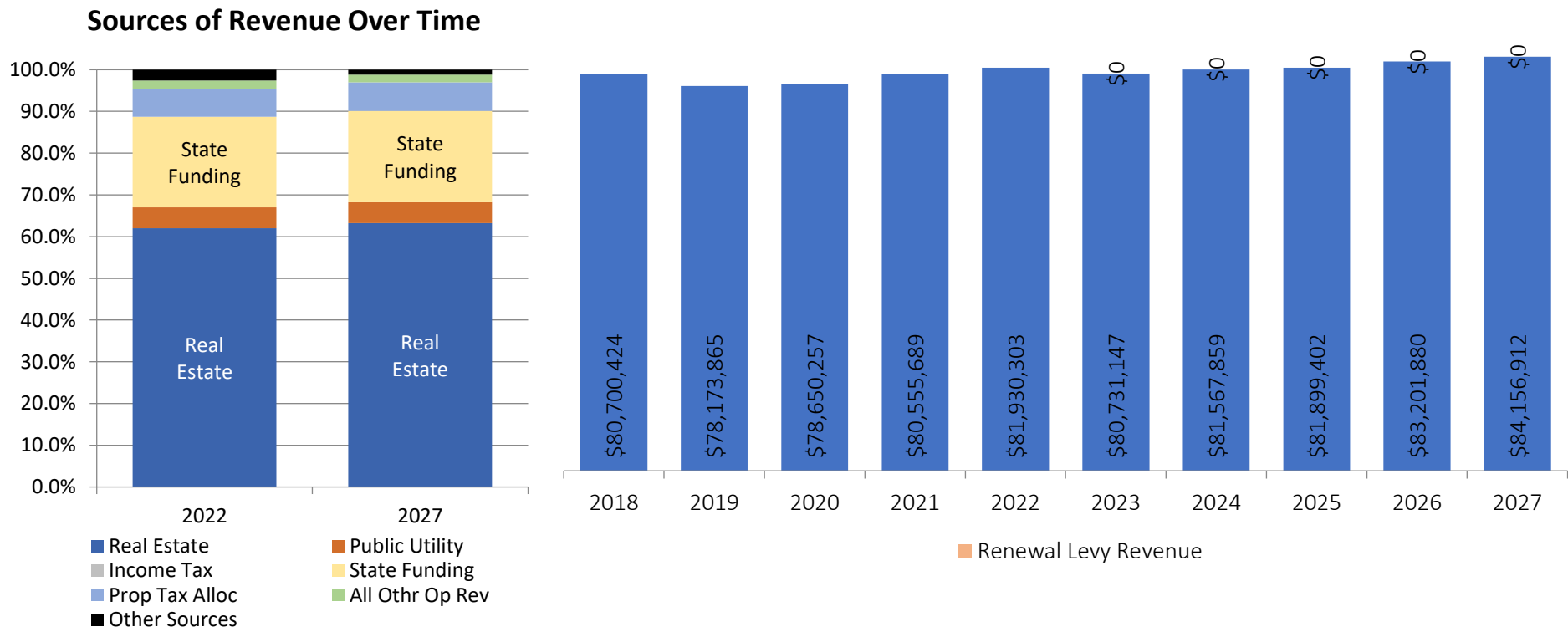
Revenue Surplus or Deficit w/o Levies	(8,984,258)	(11,844,798)	(15,438,275)	(17,122,579)	(18,854,742)
Ending Balance w/o Levies	40,295,320	28,450,522	13,012,246	(4,110,332)	(22,965,074)

In FY 2023 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$8,984,258 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 \$18,854,742. The district would need to cut its FY 2027 projected expenses by 18.30% 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



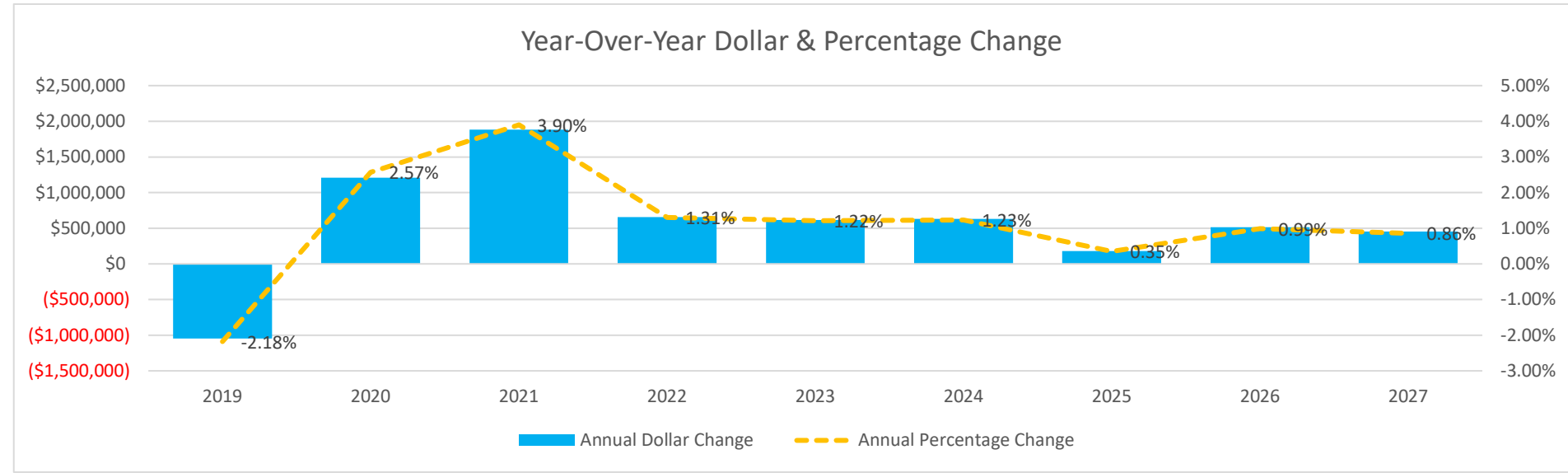
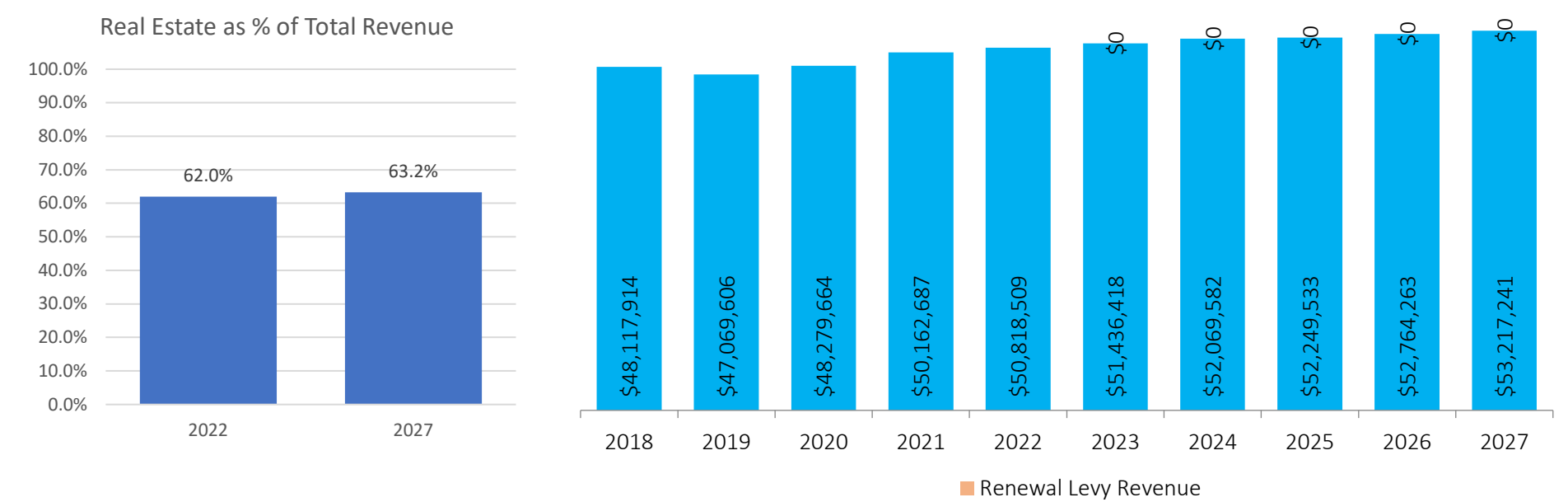
5-Year Historical Actual Average Annual Dollar Change  
Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	
Real Estate	633,473	479,746	(\$153,727)	Total revenue increased 0.32% or \$254,711 annually during the past 5-Year period and is projected to increase 0.54% or \$445,322 annually through FY2027. State Funding has the most projected average annual variance compared to the historical average at \$701,792
Public Utility	\$206,590	\$34,209	(\$172,380)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$589,496)	112,296	\$701,792	
Prop Tax Alloc	(\$143,021)	\$80,614	\$223,635	The district has been aware of the declining cash balance as it was the plan of the Board and Administration to reduce the balance and not ask for additional funds until these are needed. The forecast shows the need for additional funding will occur in the 2025 fiscal year. As such, the forecast reflects an 8.5 mill levy to extend the cash balance.
All Othr Op Rev	(\$72,868)	(\$30,031)	\$42,837	
Other Sources	\$220,033	(\$231,514)	(\$451,547)	
Total Average Annual Change	254,711	445,322	\$190,610	
	0.32%	0.54%	0.22%	

Note: Expenditure average annual change is projected to be > \$3,881,128 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	1,768,055,380	267,420,000	31.03	(5.33)	39.87	(1.67)	99.8%
2023	1,776,740,380	8,685,000	30.98	(0.05)	40.01	0.14	99.8%
2024	1,787,885,380	11,145,000	30.90	(0.08)	40.05	0.04	99.8%
2025	1,928,480,380	140,595,000	28.93	(1.97)	38.82	(1.23)	99.8%
2026	1,937,165,380	8,685,000	28.89	(0.04)	39.01	0.19	99.8%

