

FIVE-YEAR FORECAST



NATURE AND PURPOSE OF THE PRESENTATION

The five-year forecast was created by the 122nd General Assembly in 1997-98 via Am. Sub. H.B. 412. It serves three primary purposes:

- To provide a standardized tool for long range planning at the local level.
- To serve as a basis for determining a district's ability to sign the "412" certificate.
- To provide a method for the Ohio Department of Education and the Auditor of State to identify districts headed toward financial difficulties.

Statutorily, we are required to update this model bi-annually. The first filing shall be on or before October 31st and the second filing shall be between April 1st and May 31st of each fiscal year.

Scott C. Snyder, CPA
Treasurer

Assumption updates from the October 2016 Forecast are identified in blue highlight.

Additional statutory references governing the five-year forecast can be found per the following:

- Ohio Revised Code Section 5705.391
- Administrative Rule 3301-92-04
- Auditor of State Technical Bulletin 98-015

BASIC PHILOSOPHY

The five-year forecast requires District management to evaluate potential long-term outcomes when making current decisions relative to new initiatives and fund existing programs and services over multiple years. In doing so, the multi-year budgeting process lends itself to meeting both short and long-term goals while maintaining financial solvency.

This forecast represents a series of assumptions or estimates of future economic, legislative, and market conditions. It is a “snap shot” of variables known or assumed at a particular point in time. Because circumstances and conditions assumed in projections frequently do not occur as expected and are based on information existing at the time projections are prepared, there will usually be differences between projected and actual results.

BASIS OF ACCOUNTING

This financial forecast has been prepared on the cash receipts and disbursements basis of accounting, which is the required basis (non-GAAP) of accounting used for budgetary purposes. Under this method, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligations are incurred. Under Ohio law, the District is required to encumber legally binding expenditure commitments and to make appropriations for the expenditure and commitment of funds.

FUND ACCOUNTING

The District maintains its accounts in accordance with the principles of “fund” accounting. Fund accounting is used by governmental entities, such as school districts, to report the financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions and activities. The transactions of each fund are reflected in a self-balancing group of accounts, which presents an accounting entity that stand separate from the activities reported in other funds. The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is disbursed or transferred in accordance with Ohio law.

BUDGET METHODOLOGY

The District utilizes the function/object approach to school district budgeting. This approach organizes the budget around major functions in the district – primarily instructional and supporting services. By design, this program structure closely matches the way in which responsibilities are assigned and results in an effective and efficient budgeting structure with clear lines of authority and accountability.

DESCRIPTION OF THE ORGANIZATION

The District is governed by the Constitution of the State of Ohio and various statutes enacted by the Ohio General Assembly through the State Department of Education. Under Ohio law, the District is a separate and distinct unit of government. The Mayfield City School District Board of Education is a five-member board elected at-large, with staggered four-year terms and serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed.

Located in the eastern suburbs of Cleveland, Mayfield City School District is comprised of four diverse and dynamic communities, the cities of Highland Heights and Mayfield Heights and the villages of Gates Mills and Mayfield.

FISCAL PROJECTIONS (2016-2017 through 2020-2021)

This financial projection presents the expected revenues, expenditures and fund balance of the General Fund of the Mayfield City School District for each of the fiscal years including June 30, 2014 through June 30, 2021, with historical information presented for fiscal years ended June 30, 2014, 2015, and 2016 that are based upon the school district's fiscal year-end annual cash reports (4502) filed with the Auditor of State.

GENERAL ASSUMPTIONS

A series of general assumptions were developed in order to arrive at the individual income and expense amounts. Though these assumptions may not be specific to the district operations, they do provide a backdrop of national and regional issues that have an indirect impact on the District.

NATIONAL:

- The general state of the economy is expected to gain momentum through the fourth quarter of next year. Key economic statistics per “The Kiplinger Letter” dated October 14, 2016 suggests the following during the ensuing 12-month period:
 - GDP growth – 1.4% for the remainder of 2016 and 2% for 2017.
 - Interest Rates – 10-Year T Notes dipping to 1.9% by the end of 2017
 - Inflation - 2.4% by the end of 2017, up from 1.7% at the end of 2016.
 - Unemployment declining to 4.5% by the end of 2017, from 5.0% currently.
- There will be no significant new unfunded mandates enacted by the Federal government or enhancements to current Federal mandates – No Child Left Behind (NCLB), Highly Qualified Teacher (HQT), Individuals with Disabilities Education Act (IDEA), etc.

STATE:

- “The Kiplinger Letter” dated May 8, 2015 suggests that Ohio’s exports of machinery and fabricated metal goods plus its growing oil industry faces some headwinds this year. But leisure and hospitality are thriving, and Cleveland’s economic fortunes are looking up after

years of decline. State GDP is on track for a modest 2.3% bump, with employment rising by 1.6%.

- On or before July 1, 2015, the Governor and the Ohio General Assembly authorized Amend Sub HB64 the State's biennial budget for the period July 1, 2015 thru June 30, 2017. What follows are the key items impacting Mayfield CSD.
 - HB64 restarted the phase-out of the Tangible Personal Property (TPP) and Public Utility Tangible Property (PUTP) reimbursement first put into law after the comprehensive tax reform in 2005 and utility deregulation reform in 2001. The bill simplified (changed) the reimbursement process and is expected to reduce the number of districts that received reimbursement from 260 in 2015 to 136 in 2016.

In December of 2015, SB208 was passed in an effort to minimize the immediate financial impact on TPP dependent school districts. SB208 establishes a formula for making TPP supplement payments to guarantee that the combined amount of foundation funding and fixed-rate operating direct reimbursements for TPP tax losses does not fall below 96% of FY2015 levels in FY17.

In addition, the bill modifies the formula for calculating fixed-rate operating reimbursements for TPP tax losses beginning in FY2018 to be reduced by 5/8 mill of the average of taxable value of the district for years 2014, 2015, and 2016.

While this legislation provides short-term operating revenue relief during the biennium (July 1, 2015 thru June 30, 2017), it will result in the permanent annual elimination of **\$3.79M in TPP reimbursements at the conclusion of FY 2017-18, with the majority (\$3.5M) being eliminated at the end of FY2016-17. The impact of these recent legislative acts results in an annual operating revenue reduction for the District that is the equivalent of approximately 3 mills of local property taxation.**

- HB64 maintains the basic tenets of the prior biennial budget state foundation program components, however, the funding formula is now named "Opportunity Grant." The Opportunity Grant mechanics continue to center on students' needs with an emphasis on funding following the student if he or she chooses to leave a traditional public school and attend a community school or STEM school. HB64 also maintains the nine primary aid categories used in the prior formula: the core opportunity grants, targeted assistance, K-3 literacy funding, economically disadvantaged aid, limited English proficiency funding, gifted funding, transportation aid, special education aid, and career technical education funding.

The formula continues the application of a "local share" component applied to the gross calculation and offers both a minimum or guaranteed level of funding for Districts identified to be "high-wealth" and a Cap limit for those calculations that generate funding in excess of 7.5% of a "limitation" base. The various state funding calculations for Mayfield CSD result in a "guarantee" or minimum level of state support.

- There will be no significant new unfunded mandates enacted by the State Legislature or legislative acts having a negative financial impact on primary or secondary education or specifically the Mayfield CSD.

LOCAL:

- Enrollment will be consistent with current and immediate historical trends (including movement of students from building to building and grade to grade) and that there will not be any significant enrollment increases during the forecasted period. Further, the composition of our enrollment (regular, special, etc.) will maintain its consistency throughout the forecasted period.
- There will not be any additional exemptions, abatements, incentive districts, etc. associated with any parcels located within the district boundaries that will have an adverse impact on the district.
- Key employers representing approximately \$400M of Class II business real property value will continue to provide \$19.0M of property per annum of taxes during the forecasted period and not be negatively impacted by changes to the economy.

BOTTOM LINE ANALYSIS

The following line graph illustrates the change in anticipated ending unobligated cash balances for the forecasted period beginning July 1, 2016 and concluding June 30, 2021. Since all of Mayfield CSD historical levy requests are permanent or continuing in nature, current collections as determined by the Cuyahoga County auditor are incorporated, however, a successor levy to avoid cash deficits is not. In addition, the following general assumptions apply:

- With the passage of a 5.4 mill continuing operating levy (not included in this commentary is the .5 mill continuing permanent improvement levy component) in March 2012, the District has extended its levy cycle from 3 to 4 years or from calendar year 2015 to calendar year 2016.
- The operating proceeds from Issue #115 (a combination levy, 5.0 mills for current expenses and 1.9 mills for permanent improvements) that was approved by the votes (**54.7% FOR** vs. 45.3% AGAINST) on the November 8, 2016 ballot, have been included in all financials. The projections have been developed with revised estimates from the Cuyahoga County Budget Commission.
- It is still worth noting that the continued debilitating effects of HB920 (1976) coupled with moderate economic conditions are insufficient at growing revenue at a satisfactory level to offset basic “school district” expenditure inflation.

This anemic growth and annual revenue hindrance is further compounded by the recent enactment of Amend Sub HB64 & SB208, wherein, the Ohio General Assembly and the Governor nullified its prior commitment to the District by permanently eliminating \$3.79M in Tangible Personal Property (TPP) Loss Payments as mentioned above.

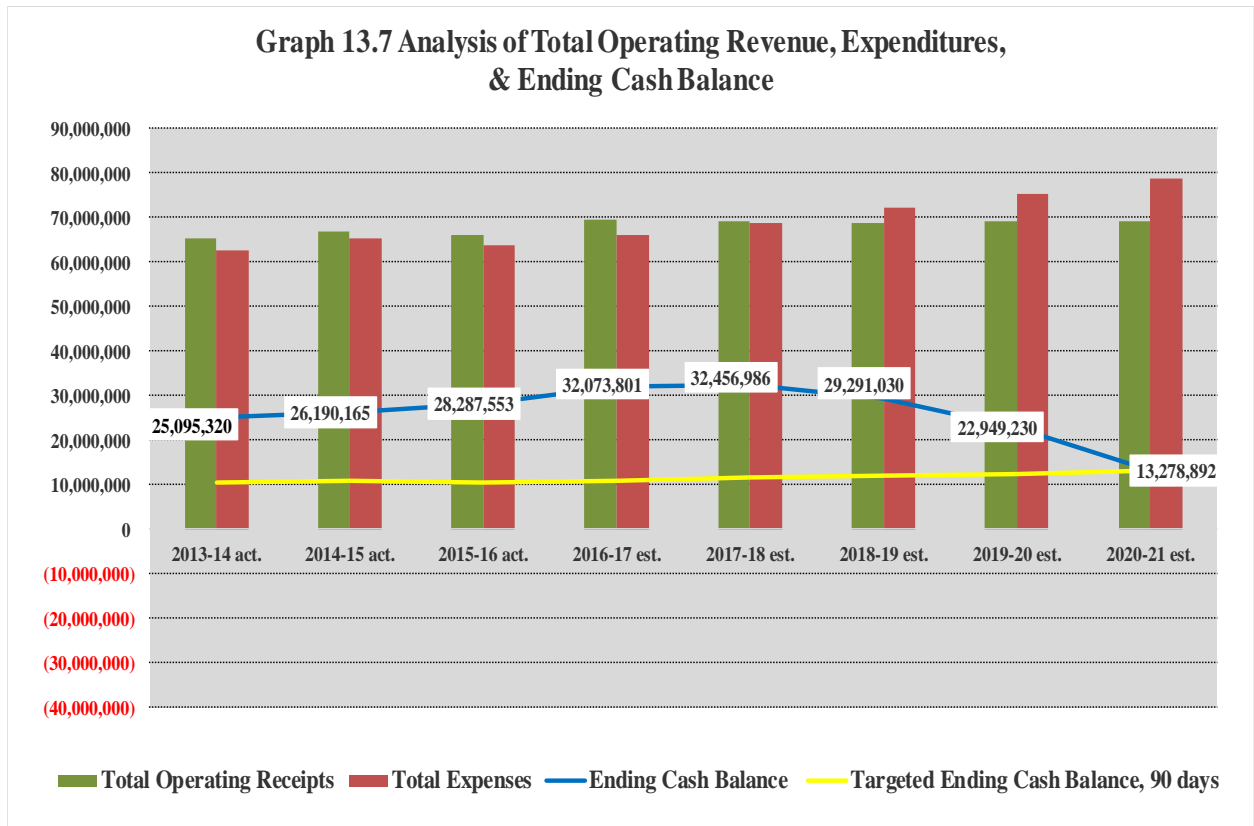
Revenue growth is again blunted by uncertain market activity and economic fundamentals - reduction in property values, increased vacancies in business office space, continued tightening of credit and financial markets, variable unemployment, and the impacts of global economic activity.

- The forecast includes all provisions contained in Amend Sub HB 64 (2015), the Governor’s 2-year budget bill. A couple of significant items worth re-emphasizing is the legislation included in HB59 (2013) that provided a permanent abeyance of the phase-out of the Tangible Personal Property Loss payments at the FY2013 levels per the most recent Ohio Department of Education/Ohio Department of

Taxation guidance & spreadsheet circulars and a “Guaranteed” level of State support per the current public school funding formula ie. Opportunity Grant Aid. This is yet another troublesome reminder of the increasingly impactful legislative risk associated with any dependency on state supplied resources.

- HB1(2011) contained certain educational operational mandates – common core instructional mandates, 3rd Grade Reading guarantee, staff evaluation, report card changes, etc. that have yet been fully developed at the State level and implemented at the District level and therefore any underlying financial consequences are not yet known. It is assumed that existing operating resources will be sufficient and deployed when appropriate to adequately comply with these legislative requirements.
- **An ending unobligated fiscal year end & month end cash deficits are first projected outside of the 5-year projection period.** However, deficit year spending (cash outflows exceed cash inflows) begins in fiscal year 2019 and would otherwise occur normally throughout the forecasted period due to the structural imbalance between expenditure growth and revenue stagnation, however, the elimination of the Tangible Personal Property Loss Reimbursements of \$3.79M exacerbates and accelerates this imbalance beginning in fiscal year 2018 and continuing throughout the forecasted period.

