

FIVE-YEAR FORECAST October 2020



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NATURE AND PURPOSE OF THE PRESENTATION

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

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

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

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 (2020-2021 through 2024-2025)

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, 2021 through June 30, 2025, with historical information presented for fiscal years ended June 30, 2018, 2019, and 2020 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 September 5, 2020 suggests the following:
 - GDP growth – minus 24% in Quarter 3 with a modest 3% in Quarter4.
 - Interest Rates – 10-Year T Notes staying below 1% with 30-year mortgage rates lingering around 3%.
 - Inflation – Prices 1.1% higher at the end of 2020.
 - Unemployment – down to 7.5% by the end of 2020 with 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 used its allocation to purchase Personal Protective Equipment and Supplies. And given the reimbursement nature and timing of these funds, a credit offset in the equipment or 600 objects will be realized in FY2020-21 only.
- There will be no significant new unfunded mandates enacted by the Federal government or enhancements to current Federal mandates.

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.
- With many thanks extended to the "Alliance" organization of which Mayfield CSD is a member district and to Senator Matt Dolan, the Ohio General Assembly passed HB164 in June 2020 that provided the following corrective measure to the original state foundation reductions as developed by the Ohio Department of Education to Mayfield CSD resulting in a revised loss of \$98,566. The actual reduction for FY2019-20 is \$383,446 because the one-time CARES funds were spent on unexpected PPE purchases and not normal operating expenses.

HB164 also limited the FY2020-21 loss to 3.7% of FY2019-20 calculated state foundation aid or \$98,566. With the State of Ohio tax collections still likely down due to COVID-19, it is uncertain what the next biennial budget schedule for adoption on July 1, 2021 will look like. Therefore and for the purposes of this fiscal projection, the following assumptions will be used for determining state aid for Mayfield CSD:

- The elements for determining state aid to public school districts as developed by the Fair Funding Funding workgroup will NOT be incorporated into the successor biennial budget and it is assumed will not be realistically considered until some future time outside of the forecasted period.
- The current foundation mechanics will 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. The formula will continue to the nine aid categories as used in prior formulas: 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.

Further, the formula will continue 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.

Therefore, the state funding calculations for Mayfield CSD will continue to result in a "guarantee" or minimum level of state support consistent with the FY2019-20 base year and due to the State of Ohio's financial losses in tax collections due to COVID-19, the 2019-20 base year will be reduced accordingly:

- FY2020-21 = -3.7% (\$98,566) plus the loss of the one-time CARES funds (\$284,879) for a total reduction of \$383,446 that were incorporated in HB164 to blunt the original reduction of \$1,212,956 as determined by the Ohio Department of Education.
 - FY2021-22 and thereafter it is assumed that the -3.7% plus the loss of the one-time CARES funds or a total of \$383,446 will be permanently reduced to arrive at a new “guarantee” level of funding for Mayfield CSD.
- The Student Wellness and Success dollars included in HB166 will NOT be extended beyond FY2020-21. Mayfield CSD is using these one-time funds to provide social and emotional supports (mental health services) to students, parents, & staff to combat the negative affects brought on by the COVID-19 pandemic. The District received \$182,446 in FY2020 and will receive \$272,998 in FY2021 of Student Wellness & Success Funds and has included these amounts in its revenue & expenditure estimates.
- There will be no significant new unfunded mandates enacted by the State government or enhancements to current State mandates.

LOCAL:

- The COVID-19 pandemic and its impact on our local economy is still unknown. Much like our diverse collection of states, Ohio has a very diverse collection of counties, municipalities, and school districts with each containing a unique residential & commercial tax base. For Mayfield CSD specifically, its diverse tax base, strong corporate presence, and convenient I-271 freeway corridor should minimize any significant long-term reductions in local property tax collections, which account for approximately 90% of operating revenue (percentage includes the Homestead & Rollback subsidy).

Short term property tax losses will consist of reduced property values, delayed investments in new construction, and elevated property tax delinquencies. It is very likely that tax delinquencies will follow a similar pattern, but likely less, than that of the recent Great Recession. Delays in new construction might be offset by current historically low borrowing costs with commercial closures being offset by the abundant freeway access and the significant corporate presence and the high demand of local amenities for its workforce.

