

# Five Year Financial & Levy Presentation

Board of Education  
Special Meeting  
08/11/15



**Mayfield City Schools**  
EVERY STUDENT. EVERY DAY.

# Discussion Objectives

- Develop a better understanding of the Mayfield financial picture including key financial metrics.
- Identify both short & long-term options to balance any financial concerns.
- Connect financial objectives to the 6-year vision.



# 2014-15 Operating Fund Results

## REVENUES

- **Exceeded** FY 2014-15 estimates by **3.72% or \$2,395,889**
- Exceeded FY 2013-14 actual by **3.56% or \$2,245,996**
- Overall positive variances in key categories:
  - **Property Taxes (\$1.8M of total)**
    - *Still researching “why” with Cuyahoga County.*
  - State Foundation
  - Other Miscellaneous Receipts
  - Payments in-lieu-of taxes
- Negative variance
  - Other Restricted Grants In Aid

## EXPENSES

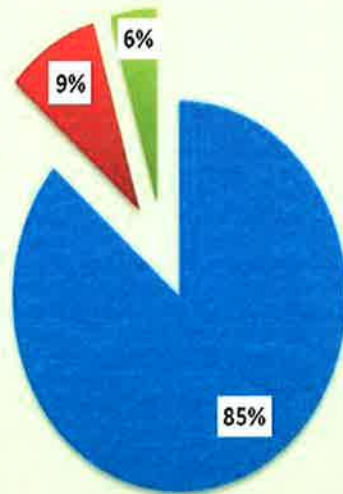
- **Underspent** FY 2014-15 estimate by **1.44% or \$940,880**
- Greater than FY 2013-14 actual by 4.17% or \$2,608,078
- Overall positive variances in key categories:
  - Salary & Benefits
  - Purchased Services
  - Supplies & Materials
- Reprioritized operating expense surplus
  - HVAC Elementary Buildings
  - Termination Benefits / Retirees
  - Non-voted Debt Service



# Revenue & Expense Breakdown

## FISCAL YEAR 2015

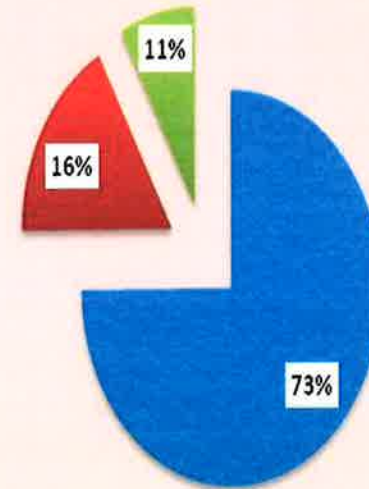
REVENUE	AMOUNT	%
Local Taxes (incl/ H&R)	57,438	85%
State Support (Foundation & TPP)	5,966	9%
Other Local	3,367	6%
<b>TOTAL REVENUE</b>	<b>66,771</b>	<b>100%</b>



■ Local Taxes incl/H&R ■ State Support incl/TPP ■ Other Local Sources

## FISCAL YEAR 2015

EXPENSES	AMOUNT	%
Personnel Costs	47,716	73%
Purchased Services	10,445	15%
Supplies, Materials, & Equip	2,552	4%
Other Expenses	4,411	7%
<b>TOTAL EXPENSES</b>	<b>65,124</b>	<b>100%</b>



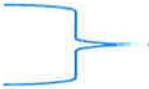
■ Personnel Costs ■ Purchased Services ■ Supplies, Materials, Equip, & Other