It is important to remind the reader that the District is not permitted, per the Ohio Revised Code, to end the fiscal year with a deficit. Therefore, the District will continue to evaluate additional revenue opportunities and reductions to its expenditures in advance of this eventual deficit.



Five-Year Forecast – Summary

MAYFIELD CITY SCHOOLS								
SM-5 (Five-Year Forecast)								
Description	FY2013/14 Actual	FY2014/15 Actual	FY2015/16 Actual	FY2016/17 Estimate	FY2017/18 Estimate	FY2018/19 Estimate	FY2019/20 Estimate	FY2020/21 Estimate
REVENUES:								
General Property Tax (Real Estate)	49,942,995	51,748,174	51,646,082	54,334,722	57,481,589	57,556,968	57,785,333	58,019,673
Tangible Personal Property Tax	1,714	0	14,188	0	0	0	0	0
Income Tax	0	0	0	0	0	0	0	0
Unrestricted Grants-in-Aid (All 3100's except 3130)	5,781,794	5,903,849	5,045,200	5,907,390	2,357,121	1,871,992	1,763,063	1,655,540
Restricted Grants-in-Aid (All 3200's)	83,867	61,690	79,029	75,078	71,324	67,758	64,370	61,151
Property Tax Allocation (3130)	5,687,376	5,690,031	5,668,779	5,795,422	5,795,422	5,795,422	5,795,422	5,795,422
All Other Revenues except 1931,1933,1940,1950,5100, 5200	2,381,968	2,676,800	2,907,454	2,866,930	2,894,764	2,923,445	2,953,000	2,983,457
Total Revenues	63,879,714	66,080,543	65,360,732	68,979,541	68,600,219	68,215,584	68,361,187	68,515,243
	2.14%	3.45%	-1.09%	5.54%	-0.55%	-0.56%	0.21%	0.23%
OTHER FINANCING SOURCES:								
Proceeds from Sale of Notes (1940)	0	0	0	0	0	0	0	0
State Emergency Loans and Advancements (Approved - 1950)	0	0	0	0	0	0	0	0
Operating Transfers-In (5100)	0	0	0	0	0	0	0	0
Advances-In (5200)	1,503,902	690,587	705,357	705,357	705,357	705,357	705,357	705,357
All Other Financing Sources (including 1931 and 1933)	0	0	0	0	0	0	0	0
Total Other Financing Sources	1,503,902	690,587	705,357	705,357	705,357	705,357	705,357	705,357
Total Revenues and Other Financing Sources	65,383,616	66,771,130	66,066,090	69,684,898	69,305,577	68,920,942	69,066,544	69,220,600
EXPENDITURES:								
Personal Services	33,375,826	34,186,117	33,284,697	35,651,180	37,460,000	39,170,000	40,960,000	42,830,000
Employees' Retirement/Insurance Benefits	12,393,348	13,530,191	14,092,041	14,560,716	15,148,179	15,942,924	16,780,523	17,663,305
Purchased Services	9,664,903	10,444,864	9,995,139	10,782,780	11,309,001	11,863,537	12,447,988	13,064,046
Supplies and Materials	1,991,444	2,050,305	1,854,798	2,147,505	2,191,688	2,237,317	2,284,451	2,333,153
Capital Outlay	674,028	501,595	953,067	281,150	283,962	286,801	289,669	292,566
Other Objects	1,102,404	1,190,390	1,081,990	1,300,320	1,354,562	1,411,319	1,470,712	1,532,869
Total Expenditures	59,201,953	61,903,462	61,261,732	64,723,651	67,747,392	70,911,898	74,233,344	77,715,938
	-0.46%	4.56%	-1.04%	5.65%	4.67%	4.67%	4.68%	4.69%
OTHER FINANCING USES:								
Operating Transfers-Out	2,225,294	2,154,393	1,658,860	575,000	575,000	575,000	575,000	575,000
Advances-Out	1,089,087	1,066,557	852,497	600,000	600,000	600,000	600,000	600,000
All Other Financing Uses	0	0	0	0	0	0	0	0
Total Other Financing Uses	3,314,382	3,220,950	2,511,357	1,175,000	1,175,000	1,175,000	1,175,000	1,175,000
Total Expenditures and Other Financing Uses	62,516,334	65,124,412	63,773,089	65,898,651	68,922,392	72,086,898	75,408,344	78,890,938
	3.04%	4.17%	-2.07%	3.33%	4.59%	4.59%	4.61%	4.62%
Operating Surplus/(Deficit)	2,867,282	1,646,718	2,293,001	3,786,247	383,185	(3,165,956)	(6,341,799)	(9,670,338)
Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacment & New Levies	25,191,688	28,058,970	29,705,688	31,998,689	35,784,936	36,168,122	33,002,165	26,660,366
Ending Cash Balance (June 30)	28,058,970	29,705,688	31,998,689	35,784,936	36,168,122	33,002,165	26,660,366	16,990,028
Estimated Encumbrances June 30	2,963,650	3,515,523	3,711,136	3,711,136	3,711,136	3,711,136	3,711,136	3,711,136
Unreserved Fund Balance June 30	25,095,320	26,190,165	28,287,553	32,073,801	32,456,986	29,291,029	22,949,230	13,278,892
90 day targeted cash carryover, 365 day year	147	147	162	178	172	148	111	61
5.0 Cash reserves @ 25% of expenses	10,377,711	10,810,652	10,586,333	10,939,176	11,441,117	11,966,425	12,517,785	13,095,896

Scott C. Snyder, CPA
 Treasurer

Assumption updates from the October 2016 Forecast are identified in blue highlight.

Five-Year Forecast – Detail (includes percentage & dollar changes)

MAYFIELD CITY SCHOOLS										
SM-5 (Five-Year Forecast)										
Description	FY2013/14 Actual	% of Total	+/- \$ Change	+/- % Change	FY2014/15 Actual	% of Total	+/- \$ Change	+/- % Change	FY2015/16 Actual	% of Total
REVENUES:										
General Property Tax (Real Estate)	49,942,995	76.38%	1,805,179	3.61%	51,748,174	77.50%	(102,092)	-0.20%	51,646,082	78.17%
Tangible Personal Property Tax	1,714	0.00%	(1,714)	-100.00%	0	0.00%	14,188	#DIV/0!	14,188	0.02%
Income Tax	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
Unrestricted Grants-in-Aid (All 3100's except 3130)	5,781,794	8.84%	122,054	2.11%	5,903,849	8.84%	(858,649)	-14.54%	5,045,200	7.64%
Restricted Grants-in-Aid (All 3200's)	83,867	0.13%	(22,176)	-26.44%	61,690	0.09%	17,339	28.11%	79,029	0.12%
Property Tax Allocation (3130)	5,687,376	8.70%	2,655	0.05%	5,690,031	8.52%	(21,252)	-0.37%	5,668,779	8.58%
All Other Revenues except 1931,1933,1940,1950,5100, 5200	2,381,968	3.64%	294,832	12.38%	2,676,800	4.01%	230,655	8.62%	2,907,454	4.40%
Total Revenues	63,879,714		2,200,829	3.45%	66,080,543		(719,811)	-1.09%	65,360,732	
	2.14%				3.45%				-1.09%	
OTHER FINANCING SOURCES:										
Proceeds from Sale of Notes (1940)	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
State Emergency Loans and Advancements (Approved - 1950)	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
Operating Transfers-In (5100)	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
Advances-In (5200)	1,503,902	2.30%	(813,315)	-54.08%	690,587	1.03%	14,770	2.14%	705,357	1.07%
All Other Financing Sources (including 1931 and 1933)	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
Total Other Financing Sources	1,503,902		(813,315)	-54.08%	690,587		14,770	2.14%	705,357	
Total Revenues and Other Financing Sources	65,383,616	100%	1,387,514	2.12%	66,771,130	100%	(705,041)	-1.06%	66,066,090	100%
		85.1%				86.0%				86.8%
EXPENDITURES:										
Personal Services	33,375,826	53.39%	810,291	2.43%	34,186,117	52.49%	(901,420)	-2.64%	33,284,697	52.19%
Employees' Retirement/Insurance Benefits	12,393,348	19.82%	1,136,843	9.17%	13,530,191	20.78%	561,850	4.15%	14,092,041	22.10%
Purchased Services	9,664,903	15.46%	779,961	8.07%	10,444,864	16.04%	(449,725)	-4.31%	9,995,139	15.67%
Supplies and Materials	1,991,444	3.19%	58,861	2.96%	2,050,305	3.15%	(195,507)	-9.54%	1,854,798	2.91%
Capital Outlay	674,028	1.08%	(172,433)	-25.58%	501,595	0.77%	451,472	90.01%	953,067	1.49%
Other Objects	1,102,404	1.76%	87,986	7.98%	1,190,390	1.83%	(108,400)	-9.11%	1,081,990	1.70%
Total Expenditures	59,201,953		2,701,509	4.56%	61,903,462		(641,730)	-1.04%	61,261,732	
	-0.46%				4.56%				-1.04%	
OTHER FINANCING USES:										
Operating Transfers-Out	2,225,294	3.56%	(70,901)	-3.19%	2,154,393	3.31%	(495,533)	-23.00%	1,658,860	2.60%
Advances-Out	1,089,087	1.74%	(22,530)	-2.07%	1,066,557	1.64%	(214,061)	-20.07%	852,497	1.34%
All Other Financing Uses	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
Total Other Financing Uses	3,314,382	0.00%	(93,431)	-2.82%	3,220,950	0.00%	(709,594)	-22.03%	2,511,357	0.00%
Total Expenditures and Other Financing Uses	62,516,334	100%	2,608,078	4.17%	65,124,412	100%	(1,351,324)	-2.07%	63,773,089	100%
	3.04%				4.17%				-2.07%	
Operating Surplus/(Deficit)	2,867,282		(1,220,564)	-42.57%	1,646,718		646,283	39.25%	2,293,001	
Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacment & New Levies	25,191,688		2,867,282	11.38%	28,058,970		1,646,718	5.87%	29,705,688	
Ending Cash Balance (June 30)	28,058,970		1,646,718	5.87%	29,705,688		2,293,001	7.72%	31,998,689	
Estimated Encumbrances June 30	2,963,650		551,873	18.62%	3,515,523		195,613	5.56%	3,711,136	
Unreserved Fund Balance June 30	25,095,320		1,094,845	4.36%	26,190,165		2,097,388	8.01%	28,287,553	
90 day targeted cash carryover, 365 day year	147	0	153	382	147	0	(567)	(1,409)	162	0
5.0 Cash reserves @ 25% of expenses	10,377,711	0	216,471	0	10,810,652	0	(224,320)	(0)	10,586,333	0

Scott C. Snyder, CPA
 Treasurer

Assumption updates from the October 2016 Forecast are identified in blue highlight.

Five-Year Forecast – Detail continued (includes percentage & dollar changes)

MAYFIELD CITY SCHOOLS												
SM-5 (Five-Year Forecast)												
Description	+/- \$ Change	+/- % Change	FY2016/17 Estimate	% of Total	+/- \$ Change	+/- % Change	FY2017/18 Estimate	% of Total	+/- \$ Change	+/- % Change	FY2018/19 Estimate	% of Total
REVENUES:												
General Property Tax (Real Estate)	2,688,640	5.21%	54,334,722	77.97%	3,146,867	5.79%	57,481,589	82.94%	75,379	0.13%	57,556,968	83.51%
Tangible Personal Property Tax	(14,188)	-100.00%	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
Income Tax	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
Unrestricted Grants-in-Aid (All 3100's except 3130)	862,190	17.09%	5,907,390	8.48%	(3,550,269)	-60.10%	2,357,121	3.40%	(485,128)	-20.58%	1,871,992	2.72%
Restricted Grants-in-Aid (All 3200's)	(3,951)	-5.00%	75,078	0.11%	(3,754)	-5.00%	71,324	0.10%	(3,566)	-5.00%	67,758	0.10%
Property Tax Allocation (3130)	126,642	2.23%	5,795,422	8.32%	0	0.00%	5,795,422	8.36%	0	0.00%	5,795,422	8.41%
All Other Revenues except 1931,1933,1940,1950,5100, 5200	(40,525)	-1.39%	2,866,930	4.11%	27,835	0.97%	2,894,764	4.18%	28,681	0.99%	2,923,445	4.24%
Total Revenues	3,618,809	5.54%	68,979,541		(379,322)	-0.55%	68,600,219		(384,635)	-0.56%	68,215,584	
			5.54%				-0.55%				-0.56%	
OTHER FINANCING SOURCES:												
Proceeds from Sale of Notes (1940)	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
State Emergency Loans and Advancements (Approved - 1950)	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
Operating Transfers-In (5100)	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
Advances-In (5200)	0	0.00%	705,357	1.01%	0	0.00%	705,357	1.02%	0	0.00%	705,357	1.02%
All Other Financing Sources (including 1931 and 1933)	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
Total Other Financing Sources	0	0.00%	705,357		0	0.00%	705,357		0	0.00%	705,357	
Total Revenues and Other Financing Sources	3,618,809	5.48%	69,684,898	100%	(379,322)	-0.54%	69,305,577	100%	(384,635)	-0.55%	68,920,942	100%
				86.3%				91.3%				91.92%
EXPENDITURES:												
Personal Services	2,366,483	7.11%	35,651,180	54.10%	1,808,820	5.07%	37,460,000	54.35%	1,710,000	4.56%	39,170,000	54.34%
Employees' Retirement/Insurance Benefits	468,675	3.33%	14,560,716	22.10%	587,463	4.03%	15,148,179	21.98%	794,744	5.25%	15,942,924	22.12%
Purchased Services	787,641	7.88%	10,782,780	16.36%	526,221	4.88%	11,309,001	16.41%	554,536	4.90%	11,863,537	16.46%
Supplies and Materials	292,707	15.78%	2,147,505	3.26%	44,183	2.06%	2,191,688	3.18%	45,629	2.08%	2,237,317	3.10%
Capital Outlay	(671,917)	-70.50%	281,150	0.43%	2,812	1.00%	283,962	0.41%	2,840	1.00%	286,801	0.40%
Other Objects	218,330	20.18%	1,300,320	1.97%	54,242	4.17%	1,354,562	1.97%	56,757	4.19%	1,411,319	1.96%
Total Expenditures	3,461,919	5.65%	64,723,651		3,023,741	4.67%	67,747,392		3,164,506	4.67%	70,911,898	
			5.65%				4.67%				4.67%	
OTHER FINANCING USES:												
Operating Transfers-Out	(1,083,860)	-65.34%	575,000	0.87%	0	0.00%	575,000	0.83%	0	0.00%	575,000	0.80%
Advances-Out	(252,497)	-29.62%	600,000	0.91%	0	0.00%	600,000	0.87%	0	0.00%	600,000	0.83%
All Other Financing Uses	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
Total Other Financing Uses	(1,336,357)	-53.21%	1,175,000	0.00%	0	0.00%	1,175,000	0.00%	0	0.00%	1,175,000	0.00%
Total Expenditures and Other Financing Uses	2,125,562	3.33%	65,898,651	100%	3,023,741	4.59%	68,922,392	100%	3,164,506	4.59%	72,086,898	100%
			3.33%				4.59%				4.59%	
Operating Surplus/(Deficit)	1,493,247	65.12%	3,786,247		(3,403,062)	-89.88%	383,185		(3,549,141)	#####	(3,165,956)	
Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacment & New Levies	2,293,001	7.72%	31,998,689		3,786,247	11.83%	35,784,936		383,185	1.07%	36,168,122	
Ending Cash Balance (June 30)	3,786,247	11.83%	35,784,936		383,185	1.07%	36,168,122		(3,165,956)	-8.75%	33,002,165	
Estimated Encumbrances June 30	0	0.00%	3,711,136		0	0.00%	3,711,136		0	0.00%	3,711,136	
Unreserved Fund Balance June 30	3,786,247	13.38%	32,073,801		383,185	1.19%	32,456,986		(3,165,956)	-9.75%	29,291,029	
90 day targeted cash carryover, 365 day year	650	1,466	178	0	46	95	172	0	(365)	(775)	148	0
5.0 Cash reserves @ 25% of expenses	352,843	0	10,939,176	0	501,941	0	11,441,117	0	525,308	0	11,966,425	0

