

# FIVE-YEAR FORECAST



## **NATURE AND PURPOSE OF THE PRESENTATION**

The five-year forecast was created by the 122<sup>nd</sup> 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 31<sup>st</sup> and the second filing shall be between April 1<sup>st</sup> and May 31<sup>st</sup> of each fiscal year.

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 (2019-2020 through 2023-2024)**

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, 2020 through June 30, 2024, with historical information presented for fiscal years ended June 30, 2017, 2018, and 2019 that are based upon the school district's fiscal year-end annual cash reports 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 COVID-19 pandemic has stalled the US economy.** What had been a steadily growing economy with record low unemployment has been crippled by the work stoppage due to the national stay at home order. And while states slowly reopen their economies, the new normal will likely vary by business type and continue to cause challenges until a vaccine is found.

- Key economic statistics per “The Kiplinger Letter” dated May 1, 2020 suggests the following:
  - GDP growth – minus 30% or more in Quarter 2. Assuming a bounce back and minus 4.5% for the year.
  - Interest Rates – 10-Year T Notes staying below 1%.
  - Inflation – Prices .5% higher at the end of 2020.
  - Unemployment – up to 12% or more at peak, many underemployed with reduced hours.
- Congress passed the CARES Act Education Stabilization Fund allocation \$30.75B to support efforts by states, schools and institutions of higher learning to prevent, prepare for, and respond to coronavirus. Mayfield CSD was awarded \$224,624.33 in CARES funding from this act and at this writing is still seeking guidance from the Ohio Department of Education on appropriate uses. And since these are federal funds, they are not included in this financial presentation.
- 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 economic outlook in Ohio has been negatively impacted by the coronavirus and the decisions made to combat the spread – stay at home order, essential businesses to remain open, etc. Recent statistics shared by the Office of Budget Management reflect significant reductions in key state revenue categories. And while the State has a \$2.9B rainy day fund, it has elected to require across the board reductions to the 2019-20 budget allocations for all departments. The Ohio Department of Education was tasked with cutting its budget by \$300.5M.
- In order to achieve this objective, it developed an equalized per pupil reduction calculation levied against all public school district’s state foundation aid. The methodology relied heavily on local operating expenditures totals and cash reserves, which adversely impacted districts in high cost markets and that exercised sound fiscal management. While on a per pupil basis, Mayfield CSD was reduced the maximum \$304 per pupil, the calculated total of \$1,212,956 represented 45% of the annual allocation. In other words, Mayfield realized a disproportionately larger reduction than approximately 95% of all of the other public schools in the State of Ohio.
- While we recognize that “we must all work together,” this continued deterioration of state support further exacerbates our overall reliance on local property taxes. It is further assumed that this reduction in its full value will be limited to FY2019-20, we will experience one half of this reduction in FY2020-21 or \$606,478, and then return to normal in FY2021-22.
- On or before July 1, 2019, the Governor and the Ohio General Assembly authorized Amend Sub HB166 the State’s biennial budget for the period July 1, 2019 thru June 30, 2021. What follows are the key items impacting Mayfield CSD.

- HB166 provides Mayfield CSD the same amount of foundation aid it received in FY2019. The Foundation basic aid per pupil level is increased to \$6,020 for FY2020 & FY 2021 from \$6,000 in FY2019.
- HB166 maintained the basic tenets of all the prior biennial budget state foundation program components. The foundation 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. HB166 also maintains the nine aid categories used in the prior formula: the core, 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 5.0% of a "limitation" base. The various state funding calculations for Mayfield CSD result in a "guarantee" or minimum level of state support.

- In addition to the school foundation payments, HB166 included funds to promote Student Wellness and Success initiatives to address the nonacademic barriers to student success, including mental health services, family engagement and support services, and mentoring as well as Enrollment Growth supplement funds to address districts that have growing enrollments. While the District believes that it will receive \$194,518 in FY2020 and \$272,998 in FY2021 of Student Wellness & Success Funds and has planned accordingly; it is not as confident nor has it seen the specific calculations to support the Enrollment Growth supplement funds and therefore have not included these amounts in its revenue & expenditure estimates.
- It is further assumed, that any and all successor biennium budget bills will not include new unfunded mandates or have a negative financial impact on primary or secondary education resulting in a loss of state support for Mayfield CSD during the forecasted period. Finally, it is assumed that Mayfield CSD will not receive any additional state support in successor biennium budgets consistent with those simulated by the Fair School Funding work-group.

**LOCAL:**

- The impacts on the local economy are yet unknown. Much like our diverse collection of states, Ohio has a very diverse collection of counties and municipalities each with their economic basis. Losses will largely consist of reduced property values, delayed investments in new construction, and elevated property tax delinquencies. For the purposes of this forecast filing, all local property statistics will remain the same as those filed in October 2019 and then re-evaluated and modified once more information is available.
- Due to the stay at home order resulting from the COVID-19 pandemic, Mayfield City Schools assigned ALL employees to home and implemented a remote learning program to complete the 2019-20 fiscal year. Mayfield continued to pay ALL employees their contracted pay as well as determining alternative methods to earn remaining supplemental

contracts. While it has been speculated that an abundance of savings will be realized due to this alternative school day, we have calculated it to be less than on-half percent or \$350K due to unforeseen expenses in cleaning supplies (\$50,000), social distancing apparatus (\$25,000), transferring funds to support enterprise programs such as food service (\$300,000), and transferring funds to offset losses or write-offs in student consumable fees (\$80,000).

- 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 \$434M of Class II business real property value will continue to provide \$22.3M 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, 2019 and concluding June 30, 2024. 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:

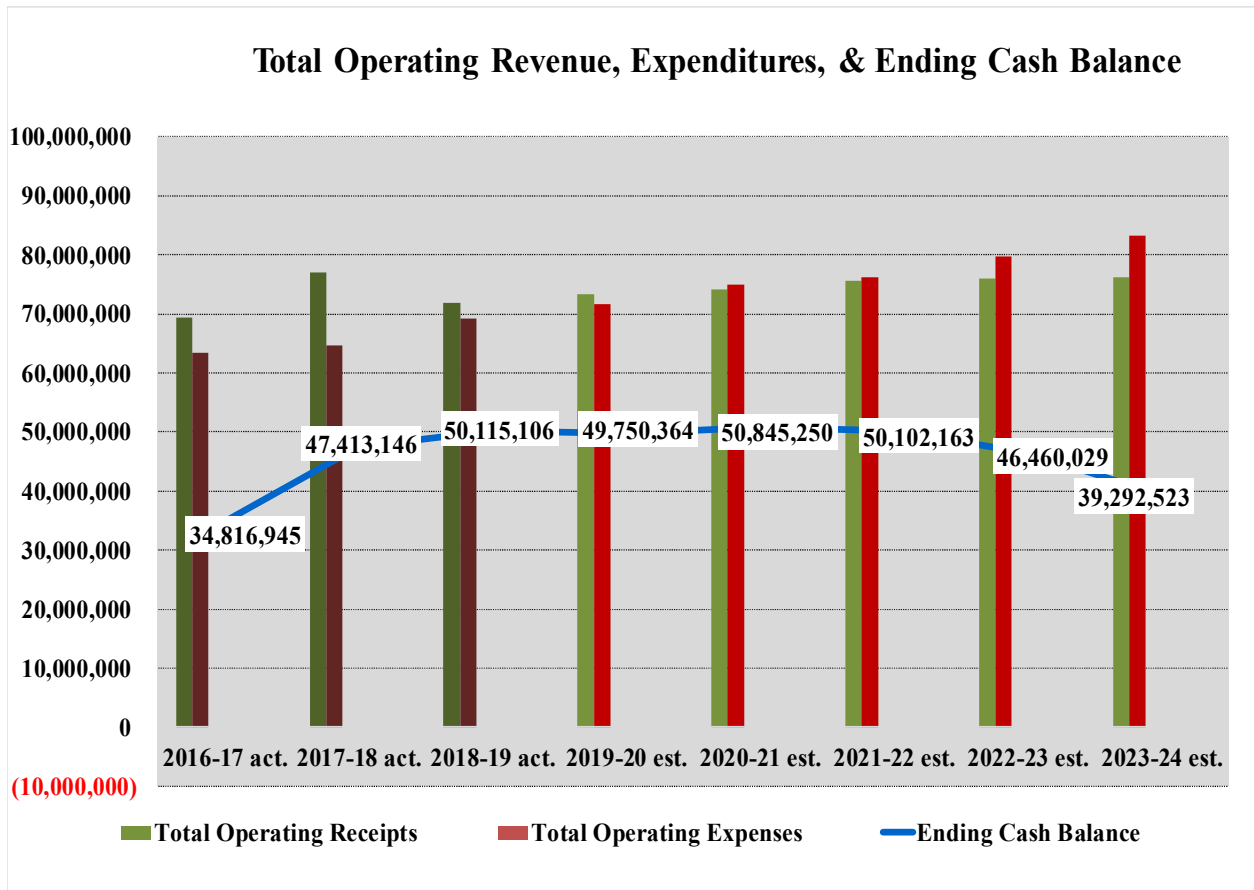
- The operating proceeds from Issue #115 (a combination levy, 5.0 mills for current expenses and 1.9 mills for permanent improvements) that was approved by the votes (**54.7% FOR** vs. 45.3% AGAINST) on the November 8, 2016 ballot, have been included in all financials.
- It is still worth noting that the continued debilitating effects of HB920 (1976), which eliminates revenue growth from property appreciation on existing properties (year over year) with an offsetting tax rate reduction so that the levy proceeds at the time of approval generate approximately the same amount, have an adverse effect on operating revenue. Therefore property tax growth is limited to new construction or on tax rates (Inside Millage) that our exempt from HB920, both of which are structurally limited because Mayfield CSD is a stable, mature community with a limited inventory of undeveloped property for new construction starts (6-year average is a .74% of new revenue growth rate year over year) along with an exempt tax rate that generates .11% of new revenue for every 1% of property value appreciation in an economic climate that continues to trend below its pre-recession levels from 2006. Therefore absent new tax millage, the average year over year revenue growth rate is .85%.

This structural imbalances continues to require school district officials to go back to the voting public every 3 to 5 years to ask for additional resources to minimally offset basic “school district” expenditure inflation.

This limited property valuation growth coupled with the annual operating revenue hindrance has been further compounded by recent legislative acts by the Ohio General Assembly and Governor that were included in Amend Sub HB166, HB49, HB64 & SB208, that negated prior commitments to Mayfield CSD by permanently eliminating \$3.79M in Tangible Personal Property (TPP) Loss Payments (formerly taxes assessed and collected at the local level).

- An ending unobligated fiscal year end & month end cash deficits are first projected outside of the 5-year forecast period. However, deficit year spending (cash outflows exceed cash inflows) begins in fiscal year 2022 and would otherwise occur normally throughout the forecasted period due to the structural imbalance between expenditure growth and revenue stagnation discussed earlier. It is of paramount importance that the Mayfield Board of Education and School District Officials monitor the relationship between deficit spending and the depletion of cash reserves.