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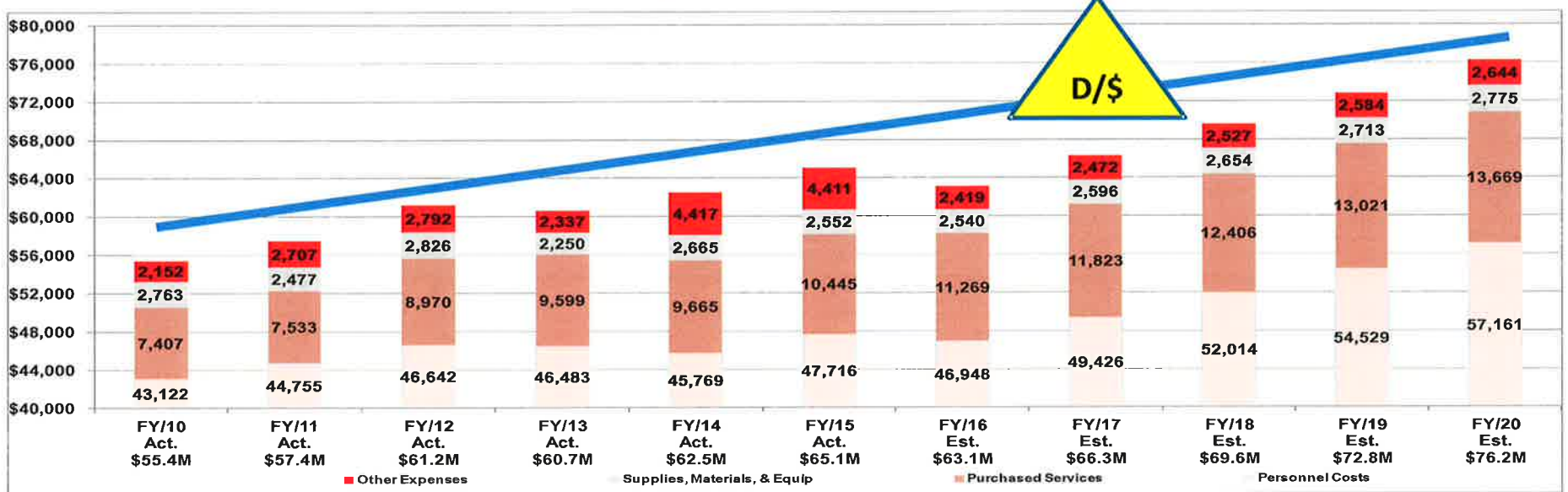
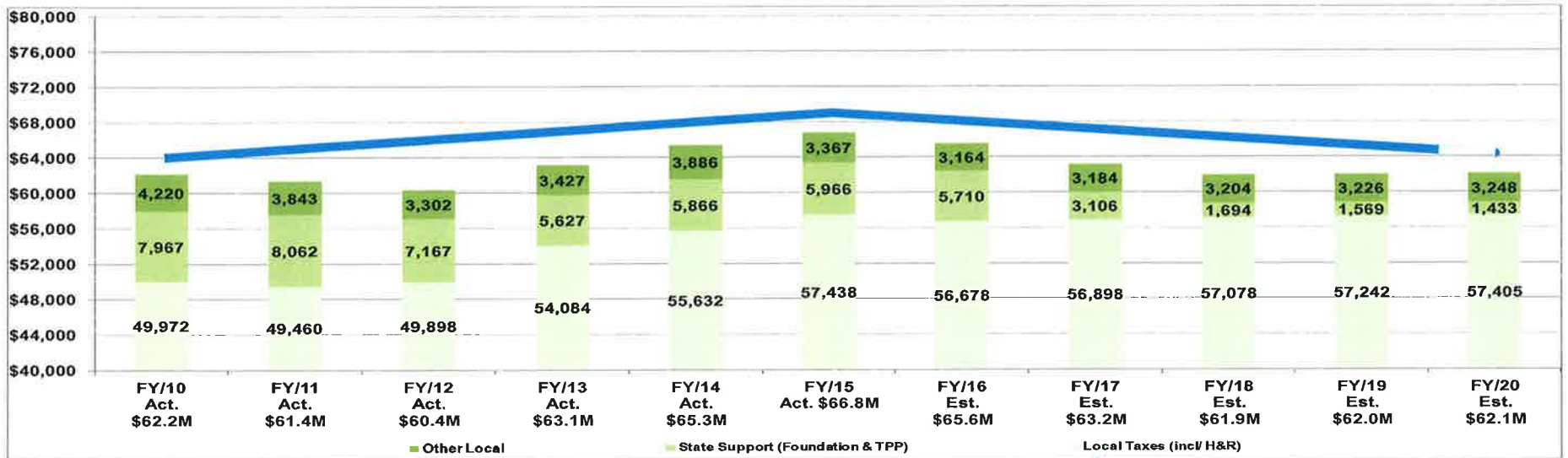
# Final Biennial Budget Key Points

## Final State Budget

- Emphasis on “Local Capacity” as the basis to allocate State Resources.
- Limits District losses to 2% of combined State & Local Operating Revenue
- Resumes the phase-out of the **Tangible Personal Property Loss Reimbursements.**
  - Delays phase-out until FY2017
- Mayfield CSD impact, **\$4.0M CUMULATIVE LOSS** in funding over biennium.
  - **(\$2.5M) in FY2017**
  - **(\$1.5M) in FY2018**