Scott C. Snyder, CPA
 Treasurer

Assumption updates from the October 2016 Forecast are identified in blue highlight.

Five-Year Forecast – Detail continued (includes percentage & dollar changes)

MAYFIELD CITY SCHOOLS							
SM-5 (Five-Year Forecast)							
Description	+/- \$ Change	+/- % Change	FY2019/20 Estimate	% of Total	+/- \$ Change	+/- % Change	FY2020/21 Estimate
REVENUES:							
General Property Tax (Real Estate)	228,365	0.40%	57,785,333	83.67%	234,340	0.41%	58,019,673
Tangible Personal Property Tax	0	#DIV/0!	0	0.00%	0	#DIV/0!	0
Income Tax	0	#DIV/0!	0	0.00%	0	#DIV/0!	0
Unrestricted Grants-in-Aid (All 3100's except 3130)	(108,930)	-5.82%	1,763,063	2.55%	(107,523)	-6.10%	1,655,540
Restricted Grants-in-Aid (All 3200's)	(3,388)	-5.00%	64,370	0.09%	(3,218)	-5.00%	61,151
Property Tax Allocation (3130)	0	0.00%	5,795,422	8.39%	0	0.00%	5,795,422
All Other Revenues except 1931,1933,1940,1950,5100, 5200	29,555	1.01%	2,953,000	4.28%	30,457	1.03%	2,983,457
Total Revenues	145,603	0.21%	68,361,187		154,056	0.23%	68,515,243
			0.21%				0.23%
OTHER FINANCING SOURCES:							
Proceeds from Sale of Notes (1940)	0	#DIV/0!	0	0.00%	0	#DIV/0!	0
State Emergency Loans and Advancements (Approved - 1950)	0	#DIV/0!	0	0.00%	0	#DIV/0!	0
Operating Transfers-In (5100)	0	#DIV/0!	0	0.00%	0	#DIV/0!	0
Advances-In (5200)	0	0.00%	705,357	1.02%	0	0.00%	705,357
All Other Financing Sources (including 1931 and 1933)	0	#DIV/0!	0	0.00%	0	#DIV/0!	0
Total Other Financing Sources	0	0.00%	705,357		0	0.00%	705,357
Total Revenues and Other Financing Sources	145,603	0.21%	69,066,544	100%	154,056	0.22%	69,220,600
				92.06%			
EXPENDITURES:							
Personal Services	1,790,000	4.57%	40,960,000	54.32%	1,870,000	4.57%	42,830,000
Employees' Retirement/Insurance Benefits	837,599	5.25%	16,780,523	22.25%	882,782	5.26%	17,663,305
Purchased Services	584,451	4.93%	12,447,988	16.51%	616,057	4.95%	13,064,046
Supplies and Materials	47,134	2.11%	2,284,451	3.03%	48,702	2.13%	2,333,153
Capital Outlay	2,868	1.00%	289,669	0.38%	2,897	1.00%	292,566
Other Objects	59,393	4.21%	1,470,712	1.95%	62,157	4.23%	1,532,869
Total Expenditures	3,321,446	4.68%	74,233,344		3,482,595	4.69%	77,715,938
			4.68%	77.77%			4.69%
OTHER FINANCING USES:							
Operating Transfers-Out	0	0.00%	575,000	0.76%	0	0.00%	575,000
Advances-Out	0	0.00%	600,000	0.80%	0	0.00%	600,000
All Other Financing Uses	0	#DIV/0!	0	0.00%	0	#DIV/0!	0
Total Other Financing Uses	0	0.00%	1,175,000	0.00%	0	0.00%	1,175,000
Total Expenditures and Other Financing Uses	3,321,446	4.61%	75,408,344	100%	3,482,595	4.62%	78,890,938
			4.61%	0.00%	4.85%	0.23%	4.62%
Operating Surplus/(Deficit)	(3,175,843)	100.31%	(6,341,799)		(3,328,539)	52.49%	(9,670,338)
Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacment & New Levies	(3,165,956)	-8.75%	33,002,165		(6,341,799)	-19.22%	26,660,366
Ending Cash Balance (June 30)	(6,341,799)	-19.22%	26,660,366		(9,670,338)	-36.27%	16,990,028
Estimated Encumbrances June 30	0	0.00%	3,711,136		0	0.00%	3,711,136
Unreserved Fund Balance June 30	(6,341,799)	-21.65%	22,949,230		(9,670,338)	-42.14%	13,278,892
90 day targeted cash carryover, 365 day year	(697)	(1,715)	111	0	(1,014)	(3,330)	61
5.0 Cash reserves @ 25% of expenses	551,360	0	12,517,785	0	578,111	0	13,095,896

Scott C. Snyder, CPA
 Treasurer

Assumption updates from the October 2016 Forecast are identified in blue highlight.

REVENUES

Line 2.080- Total Revenues & Other Financing Sources

This category includes all revenues & other financing sources that support the General or operating fund.

General Assumptions for this category include:

- ✓ All Real Property Tax Revenue (Line 1.010) has been trended according to current tax rates (including the additional 5.0 mills for continuing, current expense approved on 11/08/16) and values as provided by the Cuyahoga County Budget Commission (12/27/16) and in accordance with the most recent Certificate of Estimated Resources (12/27/16). Included on each document are the Cuyahoga County Auditor's expected tax collections rate of 96.92% for all classifications of property – Class I & Class II. For the purposes of this forecast and based on historical trend data, the District is utilizing a collection percentage of 97.85 to include collections related to delinquencies and to more closely represent the average collection rate.

Growth in this category continues to moderate as a result of the uncertainty in economic market activity and a rebounding housing market. New housing starts, construction estimates, and the rate of growth on existing properties appear to be trending up but remain at pre 2006 levels. This continues to hinder possible operating revenue growth from inside millage and new construction - both inside millage and new construction are exempt from certain applications of HB920 (1976).

The new construction estimates have been developed by utilizing a 5-year look back, analysis of housing data provided by the Cuyahoga County Auditor, review of various local publications, and discussions with local officials.

- ✓ The Personal Tangible Property (Line 1.020) tax revenue has been eliminated for ALL projected fiscal years. Any collections included in this category for the financial period presented represent historical delinquencies and not current billings.

As a footnote, this tax category has always been a target for elimination by the Ohio General Assembly as evidenced by recently enacted legislation - HB95, HB66, and Amend Sub HB153. While recognizing that a replacement tax was necessary to maintain some sense of balance between individual & business taxation in Ohio, the General Assembly created the Commercial Activities Tax (CAT), a tax on gross business receipts that are deposited in the state general revenue fund with a portion dedicated to primary & secondary education. A very important distinction in comparing these two types of taxes is the profound shift from what was considered a local tax (tangible personal property) to a state based tax on business activity. In other words, this was a shift from business property (local) to business activity (state).

In fiscal year 2005-06, the tangible personal property tax represented 12.54% of all Mayfield CSD operating revenue or the equivalent of 6.15 taxable mills. While the tangible personal property tax is projected to be ZERO for the current and all future fiscal periods, the replacement CAT tax is providing limited Tangible Personal Property tax loss payments per a pre-determined scale.

While HB 66 (2005) served as the basis for the pre-determined Tangible Personal Property tax loss payments, Amend Sub HB 153 (2011) provided an accelerated phase-out of this prior commitment in order to assist with a State of Ohio budget deficit reported at that time to equate to \$8.0B. While the District appropriately planned for the gradual elimination of these payments as

originally prescribed in HB66 (2005), Governor Kasich's budget reduced these payments permanently by **\$3.49M** in 2013 and again by **\$3.9M** in 2015.

During deliberations of prior five-year forecast submissions, District officials assumed that the \$3.79M of TPPT loss reimbursements would continue at perpetuity because there appeared to be general support within the Ohio General Assembly during their biennium budget deliberations at that time (budget period 07/01/13 to 06/30/15) and that the obstacle to inclusion of this provision rest with Governor Kasich. Therefore, budget planning and more importantly expenditure prioritization was developed with this key provision included.

Amend Sub HB64 was passed by the Ohio General Assembly & signed by the Governor and not only resumed but accelerated (with yet another iteration of new phase-out metrics & methodology) for the current 2-year state budget cycle that coincides with fiscal years 2015/16, 2016/17, & FY2017/18 presented herein. In summary, **\$3.79M IN ANTICIPATED ANNUAL TPPT LOSS PAYMENTS TO MAYFIELD CSD WILL BE COMPLETELY ELIMINATED beginning July 1, 2018 or FY 2018/19 with a majority of the total reduction (\$3.4M) beginning in FY 2017/18.** A side by side comparison of recent legislative acts and the financial impacts can be found in the table on page 14.

- ✓ The Unrestricted Grants-In-Aid (Line 1.030) category includes the state funding program, the tangible personal property loss transitional payments (previously discussed) & any other unrestricted receipts from the state.
 - The State Funding Program has included the provisions of Amend Sub HB64 (2015). This funding formula (also known as Opportunity Grant Aid) is comprised of a base cost per pupil amount - \$5,900 in FY16 and \$6,000 in FY17 - times a state share index - consisting of local property and income tax wealth measures as compared to State of Ohio averages - times the number of District students (Average Daily Membership).

This state share index is purported to represent the local share of the base cost per pupil amount. The new funding formula further establishes a floor of 5% for Districts having local factors well in excess of the State of Ohio averages, *of which Mayfield qualifies for the 5% floor.*

Other key elements of the new funding formula:

 - Targeted Assistance Tier One funds for the 490th lowest local wealth per pupil districts – **Mayfield is not eligible for this funding.**
 - Targeted Assistance Tier Two funds for rural districts – **Mayfield is not eligible for this funding.**
 - Special Education –per pupil weighted funds times the state share index - **Mayfield's level is 5% of the total calculation.**
 - Preschool Special Education – calculated as \$4,000 times the state share index - **Mayfield's level is 5% of the total calculation.**
 - Limited English Proficient - per pupil weighted amount times the state share index - **Mayfield's level is 5% of the total calculation.**
 - K-3 Literacy - per pupil amount times the state share index - **Mayfield's level is 5% of the total calculation.**
 - Career Tech Education - per pupil amount times the state share index - **Mayfield's level is 5% of the total calculation.**
 - Gifted Education – per pupil and unit based funding - **Mayfield's level is consistent with prior year calculations; however, it is presented as a separate category.**

- *Transportation Funding* – on a per mile or per rider basis with the calculated value to reduced from 60 percent to 50 percent funded - **Mayfield's level has been REDUCED as a result of this funding level change from the prior year calculations; however, it is presented as a separate category.**

In order to better understand the relationship in the amount of funding anticipated for Mayfield relative to the various changes to the state funding formula, the table below represents the **GROSS** aid received during the past 3 budget cycles and that projected for the 2016/17 fiscal year by incorporating the new Opportunity Grant metrics.

The various formula names and presiding Governors at the time of implementation are listed. Regardless of the various formula machinations, Mayfield continues to experience **NO real practical or sustainable increases to its state aid** to fund its current operations and it is clearly not sufficient to offset the inflationary demands of its basic operations.