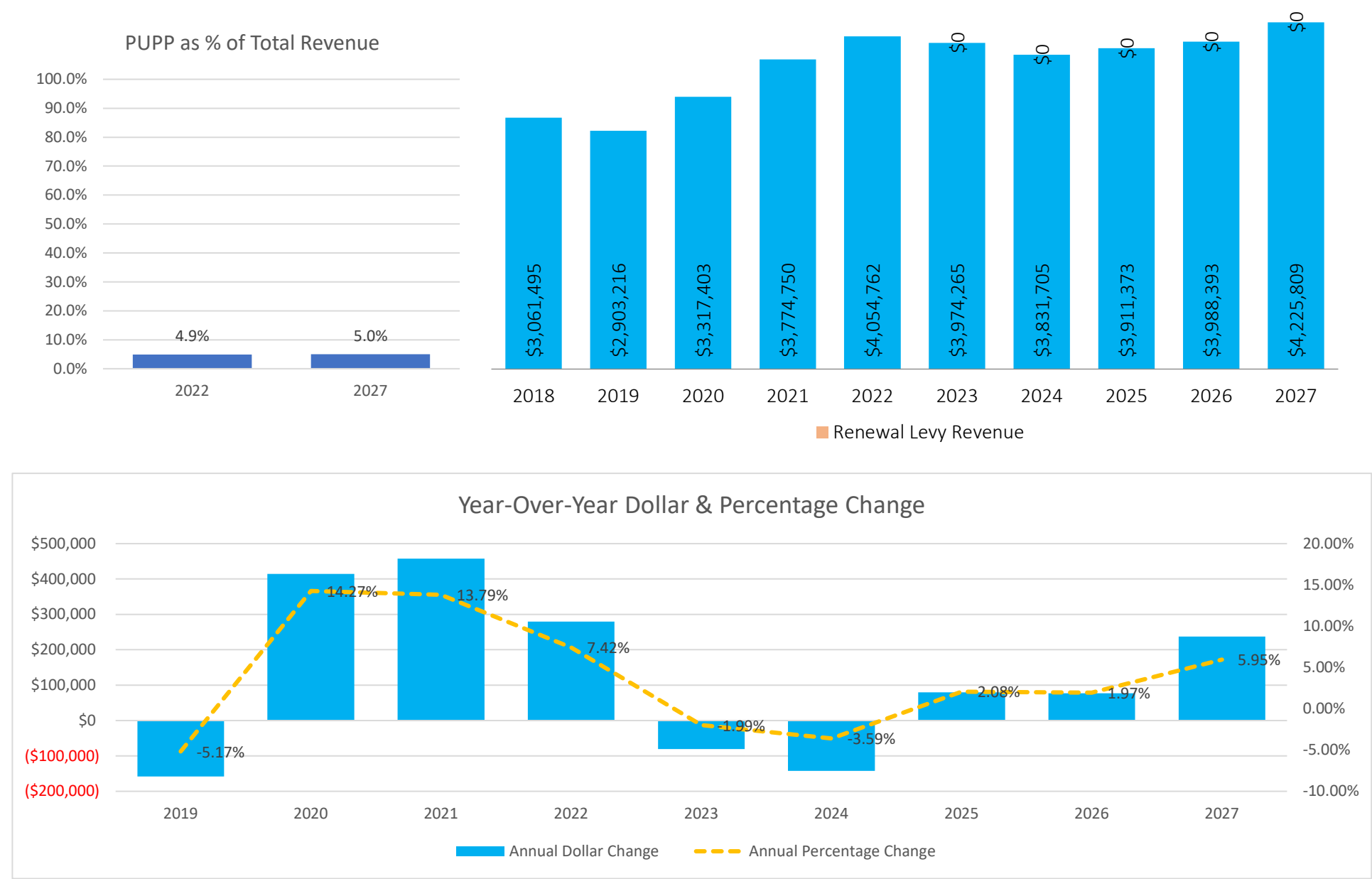
Real estate property tax revenue accounts for 62.03% of total revenue. Class I or residential/agricultural taxes make up approximately 75.86% of the real estate property tax revenue. The Class I tax rate is 31.03 mills in tax year 2022. The projections reflect an average gross collection rate of 99.8% 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 0.92% through FY 2027.

The district assumed a 20+% increase in valuation based upon the estimated triennial update. Being over the 20-mill floor, we do not foresee a large increase in real property as the effective property tax rate will be reduced for all but the inside millage.

\*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	54,533,080	1,500,000	86.68	(0.65)	89.9%
2023	55,633,080	1,100,000	86.68	(0.01)	80.2%
2024	56,833,080	1,200,000	86.66	(0.01)	80.2%
2025	58,033,080	1,200,000	86.40	(0.26)	80.2%
2026	59,133,080	1,100,000	86.40	(0.00)	80.2%

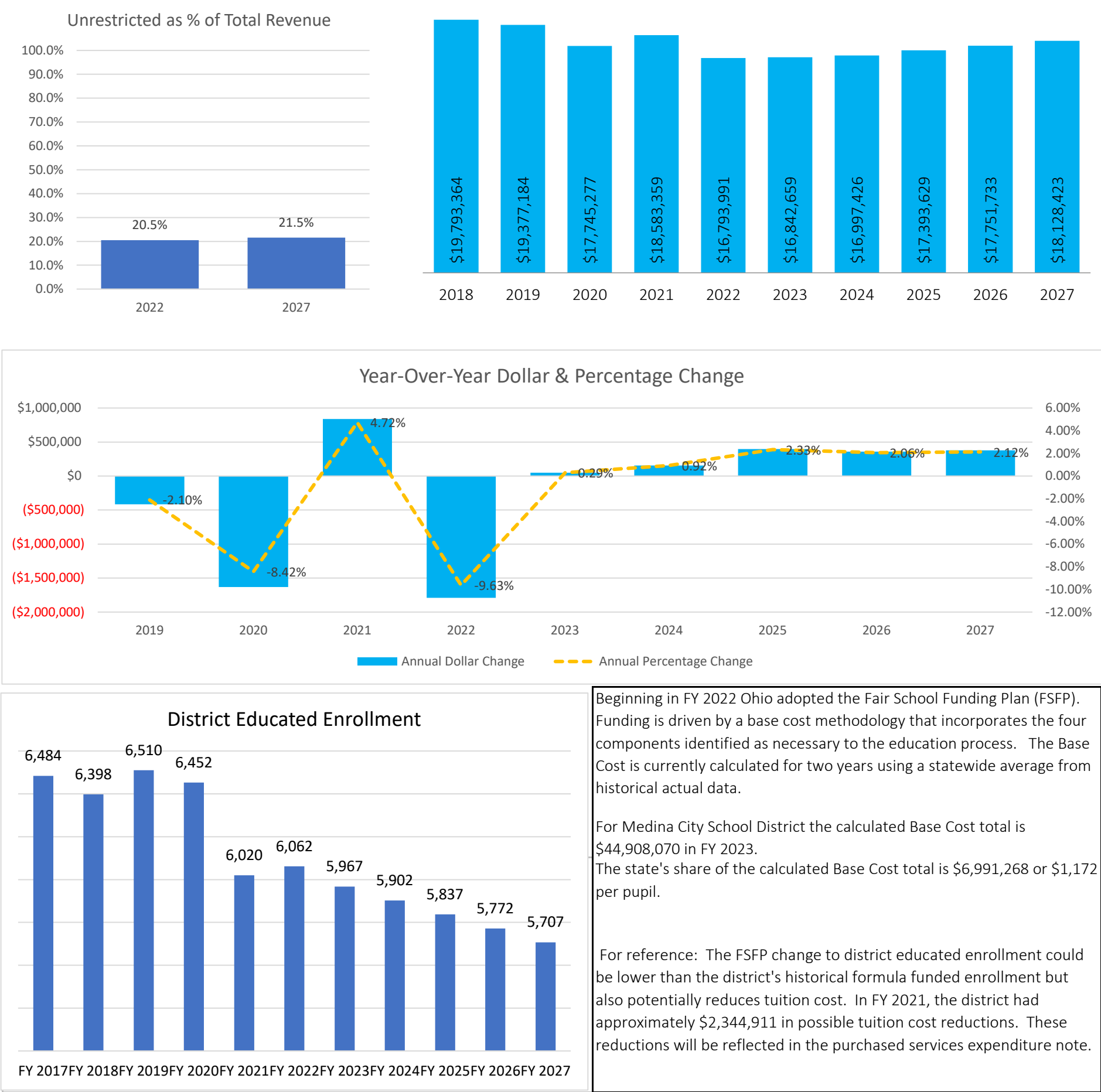
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 4.95% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 86.68 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 \$34,209 through FY 2027.

The assumption by the district is NEXUS will continue to pay on a reduced appealed value. This has been the case since the opening of the pipeline and is the reason for the collection rate being in the 80%. Prior to the pipeline, the district consistently collected in the upper 95% on all public utility.