**(\$4.0M)**
- Reinstating the concept of a 100% guarantee within the formula preventing Districts from receiving less state aid.
  - **State Funding Formula is revenue neutral for Mayfield CSD**





### 11-YEAR REVENUE & EXPENSE COMPARISON – FY10 THRU FY15 ACTUAL VS. FY16 THRU FY20 ESTIMATE

#### EXPENSES

- Average annual operating expense rate for the last 6-years has been **1.28%**
- Pay freezes FY13, FY14, FY16 – 6 year avg. = 1.50% (FY09-FY14)
- Insurance Rate cap of 6% beginning in FY12 – 6 year avg. = 1.21% (FY09-FY14)
- Staffing attrition, strategic use of 1-time money \$2.5M in FY10

#### REVENUES

- Passed 5.0 mill operating levy in March 2008
- Passed 5.0 mill operating levy in March 2012

# Fiscal Strategy

## Financial Plan

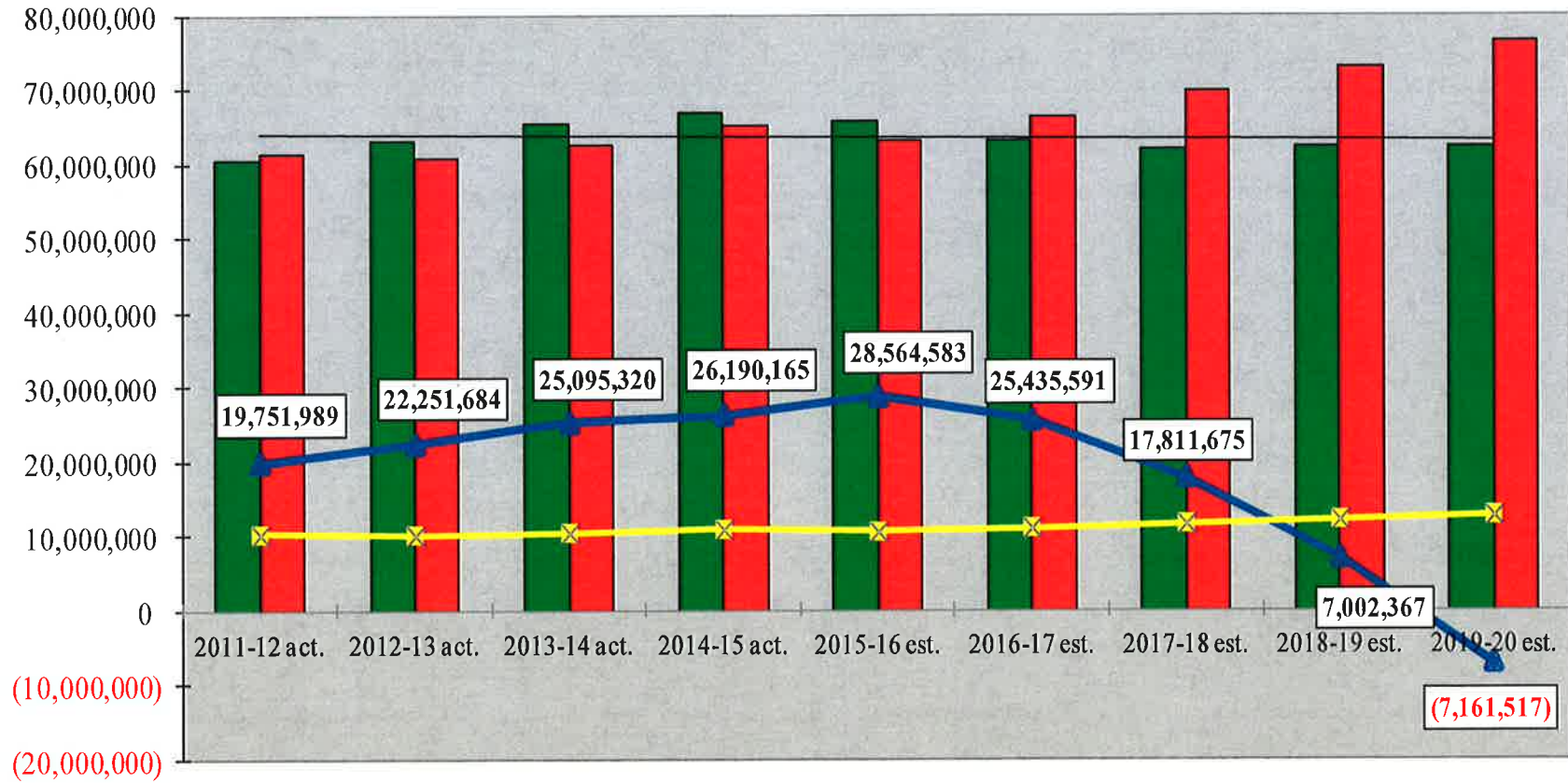
- Maintain sufficient cash reserves – **CURRENTLY 90 DAYS** of annual operating expenses.
- Strategic use of all resources to extend levy useful life to the maximum term possible. **CURRENTLY 4-YEARS.**
- Sound operational decisions, utilization of best practices, and an emphasis on targeted goals **6-YEAR VISION.**
- Reduction to our financial uncertainty where possible.