MAYFIELD CITY SCHOOLS							
STATE AID							
STATE AID	Gov. Kasich OPPORTUNITY GRANT		Gov. Kasich OPPORTUNITY GRANT		Gov. Kasich OPPORTUNITY GRANT		Gov. Kasich OPPORTUNITY GRANT
Funding Category	FY2013/14 ACT	+/- \$	FY2014/15 ACT	+/- \$	FY2015/16 ACT	+/- \$	FY2016/17 EST
ADM	3,816.31	(5)	3,811.58	21	3,832.17	(21)	3,811.00
Basic Aid Per Pupil	\$5,745	55	\$5,800	100	5,900	100	6,000
State Share Index	5.00%		5.00%		5.00%		5.00%
FORMULA AID W/GUARANTEE	1,096,235	9,123	1,105,358	25,132	1,130,490	12,810	1,143,300
Special Education Weights	177,302	36,563	213,865	(34,160)	179,705	(26,956)	152,749
Career-Tech/Adult Ed	16,364	1,646	18,010	5,018	23,028	921	23,949
Training & Experience	0	0	0	0	0	0	0
Extended Service	0	0	0	0	0	0	0
Transitional Aid Guarantee	0	0	0	0	93,799	(18,799)	75,000
Graduation/3rd Grade Reading Bonus	0	0	0	0	11,787	(11,787)	0
Gifted Aid	187,417	2,229	189,646	1,896	191,542	(6,542)	185,000
Transportation	922,221	15,822	938,043	(109,318)	828,726	(41,436)	787,289
Preschool Classroom Units	0	0	0	0	0	0	0
Special Ed Transportation	0	0	0	0	367,804	(17,804)	350,000
Excellence w/Distinction Subsidy	0	0	0	0	0	0	0
Limited English Proficiency Funding	8,692	1,150	9,842	480	10,322	(2,322)	8,000
K-3 Literacy Funding	95,462	32,717	128,179	10,024	138,203	(3,203)	135,000
Economic Disadvantage Funding	67,504	(23,542)	43,962	19,102	63,064	(13,064)	50,000
(3110) State Foundation	2,571,197	75,707	2,646,904	165,432	2,812,336	97,952	2,910,287

It is assumed that the Ohio General Assembly will maintain the current simulated values proposed in Amend Sub HB64 for the remainder of its 2-year budget cycle ending 06/30/17 and that it will not substantively change the calculations to the detriment of Mayfield CSD.

- The Tangible Personal Property Loss Transitional Payment is being presented in accordance with the metrics included in Amend Sub HB64 (2015), Amend Sub HB153 (2011), and the original prescriptions included in HB1 (2009) - the Strickland Administration's budget bill. Beginning in fiscal year 2016, it is assumed that the TPP loss payments will be completely eliminated beginning in fiscal year 2018/19.

Fiscal Year	TPP Phase-out	Annual Savings /	Cumulative Savings /	TPP Phase-out	Annual Savings /	Cumulative Savings /	TPP Phase-out			
	HB1 (Strickland)	(Loss)	(Loss)	Amend Sub HB153 (Kasich)	(Loss)	(Loss)	Amend Sub HB64/SB208 (Kasich)			
2012	6,106,535	(1,180,000)	(1,180,000)	4,926,535		0	4,926,535	*	}	HB1
2013	6,106,535	(2,307,045)	(3,487,045)	3,799,490		0	3,799,490	*		
2014	3,232,774	566,716	(2,920,329)	3,799,490		0	3,799,490	&	}	HB153
2015	2,514,380	1,285,110	(1,635,219)	3,799,490		0	3,799,490	&		
2016	1,795,986	2,003,504	368,285	3,799,490	(289,114)	(289,114)	3,510,376	%	}	HB64 / SB208
2017	1,077,591	2,721,899	3,090,184	3,799,490	(288,919)	(578,033)	3,510,571	%		
2018	359,197	3,440,293	6,530,477	3,799,490	(3,425,366)	(4,003,399)	374,124	%		
2019	0	3,799,490	10,329,967	3,799,490	(3,799,490)	(7,802,889)	0	%		
*	Includes provisions per Amend Sub HB153									
&	Original phase out as prescribed by HB66									
%	Revised phase out as prescribed per HB64/SB208									

- ✓ The Property Tax Allocation (Line 1.050) category represents the Homestead & Rollback exemptions (now known as the Non-Business Credit and the Owner Occupied Credit) and are comprised of a 10% credit to class I real property tax payers and a 2.5% credit for owner-occupied dwellings paid by the State of Ohio in lieu of the property owner for all levies in effect and subsequently renewed at the same amount.

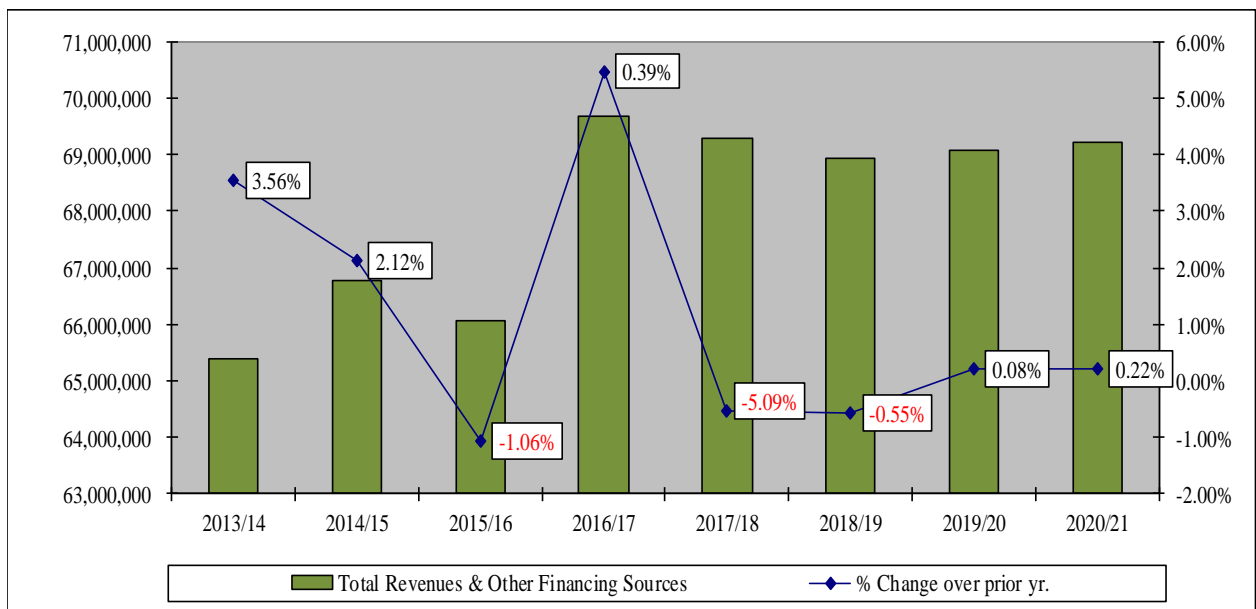
Effective with any new or replacement levy presented in November 2013 and thereafter, the 10% & 2.5% property tax credit has been eliminated per Amend Sub HB59 (2013). Therefore, revenue presented in this category is consistent with historical trends and the impact of this legislative act has NOT been included in this forecast.

- ✓ The All Other Revenues (Line 1.060) category includes miscellaneous receipts, interest income, revenue in lieu of taxes etc. Specific assumptions include:
 - Interest Income is currently suffering from a fairly flat yield curve with overnight interest rates hovering at .20%. The District's portfolio contains weighted to date maturities of 476 days and an average yield to maturity of 1.08%. Improvements to overnight rates do not appear imminent. For the forecasted period, interest earnings are projected based on July to September 2016 monthly postings in conjunction with anticipated future maturities within the current portfolio. Changes to future values stem from modest to negligible interest rate growth and the negative impact of declining cash reserves.

- Miscellaneous Income & All Other Categories are trended at rates consistent with current and past collections. Tax abatement payments received from Highland Heights and Mayfield Heights represent the largest portion of this category and stem from income tax revenue sharing agreements related to improvements and new construction to Class II property. It is assumed that the businesses making these payments will continue to be viable and productive members of our business community. This has been further substantiated based on conversations with the Finance Director from each municipality.
- Revenue in-lieu of tax payments received from Mayfield Village is projected consistent with the most recent information received from the City Finance Directors. Again, it is assumed that the businesses making these payments will continue to be viable and productive members of our business community.

The following table & graph provide a statistical & visual comparison of all revenue sources.

Total Revenues & Other Financing Sources	ACTUAL			ESTIMATE				
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Real Property Taxes	49,942,995	51,748,174	51,646,082	54,334,722	57,481,589	57,556,968	57,785,333	58,019,673
Tang. Pers. Property Taxes	1,714	0	14,188	0	0	0	0	0
Homestead & Rollback	5,687,376	5,690,031	5,668,779	5,795,422	5,795,422	5,795,422	5,795,422	5,795,422
State Foundation	1,740,689	1,865,226	1,282,941	2,160,218	1,746,395	1,635,391	1,526,462	1,418,939
Tang. Pers. Prop Loss Pymnt	3,799,490	3,799,490	3,525,658	3,510,571	374,124	0	0	0
Other State Sources	325,483	300,823	315,630	311,679	307,925	304,359	300,971	297,752
Interest Income	67,512	36,126	461,226	471,142	481,272	491,619	502,189	512,986
Misc. Income	381,040	608,554	572,292	589,390	607,096	625,429	644,414	664,074
Transfers & Advances	1,503,902	690,587	705,357	705,357	705,357	705,357	705,357	705,357
Revenue in Lieu of Taxes	1,933,415	2,032,120	1,873,937	1,806,397	1,806,397	1,806,397	1,806,397	1,806,397
Line 2.080 Total:	65,383,616	66,771,130	66,066,090	69,684,898	69,305,577	68,920,942	69,066,544	69,220,600
Dollar Change	2,245,996	1,387,514	(705,041)	3,618,809	(379,322)	(384,635)	145,603	154,056
% Change over prior yr.	3.56%	2.12%	-1.06%	5.48%	-0.54%	-0.55%	0.21%	0.22%

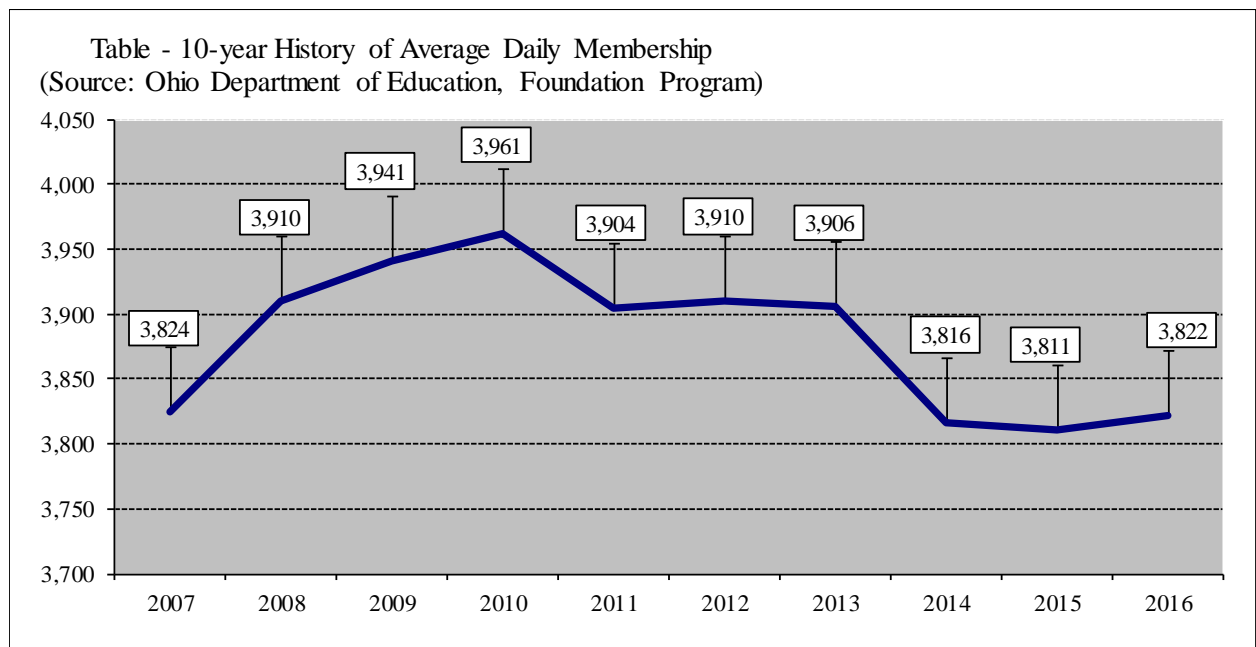


EXPENDITURES

PUPIL ENROLLMENT

- ✓ *Pupil enrollment* is a significant element in the development of the current & future expenditure expectations. While this forecast does not include a prediction of future enrollment levels, it is assumed that there will not be a substantial increase or decrease in either the total or the composition (regular, special, etc.) from the FY2013 base-level enrollment during the forecasted period. Additionally, the change in student enrollment will follow historical patterns and current predictions as made by the school district.

For illustration purposes, the district's 10-year average-daily-membership history (source Ohio Department of Education School Foundation program), which represents the official count for state funding purposes and not necessarily synonymous with day-to-day educational enrollment, is found in the Table below.



EXPENDITURE DEVELOPMENT & PRIORITIZATION

The annual spending plan or anticipated expenditures (budget) is developed with input from all major stakeholders and in accordance with the following budgeting pillars (Mayfield Vision) and guiding principles. These elements serve as guideposts to decision-making when contemplating current or new initiatives.

BUDGETING PILLARS / MAYFIELD VISION

1. **Student Learning and Academic Excellence** - Close the achievement gap and improve student performance *as measured by* PARCC, AP scores, OGT, ACT, SAT.
2. **Fiscal Stewardship and Operations** – Create the infrastructure and efficient/effective operations that support the vision of the district through reallocation and allocation of

resources to teaching and learning *as measured by* 3-5 year levy cycles, expenditure growth rate to average 2%, resource allocation analysis, ROI, millage rates, number of shared services opportunities, market share.

3. **Community Relations and Family Partnerships** – Create partnerships and strategic alliances to promote and support the vision of the district *as measured by* the number of/impact of partnerships, levy support, community satisfaction surveys.
4. **Growing Leadership, Talent and Professional Capacity** – Build leadership capacity at all levels required to support the district vision, mission, and goals *as measured by* number of internal candidates for leadership positions, administrator evaluation results, stakeholder feedback regarding clarity of communication of vision, mission, goals, and strategies and use of data to drive decision making.