For the purpose of this forecast, local property taxes have been developed assuming collection, new construction, and property appreciation patterns consistent with the Great Recession but less severe due to views that the pandemic was of financial or economic origin and therefore the various sectors are fundamentally intact.

- 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 \$427M of Class II business real property value will continue to provide \$22.7M 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, 2020 and concluding June 30, 2025. 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 (5-year historical average is a .63% 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 .72%.

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).

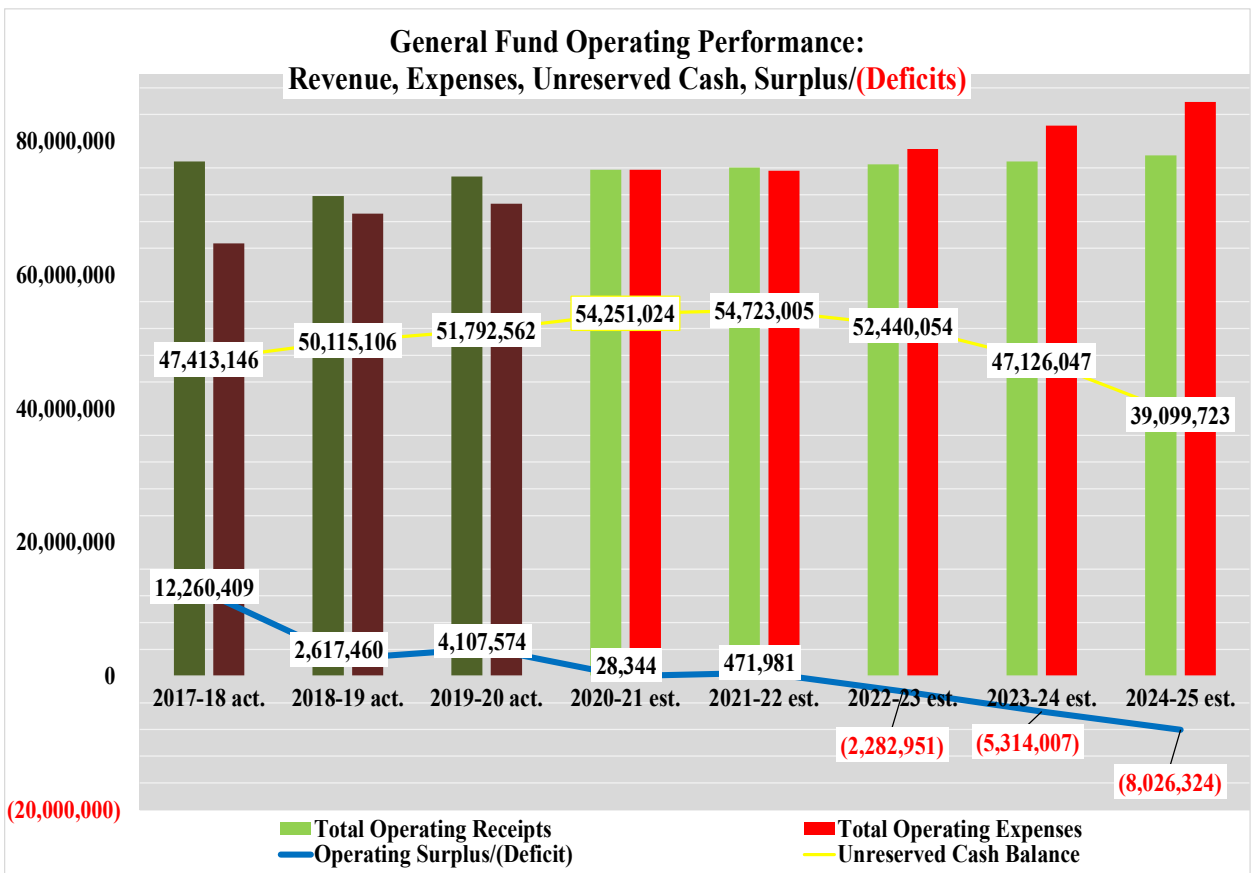
- An ending unobligated fiscal year end & month end cash deficits are first projected outside of the 5-year forecast period. However, deficit year spending (cash outflows exceed cash inflows) begins in fiscal year 2023 and would otherwise occur normally throughout the forecasted period due to the structural 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 clear to the read that the operating deficit begins in earnest in FY23 at (\$2,282,951) and then accumulates rapidly.