\*Projected % trends include renewal levies

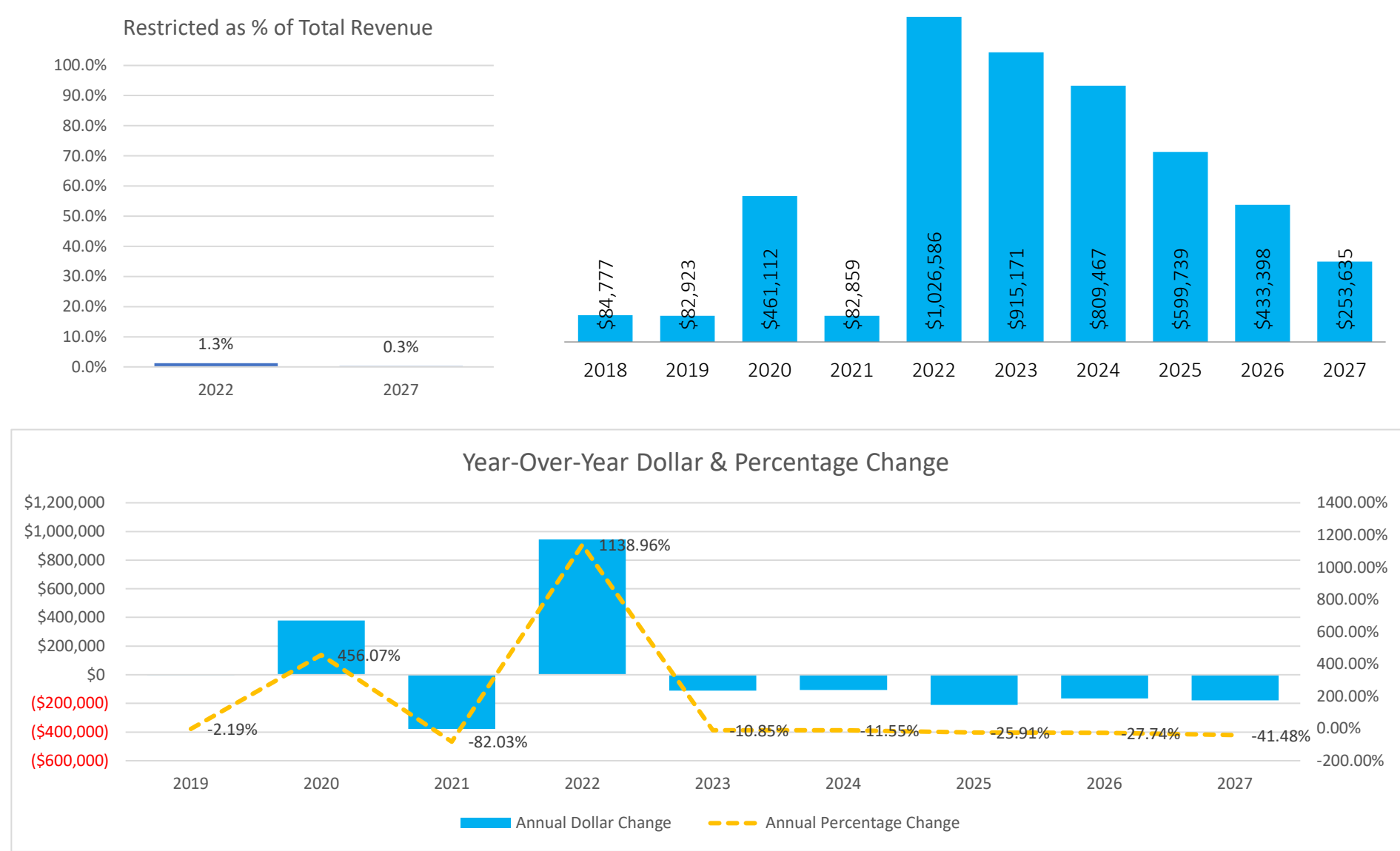
1.035 - Unrestricted Grants-in-Aid

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.

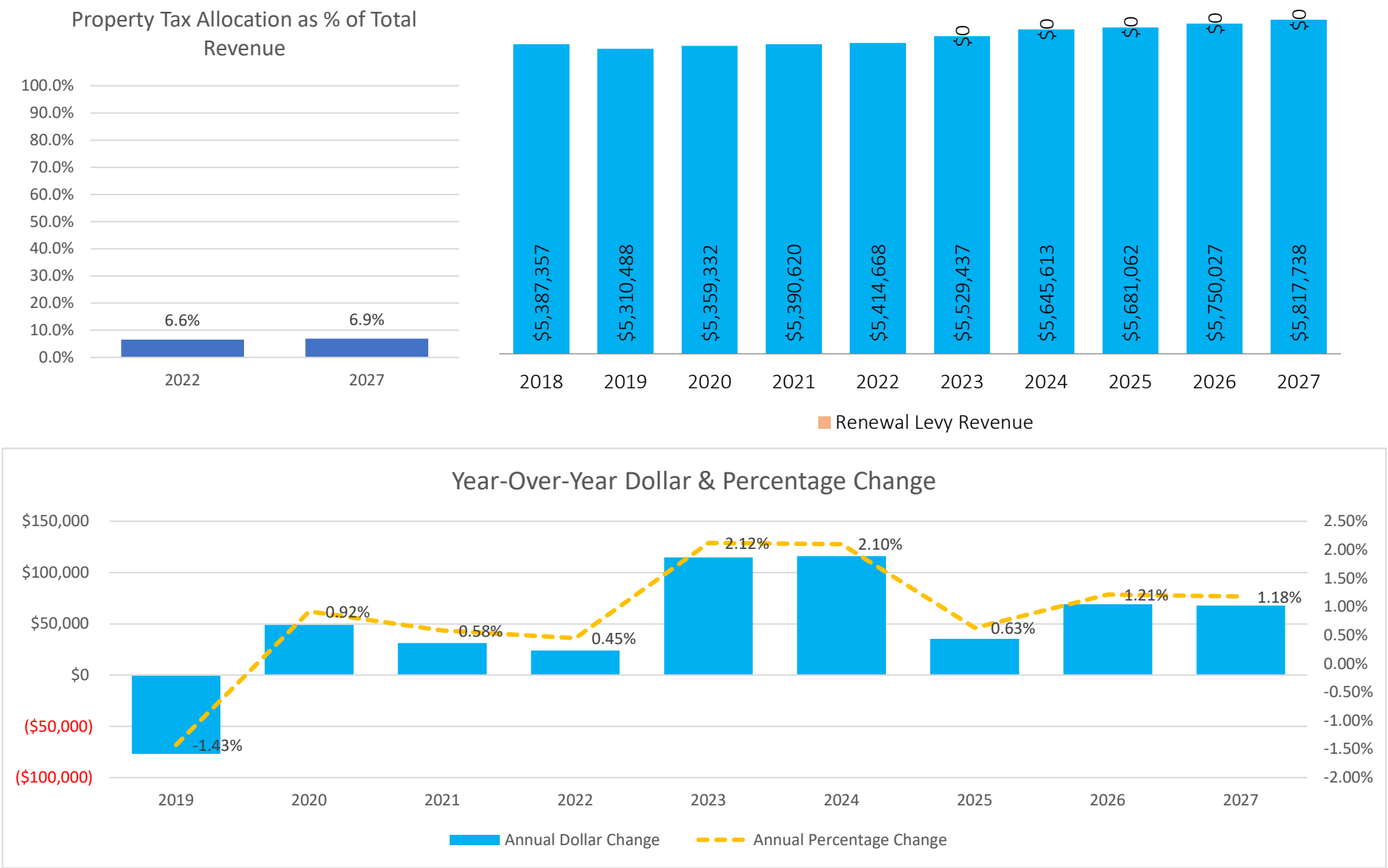


Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$314,554 and is projected to change annually on average by -\$154,590. Restricted funds represent 1.25% of total revenue. 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 \$541,592. 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.



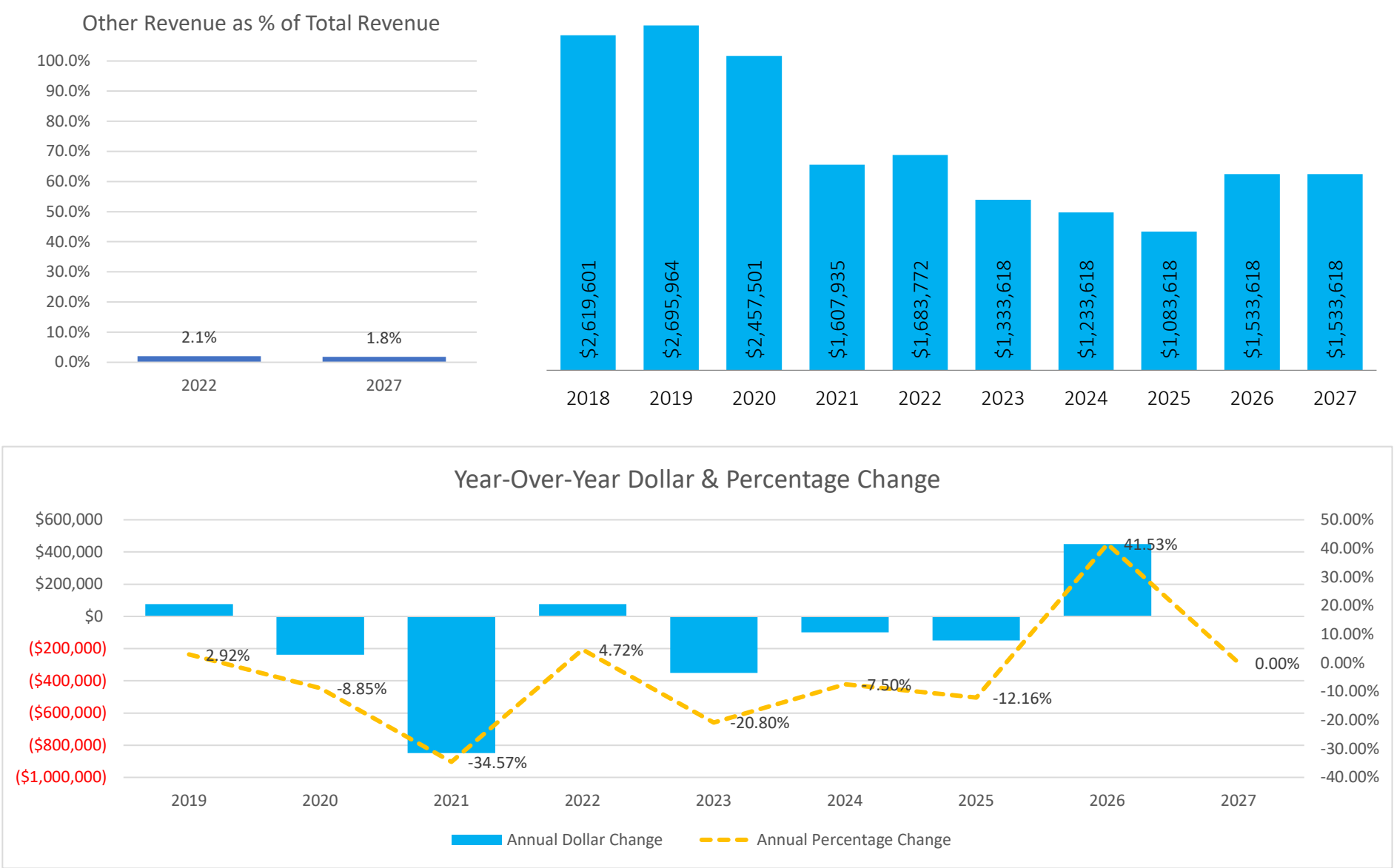
Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, 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.