GUIDING BUDGETING PRINCIPLES

- Resource reallocation and expenditures must support our vision priorities and department goals
- There is a distinction between fixed, one time and continuous costs
 - Can only trade one- time costs for one-time savings
 - Can only trade continuous costs for continuous savings
- Saving immaterial resources in some cases are not worth the potential political risks
- We cannot plan on significant savings in personnel
 - NO RIF will take place, evaluate attrition for potential savings
- Staffing analytics
 - Elementary = continued utilization of class size parameters
 - Middle School = teaming must be maintained
 - High School Course Auditing = certified staffing pattern
 - Classified Staffing
 - IA/SNA always in flux = look first to reallocate
 - Operations = continue to right size and assess opportunities via attrition

Line 3.010- Personal Services

By definition this category includes amounts paid to school district employees who hold positions of a permanent nature or who have been hired temporarily such as substitutes. This category includes the gross salary for personal services rendered while on the payroll of the district.

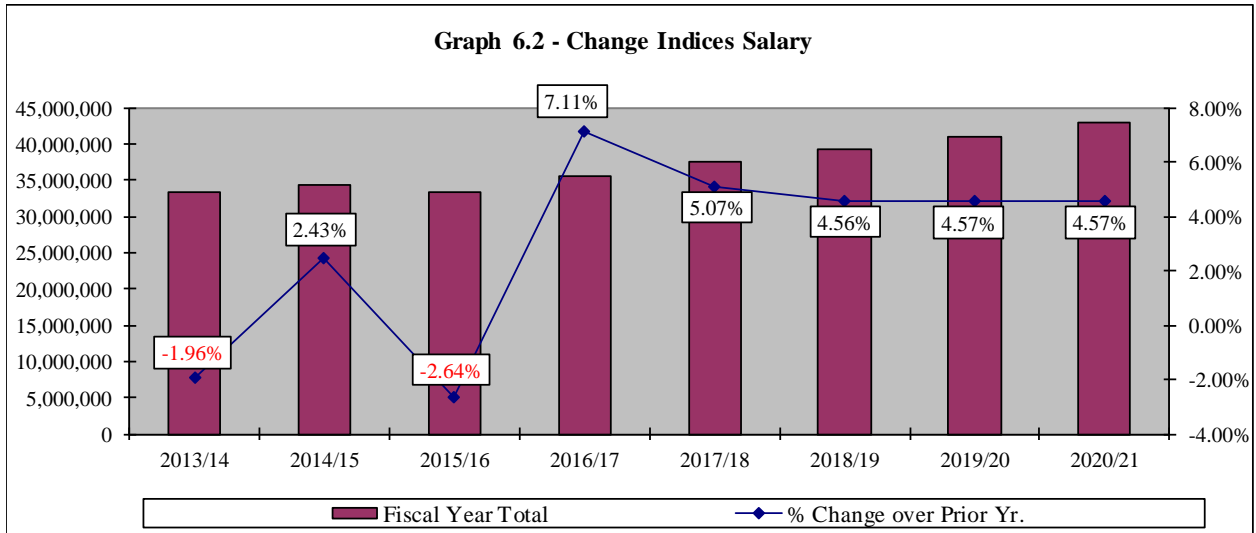
General Assumptions for this category include:

- ✓ During budget development discussions in FY2014-15, the District administration committed to reducing its overall personnel costs by evaluating exiting staff members due to retirement or resignation. A portion of the negative variance of 1.96%, approximately \$360,000 is a direct result of this effort and is comprised of both classified and certified positions. During the 2015-16 budget discussions, the District Administration committed to an approximate \$600K permanent personnel reduction, which has also been incorporated. To address instructional needs pursuant to the Mayfield Vision goals identified for 2016/17, approximately \$600,000 was then added back to the annual personnel budget to address these priorities. Finally, included in the original budgeted amount for personal services is approximately 1% annually to fund unknown staffing needs that occur normally during the operating period or school year.

- ✓ All base percentage raises identified in each collective bargaining agreement and any agreement with non-represented staff members have been incorporated in the forecasted periods. These increases include: 0% (FY2015/16), 2.5% (FY2016/17), & 2.5% (FY2017/18). Increases beyond FY2017/18 have been assumed to be consistent with past Mayfield settlements, other comparable area school districts, and the impacts of local, State, and Federal legislative/economic factors.
- ✓ Step and increment raises embedded in salary schedules have been developed according to historical movement and increased educational levels of current staff members. For 2015/16, we have successfully negotiated freezes to both base and step movements and have incorporated this into the salary estimates accordingly. For years FY2016/17, & FY2017/18, steps have been slightly reduced because certified staff members are limited to one column or educational advancement per year. Changes contemplated in past and present legislation and/or compliance with the Federal Race-to-the-Top programs involving merit and other pay provisions have not been included in this forecast.
- ✓ It is assumed that full-time-equivalents for additional staffing needs stemming from programming or operational changes will be managed with existing personnel and/or reallocation of exiting staffing members through attrition.
- ✓ Because of changes included in SB341 & SB342 (2012) to the certified (STRS) and classified (SERS) pension systems in an effort to promote financial sustainability, the revised pension pay-out options, pension eligibility, etc. will likely cause an exit of many of our senior certified staff members during the transition period during the ensuing school years. However, for the purposes of this forecast, NO attrition savings has been included.

The following table & graph provide a statistical & visual comparison of personal services. The “certified staff” represents all members required to hold a teacher’s certificate, including principals, the Superintendent, etc. and the “classified staff” represents everyone else. The “fixed” cost designation represents those regularly employed persons with a salary schedule placement and the “variable” cost designation represents supplemental, substitutes, severance payments, “other” compensation, overtime, etc.

	ACTUAL			ESTIMATE				
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
TEACHERS								
Base & Salary Schedule %	0.00%	4.75%	0.00%	5.25%	5.25%	4.75%	4.75%	4.75%
Cost of 1%	\$243,773	\$249,538	\$241,655	\$260,114	\$273,700	\$286,600	\$300,200	\$314,400
SUPPORT STAFF								
Base & Salary Schedule %	0.00%	4.25%	0.00%	4.75%	4.75%	4.25%	4.25%	4.25%
Cost of 1%	\$80,136	\$82,721	\$81,768	\$86,660	\$90,700	\$94,500	\$98,400	\$102,500
Certified Staff (Fixed Costs)	23,455,373	24,038,638	23,240,517	24,992,460	26,300,000	27,540,000	28,850,000	30,220,000
Certified Staff (Variable Costs)	1,409,976	1,352,408	1,298,470	1,438,920	1,510,000	1,580,000	1,650,000	1,720,000
Classified Staff (Fixed Costs)	7,724,018	7,943,661	7,888,959	8,321,370	8,720,000	9,090,000	9,470,000	9,870,000
Classified Staff (Variable Costs)	786,459	851,410	856,750	898,430	930,000	960,000	990,000	1,020,000
Sub-Total Line 3.010	33,375,826	34,186,117	33,284,696	35,651,180	37,460,000	39,170,000	40,960,000	42,830,000
Dollar Change	(668,187)	810,291	(901,421)	2,366,484	1,808,820	1,710,000	1,790,000	1,870,000
Percentage Change	-1.96%	2.43%	-2.64%	7.11%	5.07%	4.56%	4.57%	4.57%



Line 3.020 Employee’s Retirement/Insurance Benefits

By definition this category includes amounts paid by the school district on behalf of employees. Not included in gross salary, these amounts are over and above it. Such payments are not paid directly to employees; nevertheless, they are part of a school district’s costs of salaries & benefits.

General Assumptions for this category include:

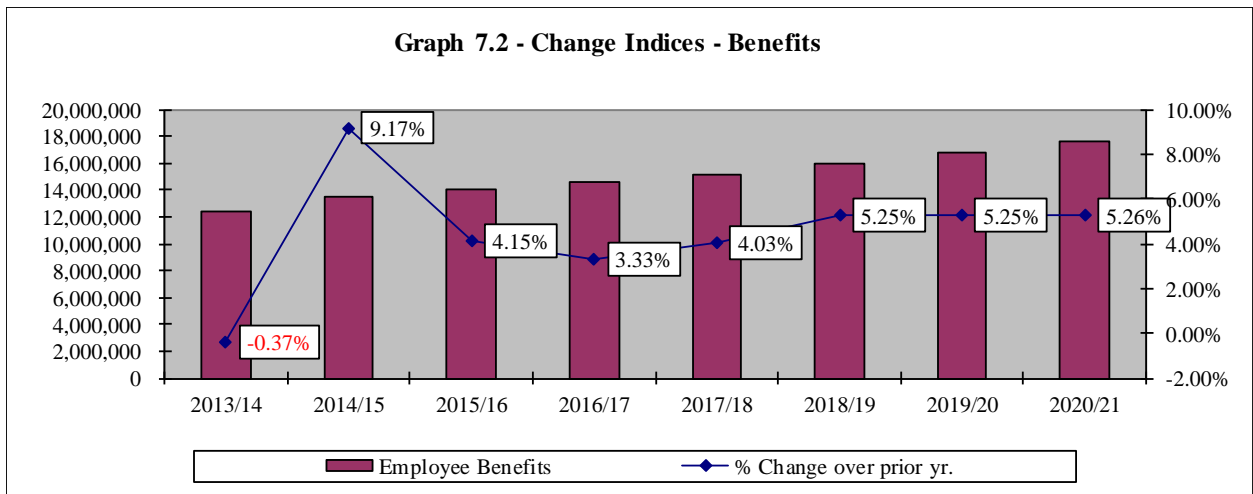
- ✓ The overall reduction in FY2013/14 relates to the staffing discussion above for the same tiem period.
- ✓ Part of the 9.17% increase in FY2013/14 or approximately \$330K is the result of an additional Board of Education premium payment in June 2015 to advance funds for the construction of the Wildcat Health & Wellness Center located at Mayfield High School. This advance will be amortized over a 5-year period and is expected to be repaid by reduced Medical/Rx premiums from the providers.
- ✓ All retirement contributions will increase at the same rate as base and step increases and there will not be a legislative change to increase these contribution rates.
- ✓ All future increases to the various insurance programs will be as follows:
 - Medical/Rx – has been trended at 3.00% for FY2016/17 & FY2017/18 pursuant to recent trend & market data and 6.00% for each of the forecasted years thereafter.
 - As a result of the recent negotiations, each successor collective bargaining agreement contains a 6% inflationary cap that stipulates that every dollar exceeding 6% will be paid 100% by the employee.
 - Vision – has been trended at 3.00% for FY2016/17 and 2.00% for each of the forecasted years thereafter.
 - Dental – has been trended at 0.00% for FY2016/17 and 3.00% for each of the forecasted years thereafter.
 - Term Life – has been trended at 0.00% for FY2016/17 and 2.00% for each of the forecasted years thereafter.

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 May 17, 2017, Regular Board Meeting

- Any and all fluctuations in percentages in each of these insurance related categories stem from network or carrier changes or plan design changes resulting from the collective bargaining process. Further, the trend percentages have been established with the assistance of the District's insurance consultant and to address actuarially determined reserves related to run-out claims inherent to each.
- There is concern regarding the potential impact of the Affordable Healthcare Act and how certain mandates might add an additional 1-2% to the net increase in insurance coverage. It is assumed, though, that the 6% inflationary cap will require meaningful dialog during negotiations to mitigate these potentially cost prohibitive mandates and be otherwise negated.
- ✓ Medicare has been trended at 6.00% for each year thereafter and is associated with the transition from non-contributing staff members to contributing staff members via new hires (Medicare eligibility is for employees hired after 03/31/86).
- ✓ Workers Compensation will increase 3.00% per year. The anticipated trend has been established with the assistance of our third-party administrator coupled with an historical look back of past & current claim activity as well as evaluation of prescribed reserve requirements.

The following table & graph provide a statistical & visual comparison of this category.

	ACTUAL			ESTIMATE				
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Insurance Premium Analysis								
Medical & Rx	\$17,781	\$18,474	\$19,583	\$20,170	\$20,775	\$22,022	\$23,343	\$24,744
Dental	\$1,522	\$1,537	\$1,583	\$1,583	\$1,630	\$1,679	\$1,730	\$1,782
Vision	\$166	\$170	\$173	\$178	\$182	\$185	\$189	\$193
Term-Life	\$77	\$78	\$80	\$80	\$81	\$83	\$84	\$86
Total BOE Cost for Full-time employee	\$19,545	\$20,259	\$21,418	\$22,011	\$22,669	\$23,969	\$25,346	\$26,804
Dollar Change	\$1,097	\$714	\$1,160	\$593	\$658	\$1,301	\$1,377	\$1,458
% Change over prior yr.	5.95%	3.65%	5.72%	2.77%	2.99%	5.74%	5.75%	5.75%
Employee Benefits Categories								
STRS	4,075,810	3,843,188	3,883,061	4,559,679	4,799,062	5,027,018	5,265,801	5,515,926
SERS	1,407,355	1,462,696	1,453,517	1,531,650	1,604,403	1,672,591	1,743,676	1,817,782
Medical Ins.	5,548,221	6,834,029	7,322,011	7,025,710	7,236,481	7,670,670	8,130,910	8,618,765
Vision Ins.	506,996	519,396	565,742	523,590	539,298	555,477	572,141	589,305
Term-Life	102,288	102,850	110,165	104,965	107,064	109,206	111,390	113,617
Medicare	444,191	460,789	455,613	487,127	516,355	547,336	580,176	614,987
Workers Comp	275,332	282,079	274,698	292,535	309,045	323,153	337,920	353,348
Other Benefits	33,155	25,163	27,236	35,460	36,471	37,475	38,509	39,575
Total Line 3.020	12,393,348	13,530,191	14,092,041	14,560,716	15,148,179	15,942,924	16,780,523	17,663,305
Dollar Change	(45,814)	1,136,843	561,850	468,675	587,463	794,744	837,599	882,782
% Change over prior yr.	-0.37%	9.17%	4.15%	3.33%	4.03%	5.25%	5.25%	5.26%



Line 3.030 Purchased Services

By definition, this category represents amounts paid for personal services rendered by individuals who are not on the payroll of the school district and other services which the school district may purchase.