When calculating successor millage rates and absent significant new construction to add to the annual operating revenue collections, the deficit value needs to be included in the year that the new levy is being contemplated or a reduction to anticipated expenses or a combination of both needs to be factored. The following graphic illustrates this concept.

FACTORS USED TO DETERMINE THE MILLAGE RATE (LEVY)					
1-mill equals:	1,400,000				
Levy Duration Expressed in Years:	4				
Year over Year Expenditure Change:	3,000,000				
Year over Year Percentage Change:	4.50%				
Structural Operating Deficit:	(1,000,000)				
					Year
Future Year 1:	3,000,000				3,000,000
Future Year 2:	3,135,000	3,135,000			6,270,000
Future Year 3:	3,291,750	3,291,750	3,291,750		9,875,250
Future Year 4:	3,456,338	3,456,338	3,456,338	3,456,338	13,825,350
Cumulative	12,883,088	9,883,088	6,748,088	3,456,338	32,970,600
Annual Operating Revenue needed:	8,242,650	8,242,650	8,242,650	8,242,650	32,970,600
Annual Structural Deficit Revenue needed:	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
Operating Millage:	5.89				
Deficit Millage:	0.71				
TOTAL MILLAGE:	6.60				

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

Description	FY2017/18 Actual	FY2018/19 Actual	FY2019/20 Actual	FY2020/21 Estimate	FY2021/22 Estimate	FY2022/23 Estimate	FY2023/24 Estimate	FY2024/25 Estimate
REVENUES:								
General Property Tax (Real Estate)	61,301,479	58,049,990	61,619,631	61,551,750	62,386,124	62,893,759	63,418,724	64,265,230
Tangible Personal Property Tax	995	0	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)	3,438,760	2,638,577	1,725,508	3,022,785	3,027,785	3,080,030	3,085,030	3,090,030
Restricted Grants-in-Aid (All 3200's)	1,369,470	101,998	287,061	377,612	104,614	104,614	104,614	104,614
Property Tax Allocation (3130)	5,783,343	5,763,328	5,734,667	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	4,327,878	4,189,906	5,187,484	4,259,792	4,150,555	4,081,042	4,004,172	4,007,668
Total Revenues	76,221,924	70,743,799	74,554,351	75,007,361	75,464,500	75,954,867	76,407,963	77,262,964
	10.60%	-7.19%	5.39%	0.61%	0.61%	0.65%	0.60%	1.12%
OTHER FINANCING SOURCES:								
Advances-In (5200)	737,779	1,046,488	204,409	735,522	600,000	600,000	600,000	600,000
All Other Financing Sources (including 1931 and 1933)	0	0	0	0	0	0	0	0
Total Other Financing Sources	737,779	1,046,488	204,409	735,522	600,000	600,000	600,000	600,000
Total Revenues and Other Financing Sources	76,959,703	71,790,288	74,758,760	75,742,883	76,064,500	76,554,867	77,007,963	77,862,964
EXPENDITURES:								
Personal Services	36,241,225	37,604,478	37,929,708	40,073,275	41,896,000	43,802,000	45,795,000	47,879,000
Employees' Retirement/Insurance Benefits	14,543,198	15,233,629	15,737,587	16,692,152	17,654,900	18,677,000	19,761,600	20,913,100
Purchased Services	9,140,047	10,513,205	11,252,470	12,279,301	11,829,788	12,034,336	12,354,816	12,645,857
Supplies and Materials	1,598,569	1,772,575	1,519,803	1,659,641	1,681,953	1,704,882	1,728,452	1,752,692
Capital Outlay	285,180	465,750	1,007,596	2,435,318	239,749	242,146	244,568	247,014
Other Objects	1,428,853	1,288,691	1,289,142	1,294,851	1,318,128	1,331,704	1,345,534	1,359,625
Total Expenditures	63,237,071	66,878,328	68,736,306	74,434,538	74,620,518	77,792,068	81,229,970	84,797,288
	1.15%	5.76%	2.78%	8.29%	0.25%	4.25%	4.42%	4.39%
OTHER FINANCING USES:								
Operating Transfers-Out	415,785	2,090,090	1,179,358	680,000	372,000	445,750	492,000	492,000
Advances-Out	1,046,488	204,409	735,522	600,000	600,000	600,000	600,000	600,000
All Other Financing Uses	(50)	0	0	0	0	0	0	0
Total Other Financing Uses	1,462,223	2,294,500	1,914,880	1,280,000	972,000	1,045,750	1,092,000	1,092,000
Total Expenditures and Other Financing Uses	64,699,294	69,172,828	70,651,187	75,714,538	75,592,518	78,837,818	82,321,970	85,889,288
	1.93%	6.91%	2.14%	7.17%	-0.16%	4.29%	4.42%	4.33%
Operating Surplus/(Deficit)	12,260,409	2,617,460	4,107,574	28,344	471,981	(2,282,951)	(5,314,007)	(8,026,324)
Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacment & New Levies	38,017,969	50,278,379	52,895,839	57,003,412	57,031,757	57,503,738	55,220,787	49,906,780
Ending Cash Balance (June 30)	50,278,379	52,895,839	57,003,412	57,031,757	57,503,738	55,220,787	49,906,780	41,880,456
Estimated Encumbrances June 30	2,865,232	2,780,733	5,210,851	2,780,733	2,780,733	2,780,733	2,780,733	2,780,733
Unreserved Fund Bal June 30	47,413,146	50,115,106	51,792,562	54,251,024	54,723,005	52,440,054	47,126,047	39,099,723
90 day targeted cash carryover, 365 day year	267	264	268	262	264	243	209	166
Cash reserves @ 25% of expenses	16,174,824	17,293,207	17,662,797	18,928,635	18,898,130	19,709,454	20,580,492	21,472,322