State Legislators eliminated rollback collections on levies beginning in 2014. This was one of many hits upon school districts to try to force the public to turn their backs upon their local public school system. More recently, legislators have eliminated the February election and are looking to eliminate the August election for school districts which not only provides less chance to pass operating levies, but also bond levies that relate directly to OFCC funding. With this loss, a school district may have to reapply for OFCC funding forcing the taxpayers to pay more as funding limits are reduced.

\*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.

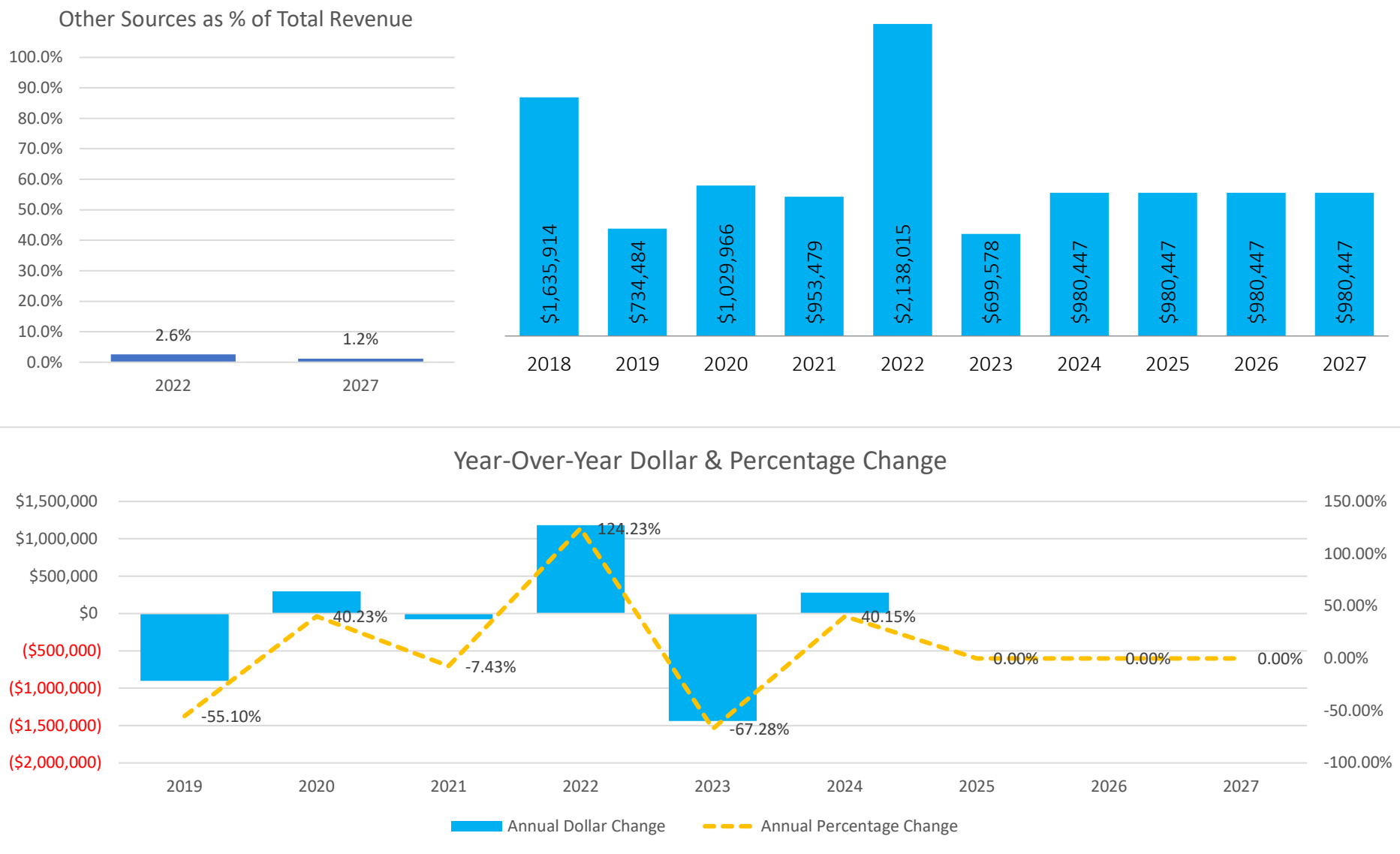


Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$72,868. The projected average annual change is -\$30,031 through 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.

The district assumes lower investment income as we reduce cash balances. Cash balances will be reducing the longer the district moves forward without additional funding.

2.070 - Total Other Financing Sources

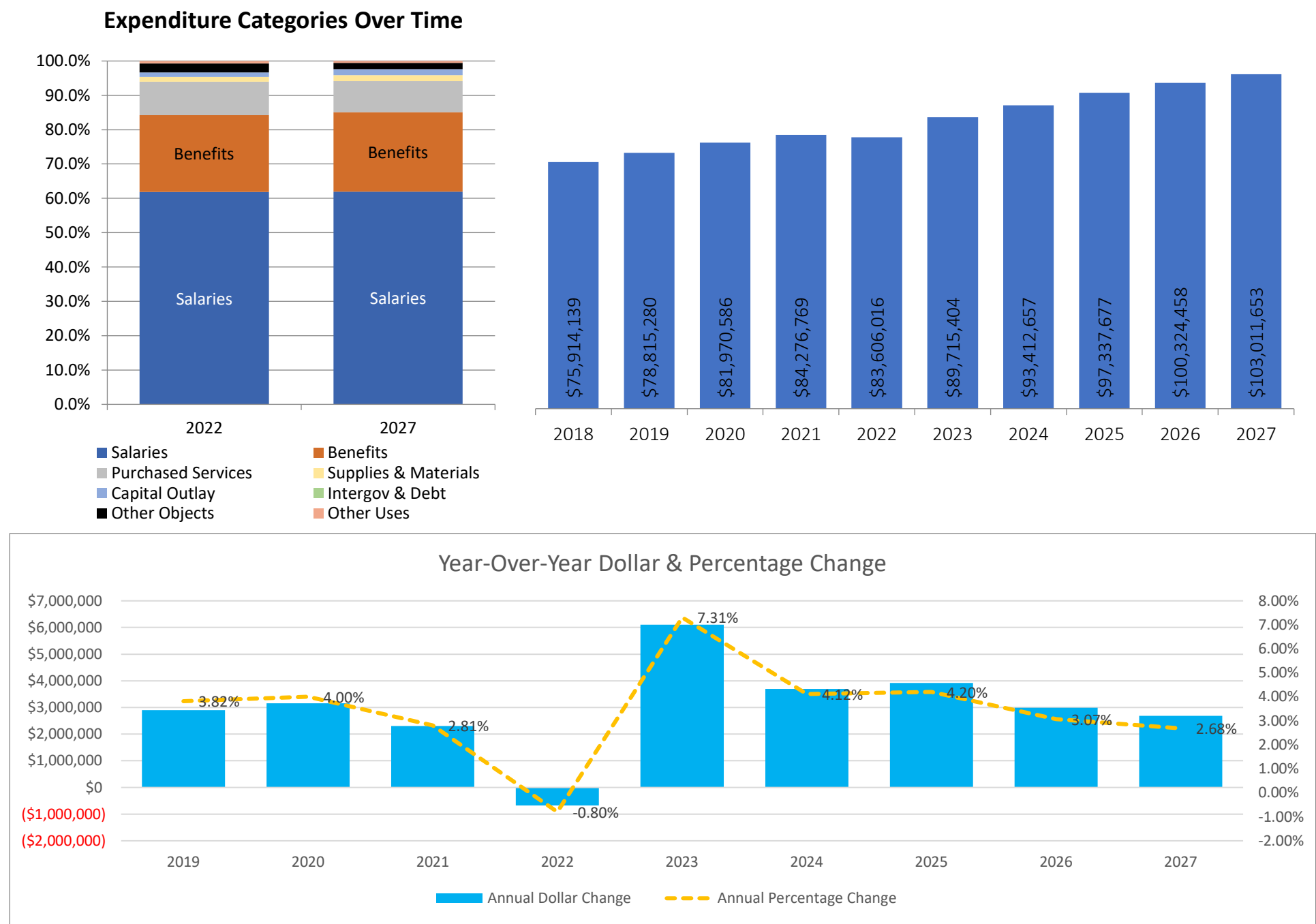
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



	2022	FORECASTED				
	2022	2023	2024	2025	2026	2027
Transfers In	15,210	5,576	5,576	5,576	5,576	5,576
Advances In	1,148,412	142,684	423,553	423,553	423,553	423,553
All Other Financing Sources	974,393	551,318	551,318	551,318	551,318	551,318

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2022 the district receipted \$1,148,412 as advances-in and is projecting advances of \$142,684 in FY 2023. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$551,318 in FY 2023 and average \$551,318 annually through FY 2027.