General Assumptions for this category include:

- ✓ During our recent construction, considerable square footage was added to all of our facilities. With 2013/14 being this first full year of operations, the associated base line level was elevated to accommodate not only for this increase but also for changes in our operation practices, namely Wildcat Sport & Fitness, Wildcat Stadium, Wildcat Park, etc. FY2015/16 includes additional square footage in the form of the Mayfield Innovation Center as well as the completion of an HVAC projects at all four of our elementaries. Therefore, the FY2015/16 base year was elevated to accommodate the anticipated increase in utility usage. All future year increases have been trended at 5% from the revised base year levels.
- ✓ The Out of District Tuition category experienced a trend anomaly in Fiscal Year 2013/14 due to a change in the flow of a state aid dollars and its emphasis on funding following students and the financial reporting change from an expense to revenue accounting treatment. In FY 2014/15 the baseline was corrected and normal fluctuations in student placements results in a more “normalized” expenditure trend.
- ✓ Pupil Transportation continues to be an expense worthy of further evaluation and exploration. It’s associated with private haul and/or non-traditional student transportation. For all forecasted periods it has been trended at 3%.
- ✓ Property, Fleet & Auto Insurance has been trended at 3%.
- ✓ For those qualifying Building Repairs & Maintenance expenditures having a useful life of 5-years or more and adding to the overall value of the facility, equipment, or personal property have been moved to the additional .90 mill (2008), .50 (2012), and .50 (2016) permanent improvement funds as part of the District’s overall financial plan.

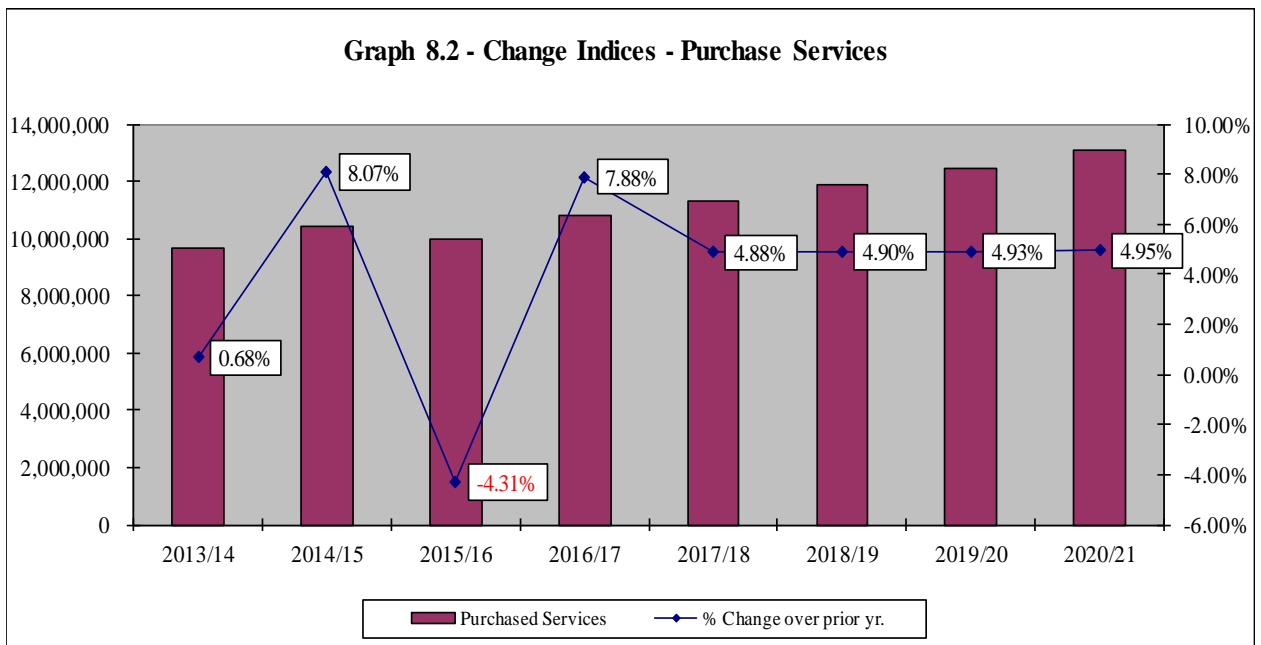
The District engaged in a \$35M capital improvements plan during the period FY2010/11 thru 2012/13 to all of its facilities. As such and when appropriate, supplemental dollars from this

category have been used to extend & complete these capital projects. Beginning in FY2015/16 and thereafter, a normal spending pattern for this category will resume and therefore building repairs & maintenance have been trended at 3%. However, the Board and administration reserve the right to utilize under spent budgeted amounts to continue to improve its aging facilities.

- ✓ All other categories not previously mentioned were trended at a composite rate of 2%.
 - It is important to note that any unanticipated spikes in uncontrollable categories – utilities, tuition, & transportation – will require a reprioritization within and among the costs included in this category. Contingencies may need to be developed to balance program needs versus these overhead demands.

The following table & graph provide a statistical & visual comparison of this category.

	ACTUAL			ESTIMATE				
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Purchased Services Categories								
Professional & Technical	657,372	509,724	779,366	546,130	557,053	568,194	579,558	591,149
Contracted Professional	490,303	492,748	491,704	687,160	700,903	714,921	729,220	743,804
Repairs & Maintenance	915,516	550,317	639,201	240,960	248,189	255,634	263,303	271,203
Rentals	10,395	10,395	11,340	15,420	15,574	15,730	15,887	16,046
Pupil Transportation	888,218	965,170	852,210	975,130	1,004,384	1,034,515	1,065,551	1,097,517
Property & Fleet Insurance	75,132	68,939	63,682	78,200	80,546	82,962	85,451	88,015
Utilities	1,252,509	1,374,160	1,225,322	1,540,700	1,617,735	1,698,622	1,783,553	1,872,730
Tuition	5,143,171	6,232,433	5,622,289	6,288,890	6,666,223	7,066,197	7,490,169	7,939,579
All Other Purchased Services	232,287	240,978	310,025	410,190	418,394	426,762	435,297	444,003
Total Line 3.030	9,664,903	10,444,864	9,995,139	10,782,780	11,309,001	11,863,537	12,447,988	13,064,046
Dollar Change	65,713	779,961	(449,725)	787,641	526,221	554,536	584,451	616,057
% Change over prior yr.	0.68%	8.07%	-4.31%	7.88%	4.88%	4.90%	4.93%	4.95%



Line 3.040 Supplies & Materials

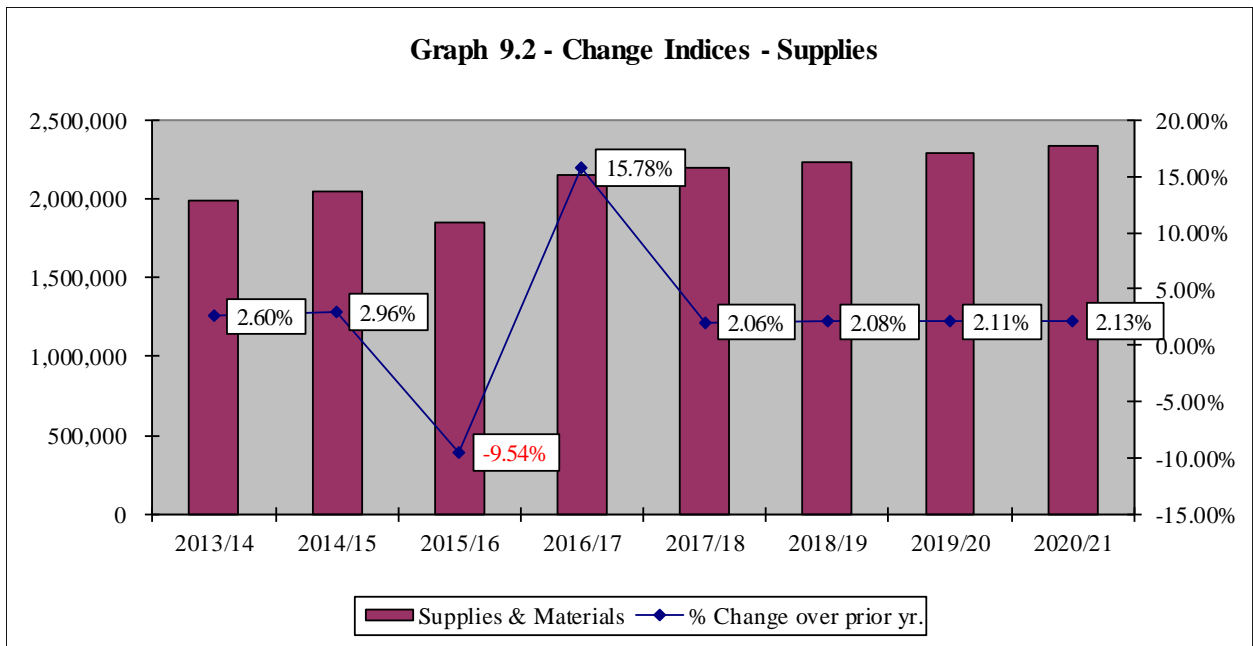
By definition, this category represents amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated from use, or that lose their identity through fabrication or incorporation.

General Assumptions for this category include:

- ✓ Vehicle Supplies – The District has set aside dollars in its Permanent Improvement Fund to replace its bus and vehicle fleet. Unfortunately, the District continues to struggle to keep pace with the replacement schedule and thus must rely on repairing its vast fleet. In addition, diesel fuel supply and market volatility raises ongoing concern in estimated fuel prices. Therefore, the FY 2016/17 base level has been recalibrated and includes an elevated trend percentage of 5% for the forecasted period.
- ✓ All other categories not previously mentioned were trended at a composite rate of 1%.
 - Again, it is important to note that any unanticipated spikes in uncontrollable categories – namely gasoline & fuel – will require a reprioritization within and among the costs included in this category. Contingencies may need to be developed to balance program needs versus these overhead demands.

The following table & graph provide a statistical & visual comparison of this category.

	ACTUAL			ESTIMATE				
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Supplies & Materials								
Educational Supplies	519,822	490,571	520,588	592,005	597,925	603,904	609,943	616,043
Textbooks	225,727	219,739	149,387	258,320	260,903	263,512	266,147	268,809
Library Books etc.	62,144	71,598	71,100	93,260	94,193	95,135	96,086	97,047
Software	99,705	308,378	321,424	175,320	177,073	178,844	180,632	182,439
Building & Grounds Supplies	318,947	340,461	336,876	330,140	333,441	336,776	340,144	343,545
Vehicle Supplies	765,099	619,557	455,423	698,460	728,153	759,146	791,499	825,271
Total Line 3.040	1,991,444	2,050,305	1,854,798	2,147,505	2,191,688	2,237,317	2,284,451	2,333,153
Dollar Change	50,384	58,861	(195,507)	292,707	44,183	45,629	47,134	48,702
% Change over prior yr.	2.60%	2.96%	-9.54%	15.78%	2.06%	2.08%	2.11%	2.13%



Line 3.050 New & Replacement Equipment

By definition, this category represents expenditures for the acquisition of, or addition to, fixed assets. Included are expenditures for land or existing buildings; improvements of grounds; construction of buildings; additions to buildings; remodeling of buildings; initial and additional equipment, furnishings and vehicles.

General Assumptions for this category include:

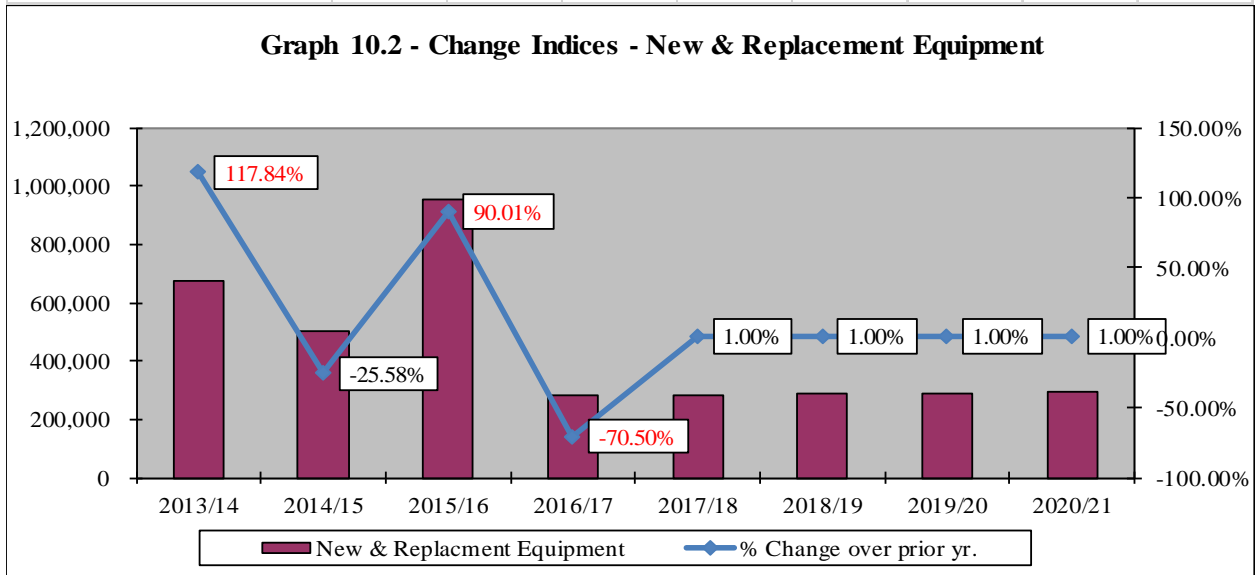
- ✓ All categories for the forecasted period have been trended at 1%
- ✓ All future bus and vehicle-related purchases, technology equipment, etc. or any asset having a useful life of 5-years or more and improving a District fixed asset or personal property qualifies as permanent improvement (2008 & 2012) offset and is included accordingly as part of the District's 5-year capital plan.

However, during the \$35M Capital Improvement program, dollars from this category were targeted to assist with the completion of key facility & grounds improvements in order to satisfy strategic elements of the facility master plan.