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:

- *Real Property Tax Revenue (Line 1.010)* have been calculated by evaluating the relationship between effective tax mills and assessed valuation. What follows is an overview of the tax calculation methodology in the Ohio Revised Code and the then the specific calculations for the forecasted amounts.

A **mill** is defined as a unit of taxation and is expressed as .001. Millage is further defined as “inside”, that which is provided by the Constitution of the State of Ohio and “outside”, that which is approved by a vote of the people also known as voted millage. Millage is categorized by “type” - limited, emergency, continuing, etc. - and “purpose” – operating, bond, permanent improvements, etc. Finally, some millage types (always within the voted category) are reduced in order to generate the same amount of revenue from existing or “carryover” property that increases in value year to year. This reduction to the “voted” millage rate to arrive at an “effective” millage rate is the result of HB920 that was passed in 1976 to combat high inflationary periods that generated large increases in property taxes.

Assessed valuation is the dollar value assigned to a property to measure applicable taxes. In Ohio, assessed valuation is calculated by multiplying the county auditor’s fair-market-value for the property times thirty-five (35) percent. This calculation is the same for both Class I residential & Class II commercial/industrial property types. Public Utility tangible property is assessed at various percentage rates depending on property type and year of installation.

The **Tax equation**, albeit in a simplified format, can be expressed as:

$$\begin{aligned} & \text{Fair Market Rate} \\ & \underline{\text{Times Assessment Rate}} \\ & \text{Equals Assessed Value} \\ & \underline{\text{Times Millage Rate}} \\ & \text{Equals Property Taxes Due} \end{aligned}$$

Millage rates – All of our Class I & Class II effective millage is continuing and therefore subject to the HB920 reduction factors for carryover property. Inside millage is exempt from HB920 and public utility property is taxed at the full voted rate.

Property taxes can increase year over year in two primary ways: 1.) appreciation in carry over property that is multiplied by the Inside millage rate and 2.) new construction of homes, businesses, and other structures that add “new” property value, which is multiplied by both Inside and the Voted Effective millage rates. The Mayfield CSD tax base is mature and essentially at build out. Large tracts of property exist in the Village of Gates Mills, however, local zoning and limits on sewer and water access stifles high dense development. Therefore, most new construction is in the form of remodels to the existing Class I or Class II structural stock or raze and rebuilds.

Collection percentage and delinquencies – During each tax collection year cycle, a certain percentage of current year billed taxes remain outstanding and a certain dollar value of prior year delinquencies are collected. The Cuyahoga County Fiscal Office determines a collection percentage for anticipated current year taxes for certifying annual values and does not include the an amount for delinquent taxes. For the forecasted periods, an assumption is made for both future collection periods and for the receipt of delinquent taxes consistent with historical periods that resemble the current state of the economy.