Expenditure Categories and Forecast Year-Over-Year Projected Overview



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

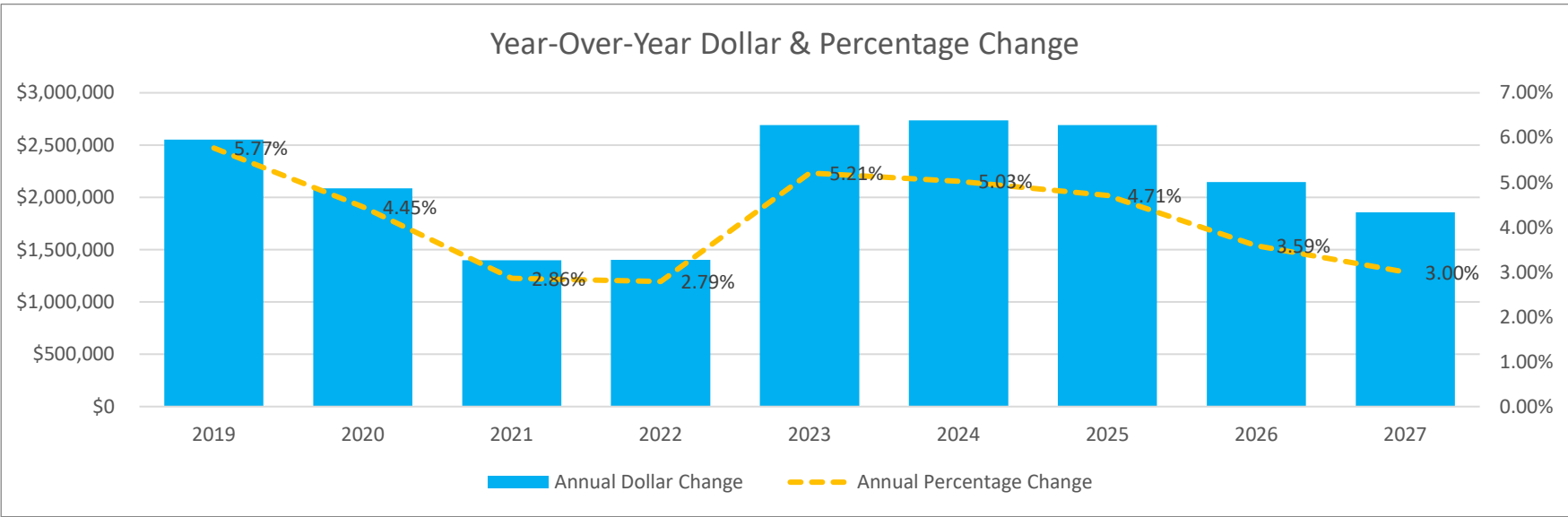
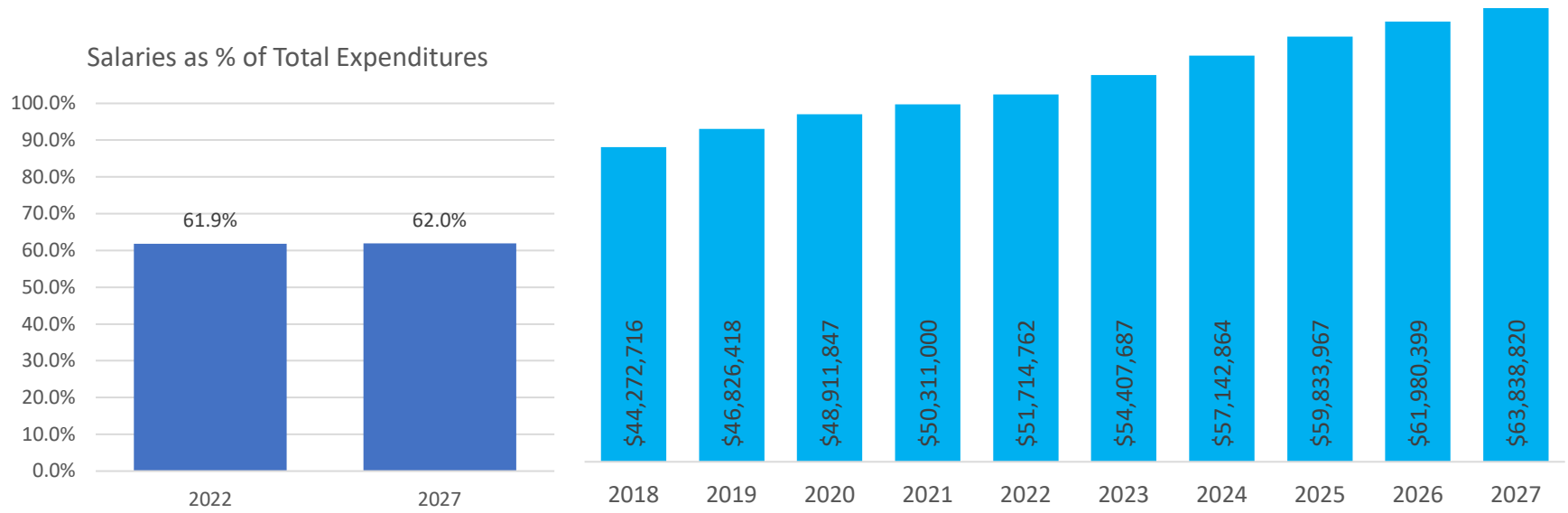
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 2.08% or \$1,684,912 annually during the past 5-Year period and is projected to increase 4.64% or \$3,881,128 annually through FY2027. Salaries has the largest projected average annual variance compared to the historical average at \$1,070,480.
Salaries	1,354,331	2,424,812	\$1,070,480	
Benefits	\$567,467	\$1,010,166	\$442,700	
Purchased Services	(\$224,296)	\$246,432	\$470,728	
Supplies & Materials	(\$90,510)	\$114,386	\$204,896	
Capital Outlay	\$32,358	\$152,180	\$119,822	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	\$103,339	(\$58,959)	(\$162,298)	
Other Uses	(\$57,777)	(\$7,888)	\$49,889	
Total Average Annual Change	\$1,684,912	\$3,881,128	\$2,196,216	
	2.08%	4.64%	2.56%	

Note: Revenue average annual change is projected to  
be > \$445,322

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.

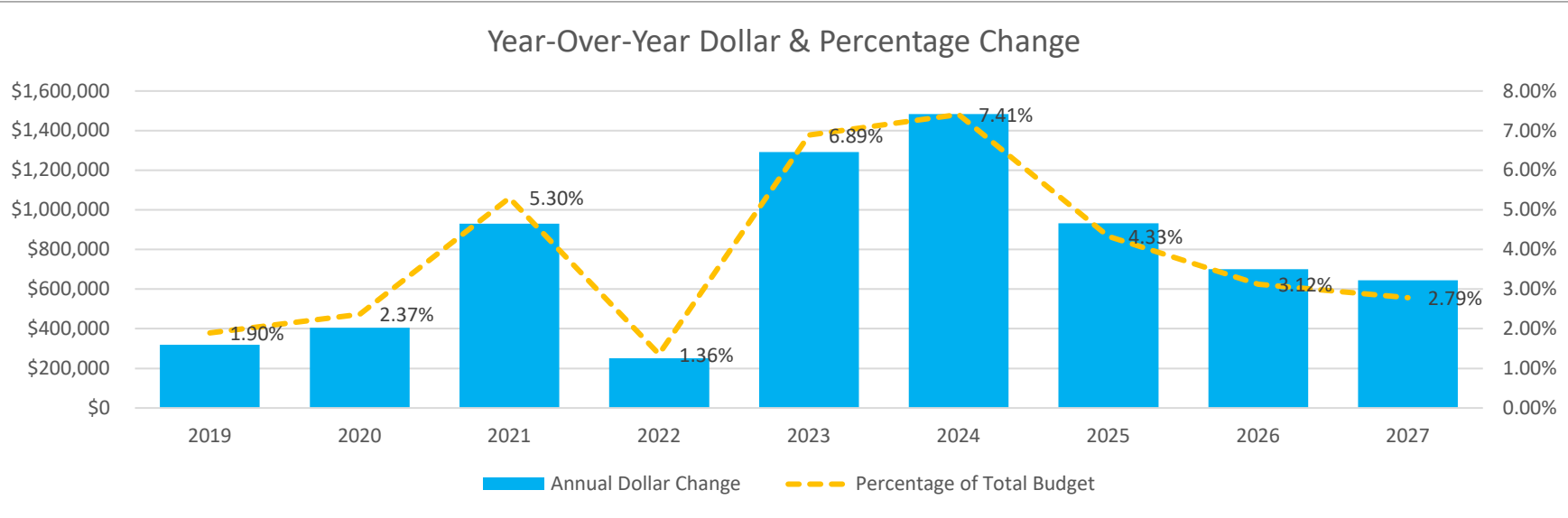
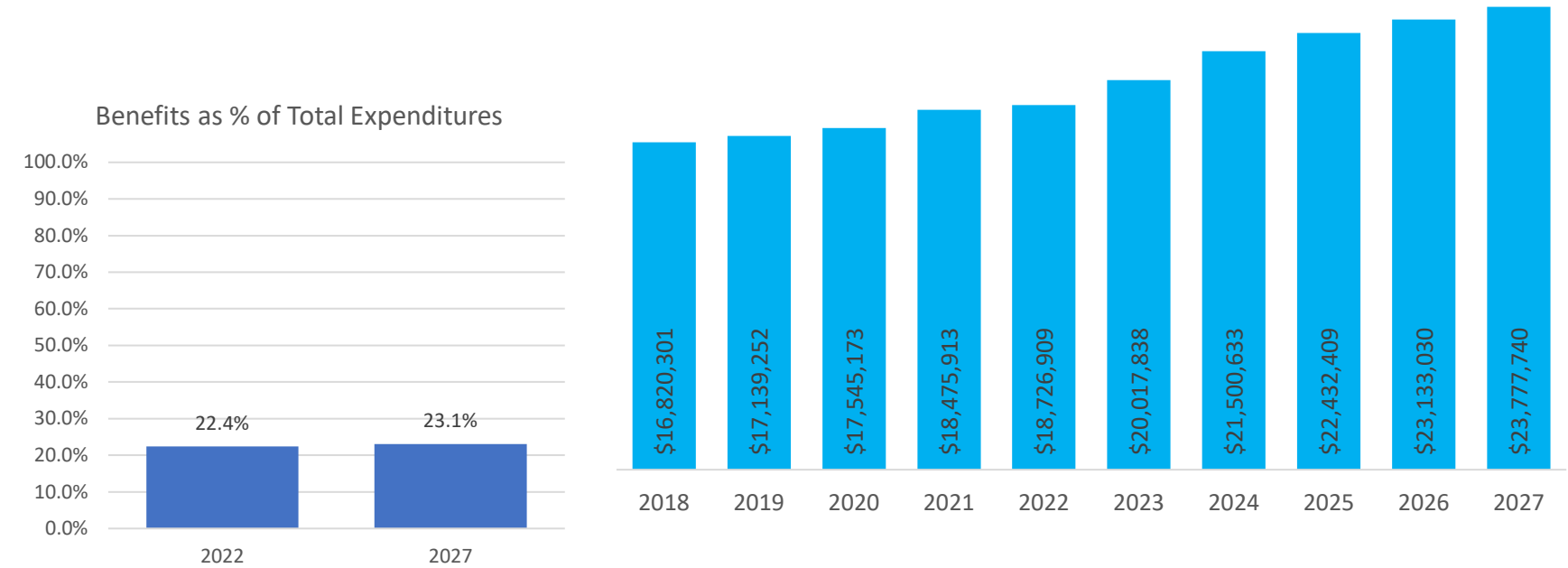


Salaries represent 61.86% of total expenditures and increased at a historical average annual rate of 2.80% or \$1,354,331. This category of expenditure is projected to grow at an annual average rate of 4.08% or \$2,424,812 through FY 2027. The projected average annual rate of change is 1.28% more than the five year historical annual average.