However, the Board and administration reserve the right to utilize under spent budgeted amounts to continue to improve its aging instructional equipment demands.

The table & graph below provide a statistical & visual comparison of this category.

	ACTUAL			ESTIMATE				
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
New & Replacement Equipment								
All Other New & Replacement Equipment	197,867	103,634	13,452	38,530	38,915	39,304	39,697	40,094
New & Replacement Computer Equipment	0	0	0	0	0	0	0	0
New & Replacement Instructional Equipment	476,161	379,976	686,814	242,620	245,046	247,497	249,972	252,471
Replacement Vehicles & Buses	0	17,984	252,801	0	0	0	0	0
Line 3.050 Total:	674,028	501,594	953,067	281,150	283,962	286,801	289,669	292,566
Dollar Change	364,618	(172,433)	451,473	(671,917)	2,812	2,840	2,868	2,897
% Change over prior yr.	117.84%	-25.58%	90.01%	-70.50%	1.00%	1.00%	1.00%	1.00%



Line 4.300 Other Misc. Expenses

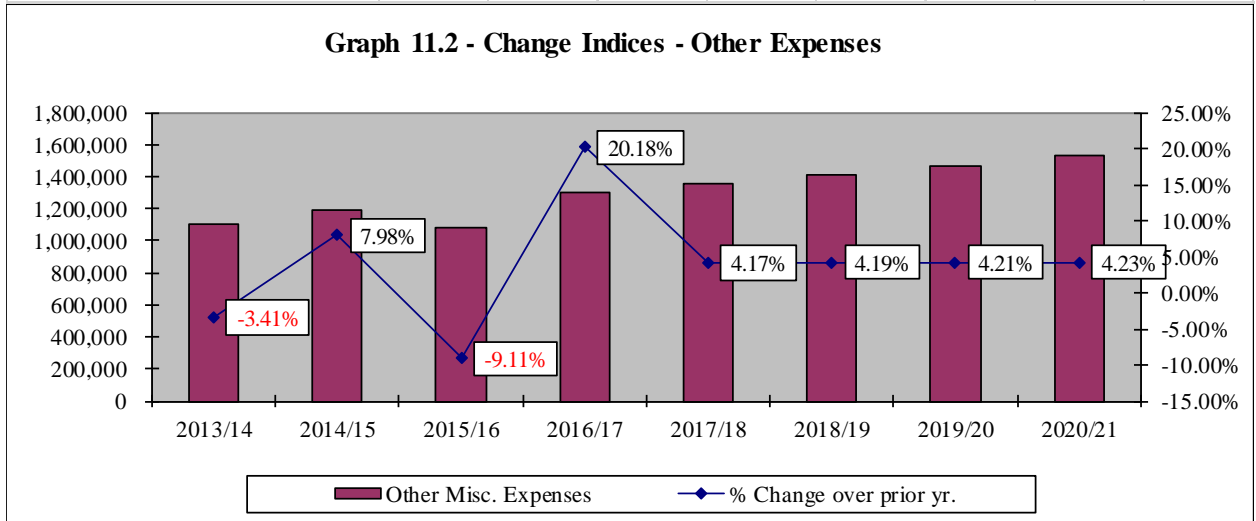
By definition, this category includes amounts paid for goods and services not otherwise classified above, such as expenditures for the retirement of debt, the payment of interest on debt and the payment of dues and fees.

General Assumptions for this category include:

- ✓ Cuyahoga County Auditor & Treasurer Fees associated with the collection of property taxes are trended at 5%.
- ✓ All other categories not previously mentioned have been trended at a composite 1%.

The table & graph on the next page provide a statistical & visual comparison of this category.

	ACTUAL			ESTIMATE				
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Other Misc. Expenses								
General Liability & Performance Bonds	57,822	71,848	83,164	73,430	74,899	76,397	77,925	79,483
Cuyahoga Co. ESC	26,720	26,011	26,579	28,560	28,846	29,134	29,425	29,720
County Auditor & Treasurer's Fees	813,650	871,044	746,676	926,100	972,405	1,021,025	1,072,077	1,125,680
All Other Misc. Expenses	204,212	221,487	225,571	272,230	278,413	284,763	291,286	297,986
Line 4.300 Total:	1,102,404	1,190,390	1,081,990	1,300,320	1,354,562	1,411,319	1,470,712	1,532,869
Dollar Change	(38,894)	87,986	(108,400)	218,330	54,242	56,757	59,393	62,157
% Change over prior yr.	-3.41%	7.98%	-9.11%	20.18%	4.17%	4.19%	4.21%	4.23%



Line 5.040 Other Financing Uses

By definition, this category provides either temporary or permanent financial resources to other funds. Historically, the district has provided permanent funding to Community Recreation, student fees, and the Athletic Department.

General Assumptions for this category include:

- ✓ Transfers represent permanent financial assistance to non-operating funds and programs. The District currently supports Community Education & Recreation, Athletics, Uniform School Supplies, Termination Benefits, Employee Benefits, and some Debt Service. Therefore, the transfer category can and does experience volatility as each of the areas mentioned requires funding to satisfy a change in program, philosophy, or need. However, every effort is made to manage the overall level necessary to support the program.

During FY2013/14 & FY2014/15 the District took advantage of under spent budget amounts to offset approximately \$1.0M of Permanent Improvement Fund debt payments in an effort to provide resources to its 3 primary capital improvement projects – Rehabilitating the old Cuyahoga County Library into an Innovation Center, Air-conditioning all 4 of its elementaries, & Rehabilitating its vocational wing at its High School. In FY2016/17, the District utilized this same methodology to fund \$875K of facility improvements at Millridge Elementary as well as

funding \$440K associated with the recently issued debt for the Mayfield Innovation Center improvements. Patterns are expected to return to normal as is evidenced in FY2016/17 & each year thereafter.

In FY2015/16, the District plans to transfer out \$1,034,000 of TPP Supplement payments to pay for interior improvements to Millridge Elementary School resulting from a recommendation by District staff in an effort to better align internal operations.

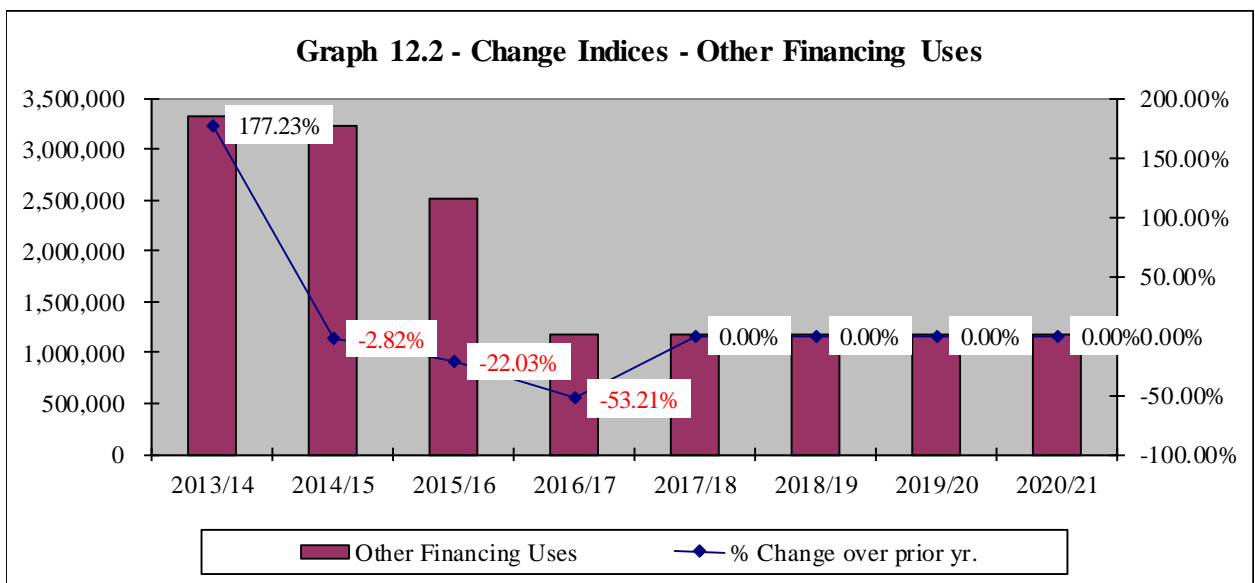
However, the Board and administration reserve the right to continue to utilize under spent budgeted amounts to continue to improve its aging facilities.

However, legislative changes resulting from SB341 & SB342 (2012) might cause a re-review of this estimate if there is an increase in retirements and the need for additional transfers to the Termination Benefits fund. This modification will be made when more information is known.

- ✓ Advances represent interim loans to funds to offset mid-year cash deficits. Essentially, they do not have a material impact on the financials.

The table & graph below provide a statistical & visual comparison of this category.

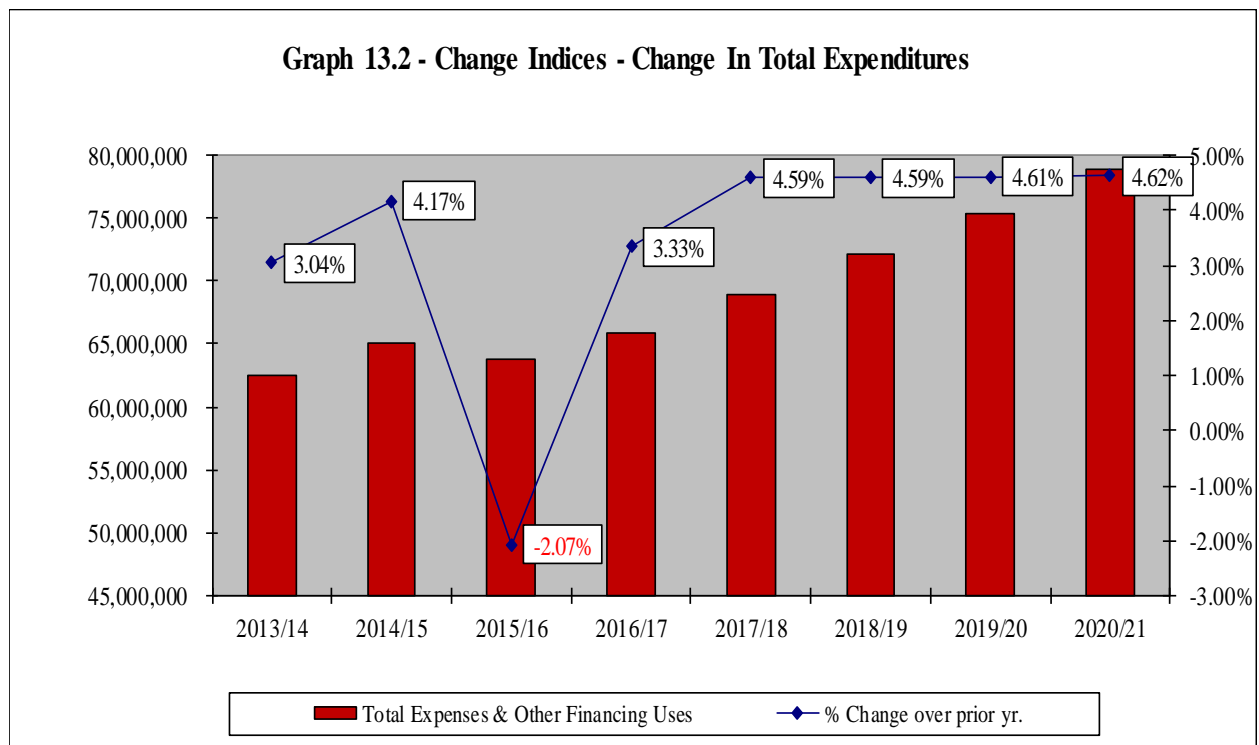
	ACTUAL			ESTIMATE				
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Other Financing Uses								
Transfers	2,225,294	2,154,393	1,658,860	575,000	575,000	575,000	575,000	575,000
All Other Financing Uses	0	0	0	0	0	0	0	0
Advances	1,089,087	1,066,557	852,497	600,000	600,000	600,000	600,000	600,000
Refund of Prior Year	0	0	0	0	0	0	0	0
Line 5.040 Total:	3,314,382	3,220,950	2,511,357	1,175,000	1,175,000	1,175,000	1,175,000	1,175,000
Dollar Change	2,118,845	(93,431)	(709,593)	(1,336,357)	0	0	0	0
% Change over prior yr.	177.23%	-2.82%	-22.03%	-53.21%	0.00%	0.00%	0.00%	0.00%



Line 5.050 Total Expenditures and Other Financing Uses

The following table & graph provide a statistical & visual comparison of all expenditure and other financing uses.