Tax Year versus Collection Year versus Fiscal Year – The tax year and collection year follow a January 1 to December 31 period while the public school district fiscal year follows a July 1 to June 30 timeframe. Therefore the public school district fiscal year includes parts of two different tax and collection periods. The tax year is the 12-month calendar period that predates the 12-month collection period. So when school districts pass a new property tax levy, the collection of the new resources do not occur until January of the following election period with one-half of the new collections received in the fiscal year.

Key trends, assumptions, & discussion points

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 1st half 2018 collections. This has been resolved and returned to normalcy in the FY2018-19 collections and beyond.

Included in the calculations is the Property Tax Allocation (Line 1.050) for 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 “Notes” section within the New Construction segment includes those residential and commercial properties under construction an assumption of completion and filing with the County Fiscal Officer for tax duplicate placement. Also included are expiring abatements in Mayfield Heights that include an income tax sharing agreement that will be included in the abatement section later.

Changes to assessed values were developed using historical trends. This will likely need to be reassessed when the tax year 2020, collection year 2021 values are released in March 2021.

The passage of an additional tax levy is NOT included in these assumptions and the impacts of HB920 have been incorporated for the outside, effective Class I & Class II millage accordingly.

Using the aforementioned explanations as a basis, the specific Mayfield CSD millage rates, assessed valuations, and tax calculations are as follows:

Fiscal Year		2020/21	2021/22	2022/23	2023/24	2024/25	
Tax Year		2019	2020	2021	2022	2023	
Collection Year		2020	2021	2022	2023	2024	
MILLAGE RATES							
Inside Millage		0.00502	0.00502	0.00502	0.00502	0.00502	
Outside Effective Class I		0.04044	0.03988	0.03858	0.03802	0.03748	
Outside Effective Class II		0.04696	0.04634	0.04365	0.04170	0.04091	
Total Voted		0.08547	0.08547	0.08547	0.08547	0.08547	
ASSESSED VALUES							
<i>Reappraisal or Triennial</i>				<i>Triennial</i>		NOTES	
Carryover Property YOY chg %		1.00%	1.00%	3.00%	1.00%	1.00%	
<i>Class I - Res/Ag</i>							
Carryover Class I	A	968,031,800	981,324,009	1,013,535,233	1,028,045,895	1,042,804,748	
New Construction	A1	3,576,130	2,690,780	4,331,990	4,434,053	3,938,450	
Gates Mills	a1	812,910	573,350	672,157	706,857	589,580	
Highland Hts	a1	1,768,240	1,090,370	782,330	878,987	787,557	
Mayfield Hts.	a1	789,200	776,050	679,030	845,620	718,283	
Mayfield Village	a1	205,780	251,010	2,198,473	2,002,590	1,843,030	FY23 Montebello 52 units X \$500,000 buildout 5-ys = 5,000,000 per year
<i>Class II - Comm/Ind</i>							
Carryover Class II	B	400,183,250	405,478,630	429,021,129	448,211,302	456,688,543	
New Construction	B1	1,280,740	11,046,738	14,752,438	3,955,572	5,404,084	
Gates Mills	b1	0	0	0	0	0	
Highland Hts	b1	167,090	10,293,764	316,280	876,517	766,993	FY22 Progressive @ \$29.4M
Mayfield Hts.	b1	1,070,490	278,716	13,895,000	2,856,847	4,380,933	FY23 Orion Senior Living @ \$39.7M; FY24 Parker Hannifan @ \$7.13M; FY25 Elk & Elk / Landerbrook Dental @ \$7.63M
Mayfield Village	b1	43,160	474,258	541,158	222,209	256,157	
<i>Public Utility Property</i>							
Public Utility Property	C	25,911,040	26,028,415	26,384,063	26,506,169	26,629,496	
Total Assessed Value							
(A+A1+B+B1+C)		1,398,982,960	1,426,568,573	1,488,024,853	1,511,152,992	1,535,465,321	
Current Year Collection Rates		0.9746	0.96324	0.95518	0.96604	0.96604	FY21 collection % from county
Current Year Tax Collections							
Inside Millage		6,741,270	6,846,025	7,001,093	7,217,736	7,523,678	
Class I Carryover		38,270,774	38,407,347	38,557,016	38,739,479	38,912,057	
Class I New Construction		136,573	149,669	182,462	172,578	166,238	
Class II Carryover		18,235,794	18,551,112	19,170,040	19,592,047	19,802,411	
Class II New Construction		315,318	618,928	422,008	210,364	173,973	
Public Utility		2,150,308	2,158,096	2,177,378	2,187,483	2,224,351	
SUB-TOTAL	T1	65,850,037	66,731,177	67,509,996	68,119,687	68,802,709	
Official Certificate @ 09-30		65,548,091					
Delinquent Collections	T2	1,497,135	1,450,369	1,179,184	1,094,459	1,257,943	
LESS: Homestead & Rollback	T3	5,795,422	5,795,422	5,795,422	5,795,422	5,795,422	Reimb for Class I taxes in effect prior to Nov 2013
Line 1.010 Real Property Taxes							
(T1 + T2 - T3)		61,551,750	62,386,124	62,893,759	63,418,724	64,265,230	