It is important to remind the reader that the District is not permitted, per the Ohio Revised Code, to end a 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	FY2016/17 Actual	FY2017/18 Actual	FY2018/19 Actual	FY2019/20 Estimate	FY2020/21 Estimate	FY2021/22 Estimate	FY2022/23 Estimate	FY2023/24 Estimate
<b>REVENUES:</b>								
General Property Tax (Real Estate)	56,259,735	61,301,479	58,049,990	60,905,761	61,157,823	62,140,953	62,891,113	63,229,926
Tangible Personal Property Tax	0	995	0	0	0	0	0	0
Income Tax	0	0	0	0	0	0	0	0
Unrestricted Grants-in-Aid (All 3100's except 3130)	3,898,716	3,438,760	2,638,577	1,269,297	1,880,232	2,408,985	2,327,374	2,241,683
Restricted Grants-in-Aid (All 3200's)	106,312	1,369,470	101,998	532,454	532,454	532,454	532,454	532,454
Property Tax Allocation (3130)	5,718,856	5,783,343	5,763,328	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	2,931,113	4,327,878	4,189,906	4,154,752	4,186,078	4,071,442	3,946,331	3,744,241
<b>Total Revenues</b>	<b>68,914,732</b>	<b>76,221,924</b>	<b>70,743,799</b>	<b>72,657,686</b>	<b>73,552,009</b>	<b>74,949,256</b>	<b>75,492,695</b>	<b>75,543,726</b>
	5.44%	10.60%	-7.19%	2.71%	1.23%	1.90%	0.73%	0.07%
<b>OTHER FINANCING SOURCES:</b>								
Advances-In (5200)	579,697	737,779	1,046,488	600,000	600,000	600,000	600,000	600,000
All Other Financing Sources (including 1931 and 1933)	0	0	0	0	0	0	0	0
<b>Total Other Financing Sources</b>	<b>579,697</b>	<b>737,779</b>	<b>1,046,488</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>
<b>Total Revenues and Other Financing Sources</b>	<b>69,494,429</b>	<b>76,959,703</b>	<b>71,790,288</b>	<b>73,257,686</b>	<b>74,152,009</b>	<b>75,549,256</b>	<b>76,092,695</b>	<b>76,143,726</b>
<b>EXPENDITURES:</b>								
Personal Services	34,483,925	36,241,225	37,604,478	38,657,000	40,262,900	42,090,000	44,003,000	46,001,000
Employees' Retirement/Insurance Benefits	14,556,197	14,543,198	15,233,629	16,167,800	17,066,800	18,049,000	19,091,600	20,198,000
Purchased Services	10,286,748	9,140,047	10,513,205	11,019,004	11,416,449	11,753,252	12,100,446	12,458,368
Supplies and Materials	1,592,867	1,598,569	1,772,575	1,642,750	1,665,354	1,688,617	1,712,567	1,737,234
Capital Outlay	369,049	285,180	465,750	1,051,000	2,253,510	256,045	258,606	261,192
Other Objects	1,232,273	1,428,853	1,288,691	1,324,874	1,362,110	1,400,428	1,439,860	1,480,439
<b>Total Expenditures</b>	<b>62,521,058</b>	<b>63,237,071</b>	<b>66,878,328</b>	<b>69,862,428</b>	<b>74,027,123</b>	<b>75,237,342</b>	<b>78,606,079</b>	<b>82,136,232</b>
	2.06%	1.15%	5.76%	4.46%	5.96%	1.63%	4.48%	4.49%
<b>OTHER FINANCING USES:</b>								
Operating Transfers-Out	216,532	415,785	2,090,090	1,160,000	430,000	455,000	528,750	575,000
Advances-Out	737,779	1,046,488	204,409	600,000	600,000	600,000	600,000	600,000
All Other Financing Uses	(220)	(50)	0	0	0	0	0	0
<b>Total Other Financing Uses</b>	<b>954,091</b>	<b>1,462,223</b>	<b>2,294,500</b>	<b>1,760,000</b>	<b>1,030,000</b>	<b>1,055,000</b>	<b>1,128,750</b>	<b>1,175,000</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>63,475,150</b>	<b>64,699,294</b>	<b>69,172,828</b>	<b>71,622,428</b>	<b>75,057,123</b>	<b>76,292,342</b>	<b>79,734,829</b>	<b>83,311,232</b>
	-0.47%	1.93%	6.91%	3.54%	4.80%	1.65%	4.51%	4.49%
<b>Operating Surplus/(Deficit)</b>	<b>6,019,279</b>	<b>12,260,409</b>	<b>2,617,460</b>	<b>1,635,258</b>	<b>(905,114)</b>	<b>(743,087)</b>	<b>(3,642,134)</b>	<b>(7,167,506)</b>
<b>Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacement &amp; New Levies</b>	<b>31,998,690</b>	<b>38,017,969</b>	<b>50,278,379</b>	<b>52,895,839</b>	<b>54,531,097</b>	<b>53,625,983</b>	<b>52,882,896</b>	<b>49,240,762</b>
<b>Ending Cash Balance (June 30)</b>	<b>38,017,969</b>	<b>50,278,379</b>	<b>52,895,839</b>	<b>54,531,097</b>	<b>53,625,983</b>	<b>52,882,896</b>	<b>49,240,762</b>	<b>42,073,256</b>
<b>Estimated Encumbrances June 30</b>	<b>3,201,024</b>	<b>2,865,232</b>	<b>2,780,733</b>	<b>4,780,733</b>	<b>2,780,733</b>	<b>2,780,733</b>	<b>2,780,733</b>	<b>2,780,733</b>
<b>Unreserved Fund Bal June 30</b>	<b>34,816,945</b>	<b>47,413,146</b>	<b>50,115,106</b>	<b>49,750,364</b>	<b>50,845,250</b>	<b>50,102,163</b>	<b>46,460,029</b>	<b>39,292,523</b>
90 day targeted cash carryover, 365 day year	200	267	264	254	247	240	213	172
Cash reserves @ 25% of expenses	15,868,787	16,174,824	17,293,207	17,905,607	18,764,281	19,073,086	19,933,707	20,827,808



## Five-Year Forecast – Detail

### MAYFIELD CITY SCHOOLS

#### SM-5 (Five-Year Forecast)

Description	FY2016/17 Actual	% of Total	+/- \$ Change	+/- % Change	FY2017/18 Actual	% of Total	+/- \$ Change	+/- % Change	FY2018/19 Actual	% of Total
<b>REVENUES:</b>										
General Property Tax (Real Estate)	56,259,735	80.96%	5,041,744	8.96%	61,301,479	79.65%	(3,251,489)	-5.30%	58,049,990	80.86%
Tangible Personal Property Tax	0	0.00%	995	#DIV/0!	995	0.00%	(995)	#####	0	0.00%
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)	3,898,716	5.61%	(459,957)	-11.80%	3,438,760	4.47%	(800,183)	-23.27%	2,638,577	3.68%
Restricted Grants-in-Aid (All 3200's)	106,312	0.15%	1,263,158	1188.17%	1,369,470	1.78%	(1,267,471)	-92.55%	101,998	0.14%
Property Tax Allocation (3130)	5,718,856	8.23%	64,487	1.13%	5,783,343	7.51%	(20,015)	-0.35%	5,763,328	8.03%
All Other Revenues except 1931,1933,1940,1950,5100, 5200	2,931,113	4.22%	1,396,765	47.65%	4,327,878	5.62%	(137,972)	-3.19%	4,189,906	5.84%
<b>Total Revenues</b>	68,914,732		7,307,192	10.60%	76,221,924		(5,478,125)	-7.19%	70,743,799	
	5.44%				10.60%				-7.19%	
<b>OTHER FINANCING SOURCES:</b>										
Advances-In (5200)	579,697	0.83%	158,083	27.27%	737,779	0.96%	308,709	41.84%	1,046,488	1.46%
All Other Financing Sources (including 1931 and 1933)	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%
<b>Total Other Financing Sources</b>	579,697		158,083	27.27%	737,779		308,709	41.84%	1,046,488	
<b>Total Revenues and Other Financing Sources</b>	69,494,429	100%	7,465,275	10.74%	76,959,703	100%	(5,169,416)	-6.72%	71,790,288	100%
<b>EXPENDITURES:</b>										
Personal Services	34,483,925	54.33%	1,757,300	5.10%	36,241,225	56.01%	1,363,253	3.76%	37,604,478	54.36%
Employees' Retirement/Insurance Benefits	14,556,197	22.93%	(12,999)	-0.09%	14,543,198	22.48%	690,432	4.75%	15,233,629	22.02%
Purchased Services	10,286,748	16.21%	(1,146,701)	-11.15%	9,140,047	14.13%	1,373,158	15.02%	10,513,205	15.20%
Supplies and Materials	1,592,867	2.51%	5,702	0.36%	1,598,569	2.47%	174,007	10.89%	1,772,575	2.56%
Capital Outlay	369,049	0.58%	(83,870)	-22.73%	285,180	0.44%	180,570	63.32%	465,750	0.67%
Other Objects	1,232,273	1.94%	196,580	15.95%	1,428,853	2.21%	(140,162)	-9.81%	1,288,691	1.86%
<b>Total Expenditures</b>	62,521,058		716,012	1.15%	63,237,071		3,641,257	5.76%	66,878,328	
	2.06%	89.2%			1.15%	87.2%			5.76%	88.89%
<b>OTHER FINANCING USES:</b>										
Operating Transfers-Out	216,532	0.34%	199,253	92.02%	415,785	0.64%	1,674,305	402.69%	2,090,090	3.02%
Advances-Out	737,779	1.16%	308,709	41.84%	1,046,488	1.62%	(842,079)	-80.47%	204,409	0.30%
All Other Financing Uses	(220)	0.00%	170	-77.27%	(50)	0.00%	50	#####	0	0.00%
<b>Total Other Financing Uses</b>	954,091	0.00%	508,132	53.26%	1,462,223	0.00%	832,276	56.92%	2,294,500	0.00%
<b>Total Expenditures and Other Financing Uses</b>	63,475,150	100%	1,224,145	1.93%	64,699,294	100%	4,473,533	6.91%	69,172,828	100%
	-0.47%	78.5%			1.93%	79.7%			6.91%	77.59%
<b>Operating Surplus/(Deficit)</b>	6,019,279		6,241,130	103.69%	12,260,409		(9,642,949)	-78.65%	2,617,460	
<b>Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacment &amp; New Levies</b>	31,998,690		6,019,279	18.81%	38,017,969		12,260,409	32.25%	50,278,379	
<b>Ending Cash Balance (June 30)</b>	38,017,969		12,260,409	32.25%	50,278,379		2,617,460	5.21%	52,895,839	
<b>Estimated Encumbrances June 30</b>	3,201,024		(335,792)	-10.49%	2,865,232		(84,499)	-2.95%	2,780,733	
<b>Unreserved Fund Bal June 30</b>	34,816,945		12,596,201	36.18%	47,413,146		2,701,960	5.70%	50,115,106	
90 day targeted cash carryover, 365 day year	200	0	3,756	6,847	267	0	220	301	264	0
Cash reserves @ 25% of expenses	15,868,787	0	203,208	0	16,174,824	0	742,607	0	17,293,207	0