	ACTUAL			ESTIMATE				
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total Expenses & Other Financing Uses								
Personal Services	33,375,826	34,186,117	33,284,697	35,651,180	37,460,000	39,170,000	40,960,000	42,830,000
Employee Benefits	12,393,348	13,530,191	14,092,041	14,560,716	15,148,179	15,942,924	16,780,523	17,663,305
Purchased Services	9,664,903	10,444,864	9,995,139	10,782,780	11,309,001	11,863,537	12,447,988	13,064,046
Supplies and Materials	1,991,444	2,050,305	1,854,798	2,147,505	2,191,688	2,237,317	2,284,451	2,333,153
Capital Outlay	674,028	501,595	953,067	281,150	283,962	286,801	289,669	292,566
Other Objects	1,102,404	1,190,390	1,081,990	1,300,320	1,354,562	1,411,319	1,470,712	1,532,869
Total Other Financing Uses	3,314,382	3,220,950	2,511,357	1,175,000	1,175,000	1,175,000	1,175,000	1,175,000
Line 5.050 Total:	62,516,334	65,124,412	63,773,089	65,898,651	68,922,392	72,086,898	75,408,344	78,890,938
Dollar Change	1,846,665	2,608,078	(1,351,324)	2,125,562	3,023,741	3,164,506	3,321,446	3,482,595
% Change over prior yr.	3.04%	4.17%	-2.07%	3.33%	4.59%	4.59%	4.61%	4.62%

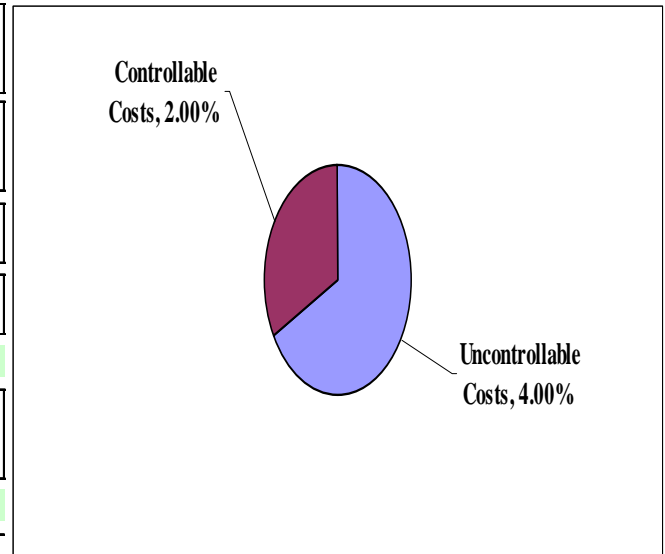


CONTROLLABLE VS. UNCONTROLLABLE COSTS

The table below illustrates the key differences between a public school districts uncontrollable and controllable costs and the associated difficulty in achieving an expenditure growth rate close to the Consumer Price Index, which is typically considered 3.00%. This is being provided for illustration

purposes only and the percentages listed do not represent Mayfield CSD.

<i>Description</i>	<i>Percent</i>
Personnel Costs: embedded in collective bargaining agreements or Federal & State Law (STRS, SERS, Medicare, etc.)	3.00%
Purchase Services: Utilities, Out of District Tuition, Transportation, Contracted Health & Nursing services	0.70%
Supplies & Materials: Bus Fuel, Adopted Textbooks, Custodial Supplies, Paper	0.15%
Other Expenses: County Auditor & Treasurer Fees, Liability & Property Insurance	0.15%
Sub-Total Uncontrollable Costs:	4.00%
Personnel Costs: negotiated increases to collective bargaining agreements, program enhancements	2.00%
Sub-Total Controllable Costs:	2.00%
TOTAL:	6.00%



ENCUMBRANCES

The District uses the encumbrance method as part of its formal budgetary and management control. Under this method, purchase orders, contracts, resolutions and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation for future payment.

Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of year-end. The forecast assumes that the entire budget will be expensed within the year authorized and carries the outstanding encumbrances at the conclusion of FY2014/15 throughout the forecasted period.

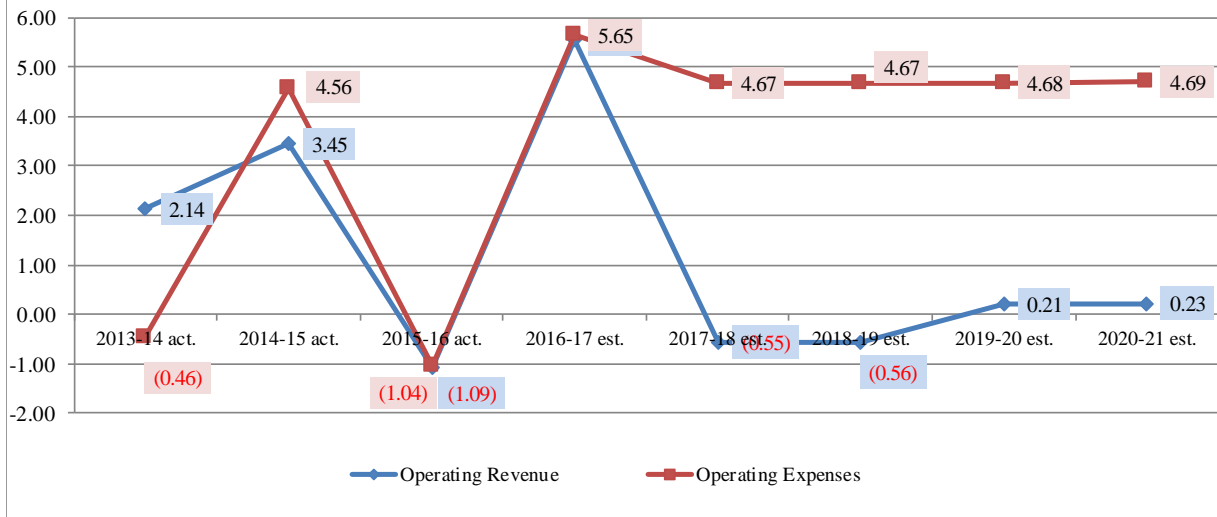
INDICE COMPARISON OF REVENUE & EXPENDITURE CHANGES BY FISCAL YEAR

As the table below demonstrates, even in-lieu of future expenditure reductions, operating revenue growth absent the passage of additional operating levies is NOT sufficient to keep pace with the traditional school district inflation and moreover CANNOT keep pace with a standard inflationary rate of 3.0%; which is widely used by non-school district entities as a measure of the cost-of-living or cost-of-doing business.

A highlight worth noting is the 6-year actual expenditure trend (FY2010 – FY2015) of 1.70%, which is considerably under the 3.0% base inflationary level typically associated with market level or “household purchasing” inflation and the overall change in operating expenses fiscal years 2012/13 and 2013/14 actually DECREASED by **.07%**, and **.46%** respectively. Overall, this 6-year trend percentage is largely attributed to the financial plan put forth by the Administration and endorsed by the Mayfield Board of Education. The large drop in revenue FY17-18 of 5.14% is due to the elimination of the TPP Reimbursements.

As the blue portion of the line graph above illustrates, the projected revenue is essentially flat. Comparing this “flat-lined” revenue projection to the expense trajectory that includes managed albeit positive growth and the net result is the structural operating deficiency discussed at the beginning of this forecast. This is the primary basis upon which tax levy requests every three or four years are predicated.

10-YEAR HISTORY & PROJECTION OF REVNEUE & EXPENSE CHANGE INDICE ANALYSIS



LEVY HISTORY

A history of levy issues since 1965 and the related pass or failure is listed in the following table.

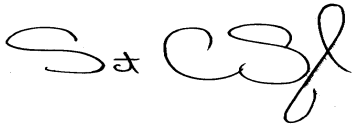
Year	Month	Type	Mills	Ballots	For	%	Against	%	Outcome	#
1965	Nov.	Operating	3.0	9,371	4,175	44.6%	5,196	55.4%	Fail	1
1965	Dec.	Operating	3.0	5,525	3,848	69.6%	1,677	30.4%	Pass	2
1967	Nov.	Operating	2.9	9,115	5,155	56.6%	3,960	43.4%	Pass	3
1968	May	Operating	15.7	3,575	2,376	66.5%	1,199	33.5%	Pass	4
1971	May	Operating	4.8	4,866	2,076	42.7%	2,790	57.3%	Fail	5
1971	June	Operating	4.8	6,038	3,177	52.6%	2,861	47.4%	Pass	6
1973	Nov.	Operating	3.5	11,014	5,647	51.3%	5,367	48.7%	Pass	7
1978	Nov.	Operating	5.5	10,732	5,957	55.5%	4,775	44.5%	Pass	8
1986	Nov.	Operating	0.3	11,967	6,162	51.5%	5,805	48.5%	Pass	9
1988	Nov.	Operating	5.5	15,873	9,200	58.0%	6,673	42.0%	Pass	10
1991	Nov.	Operating	5.9	11,238	5,777	51.4%	5,461	48.6%	Pass	11
1994	May	Operating	4.6	10,698	3,706	34.6%	6,992	65.4%	Fail	12
1995	May	Operating	4.4	9,181	4,204	45.8%	4,977	54.2%	Fail	13
1995	Nov.	Operating	3.0	12,238	7,270	59.4%	4,968	40.6%	Pass	14
2000	Nov.	Operating	1.9	15,138	7,465	49.3%	7,673	50.7%	Fail	15
2002	May	Operating	6.9	7,287	3,706	50.9%	3,581	49.1%	Pass	16
2004	Nov.	Operating	5.5	17,707	9,337	52.7%	8,370	47.3%	Pass	17
2008	March	Combination: Operating (5.0), PI (1.9)	6.9	12,098	6,000	49.6%	6,098	50.4%	Fail	18
2008	Nov.	Combination: Operating (5.0), PI (1.9)	6.9	17,970	10,276	57.2%	7,694	42.8%	Pass	19
2012	March	Combination: Operating (5.0), PI (.9)	5.9	8,542	4,517	52.9%	4,025	47.1%	Pass	20
2016	Nov.	Combination: Operating (5.0), PI (1.9)	6.9	16,741	9,159	54.7%	7,582	45.3%	Pass	21

SUMMARY

In conclusion and notwithstanding the negative impacts of legislative, economic, or political acts; the District has implemented “planned” budget reductions in an effort to weather the challenging economic climate. We have taken advantage of one-time resources to supplant current operating expenses as well as benefitting from funding sources trending better than anticipated that have contributed to our overall financial performance and improved bottom line. While this is helpful and necessary, the District MUST pay special attention to its cash collections, its anticipated fiscal year deficit spending (FY2018/19), first end of month deficit, and first fiscal year end deficit (both of which occur outside of the forecasted period), and plan accordingly.

The following spreadsheet includes all of the items that have been previously discussed and follows the same format that has been presented in past discussions. The input factors reflect the current assumptions and do not include possible levy scenario outcomes titled “A”, “B”, “C”, “D”, & “E”.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read "S. Snyder". The signature is written in a cursive style with a large initial "S" and a stylized "Snyder".

MAYFIELD CITY SCHOOL DISTRICT
ACTUAL & PRO-FORMA ENDING UNRESERVED OPERATING FUND BALANCE
FY2013 THRU FY2021

GENERAL & FIVE YEAR FORECAST PROJECTION STATISTICS

	LEVY ADVISORY SYSTEM	SEVERE	- SEVERE RISK OF LEVY FAILURE AND DAMAGED PUBLIC SUPPORT & GOODWILL
		HIGH	- HIGH RISK OF LEVY FAILURE AND DAMAGED PUBLIC SUPPORT & GOODWILL
		ELEVATED	- SIGNIFICANT RISK OF LEVY FAILURE AND DAMAGED PUBLIC SUPPORT & GOODWILL
		GUARDED	- GENERAL RISK OF LEVY FAILURE AND DAMAGED PUBLIC SUPPORT & GOODWILL
		LOW	- LOW RISK OF LEVY FAILURE AND DAMAGED PUBLIC SUPPORT & GOODWILL

1A. REVENUE "QUICK" STATISTICS

	Description	\$ per 1-mill
1	Levy passed in calendar year 2019, first collected in January 2020:	\$1,329,008

LEVY & FINANCIAL SCENARIOS

		A	B	C	D	E	C O N T R O L
I N P U T	2016 Levy						
	2017 Levy						
	2018 Levy						
	2019 Levy						
	2020 Levy	5.00	5.50	5.90	6.50	6.90	

#	Month Ending	Projected Fund Balance CURRENT	A 4yr. levy option	B 4yr. levy option	C 4yr. levy option	D 4yr. levy option	E 4yr. levy option	Cash Reserves 90 days carryover
	Jun-13	22,251,684	22,251,684	22,251,684	22,251,684	22,251,684	22,251,684	10,071,165
	Jun-14	25,095,320	25,095,320	25,095,320	25,095,320	25,095,320	25,095,320	10,377,711
	Jun-15	26,190,165	26,190,165	26,190,165	26,190,165	26,190,165	26,190,165	10,810,652
0	Jun-16	28,287,553	28,287,553	28,287,553	28,287,553	28,287,553	28,287,553	10,586,333
3	Sep-16	33,738,225	33,738,225	33,738,225	33,738,225	33,738,225	33,738,225	
6	Dec-16	21,934,062	21,934,062	21,934,062	21,934,062	21,934,062	21,934,062	
9	Mar-17	38,092,490	38,092,490	38,092,490	38,092,490	38,092,490	38,092,490	
12	Jun-17	32,073,801	32,073,801	32,073,801	32,073,801	32,073,801	32,073,801	10,939,176
15	Sep-17	39,548,718	39,548,718	39,548,718	39,548,718	39,548,718	39,548,718	
18	Dec-17	26,338,044	26,338,044	26,338,044	26,338,044	26,338,044	26,338,044	
21	Mar-18	41,703,312	41,703,312	41,703,312	41,703,312	41,703,312	41,703,312	
24	Jun-18	32,456,985	32,456,985	32,456,985	32,456,985	32,456,985	32,456,985	11,441,117
27	Sep-18	39,215,884	39,215,884	39,215,884	39,215,884	39,215,884	39,215,884	
30	Dec-18	24,841,437	24,841,437	24,841,437	24,841,437	24,841,437	24,841,437	
33	Mar-19	39,450,423	39,450,423	39,450,423	39,450,423	39,450,423	39,450,423	
36	Jun-19	29,291,029	29,291,029	29,291,029	29,291,029	29,291,029	29,291,029	11,966,425
39	Sep-19	35,370,586	35,370,586	35,370,586	35,370,586	35,370,586	35,370,586	
42	Dec-19	19,975,634	19,975,634	19,975,634	19,975,634	19,975,634	19,975,634	
43	Jan-20	19,731,130	20,292,534	20,348,674	20,393,587	20,460,955	20,505,867	
45	Mar-20	33,871,321	37,057,997	37,376,665	37,631,599	38,014,000	38,268,934	
48	Jun-20	22,949,230	26,308,327	26,644,236	26,912,964	27,316,056	27,584,783	12,517,785
51	Sep-20	28,317,430	34,887,048	35,544,009	36,069,579	36,857,933	37,383,502	
54	Dec-20	11,853,547	18,513,921	19,179,959	19,712,788	20,512,033	21,044,863	
57	Mar-21	25,000,929	34,847,980	35,832,685	36,620,449	37,802,095	38,589,859	
60	Jun-21	13,278,892	23,298,363	24,300,310	25,101,868	26,304,204	27,105,762	13,095,896