## Focused Financial Management

- Negotiated a 4-year successor contract that includes another pay freeze for all employees & maintains 6% health insurance growth rate cap.
- Continue to evaluate staff retirements & resignations to determine replacement &/or right sizing strategies. **\$600K PERMANENT REDUCTION IN FY2014-15 (ACHIEVED!!)**



**Graph 13.7 Analysis of Total Operating Revenue, Expenditures, Ending Cash Balance**





# 6-Year Vision/Measures

- **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:
  1. 3-5 year levy cycles = **calendar year 2016, 4-year levy cycle**
  2. Avg. expenditure growth rate of 2% = **7-year avg. is less than 2%**
  3. Resource allocation analysis = **FY2014-15 Gross \$1.0M, Net \$600K**
  4. Return On Investment = **“Best value for the price”**
  5. millage rates = **21<sup>st</sup> lowest in Cuyahoga County out of 31 Districts**
  6. number of shared services opportunities = **Consortium Programs**
  7. market share = **“District of Choice”**



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# Levy History since 1965

**Table 13.5 - Operating Levy History**

Year	Month	Type	Mills	Ballots	For	%	Against	%	Outcome	#
1965	Nov.	Operating	3.0	9,371	4,175	45%	5,196	55%	Fail	1
1965	Dec.	Operating	3.0	5,525	3,848	70%	1,677	30%	Pass	2
1967	Nov.	Operating	2.9	9,115	5,155	57%	3,960	43%	Pass	3
1968	May	Operating	15.7	3,575	2,376	66%	1,199	34%	Pass	4
1971	May	Operating	4.8	4,866	2,076	43%	2,790	57%	Fail	5
1971	June	Operating	4.8	6,038	3,177	53%	2,861	47%	Pass	6
1973	Nov.	Operating	3.5	11,014	5,647	51%	5,367	49%	Pass	7
1978	Nov.	Operating	5.5	10,732	5,957	56%	4,775	44%	Pass	8
1986	Nov.	Operating	0.3	11,967	6,162	51%	5,805	49%	Pass	9
1988	Nov.	Operating	5.5	15,873	9,200	58%	6,673	42%	Pass	10
1991	Nov.	Operating	5.9	11,238	5,777	51%	5,461	49%	Pass	11
1994	May	Operating	4.6	10,698	3,706	35%	6,992	65%	Fail	12
1995	May	Operating	4.4	9,181	4,204	46%	4,977	54%	Fail	13
1995	Nov.	Operating	3.0	12,238	7,270	59%	4,968	41%	Pass	14
2000	Nov.	Operating	1.9	15,138	7,465	49%	7,673	51%	Fail	15
2002	May	Operating	6.9	7,287	3,706	51%	3,581	49%	Pass	16
2004	Nov.	Operating	5.5	17,707	9,337	53%	8,370	47%	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 (5.4), PI (.5)	5.9	8,542	4,517	52.9%	4,025	47.1%	Pass	20