- ✓ The Unrestricted & Restricted Grants-In-Aid (Lines 1.035 & 1.040) categories include revenue sources as provided by the Ohio General Assembly in unrestricted aid forms such as the state foundation program, catastrophic reimbursement, Ohio casino revenue sharing as well as restricted aid in the form of Student Success & Wellness funds and economic disadvantaged funds.
 - The State Funding Program includes 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).

The 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.*

Beginning in FY 2019-20, the allocation of various formula elements that were historically calculated separately but subject to the 5% floor such as – Transitional Aid Guarantee, Graduation/3rd Grade Reading Bonus, Gifted Aid, Transportation Subsidy, Limited English Proficient, & K-3 Literacy - were combined with the formula or basic aid calculation and this explains the significant change among categories when comparing prior years to the baseline estimate year of FY2020-21.

Other key elements of the new funding formula:

- Enrollment Growth Supplement - targets school districts with growing student enrollment. School districts with at least 50 students in FY19 Enrolled ADM and positive average Enrolled ADM percentage change from FY16 to FY19 are eligible for funding
- Special Education Transportation Funding – is the lesser of the cost or the sum of \$6 per pupil per day, plus half the amount by which the actual cost exceeds \$6 per pupil per day. The district's FY19 State Share Index, or 25 percent, is applied to the amount, whichever is greater
- COVID-19 Reduction – Original reduction was \$1,212,956 by ODE and then modified by HB164 to -3.7% or \$98,566 plus the of one-time CARES funds of \$284,879 for a total reduction (my assumption that it is permanent) of \$383,466.

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 the projected amount for the 2020-21 fiscal year by incorporating the new metrics.

And beginning in FY2020-21, eliminated the accounting practice of recording Mayfield state aid to other consortium programs – Excel TECC, CEVEC, and Hearing Impaired programs – and will now record as a tuition expense so an increase in this expense category will be identified in the purchase services section.