The district and teachers union approved an agreement this past year providing a three year contract with base increases of 3%, 2%, and 2.75% over the three year period. This increase is reflected in the forecast.

3.020 - Employees' Benefits

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

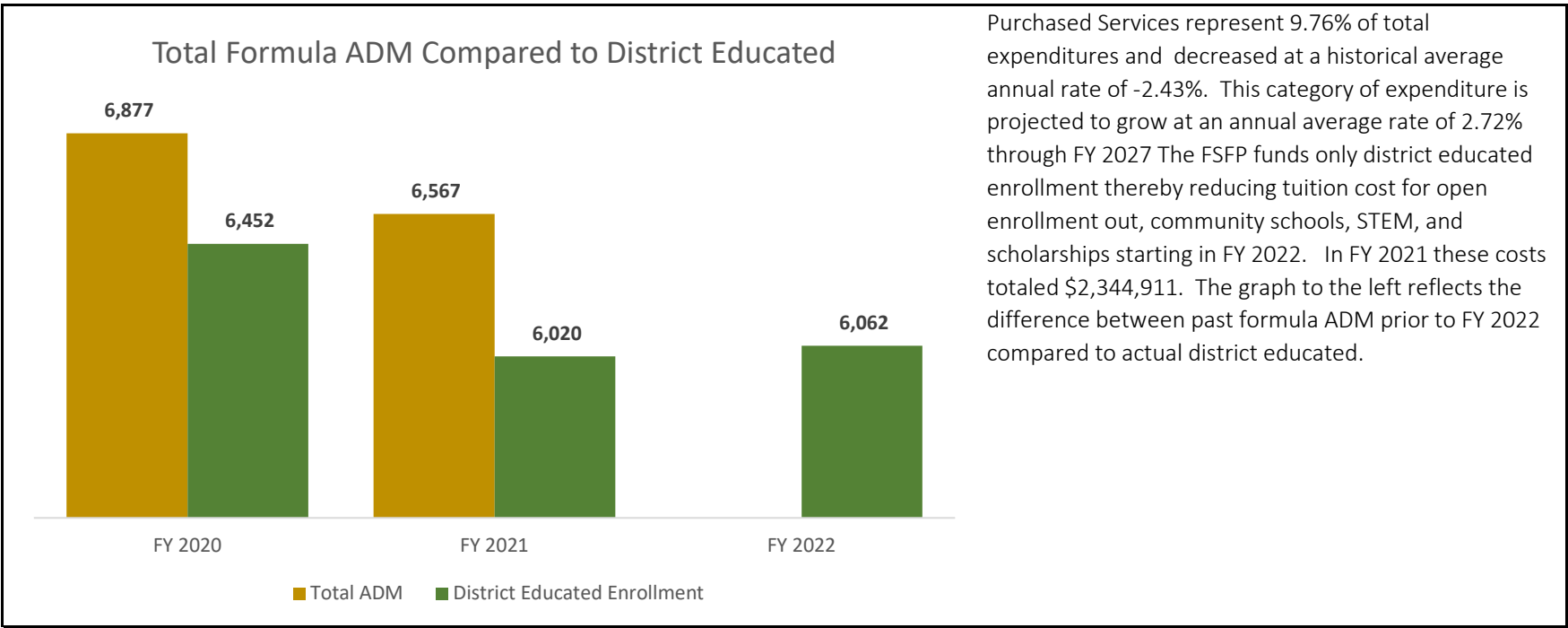
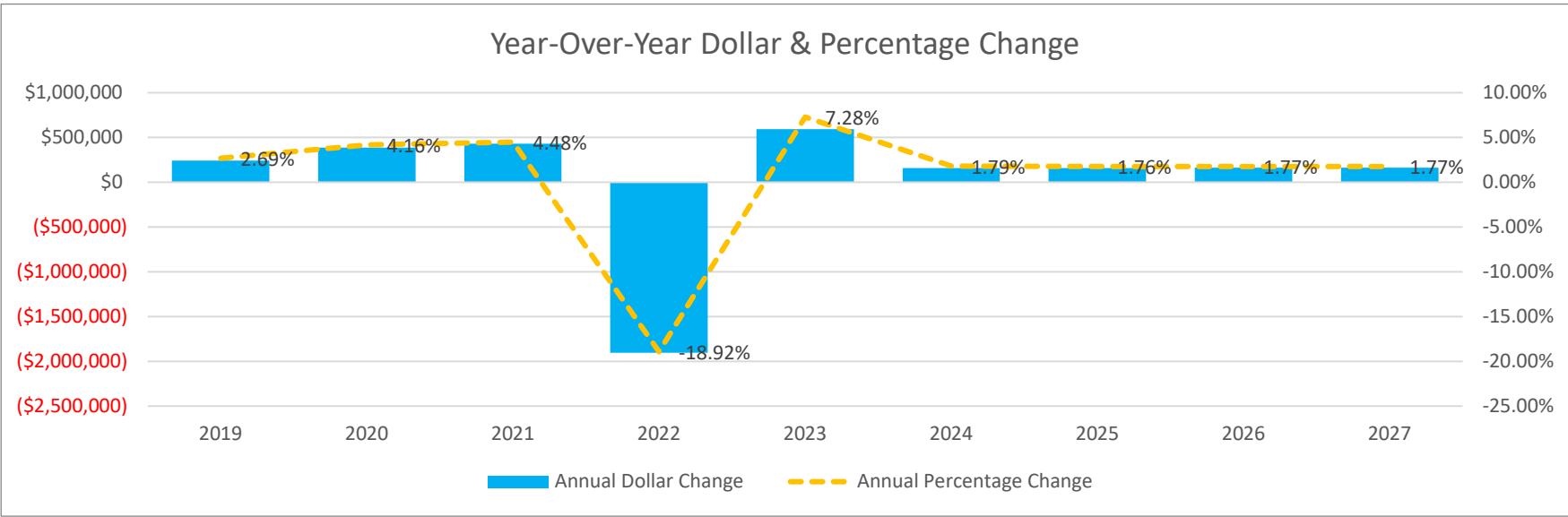
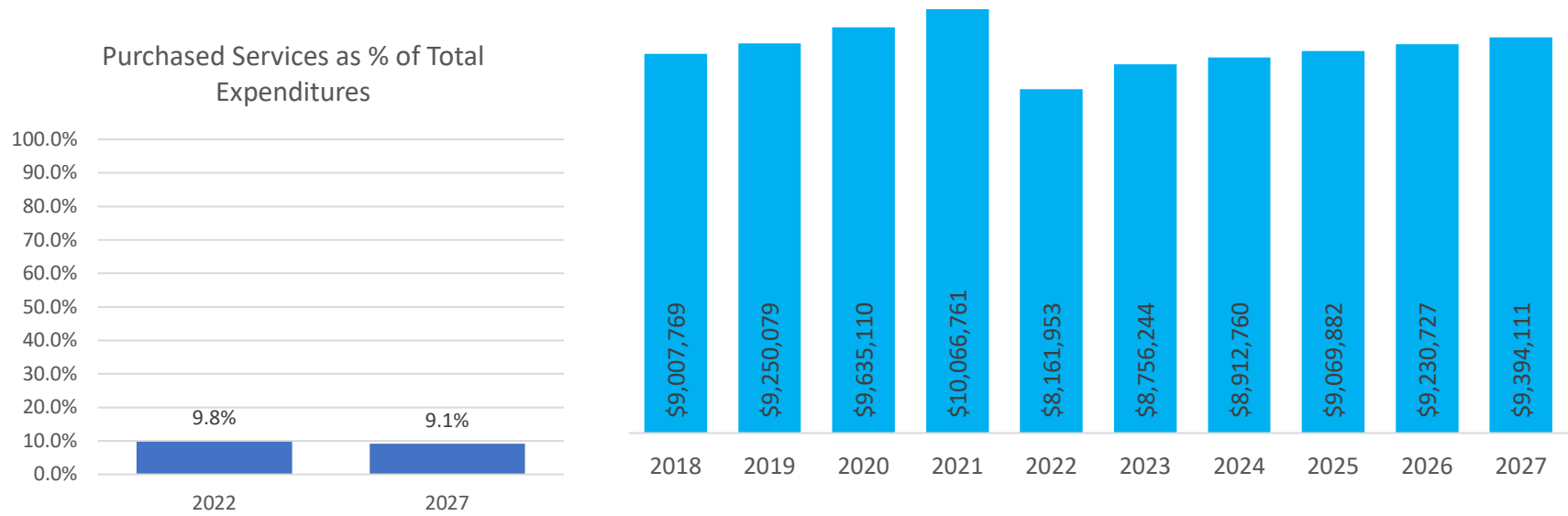


Benefits represent 22.40% of total expenditures and increased at a historical average annual rate of 3.20% This category of expenditure is projected to grow at an annual average rate of 4.56% through FY 2027. The projected average annual rate of change is 1.36% more than the five year historical annual average.

The district medical benefits increased above 12% this current year. The assumption is these will increase another 10% next year as insurance companies are still looking at increases across the board. Outside these two years, the district assumes we will get back to average increases as in the past.