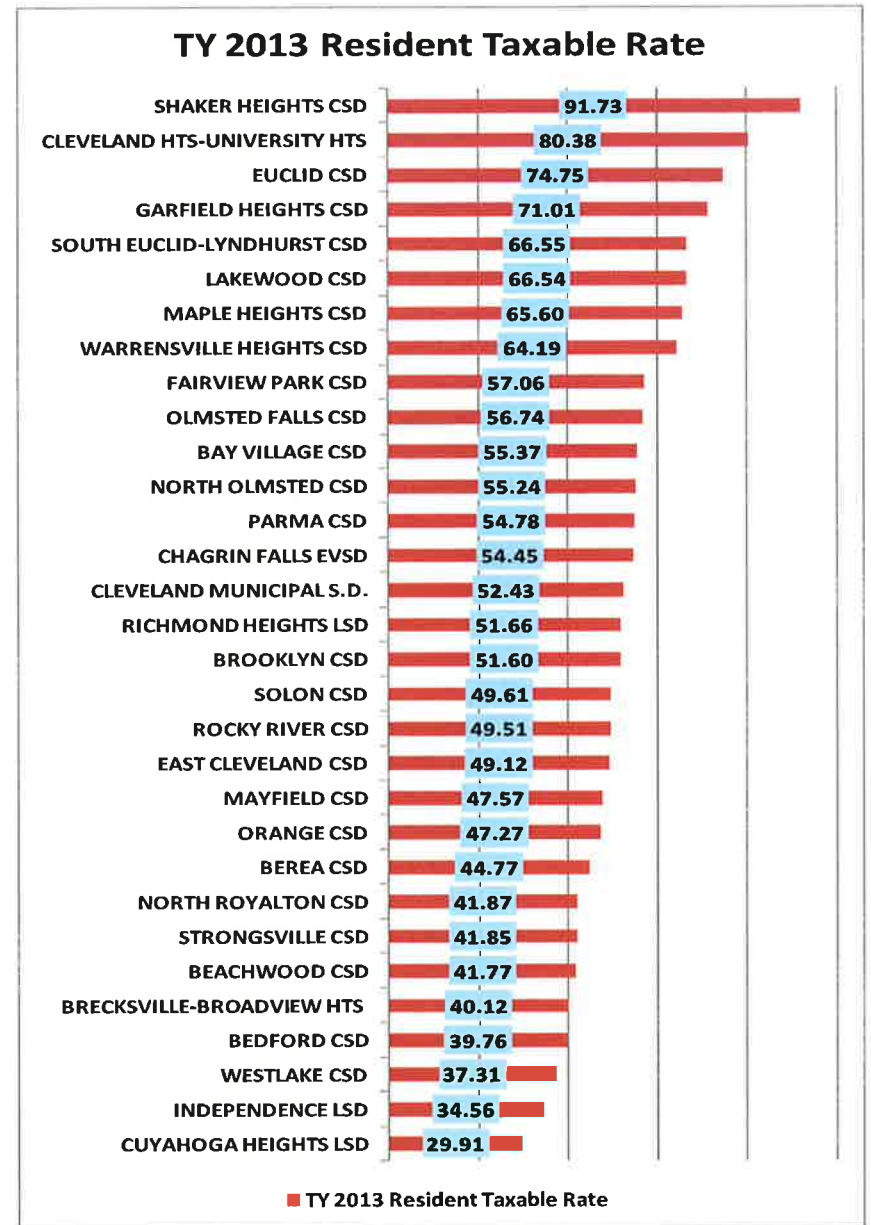


# Levy History, last 5 campaigns

MAYFIELD CITY SCHOOLS																					
LEVY HISTORY																					
		(6.9 Mills ) Primary May, 2002				(5.5 Mills) Presidential, Nov. 2004				(6.9 Mills) Primary, March 2008				(6.9 Mills) Presidential, Nov. 2008				(5.9 Mills) Primary, March 2012			
		For	Against	Total	% For	For	Against	Total	% For	For	Against	Total	% For	For	Against	Total	% For	For	Against	Total	% For
MH		1,709	1,518	3,227	53.0%	4,338	3,615	7,953	54.5%	2,862	2,618	5,480	52.2%	5,335	3,445	8,780	60.8%	2,366	1,617	3,983	59.4%
HH		1,095	1,058	2,153	50.9%	2,218	2,084	4,302	51.6%	1,505	1,897	3,402	44.2%	2,554	2,401	4,955	51.5%	1,300	1,382	2,682	48.5%
GM		242	297	539	44.9%	667	694	1,361	49.0%	420	672	1,092	38.5%	707	859	1,566	45.1%	301	501	802	37.5%
MV		459	385	844	54.4%	977	729	1,706	57.3%	673	636	1,309	51.4%	1,202	774	1,976	60.8%	550	525	1,075	51.2%
<b>GRAND TOTL</b>		<b>3,505</b>	<b>3,258</b>	<b>6,763</b>	<b>51.8%</b>	<b>8,200</b>	<b>7,122</b>	<b>15,322</b>	<b>53.5%</b>	<b>5,460</b>	<b>5,823</b>	<b>11,283</b>	<b>48.4%</b>	<b>9,798</b>	<b>7,479</b>	<b>17,277</b>	<b>56.7%</b>	<b>4,517</b>	<b>4,025</b>	<b>8,542</b>	<b>52.9%</b>
Percent of Votes Cast																					
MH					47.7%				51.9%				48.6%				50.8%				46.6%
HH					31.8%				28.1%				30.2%				28.7%				31.4%
GM					8.0%				8.9%				9.7%				9.1%				9.4%
MV					12.5%				11.1%				11.6%				11.4%				12.6%
					100.0%				100.0%				100.0%				100.0%				100.0%