## 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	% of Total	+/- \$ Change	+/- % Change
<b>REVENUES:</b>										
General Property Tax (Real Estate)	2,855,771	4.92%	60,905,761	83.14%	252,062	0.41%	61,157,823	82.48%	983,130	1.61%
Tangible Personal Property Tax	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!
Income Tax	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!
Unrestricted Grants-in-Aid (All 3100's except 3130)	(1,369,280)	-51.89%	1,269,297	1.73%	610,935	48.13%	1,880,232	2.54%	528,754	28.12%
Restricted Grants-in-Aid (All 3200's)	430,456	422.02%	532,454	0.73%	0	0.00%	532,454	0.72%	0	0.00%
Property Tax Allocation (3130)	32,093	0.56%	5,795,422	7.91%	0	0.00%	5,795,422	7.82%	0	0.00%
All Other Revenues except 1931,1933,1940,1950,5100, 5200	(35,154)	-0.84%	4,154,752	5.67%	31,326	0.75%	4,186,078	5.65%	(114,637)	-2.74%
<b>Total Revenues</b>	1,913,887	2.71%	72,657,686		894,322	1.23%	73,552,009		1,397,247	1.90%
			2.71%				1.23%			
<b>OTHER FINANCING SOURCES:</b>										
Advances-In (5200)	(446,488)	-42.67%	600,000	0.82%	0	0.00%	600,000	0.81%	0	0.00%
All Other Financing Sources (including 1931 and 1933)	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!
<b>Total Other Financing Sources</b>	(446,488)	-42.67%	600,000		0	0.00%	600,000		0	0.00%
<b>Total Revenues and Other Financing Sources</b>	1,467,398	2.04%	73,257,686	100%	894,322	1.22%	74,152,009	100%	1,397,247	1.88%
<b>EXPENDITURES:</b>										
Personal Services	1,052,522	2.80%	38,657,000	53.97%	1,605,900	4.15%	40,262,900	53.64%	1,827,100	4.54%
Employees' Retirement/Insurance Benefits	934,171	6.13%	16,167,800	22.57%	899,000	5.56%	17,066,800	22.74%	982,200	5.76%
Purchased Services	505,799	4.81%	11,019,004	15.38%	397,445	3.61%	11,416,449	15.21%	336,804	2.95%
Supplies and Materials	(129,826)	-7.32%	1,642,750	2.29%	22,604	1.38%	1,665,354	2.22%	23,263	1.40%
Capital Outlay	585,250	125.66%	1,051,000	1.47%	1,202,510	114.42%	2,253,510	3.00%	(1,997,465)	-88.64%
Other Objects	36,184	2.81%	1,324,874	1.85%	37,235	2.81%	1,362,110	1.81%	38,318	2.81%
<b>Total Expenditures</b>	2,984,100	4.46%	69,862,428		4,164,694	5.96%	74,027,123		1,210,220	1.63%
			4.46%	77.75%			5.96%	77.58%		
<b>OTHER FINANCING USES:</b>										
Operating Transfers-Out	(930,090)	-44.50%	1,160,000	1.62%	(730,000)	-62.93%	430,000	0.57%	25,000	5.81%
Advances-Out	395,591	193.53%	600,000	0.84%	0	0.00%	600,000	0.80%	0	0.00%
All Other Financing Uses	0	#DIV/0!	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!
<b>Total Other Financing Uses</b>	(534,500)	-23.29%	1,760,000	0.00%	(730,000)	-41.48%	1,030,000	0.00%	25,000	2.43%
<b>Total Expenditures and Other Financing Uses</b>	2,449,601	3.54%	71,622,428	100%	3,434,694	4.80%	75,057,123	100%	1,235,220	1.65%
<b>Operating Surplus/(Deficit)</b>	(982,202)	-37.53%	1,635,258		(2,540,372)	-155.35%	(905,114)		162,027	-17.90%
<b>Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacment &amp; New Levies</b>	2,617,460	5.21%	52,895,839		1,635,258	3.09%	54,531,097		(905,114)	-1.66%
<b>Ending Cash Balance (June 30)</b>	1,635,258	3.09%	54,531,097		(905,114)	-1.66%	53,625,983		(743,087)	-1.39%
<b>Estimated Encumbrances June 30</b>	2,000,000	71.92%	4,780,733		(2,000,000)	-41.83%	2,780,733		0	0.00%
<b>Unreserved Fund Bal June 30</b>	(364,742)	-0.73%	49,750,364		1,094,886	2.20%	50,845,250		(743,087)	-1.46%
90 day targeted cash carryover, 365 day year	(54)	(75)	254	0	116	168	247	0	(220)	(324)
Cash reserves @ 25% of expenses	406,634	0	17,905,607	0	570,159	0	18,764,281	0	205,046	0

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

### MAYFIELD CITY SCHOOLS

#### SM-5 (Five-Year Forecast)

Description	FY2021/22 Estimate	% of Total	+/- \$ Change	+/- % Change	FY2022/23 Estimate	% of Total	+/- \$ Change	+/- % Change	FY2023/24 Estimate
<b>REVENUES:</b>									
General Property Tax (Real Estate)	62,140,953	82.25%	750,160	1.21%	62,891,113	82.65%	338,813	0.54%	63,229,926
Tangible Personal Property Tax	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0
Income Tax	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0
Unrestricted Grants-in-Aid (All 3100's except 3130)	2,408,985	3.19%	(81,611)	-3.39%	2,327,374	3.06%	(85,691)	-3.68%	2,241,683
Restricted Grants-in-Aid (All 3200's)	532,454	0.70%	0	0.00%	532,454	0.70%	0	0.00%	532,454
Property Tax Allocation (3130)	5,795,422	7.67%	0	0.00%	5,795,422	7.62%	0	0.00%	5,795,422
All Other Revenues except 1931,1933,1940,1950,5100, 5200	4,071,442	5.39%	(125,110)	-3.07%	3,946,331	5.19%	(202,090)	-5.12%	3,744,241
<b>Total Revenues</b>	74,949,256		543,439	0.73%	75,492,695		51,031	0.07%	75,543,726
	1.90%				0.73%				0.07%
<b>OTHER FINANCING SOURCES:</b>									
Advances-In (5200)	600,000	0.79%	0	0.00%	600,000	0.79%	0	0.00%	600,000
All Other Financing Sources (including 1931 and 1933)	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0
<b>Total Other Financing Sources</b>	600,000		0	0.00%	600,000		0	0.00%	600,000
<b>Total Revenues and Other Financing Sources</b>	75,549,256	100%	543,439	0.72%	76,092,695	100%	51,031	0.07%	76,143,726
<b>EXPENDITURES:</b>									
Personal Services	42,090,000	55.17%	1,913,000	4.55%	44,003,000	55.19%	1,998,000	4.54%	46,001,000
Employees' Retirement/Insurance Benefits	18,049,000	23.66%	1,042,600	5.78%	19,091,600	23.94%	1,106,400	5.80%	20,198,000
Purchased Services	11,753,252	15.41%	347,194	2.95%	12,100,446	15.18%	357,921	2.96%	12,458,368
Supplies and Materials	1,688,617	2.21%	23,950	1.42%	1,712,567	2.15%	24,666	1.44%	1,737,234
Capital Outlay	256,045	0.34%	2,560	1.00%	258,606	0.32%	2,586	1.00%	261,192
Other Objects	1,400,428	1.84%	39,432	2.82%	1,439,860	1.81%	40,579	2.82%	1,480,439
<b>Total Expenditures</b>	75,237,342		3,368,737	4.48%	78,606,079		3,530,153	4.49%	82,136,232
	1.63%	80.03%			4.48%	80.33%			4.49%
<b>OTHER FINANCING USES:</b>									
Operating Transfers-Out	455,000	0.60%	73,750	16.21%	528,750	0.66%	46,250	8.75%	575,000
Advances-Out	600,000	0.79%	0	0.00%	600,000	0.75%	0	0.00%	600,000
All Other Financing Uses	0	0.00%	0	#DIV/0!	0	0.00%	0	#DIV/0!	0
<b>Total Other Financing Uses</b>	1,055,000	0.00%	73,750	6.99%	1,128,750	0.00%	46,250	4.10%	1,175,000
<b>Total Expenditures and Other Financing Uses</b>	76,292,342	100%	3,442,487	4.51%	79,734,829	100%	3,576,403	4.49%	83,311,232
<b>Operating Surplus/(Deficit)</b>	(743,087)		(2,899,047)	390.14%	(3,642,134)		(3,525,372)	96.79%	(7,167,506)
<b>Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacment &amp; New Levies</b>	53,625,983		(743,087)	-1.39%	52,882,896		(3,642,134)	-6.89%	49,240,762
<b>Ending Cash Balance (June 30)</b>	52,882,896		(3,642,134)	-6.89%	49,240,762		(7,167,506)	-14.56%	42,073,256
<b>Estimated Encumbrances June 30</b>	2,780,733		0	0.00%	2,780,733		0	0.00%	2,780,733
<b>Unreserved Fund Bal June 30</b>	50,102,163		(3,642,134)	-7.27%	46,460,029		(7,167,506)	-15.43%	39,292,523
90 day targeted cash carryover, 365 day year	240	0	(386)	(588)	213	0	(732)	(1,255)	172
Cash reserves @ 25% of expenses	19,073,086	0	571,453	0	19,933,707	0	593,683	0	20,827,808

## 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 (04/30/20) and in accordance with the most recent Certificate of Estimated Resources (03/19/20). Included on each document is the Cuyahoga County Auditor's expected tax collection rate of 97.46% 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 99.26% to include collections related to delinquencies and to more closely represent the average collection rate. And the District did not assume any reductions in a property tax value statistics resulting from the COVID-19 pandemic at this writing.

Growth in this category continues to moderate as economic market activity and housing begin to rebound and show signs of strength. 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 reduction between fiscal years 2017-18 and 2018-19 stem from a change in the Federal Tax Code eliminating, for some filers, the ability to deduct real property tax payments from an individuals' tax return. Approximately \$1.8M of Tax Year 2018 payments were advanced paid in December 2017 thereby inflating 1<sup>st</sup> half 2018 collections. This has been resolved and returned to normalcy in the FY2018-19 collections and beyond.

- ✓ 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.

This tax category has always been a target for elimination by the Ohio General Assembly as evidenced by 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 now 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 that expired at the conclusion of the 2017-18 fiscal year.

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 2-year state budget cycle that coincided with fiscal years 2015/16, 2016/17, & FY2017/18 presented herein. In summary, **\$3.79M IN ANTICIPATED ANNUAL TPPT LOSS PAYMENTS TO MAYFIELD CSD HAVE BEEN COMPLETELY ELIMINATED beginning July 1, 2018 or FY 2018/19.** 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 HB166 (2019). This funding formula is comprised of a base cost per pupil amount - \$6,020 in FY20 and each year thereafter (note: base cost was \$6,000 in FY19) - 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 490<sup>th</sup> 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 2019-20 fiscal year by incorporating the new Opportunity Grant metrics.

Included are the various formula names and the presiding Governor at the time of implementation. 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.

Due to Governor DeWine’s executive order to reduce all state department budgets due to the pandemic, Mayfield CSD will realize a \$1,212,956 reduction in FY2019-20 and assumes a one-half or \$606,478 reduction in FY2020-21. It is further assumed that the state foundation program will revert to its original tenets and distribution, absent any further reductions, beginning in FY2021-22 and thereafter.