	Gov DeWine HB166	Gov DeWine HB166	Gov DeWine	Gov DeWine	??	??	
Funding Category	FY2019/20 Actual	FY2020/21 Estimate	FY2021/22 Estimate	FY2022/23 Estimate	FY2023/24 Estimate	FY2024/25 Estimate	NOTES
Executive Leadership							
ADM	3,976.60	3,977.08	3,981.00	3,978.23	3,978.77	3,979.33	
Basic Aid Per Pupil	6,020	6,020	6,020	6,020	6,020	6,020	
State Share Index	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
FORMULA AID w/GUARANTEE	2,289,475	2,289,475	2,289,475	2,289,475	2,289,475	2,289,475	
Special Education Weights	241,992	241,992	241,992	241,992	241,992	241,992	
Enrollment Growth Supplement	87,145	87,145	87,145	87,145	87,145	87,145	
Transitional Aid Guarantee	0	0	0	0	0	0	Moved to Formula Aid
Graduation/3rd Grade Reading Bonus	0	0	0	0	0	0	Moved to Formula Aid
Gifted Aid	0	0	0	0	0	0	Moved to Formula Aid
Transportation	0	0	0	0	0	0	Moved to Formula Aid
Special Ed Transportation	125,496	125,496	125,496	125,496	125,496	125,496	
Limited English Proficiency Funding	0	0	0	0	0	0	Moved to Formula Aid
K-3 Literacy Funding	0	0	0	0	0	0	Moved to Formula Aid
COVID-19 Reduction	(383,446)	(383,446)	(383,446)	(383,446)	(383,446)	(383,446)	
GROSS: State Foundation	2,360,662	2,360,662	2,360,662	2,360,662	2,360,662	2,360,662	
Trsfers to other Programs - ie. Excel TECC, Charter Schools, Peterson Scholarship, Open Enrollment, etc.	(1,356,899)	0	0	0	0	0	Eliminated the accounting practice of entering a negative receipt entry for funds following Mayfield students to other programs.
(31##) NET STATE FOUNDATION	1,003,763	2,360,662	2,360,662	2,360,662	2,360,662	2,360,662	
SF Catastrophic Reimbursement	502,377	500,000	500,000	500,000	500,000	500,000	A supplemental reimbursement at proportional level for any special needs student in Categories 2-5 whose expenses are greater than \$27,375 or Category 6 greater than \$32,850
Tangible Personal Property Tax Loss	0	0	0	0	0	0	Ended in FY19
Casino Revenue Sharing	219,368	162,122	167,122	219,368	224,368	229,368	Reduced FY21 & FY22 by 1/4 due to shutdown of Casinos due to COVID. Assume normal operations in FY23 with \$5K Year over Year growth
(31##) Other Unrestricted Grants & Aid	721,745	662,122	667,122	719,368	724,368	729,368	
Student Wellness & Success Funds	182,446	272,998	0	0	0	0	
Economic Disadvantage Funding	104,614	104,614	104,614	104,614	104,614	104,614	
(32##) Other Restricted Grants & Aid	287,061	377,612	104,614	104,614	104,614	104,614	
OTHER STATE SOURCES	1,008,806	1,039,735	771,737	823,982	828,982	833,982	

✓ 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 includes summer school payments, tuition payments for contracted special education students, excess cost reimbursements, facility rentals, and tax revenue sharing agreements with Highland Heights and Mayfield Heights. This category tends to fluctuate given the “catch-all” nature of one-time receipts for example FY2019-20 includes \$296K of stale dated checks that were written off. These kinds of receipts are unpredictable and therefore forecasted estimates include those areas that can be reasonably relied upon. For example, contracted special education & excess costs reimbursements represent the largest historical portion and has been trended at \$592K in the FY2020-21 projection year and carried forward throughout the forecasted period. The tax revenue sharing agreements make up the bulk (\$200K) of the remaining estimates and values and abatement durations have been confirmed and incorporated.

- 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.

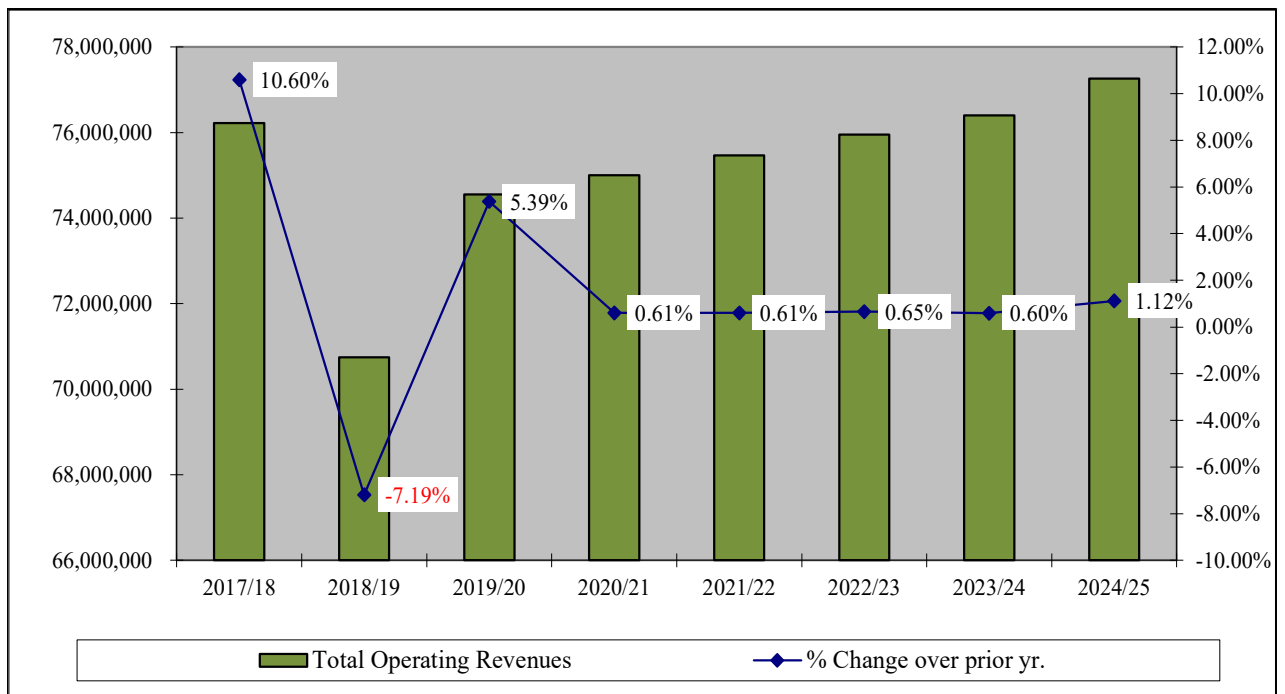
Below is a table detailing the participating businesses, the pertinent abatement terms, and the dollar values received in FY2019-20.