# Tax Year 2013 SCHOOL DISTRICT TAX RATE COMPARISON

School District	TY 2013 Resident Taxable Rate	TY 2013 Rank per Tax Rate
SHAKER HEIGHTS CSD	91.73	1
CLEVELAND HTS-UNIVERSITY HTS	80.38	2
EUCLID CSD	74.75	3
GARFIELD HEIGHTS CSD	71.01	4
SOUTH EUCLID-LYNDHURST CSD	66.55	5
LAKEWOOD CSD	66.54	6
MAPLE HEIGHTS CSD	65.60	7
WARRENSVILLE HEIGHTS CSD	64.19	8
FAIRVIEW PARK CSD	57.06	9
OLMSTED FALLS CSD	56.74	10
BAY VILLAGE CSD	55.37	11
NORTH OLMS TED CSD	55.24	12
PARMA CSD	54.78	13
CHAGRIN FALLS EVSD	54.45	14
CLEVELAND MUNICIPAL S.D.	52.43	15
RICHMOND HEIGHTS LSD	51.66	16
BROOKLYN CSD	51.60	17
SOLON CSD	49.61	18
ROCKY RIVER CSD	49.51	19
EAST CLEVELAND CSD	49.12	20
<b>MAYFIELD CSD</b>	<b>47.57</b>	<b>21</b>
ORANGE CSD	47.27	22
BEREA CSD	44.77	23
NORTH ROYALTON CSD	41.87	24
STRONGSVILLE CSD	41.85	25
BEACHWOOD CSD	41.77	26
BRECKSVILLE-BROADVIEW HTS	40.12	27
BEDFORD CSD	39.76	28
WESTLAKE CSD	37.31	29
INDEPENDENCE LSD	34.56	30
CUYAHOGA HEIGHTS LSD	29.91	31



# Levy Consideration

## Placement in Calendar Year 2016

- 5.00 – 6.90 Mill Combination Operating & Permanent Improvement Levy
  - 4.50 to 6.00 - Operating
    - Make up for \$4.0M total reductions due
  - 1.00 to 1.50 - Permanent Improvement
    - Hand-held Learning Devices (\$485K, annual)
    - Debt Service Payments related to Innovation Center Debt (\$440K, annual)
    - General Facility & Maintenance Improvements (???)
      - Program Enhancements
      - Safety & Security
      - Infrastructure
  - 3 Opportunities to pass in 2016
    - March, August, & November

## Placement in Calendar Year 2017

- Would require an additional **1.25 mills** for operating and /or further permanent budget reductions of **(\$1.625M)** to generate same projected ending balances.
  - 3 Board of Education seats up for election
  - Contract with all Bargaining Units expires June 30, 2018.



# Key Dates

## Financial

- Deficits
  - Fiscal Year = **2020**
    - **(\$7,161,517)**
  - Calendar Year = **2019**
    - **(\$4,354,184)**
  - Operating Deficit = **2017**
    - **(\$3,128,992)**

## Political / Legislative

- **11/2015, BOE Elections (2)**
- **03/2016, Presidential Primary elections**
  - **12/2015**, Legislation filed for March 2016 levy
- **08/2016, Special Election**
  - **05/2016**, Legislation filed for August 2016 levy
- **11/2016, Presidential General**
  - **08/2016**, Legislation filed for November 2016 levy
- **05/2017, General Election**
  - **02/2017**, Legislation filed for May 2017 levy