STATE AID Funding Category	Gov. Kasich OPPORTUNITY GRANT	Gov. Kasich HB49		Gov. Kasich HB49		Gov DeWine HB166	
	FY2016/17 ACT	+/- \$	FY2017/18 ACT	+/- \$	FY2018/19 ACT	+/- \$	FY2019/20 EST
ADM	3,904.58	61	3,965.32	24	3,989.33	0	3,989.33
Basic Aid Per Pupil	6,000	0	6,000	20	6,020	0	6,020
<b>FORMULA AID W/GUARANTEE</b>	<b>1,171,374</b>	<b>18,221</b>	<b>1,189,595</b>	<b>11,194</b>	<b>1,200,788</b>	<b>0</b>	<b>1,200,788</b>
Special Education Weights	187,787	15,934	203,721	36,059	239,780	0	239,780
Career-Tech/Adult Ed	28,074	(187)	27,887	0	27,887	0	27,887
Student Wellness & Success Funds	0	0	0	0	0	194,518	194,518
Enrollment Growth Supplement	0	0	0	0	0	0	0
Transitional Aid Guarantee	0	0	230,529	59,398	289,928	0	289,928
Graduation/3rd Grade Reading Bonus	9,850	0	10,685	0	10,088	0	10,088
Gifted Aid	194,211	3,269	197,480	1,645	199,124	0	199,124
Transportation	838,689	(276,016)	562,673	(133,232)	429,442	0	429,442
Special Ed Transportation	332,132	0	298,909	0	274,547	0	274,547
Excellence w/Distinction Subsidy	0	0	0	0	0	0	0
Limited English Proficiency Funding	9,516	(1,358)	8,158	1,135	9,292	0	9,292
K-3 Literacy Funding	149,718	2,107	151,825	1,248	153,073	0	153,073
Economic Disadvantage Funding	78,238	3,177	81,415	23,152	104,567	0	104,567
<b>COVID-19 Reduction</b>						<b>(1,212,956)</b>	<b>(1,212,956)</b>
<b>GROSS: State Foundation</b>	<b>2,999,589</b>	<b>(36,713)</b>	<b>2,962,877</b>	<b>(24,361)</b>	<b>2,938,516</b>	<b>(1,018,438)</b>	<b>1,920,078</b>
Trsfrs to other Programs - ie. Excel TECC, Charter Schools, Peterson Scholarship, Open Enrollment, etc.	(1,931,943)	111,332	(1,820,611)	410,643	(1,409,968)	(70,498)	(1,480,466)
<b>NET (3110) State Foundation</b>	<b>961,334</b>	<b>(1,966,626)</b>	<b>1,032,963</b>	<b>(1,566,783)</b>	<b>1,396,093</b>	<b>(2,631,359)</b>	<b>307,157</b>

It is assumed that the Ohio General Assembly will maintain the current simulated values proposed in Amend Sub HB166 for the remainder of its 2-year budget cycle ending 06/30/21 and that it will not substantively change the calculations to the detriment of Mayfield CSD nor increase to our state aid in future biennial budgets.

- The Tangible Personal Property Loss Transitional Payment is being presented in accordance with the metrics included in Amend Sub HB49 (2015) Amend Sub HB64 (2015), Amend Sub HB153 (2011), and the original prescriptions included in HB1 (2009) - the Strickland Administration's budget bill. The TPP loss payments were completely eliminated in fiscal year 2018-19.

Fiscal Year	TPP Phase-out HB1 (Strickland)	Annual Savings / (Loss)	Cumulative Savings / (Loss)	TPP Phase-out Amend Sub HB153 (Kasich)	Annual Savings / (Loss)	Cumulative Savings / (Loss)	TPP Phase-out Amend Sub HB64/SB208 (Kasich)			
2012	6,106,535	(1,180,000)	(1,180,000)	4,926,535		0	4,926,535	*		
2013	6,106,535	(2,307,045)	(3,487,045)	3,799,490		0	3,799,490	*	}	HB1
2014	3,232,774	566,716	(2,920,329)	3,799,490		0	3,799,490	&		
2015	2,514,380	1,285,110	(1,635,219)	3,799,490		0	3,799,490	&	}	HB153
2016	1,795,986	2,003,504	368,285	3,799,490	2,726,168	2,726,168	6,525,658	%		
2017	1,077,591	2,721,899	3,090,184	3,799,490	(1,102,161)	1,624,007	2,697,329	%	}	HB64 / SB208
2018	359,197	3,440,293	6,530,477	3,799,490	(1,643,767)	(19,760)	2,155,723	%		
2019	0	3,799,490	10,329,967	3,799,490	(3,799,490)	(3,819,250)	0	%	}	HB1
*	Includes provisions per Amend Sub HB153									
&	Original phase out as prescribed by HB66									
%	Revised phase out as prescribed per HB64/SB208/HB1									

- ✓ 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.

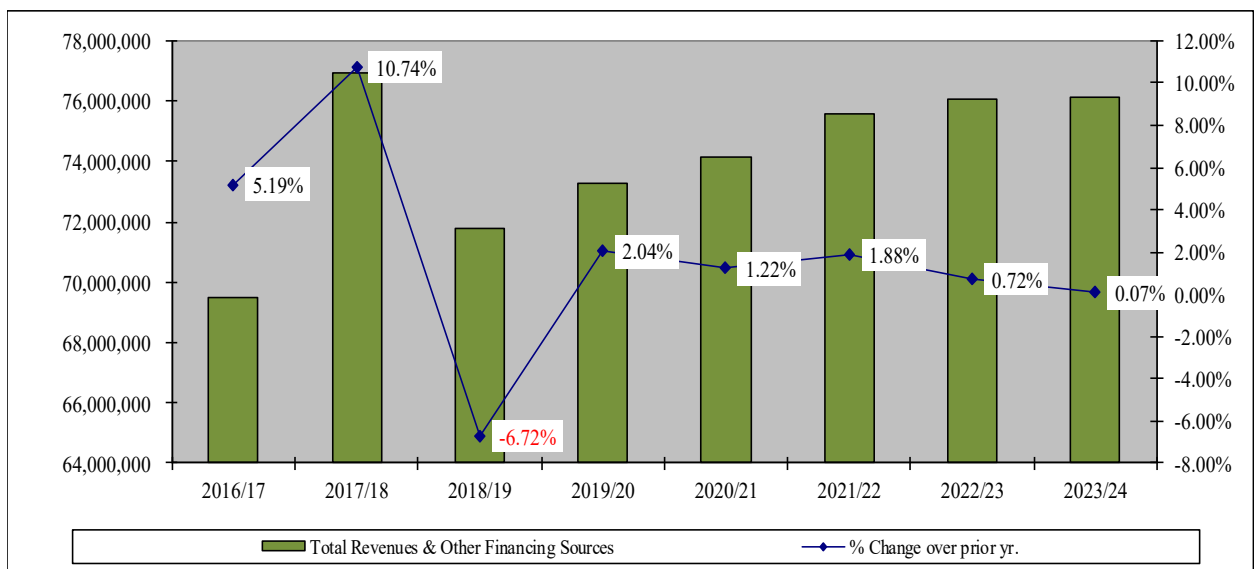
Effective with any new or replacement levy passed on or after November 2013, the 10% rollback and 2.5% homestead exemption or collectively the 12.5% property tax credits are eliminated per Amend Sub HB59 (2013). Therefore revenue presented in this category is based on pre-2013 levels.

- ✓ 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 tied to the District's portfolio and contains weighted to date maturities of 1.72 years and a weighted average yield to maturity of 2.17%. Interest estimates have been developed with the assistance of Meeder Public Funds Advisory, the District's investment advisor and are tied to available and projected cash balances. The financial market impact of COVID-19 will be further evaluated and incorporated into future forecast presentations.

- 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. These agreements are reviewed annually with the City Finance Directors and the Cuyahoga County Fiscal Officers at the Tax Incentive Review meetings.
- Revenue in-lieu of tax payments received from Mayfield Village is projected consistent with the most recent information received from the City Finance Director and is reviewed annually with the Cuyahoga Fiscal Officers at the Tax Incentive Review meeting. 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				ESTIMATE				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Real Property Taxes	56,259,735	61,301,479	58,049,990	60,905,761	61,157,823	62,140,953	62,891,113	63,229,926
Tang. Pers. Property Taxes	0	995	0	0	0	0	0	0
Homestead & Rollback	5,718,856	5,783,343	5,763,328	5,795,422	5,795,422	5,795,422	5,795,422	5,795,422
State Foundation	961,334	1,032,963	1,396,093	307,157	918,092	1,446,846	1,365,235	1,279,544
Tang. Pers. Prop Loss Pymnt	2,697,329	2,155,723	280,344	0	0	0	0	0
Other State Sources	346,365	1,619,544	1,064,138	1,494,594	1,494,594	1,494,594	1,494,594	1,494,594
Interest Income	333,925	748,893	1,164,686	1,118,857	1,124,670	983,615	831,149	600,730
Misc. Income	584,712	1,356,631	737,661	762,300	787,813	814,231	841,587	869,915
Transfers & Advances	579,697	737,779	1,046,488	600,000	600,000	600,000	600,000	600,000
Revenue in Lieu of Taxes	2,012,476	2,222,353	2,287,559	2,273,595	2,273,595	2,273,595	2,273,595	2,273,595
<b>Line 2.080 Total:</b>	<b>69,494,429</b>	<b>76,959,703</b>	<b>71,790,288</b>	<b>73,257,686</b>	<b>74,152,009</b>	<b>75,549,256</b>	<b>76,092,695</b>	<b>76,143,726</b>
Dollar Change	3,428,339	7,465,275	(5,169,416)	1,467,398	894,322	1,397,247	543,439	51,031
% Change over prior yr.	5.19%	10.74%	-6.72%	2.04%	1.22%	1.88%	0.72%	0.07%



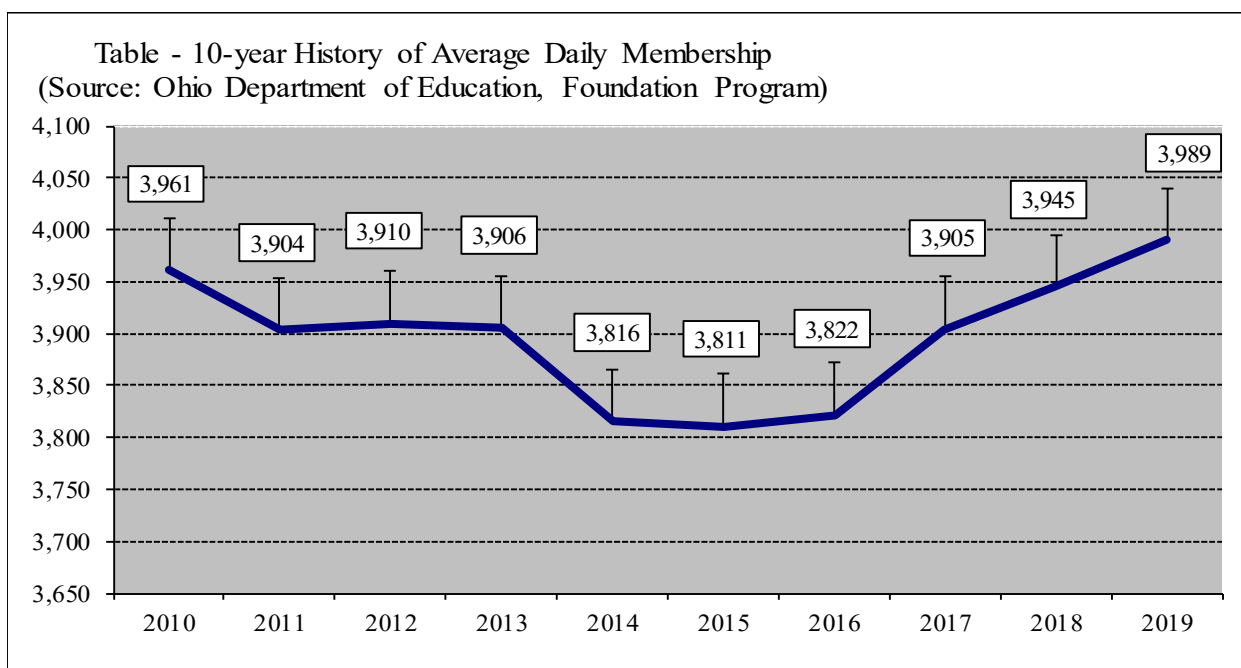


## EXPENDITURES

### 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 FY2019 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 to 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
    - Continue to develop Paraprofessional & Secretarial learning community concepts
    - Operations = continue to right size and assess opportunities via attrition

Given that the COVID-19 pandemic remains without a true vaccine and therefore the impact on the normal day to day school operations is truly unknown, all operating expenditures are being presented under normal conditions and therefore assume a “traditional” at school environment. This is an assumption and is not intended by the reader to be a predictor of the future of school for Mayfield students but merely a basis to present financial information.