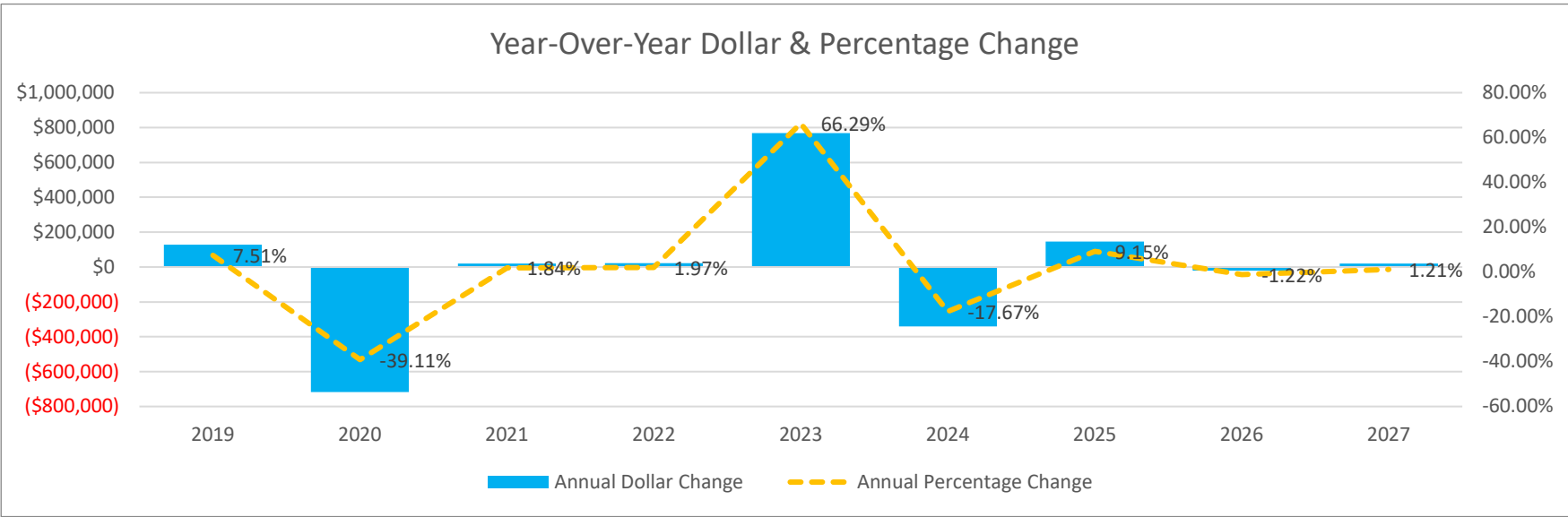
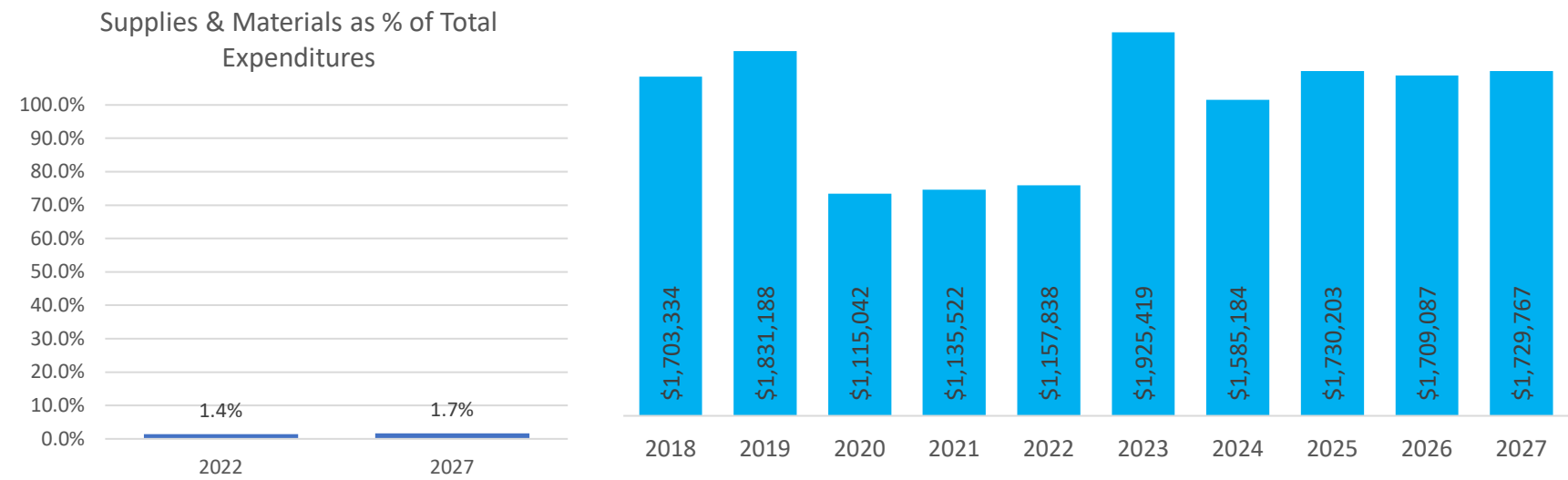
3.030 - Purchased Services

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.



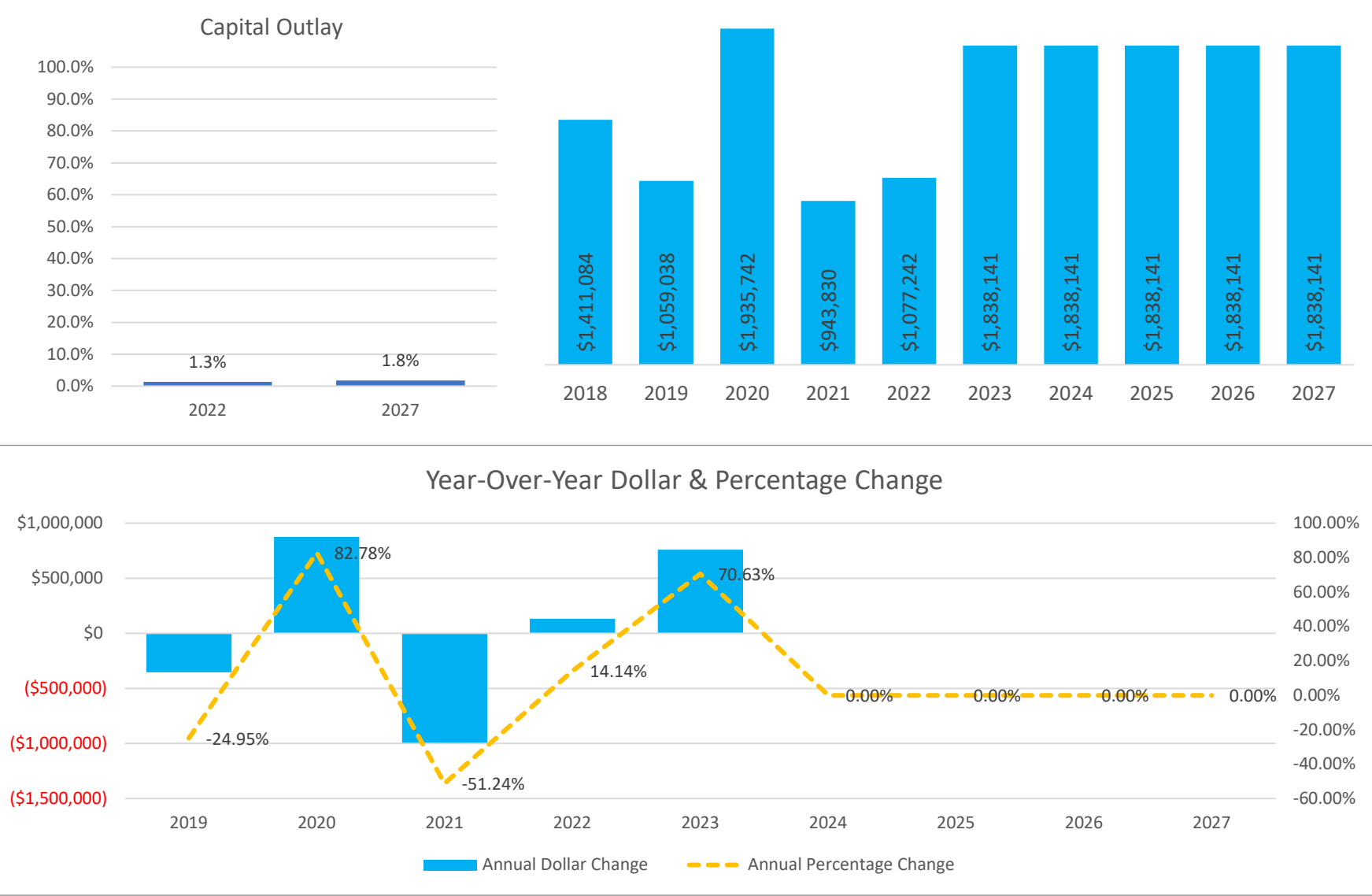
Supplies & Materials represent 1.38% of total expenditures and decreased at a historical average annual rate of -6.52%. This category of expenditure is projected to grow at an annual average rate of 6.59% through FY 2027. The projected average annual rate of change is 13.11% more than the five year historical annual average.

The district will be looking to purchase a new English Language Arts program towards the end of the current fiscal year with the thought these items need to be in classrooms next fiscal year. Supplies purchased using COVID funding will be returning back to being spent from operating funds.



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.