### 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 FY2017-18, the District implemented an exit incentive program for its classified and certified bargaining unit members. This incentive was structured so that participating employees could exit at three different points in time during the successor negotiated agreement timeframe –

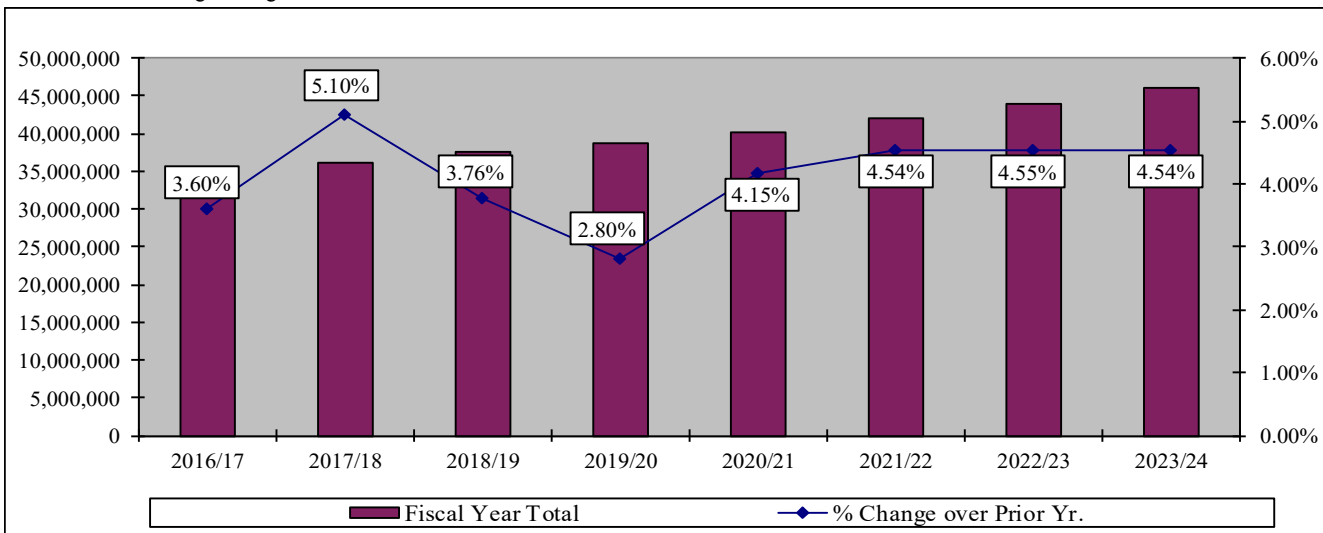
06/30/18, 06/30/19, & 06/30/20. 55 staff members opted into the exit incentive and the Board of Education conditioned its approval pursuant to generating \$1.3M (or the equivalent of one taxable mill) of permanent annual savings by 06/30/20. District Officials identified \$520,000 of permanent savings after Year 1 (FY 2017-18) of implementation and \$600,000 of permanent annual savings after Year 2 (FY2018-19) for a combined total of \$1.12M, which has been factored into the forecast. It is anticipated that the remaining \$180,000 will be realized at the conclusion of the final year of the program Year 3 (FY2019-20).

Due to the disruptive nature of this program, attrition savings is not factored into the forecast beginning in FY2020-21 and thereafter.

- ✓ 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 2.50% (FY2016/17), 2.50% (FY2017/18), 2.25% (FY2018/19), 2.00% (FY2019/20), 2.00% (FY2020/21), & 2.00% (FY2021/22). Increases beginning in FY2022/23 and thereafter are consistent with current and anticipated settlements that are germane to our region, market sector, and district type (suburban).
- ✓ In FY2016/17 & FY2017/18, steps have been slightly reduced because certified staff members are limited to one column or educational advancement per year. Beginning in FY2018/19, steps & columns resumed normal movements and the successor negotiated agreement included a “step recovery component” that was development so as to not exceed the composite schedule increase planned for each year.
- ✓ 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.
- ✓ Changes included in SB341 & SB342 (2012) to the certified (STRS) and classified (SERS) pension systems in an effort to promote financial sustainability within these programs have also interrupted annual retirement patterns.
- ✓ During the stay at home order resulting from the COVID-19 pandemic, the District reassigned ALL employees to home with pay and therefore did not realize any savings in regular contracted employment. Further the District developed an alternative method for supplemental contract holders to earn their remaining or seasonal pay. Therefore unemployment claims due to this effort are expected to be negligible.

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				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>TEACHERS</b>								
Base & Salary Schedule %	5.25%	5.25%	4.90%	4.65%	4.65%	4.65%	4.65%	4.65%
Cost of 1%	\$251,139	\$264,918	\$274,214	\$282,660	\$294,299	\$307,980	\$322,300	\$337,280
<b>SUPPORT STAFF</b>								
Base & Salary Schedule %	4.75%	4.75%	4.45%	4.20%	4.20%	4.20%	4.20%	4.20%
Cost of 1%	\$84,124	\$87,803	\$90,764	\$92,320	\$96,190	\$100,210	\$104,420	\$108,800
Certified Staff (Fixed Costs)	24,230,997	25,416,243	26,505,975	27,308,000	28,426,900	29,749,000	31,132,000	32,579,000
Certified Staff (Variable Costs)	1,254,101	1,484,353	1,422,086	1,490,000	1,562,000	1,636,000	1,714,000	1,796,000
Classified Staff (Fixed Costs)	8,162,432	8,476,197	8,810,023	8,955,000	9,330,000	9,720,000	10,128,000	10,553,000
Classified Staff (Variable Costs)	836,395	864,433	866,394	904,000	944,000	985,000	1,029,000	1,073,000
<b>Sub-Total Line 3.010</b>	<b>34,483,925</b>	<b>36,241,225</b>	<b>37,604,478</b>	<b>38,657,000</b>	<b>40,262,900</b>	<b>42,090,000</b>	<b>44,003,000</b>	<b>46,001,000</b>
Dollar Change	1,199,229	1,757,300	1,363,253	1,052,522	1,605,900	1,827,100	1,913,000	1,998,000
Percentage Change	3.60%	5.10%	3.76%	2.80%	4.15%	4.54%	4.55%	4.54%



### 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.

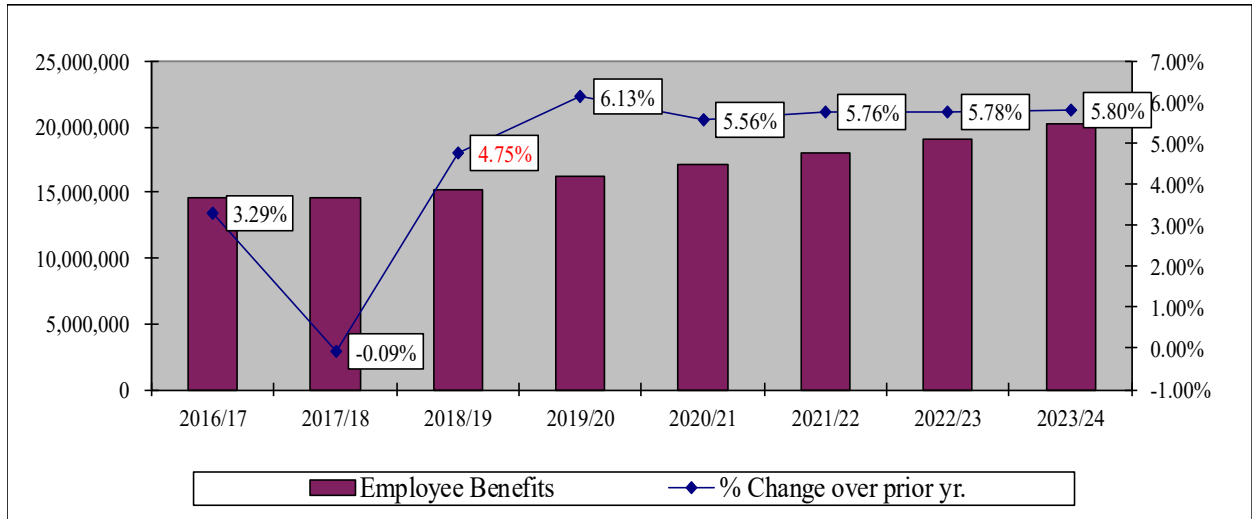
*General Assumptions for this category include:*

- ✓ 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. Historical fluctuations are the result of reconciling the annual estimate to the actual payroll reported.
- ✓ All future increases to the various insurance programs will be as follows:

- Medical/Rx – has been trended at 6.00% for FY2018/19 & FY2019/20 and 7.00% for each of the forecasted years thereafter.
    - Each collective bargaining agreement contains a 6% inflationary cap that stipulates that every dollar exceeding 6% will be paid 100% by the employee. This insurance rate cap insulates the District from significant market or claim swings and overall healthcare industry shifts.
      - Effective July 1, 2020 the insurance rate cap will be increased to 7%.
  - Vision – has been trended at 2.00% for FY2018/19 and for each of the forecasted years thereafter.
  - Dental – has been trended at 3.00% for FY2018/19 and for each of the forecasted years thereafter.
  - Term Life – has been trended at 2.00% for FY2018/19 and for each of the forecasted years thereafter.
  - 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.
- ✓ Medicare has been trended in accordance with changes in wages.
  - ✓ Workers Compensation been established via an historical look back of past & current claim activity as well as prescribed reserve requirements.

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

	ACTUAL			ESTIMATE				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Insurance Premium Analysis</b>								
Medical & Rx	\$20,170	\$20,775	\$22,022	\$23,343	\$24,977	\$26,725	\$28,596	\$30,598
Dental	\$1,583	\$1,630	\$1,679	\$1,730	\$1,782	\$1,835	\$1,890	\$1,947
Vision	\$178	\$182	\$185	\$189	\$193	\$197	\$201	\$205
Term-Life	\$80	\$81	\$83	\$84	\$86	\$88	\$90	\$91
Total BOE Cost for Full-time employee	\$22,011	\$22,669	\$23,969	\$25,346	\$27,038	\$28,845	\$30,777	\$32,841
Dollar Change	\$593	\$658	\$1,301	\$1,377	\$1,691	\$1,807	\$1,932	\$2,064
% Change over prior yr.	2.77%	2.99%	5.74%	5.75%	6.67%	6.68%	6.70%	6.71%
<b>Employee Benefits Categories</b>								
STRS	4,573,525	4,097,203	4,282,595	4,408,500	4,587,800	4,801,100	5,024,400	5,258,000
SERS	1,493,051	1,548,602	1,674,048	1,744,400	1,817,400	1,893,300	1,972,800	2,055,700
Medical Ins.	7,076,496	7,419,825	7,918,673	8,618,800	9,222,100	9,867,700	10,558,400	11,297,500
Vision Ins.	528,136	556,812	556,502	573,200	590,400	608,100	626,400	645,200
Term-Life	101,532	107,378	109,913	112,100	114,300	116,600	118,900	121,200
Medicare	475,039	493,342	512,833	529,600	551,200	576,200	602,300	629,600
Workers Comp	284,806	294,902	148,452	149,900	151,400	152,900	154,400	155,900
Other Benefits	23,611	25,133	30,612	31,300	32,200	33,100	34,000	34,900
<b>Total Line 3.020</b>	<b>14,556,197</b>	<b>14,543,197</b>	<b>15,233,629</b>	<b>16,167,800</b>	<b>17,066,800</b>	<b>18,049,000</b>	<b>19,091,600</b>	<b>20,198,000</b>
Dollar Change	464,155	(12,999)	690,432	934,171	899,000	982,200	1,042,600	1,106,400
% Change over prior yr.	3.29%	-0.09%	4.75%	6.13%	5.56%	5.76%	5.78%	5.80%



**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:*

- ✓ *Professional & Technical* purchased services is comprised of special services professionals such as nurses, occupational therapists, physical therapists, etc. and has been trended at 2%.
- ✓ *Contracted Professionals* has been increased by \$300,000 beginning in FY2018/19 to cover the deployment of School Resource Officers in all District school buildings. The Student Success & Wellness Funds of \$194,000 in FY2019-20 and \$270,000 in FY2020-21 have been included in this category. A 5% trend percentage has been applied in all other cases.
- ✓ For those qualifying *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 \$57M capital improvements plan during the period FY2010/11 thru 2016/17 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 FY2017/18 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.