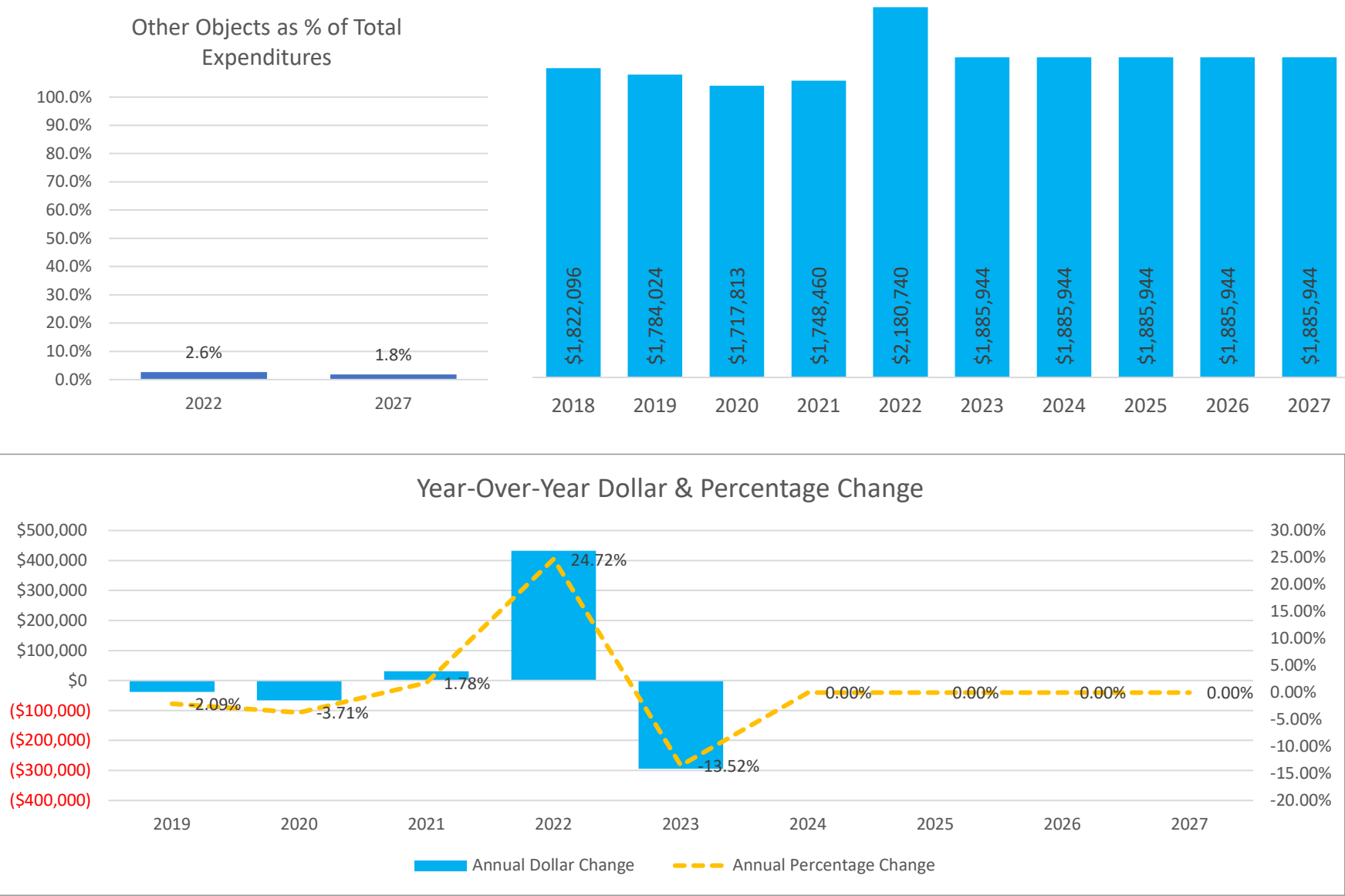


Capital Outlay represent 1.29% of total expenditures and increased at a historical average annual amount of \$32,358. This category of expenditure is projected to grow at an annual average rate of \$152,180 through FY 2027. The projected average annual change is more than the five year historical annual average.

Equipment purchased using COVID funding will be returning to being purchased using operating funds.

4.300 - Other Objects

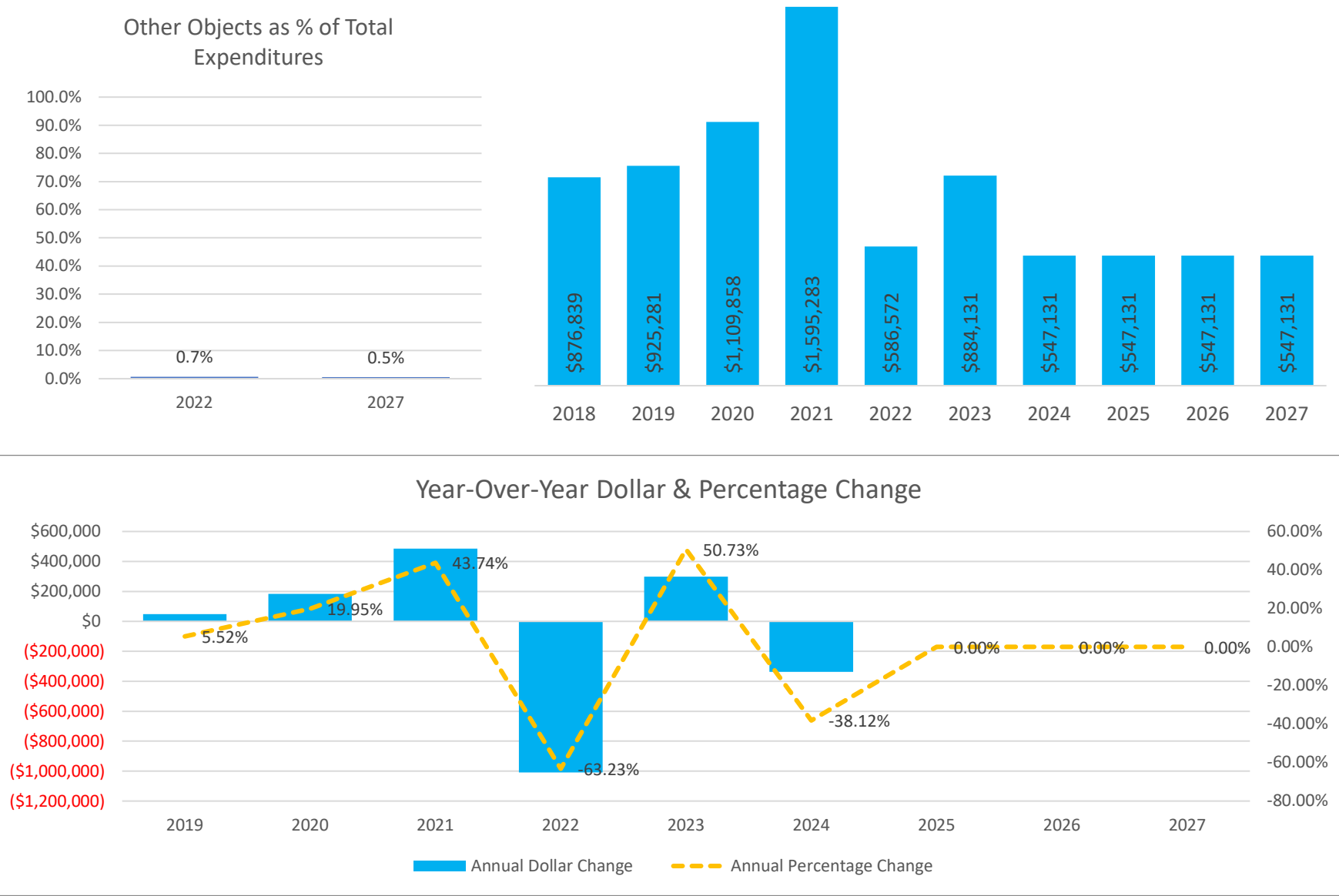
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



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 decrease at an annual average rate of -3.13% through FY 2027. The projected average annual rate of change is -8.71% 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.



	2022	2023	2024	2025	2026	2027
Transfers Out	443,888	460,578	123,578	123,578	123,578	123,578
Advances Out	142,684	423,553	423,553	423,553	423,553	423,553
Other Financing Uses	-	(0)	(0)	(0)	(0)	(0)

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 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.

The district paid off its Transportation/Energy bond in October 2022. This reduction is shown in years 2023-2024 and beyond.

Medina City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2022	2023	2024	2025	2026	2027
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	50,818,509	51,436,418	52,069,582	52,249,533	52,764,263	53,217,241
1.020 - Public Utility Personal Property	4,054,762	3,974,265	3,831,705	3,911,373	3,988,393	4,225,809
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	16,793,991	16,842,659	16,997,426	17,393,629	17,751,733	18,128,423
1.040 - Restricted Grants-in-Aid	1,026,586	915,171	809,467	599,739	433,398	253,635
1.050 - Property Tax Allocation	5,414,668	5,529,437	5,645,613	5,681,062	5,750,027	5,817,738
1.060 - All Other Operating Revenues	1,683,772	1,333,618	1,233,618	1,083,618	1,533,618	1,533,618
1.070 - Total Revenue	79,792,289	80,031,568	80,587,411	80,918,954	82,221,432	83,176,464
<b>Other Financing Sources:</b>						
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	142,684	423,553	423,553	423,553	423,553
2.060 - All Other Financing Sources	974,393	551,318	551,318	551,318	551,318	551,318
2.070 - Total Other Financing Sources	2,138,015	699,578	980,447	980,447	980,447	980,447
2.080 - Total Rev & Other Sources	81,930,303	80,731,147	81,567,859	81,899,402	83,201,880	84,156,912
<b>Expenditures:</b>						
3.010 - Personnel Services	51,714,762	54,407,687	57,142,864	59,833,967	61,980,399	63,838,820
3.020 - Employee Benefits	18,726,909	20,017,838	21,500,633	22,432,409	23,133,030	23,777,740
3.030 - Purchased Services	8,161,953	8,756,244	8,912,760	9,069,882	9,230,727	9,394,111
3.040 - Supplies and Materials	1,157,838	1,925,419	1,585,184	1,730,203	1,709,087	1,729,767
3.050 - Capital Outlay	1,077,242	1,838,141	1,838,141	1,838,141	1,838,141	1,838,141
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	2,180,740	1,885,944	1,885,944	1,885,944	1,885,944	1,885,944
4.500 - Total Expenditures	83,019,444	88,831,273	92,865,526	96,790,546	99,777,327	102,464,522
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	443,888	460,578	123,578	123,578	123,578	123,578
5.020 - Advances-Out	142,684	423,553	423,553	423,553	423,553	423,553
5.030 - All Other Financing Uses	-	(0)	(0)	(0)	(0)	(0)
5.040 - Total Other Financing Uses	586,572	884,131	547,131	547,131	547,131	547,131
5.050 - Total Exp and Other Financing Uses	83,606,016	89,715,404	93,412,657	97,337,677	100,324,458	103,011,653
6.010 - Excess of Rev Over/(Under) Exp	(1,675,712)	(8,984,258)	(11,844,798)	(15,438,275)	(17,122,579)	(18,854,742)
7.010 - Cash Balance July 1 (No Levies)	50,955,290	49,279,578	40,295,320	28,450,522	13,012,246	(4,110,332)
7.020 - Cash Balance June 30 (No Levies)	49,279,578	40,295,320	28,450,522	13,012,246	(4,110,332)	(22,965,074)
		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	39,443,520	27,598,722	12,160,446	(4,962,132)	(23,816,874)
<b>Rev from Replacement/Renewal Levies</b>						
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	39,443,520	27,598,722	12,160,446	(4,962,132)	(23,816,874)
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies		-	-	7,800,154	15,585,093	15,594,198
13.030 - Cumulative Balance of New Levies	-	-	-	7,800,154	23,385,247	38,979,445
15.010 - Unreserved Fund Balance June 30	48,427,778	39,443,520	27,598,722	19,960,600	18,423,115	15,162,571