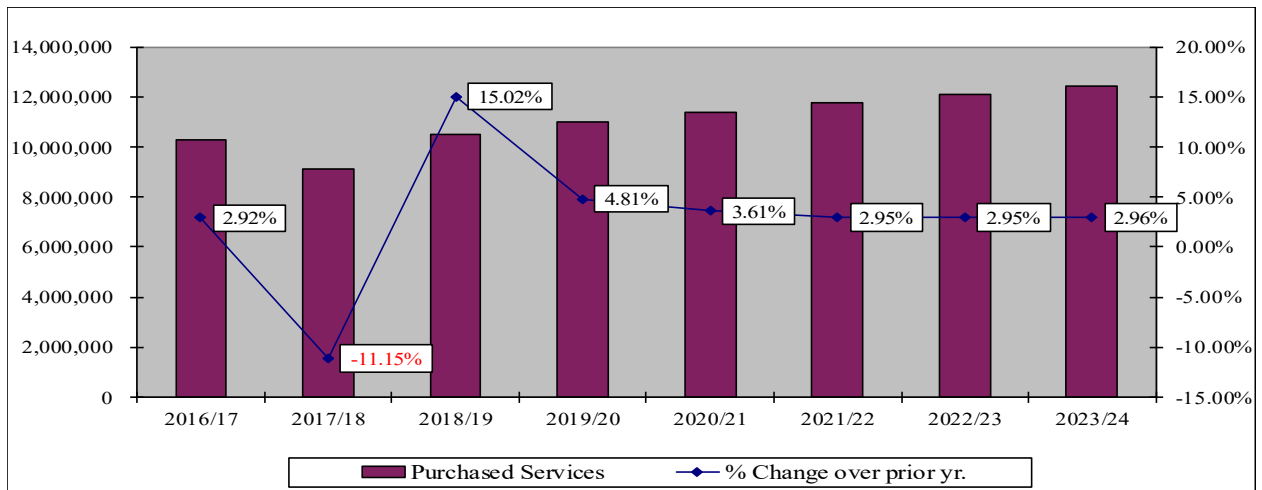
- ✓ The Out of District *Tuition* includes the cost of Mayfield resident students attending instructional programs that are outside of the District as well as those for which the District serves as fiscal agent. The fluctuating nature between historical fiscal years stem from changes in programming, enrollment and the accounting treatment of receipts and expenses to comply with the Federal Maintenance of Effort (MOE) statistic. This required change

resulted in a \$1.1M permanent increase in the tuition base line beginning in FY2018-19, after which, it is assumed that this category will revert to normal or measured changes in year over year expenses for the forecasted periods.

- ✓ Pupil Transportation realized a reset to its expenditure baseline in FY2016/17 due to an internal audit. It is therefore assumed that this “revised” baseline shall remain consistent and a 3% trend rate has been assumed for all forecasted periods.
- ✓ Property, Fleet & Auto Insurance has been trended at 3%.
- ✓ 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.

Purchased Services Categories	ACTUAL			ESTIMATE				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Professional & Technical	729,984	834,543	810,617	826,829	843,366	860,233	877,438	894,986
Contracted Professional	512,686	624,637	843,655	1,068,097	1,175,827	1,214,303	1,254,297	1,295,876
Repairs & Maintenance	430,265	77,432	55,649	57,318	59,038	60,809	62,633	64,512
Rentals	12,134	38,477	47,684	48,161	48,643	49,129	49,621	50,117
Pupil Transportation	678,830	690,105	637,635	656,764	676,467	696,761	717,663	739,193
Property & Fleet Insurance	67,621	78,200	78,200	80,546	82,962	85,451	88,015	90,655
Utilities	1,366,910	1,367,385	1,401,791	1,446,600	1,492,892	1,540,717	1,590,129	1,641,182
Tuition	6,224,921	5,180,424	6,395,438	6,587,301	6,784,920	6,988,468	7,198,122	7,414,065
All Other Purchased Services	263,397	248,844	242,536	247,387	252,335	257,382	262,529	267,780
<b>Total Line 3.030</b>	<b>10,286,748</b>	<b>9,140,047</b>	<b>10,513,205</b>	<b>11,019,004</b>	<b>11,416,449</b>	<b>11,753,252</b>	<b>12,100,446</b>	<b>12,458,368</b>
Dollar Change	291,609	(1,146,701)	1,373,158	505,799	397,445	336,804	347,194	357,921
% Change over prior yr.	2.92%	-11.15%	15.02%	4.81%	3.61%	2.95%	2.95%	2.96%



**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.

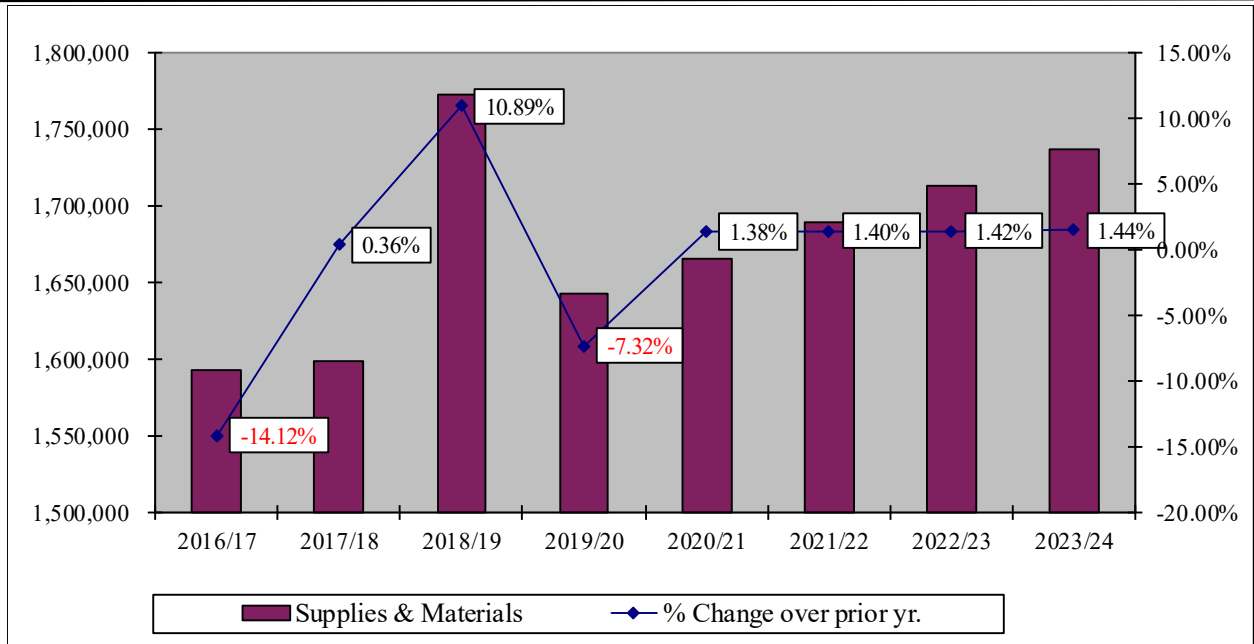
*General Assumptions for this category include:*

- ✓ Textbooks – Due to the introduction of handheld learning devices the textbook adoption & replacement cycle has been stunted. An evaluation of an electronic learning platform and text options is underway and the outcome and financial impact is yet unknown. Therefore, current expenditure trends are expected to continue with a 1.00% growth rate.
- ✓ Vehicle Supplies – This category is comprised of bus and vehicle parts as well as gasoline and fuel. The District has set aside dollars in its Permanent Improvement Fund to replace its bus and vehicle fleet. This budget category has been trended at a 4.00% growth rate.
- ✓ Software – While historical information reflects volatility in this category, the District charge to become more effective and efficient normally involves the purchase of software applications. So while the overall baseline budget remains as indicated in future years, District staff are encouraged to seek out new methods and move funds from other categories to continue to evolve for relevancy in a rapidly changing environment.
- ✓ Buildings & Grounds Supplies – this category is comprised of supplies consumed during normal school operations and have been trended at an annual growth rate of 1%.
- ✓ 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				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Supplies &amp; Materials</b>								
Educational Supplies	443,468	425,836	464,121	434,396	438,740	443,127	447,558	452,034
Textbooks	138,796	192,311	272,847	196,176	198,138	200,119	202,120	204,141
Library Books etc.	77,394	68,152	81,651	69,522	70,217	70,920	71,629	72,345
Software	149,509	53,636	113,089	54,715	55,262	55,814	56,372	56,936
Building & Grounds Supplies	374,305	373,895	353,506	381,410	385,224	389,077	392,967	396,897
Vehicle Supplies	409,395	484,738	487,362	506,531	517,773	529,561	541,920	554,880
<b>Total Line 3.040</b>	<b>1,592,867</b>	<b>1,598,569</b>	<b>1,772,575</b>	<b>1,642,750</b>	<b>1,665,354</b>	<b>1,688,617</b>	<b>1,712,567</b>	<b>1,737,234</b>
Dollar Change	(261,931)	5,702	174,007	(129,826)	22,604	23,263	23,950	24,666
% Change over prior yr.	-14.12%	0.36%	10.89%	-7.32%	1.38%	1.40%	1.42%	1.44%





**Line 3.050 New & Replacement Equipment**

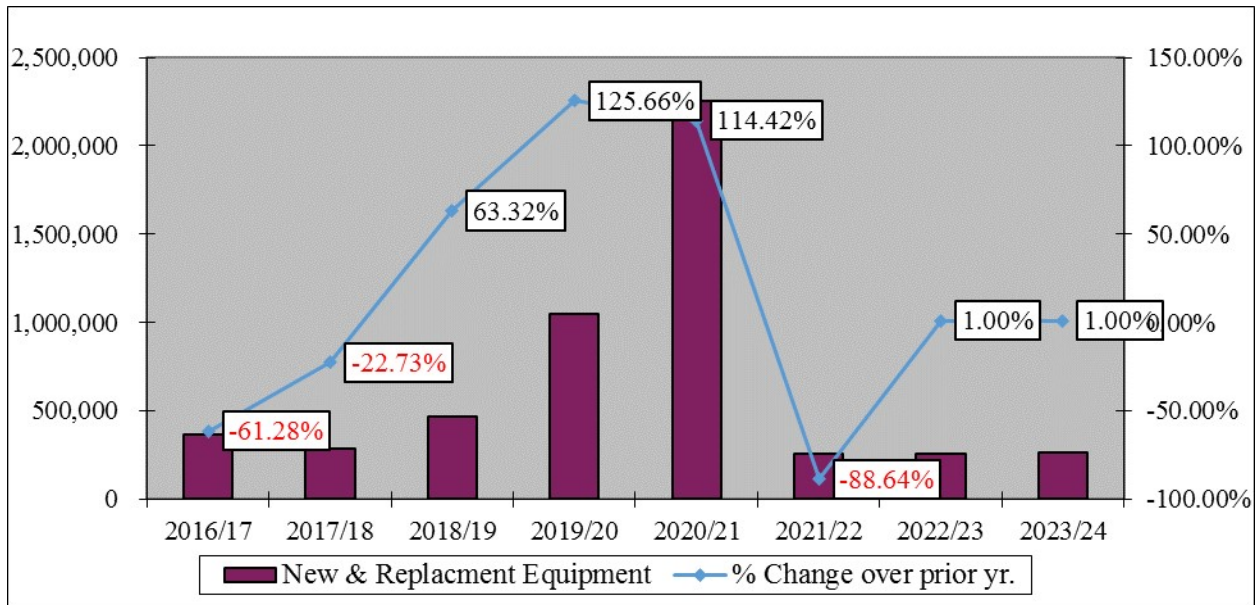
By definition, this category represents expenditures for the acquisition of, or addition to, fixed assets. Included are expenditures for land or existing buildings; improvements of grounds; construction of buildings; additions to buildings; remodeling of buildings; initial and additional equipment, furnishings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

*General Assumptions for this category include:*

- ✓ All Other new & Replacement Equipment – In FY2020/21 includes \$2.0M for improvements to Millridge Elementary to repurpose & reprogram space.
- ✓ New & Replacement Computer Equipment - In FY2019/20 includes \$800K for technology purchases for staff and grades Kindergarten thru 4<sup>th</sup> Grade. This purchase is in response to the COVID-19 pandemic.
- ✓ New & Replacement Instructional Equipment – In FY2015/16 the District purchased additional Chromebooks & deployed a grade level cart program in advance of passing an additional PI levy to begin its 1:1 handheld learning device program with students. This continued, albeit at lower level, in FY2016/17 and then dissipated in FY2017/18. The expenditure base level was therefore re-established and the trend percentage utilized is 1%.
- ✓ Replacement Vehicles & Buses – In an effort to keep pace with its bus and vehicle fleet replacement schedules, the District will utilize unspent budget values from other operating categories. In FY 2018-19, the District purchased two busses and a maintenance vehicle.
- ✓ 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, & 2016) offset and is included accordingly as part of the District’s 5-year capital plan.

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

	ACTUAL			ESTIMATE				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>New &amp; Replacement Equipment</b>								
All Other New & Replacement Equip	57,626	32,218	37,715	36,000	2,036,360	36,724	37,091	37,462
New & Replacmnt Computer Equip	0	0	0	800,000	0	0	0	0
New & Replacmnt Instructional Equip	311,424	169,563	226,212	215,000	217,150	219,322	221,515	223,730
Replacement Vehicles & Buses	0	83,399	201,823	0	0	0	0	0
<b>Line 3.050 Total:</b>	<b>369,049</b>	<b>285,180</b>	<b>465,750</b>	<b>1,051,000</b>	<b>2,253,510</b>	<b>256,045</b>	<b>258,606</b>	<b>261,192</b>
Dollar Change	(584,018)	(83,870)	180,570	585,250	1,202,510	(1,997,465)	2,560	2,586
% Change over prior yr.	-61.28%	-22.73%	63.32%	125.66%	114.42%	-88.64%	1.00%	1.00%



**Line 4.300 Other Misc. Expenses**

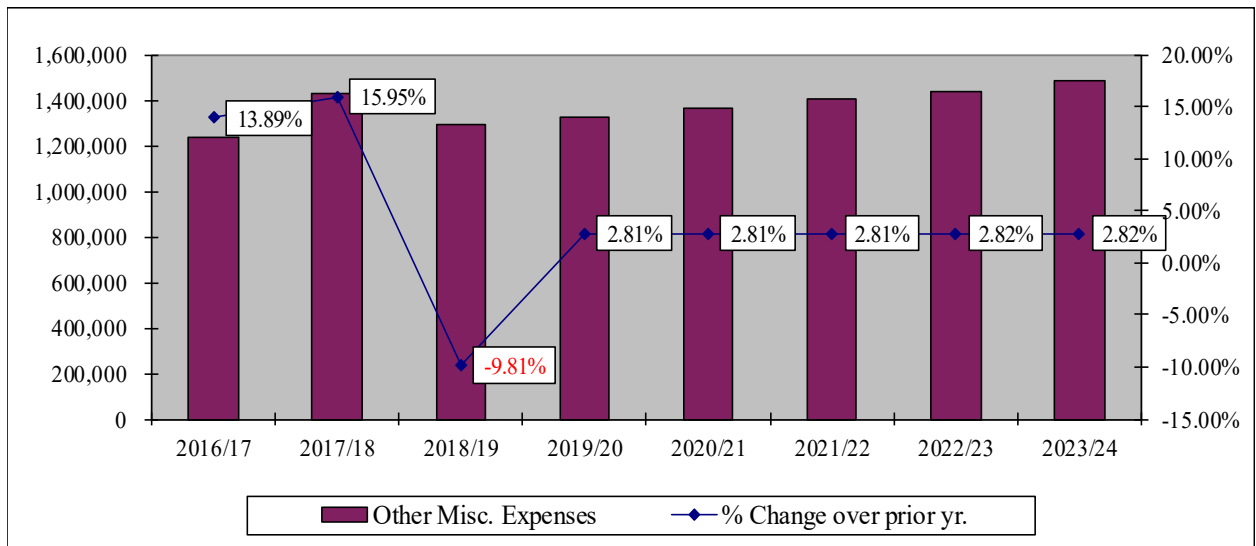
By definition, this category includes amounts paid for goods and services not otherwise classified above, such as expenditures for the retirement of debt, the payment of interest on debt and the payment of dues and fees.

*General Assumptions for this category include:*

- ✓ General Liability & Performance Bonds – Have been trended pursuant to current coverage levels and in consultation with insurance carrier and consultant. A 2.00% trend percentage has been utilized for all future years.
- ✓ Cuyahoga ESC – an affiliation expense for membership in an educational service center.
- ✓ County Auditor & Treasurer Fees – increases are directly correlated with the passage of an additional tax levy and/or increases in existing tax collections. The General Fund pays the entire cost of tax collections even if the taxes inure to another fund ie. Permanent Improvement or Bond.
- ✓ All Other Misc. Expenses - trended consistent with historical levels, 1-3% depending on the category.

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

	ACTUAL			ESTIMATE				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Other Misc. Expenses</b>								
General Liability & Performance Bonds	138,018	130,410	131,535	134,166	136,849	139,586	142,378	145,226
Cuyahoga Co. ESC	25,922	26,429	27,163	27,435	27,709	27,987	28,266	28,549
County Auditor & Treasurer's Fees	876,017	1,043,370	931,436	959,379	988,161	1,017,805	1,048,340	1,079,790
All Other Misc. Expenses	192,316	228,642	198,556	203,894	209,390	215,049	220,876	226,874
<b>Line 4.300 Total:</b>	<b>1,232,273</b>	<b>1,428,851</b>	<b>1,288,691</b>	<b>1,324,874</b>	<b>1,362,110</b>	<b>1,400,428</b>	<b>1,439,860</b>	<b>1,480,439</b>
Dollar Change	150,283	196,578	(140,160)	36,184	37,235	38,318	39,432	40,579
% Change over prior yr.	13.89%	15.95%	-9.81%	2.81%	2.81%	2.81%	2.82%	2.82%



**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:*

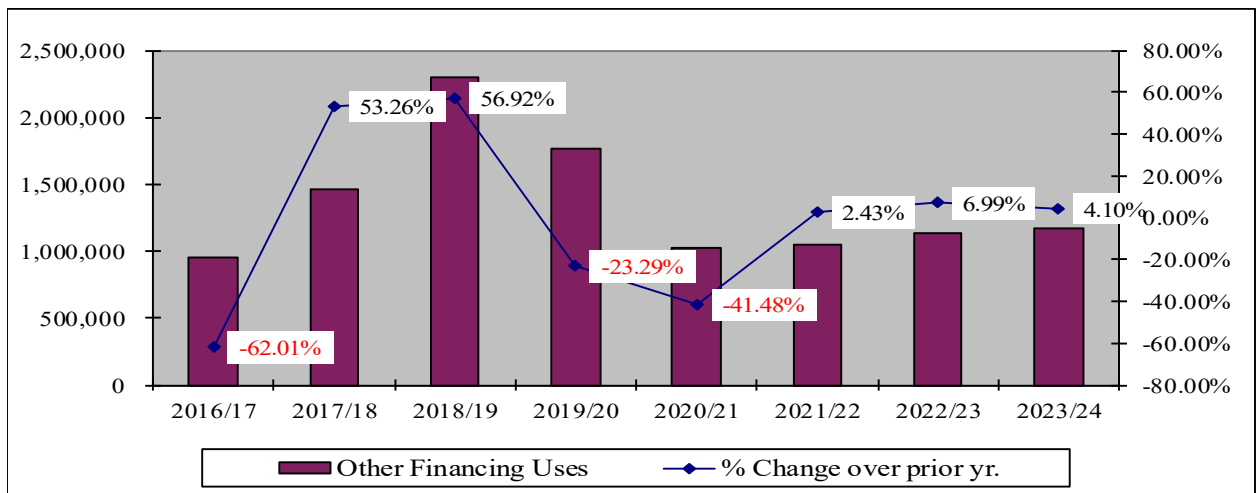
- ✓ *Transfers* - represent permanent financial assistance to non-operating funds and programs. The District currently supports Community Education & Recreation, Athletics, Uniform School Supplies, Termination Benefits, Employee Benefits, and some Debt Service. Therefore, the transfer category can and 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. **In FY2019-20 and due to the COVID-19 pandemic, the District anticipates transferring \$300,000 to cover food service operating revenue losses and \$80,000 to write-off student consumable fees.**

In FY 2018-19, the District transferred resources to cover its entire severance commitment for the Exit Incentive program. This was primarily done to demonstrate to the participants that their future payments from the external fund were fully funded. The value listed in FY2019-20 is intended to finalize the exit incentive contribution, reconciling any remaining variances associated with the Year 3 participants. It is anticipated that patterns normalize in FY2020/21 & thereafter.

- ✓ 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.

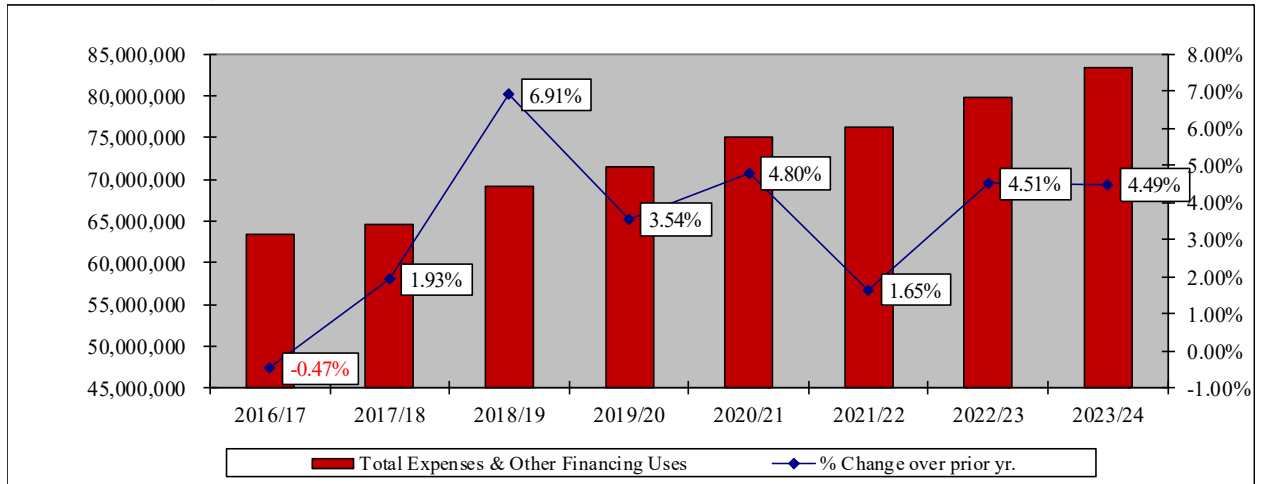
	ACTUAL			ESTIMATE				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Other Financing Uses</b>								
Transfers	216,532	415,785	2,090,090	1,160,000	430,000	455,000	528,750	575,000
All Other Financing Uses	(220)	(50)	0	0	0	0	0	0
Advances	737,779	1,046,488	204,409	600,000	600,000	600,000	600,000	600,000
Refund of Prior Year	0	0	0	0	0	0	0	0
<b>Line 5.040 Total:</b>	<b>954,091</b>	<b>1,462,223</b>	<b>2,294,500</b>	<b>1,760,000</b>	<b>1,030,000</b>	<b>1,055,000</b>	<b>1,128,750</b>	<b>1,175,000</b>
Dollar Change	(1,557,266)	508,132	832,277	(534,500)	(730,000)	25,000	73,750	46,250
% Change over prior yr.	-62.01%	53.26%	56.92%	-23.29%	-41.48%	2.43%	6.99%	4.10%



### 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.

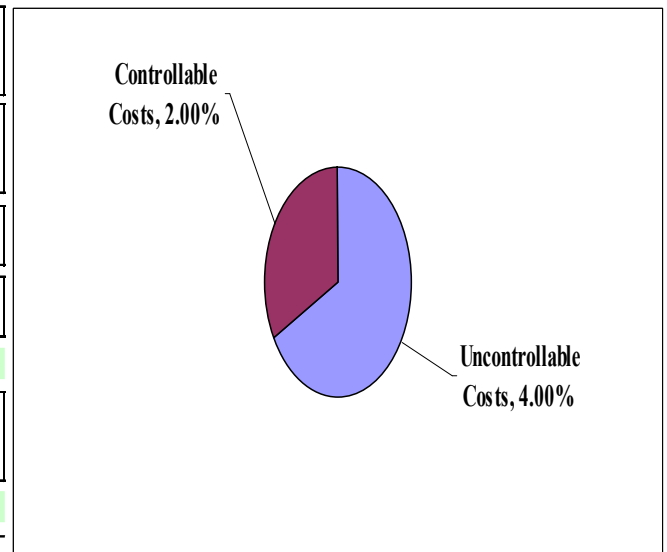
	ACTUAL			ESTIMATE				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Total Expenses &amp; Other Financing Uses</b>								
Personal Services	34,483,925	36,241,225	37,604,478	38,657,000	40,262,900	42,090,000	44,003,000	46,001,000
Employee Benefits	14,556,197	14,543,198	15,233,629	16,167,800	17,066,800	18,049,000	19,091,600	20,198,000
Purchased Services	10,286,748	9,140,047	10,513,205	11,019,004	11,416,449	11,753,252	12,100,446	12,458,368
Supplies and Materials	1,592,867	1,598,569	1,772,575	1,642,750	1,665,354	1,688,617	1,712,567	1,737,234
Capital Outlay	369,049	285,180	465,750	1,051,000	2,253,510	256,045	258,606	261,192
Other Objects	1,232,273	1,428,853	1,288,691	1,324,874	1,362,110	1,400,428	1,439,860	1,480,439
Total Other Financing Uses	954,091	1,462,223	2,294,500	1,760,000	1,030,000	1,055,000	1,128,750	1,175,000
<b>Line 5.050 Total:</b>	<b>63,475,150</b>	<b>64,699,294</b>	<b>69,172,828</b>	<b>71,622,428</b>	<b>75,057,123</b>	<b>76,292,342</b>	<b>79,734,829</b>	<b>83,311,232</b>
Dollar Change	(297,939)	1,224,145	4,473,533	2,449,601	3,434,694	1,235,220	3,442,487	3,576,403
% Change over prior yr.	-0.47%	1.93%	6.91%	3.54%	4.80%	1.65%	4.51%	4.49%



**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.

Description	Percent
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%
<b>Sub-Total Uncontrollable Costs:</b>	<b>4.00%</b>
Personnel Costs: negotiated increases to collective bargaining agreements, program enhancements	2.00%
<b>Sub-Total Controllable Costs:</b>	<b>2.00%</b>
<b>TOTAL:</b>	<b>6.00%</b>



**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 as of year-end. The forecast assumes that the outstanding encumbrances will ultimately be expensed and are therefore shown as a reduction to available cash throughout the forecasted period.

The Mayfield Board of Education approved a \$2.0M site improvement plan at Millridge Elementary to create flexible learning spaces, to improve proximity of grade levels, and to reprogram spaces vacated by the hearing impaired program formerly known as MCHI. This allocation is included in the encumbrance value in FY2019-20, which explains the large increase compared to other years, in an effort to highlight that this one-time financial commitment is being funded by the carryover balance or strategic reserves. In future forecast filings, these values will be highlighted in a separate illustration.

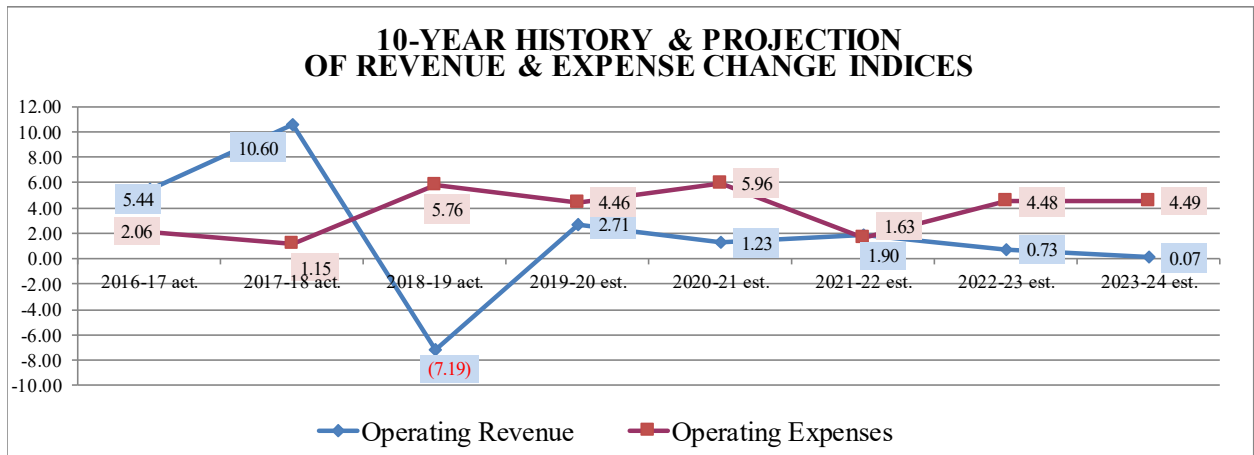
**INDICE COMPARISON OF REVENUE & EXPENDITURE CHANGES BY FISCAL YEAR**

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 5-year actual expenditure trend (FY2015 – FY2019) of 2.49%, which is under the 3.0% base inflationary level typically associated with market level or “household purchasing” inflation. And the overall change in operating expenses in fiscal years 2014-15 and 2015-16 actually DECREASED by 1.04% respectively.

The large increase in revenue FY2017-18 of 10.60% is due to the passage of our 5.0 mill operating levy along with the advance tax collections resulting from the income tax changes at the Federal level. The 7.19% reduction in FY2018-19 is partially explained by the Federal income tax advance from the prior year but also the complete elimination of the TPP Reimbursement (\$2.1M) by the Governor and the Ohio General Assembly.

As the blue portion of the line graph illustrates, the projected revenue is essentially flat during the projection period. Comparing this “flat-lined” revenue projection to the expense trajectory that includes managed albeit positive growth, 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.



### LEVY HISTORY

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

Table 13.5 - Operating Levy History										
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 ever-challenging public school climate. We have taken advantage of one-time resources, where practical, to positively disrupt operating expenses while simultaneously utilizing all tools available to slow the rate of expenditure growth to extend our levy cycles. While this has been helpful and necessary, the District MUST continue to pay special attention to the delicate relationship between limited revenue growth (cash inflows) and the upward pressures on expenditures (cash outflows) and develop strategies to mitigate and manage our anticipated fiscal year operating deficit spending (FY2021-22), first end of month deficit, and first fiscal year end deficit (both of which occur outside of the forecasted period) by planning 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.



Please let me know if you have any questions.

**MAYFIELD CITY SCHOOL DISTRICT  
 ACTUAL & PRO-FORMA ENDING UNRESERVED OPERATING FUND BALANCE  
 FY2017 THRU FY2024**

**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

**LEVY & FINANCIAL SCENARIOS**

		A	B	C	D	E	C O N T R I B U T I O N
I	2020 Levy	4.50					
N	2021 Levy		4.50				
P	2022 Levy			4.50			
U	2023 Levy				4.50		
T	2024 Levy					4.50	

#	Month Ending	Projected Fund Balance CURRENT	A 4yr. levy option	B 5yr. levy option	C 6yr. levy option	D 7yr. levy option	E 8yr. levy option	Cash Reserves 90 days carryover
	Jun-17	34,816,945	34,816,945	34,816,945	34,816,945	34,816,945	34,816,945	15,868,787
	Jun-18	47,413,146	47,413,146	47,413,146	47,413,146	47,413,146	47,413,146	16,174,824
0	Jun-19	50,115,105	50,115,105	50,115,105	50,115,105	50,115,105	50,115,105	17,293,207
3	Sep-19	61,406,147	61,406,147	61,406,147	61,406,147	61,406,147	61,406,147	
6	Dec-19	48,235,452	48,235,452	48,235,452	48,235,452	48,235,452	48,235,452	
9	Mar-20	64,646,375	64,646,375	64,646,375	64,646,375	64,646,375	64,646,375	
12	Jun-20	49,750,363	49,750,363	49,750,363	49,750,363	49,750,363	49,750,363	17,905,607
15	Sep-20	61,059,435	61,059,435	61,059,435	61,059,435	61,059,435	61,059,435	
18	Dec-20	47,299,820	47,299,820	47,299,820	47,299,820	47,299,820	47,299,820	
21	Mar-21	64,700,841	67,758,650	64,700,841	64,700,841	64,700,841	64,700,841	
24	Jun-21	50,845,250	53,961,863	50,845,250	50,845,250	50,845,250	50,845,250	18,764,281
27	Sep-21	61,790,658	68,111,078	61,790,658	61,790,658	61,790,658	61,790,658	
30	Dec-21	47,524,495	53,844,915	47,524,495	47,524,495	47,524,495	47,524,495	
33	Mar-22	64,751,942	74,130,171	67,840,019	64,751,942	64,751,942	64,751,942	
36	Jun-22	50,102,163	59,539,196	53,249,627	50,102,163	50,102,163	50,102,163	19,073,086
39	Sep-22	60,582,427	73,223,267	66,965,411	60,582,427	60,582,427	60,582,427	
42	Dec-22	45,414,745	58,055,586	51,797,729	45,414,745	45,414,745	45,414,745	
45	Mar-23	62,153,685	77,852,334	71,624,746	65,333,475	62,153,685	62,153,685	
48	Jun-23	46,460,029	62,217,482	55,990,477	49,700,969	46,460,029	46,460,029	19,933,707
51	Sep-23	56,220,681	75,181,941	68,986,649	62,793,233	56,220,681	56,220,681	
54	Dec-23	40,091,606	59,052,866	52,857,574	46,664,158	40,091,606	40,091,606	
57	Mar-24	56,070,395	78,089,465	71,924,441	65,822,738	59,281,674	56,070,395	
60	Jun-24	39,292,523	61,370,397	55,205,955	49,106,016	42,565,557	39,292,523	20,827,808