Business	Property Description	ABATEMENT				FY 2019-20
		Abatement Begins	Abatement Ends	Term	Percent	Total
Progressive	Office Buildings	01/01/02	12/31/31	30	100.00%	1,469,103.51
Progressive	Office Buildings	01/01/01	12/31/30	30	100.00%	260,057.59
Governor's Village	Convalescent Home	01/01/04	12/31/33	30	100.00%	148,994.58
Altercare (Mayfield Village Center for Rehab)	Nursing Home	01/01/03	12/31/32	30	100.00%	60,041.73
Skoda, Minotti & Company	Racquetball & Tennis Clubs	01/01/05	12/31/34	30	100.00%	35,488.92
FourPenn Beta LLC	Hilton Garden Inn - Hotel	11/26/07	11/18/37	30	100.00%	228,106.84
Heinens	Supermarket	07/21/08	07/14/38	30	100.00%	12,158.44
REVENUE IN LIEU OF TAXES :						2,213,952

TOTAL REVENUES AND OTHER FINANCING SOURCES

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

Total Revenues & Other Financing Sources	ACTUAL			ESTIMATE				
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
OPERATING REVNEUE								
Real Property Taxes	61,301,479	58,049,990	61,619,631	61,551,750	62,386,124	62,893,759	63,418,724	64,265,230
Tang. Pers. Property Taxes	995	0	0	0	0	0	0	0
Homestead & Rollback	5,783,343	5,763,328	5,734,667	5,795,422	5,795,422	5,795,422	5,795,422	5,795,422
State Foundation	1,032,963	1,396,093	1,003,763	2,360,662	2,360,662	2,360,662	2,360,662	2,360,662
Tang. Pers. Prop Loss Pymnt	2,155,723	280,344	0	0	0	0	0	0
Other State Sources	1,619,544	1,064,138	1,008,805	1,039,735	771,737	823,982	828,982	833,982
Interest Income	748,893	1,164,686	1,524,170	1,124,670	983,615	831,149	801,149	771,149
Misc. Income	1,356,631	737,661	1,449,361	921,171	952,988	1,035,941	989,072	1,022,567
Revenue in Lieu of Taxes	2,222,353	2,287,559	2,213,952	2,213,952	2,213,952	2,213,952	2,213,952	2,213,952
Sub-total Operating Revenue	76,221,924	70,743,799	74,554,349	75,007,361	75,464,500	75,954,867	76,407,963	77,262,964
Dollar Change over prior yr.	7,307,192	(5,478,125)	3,810,550	453,012	457,139	490,367	453,096	855,001
% Change over prior yr.	10.60%	-7.19%	5.39%	0.61%	0.61%	0.65%	0.60%	1.12%
Cumulative Dollar Change:		1,829,067	5,639,617	6,092,628	6,549,768	7,040,135	7,493,230	8,348,232
NON-OPERATING REVNEUE								
Transfers & Advances	737,779	1,046,488	204,409	735,522	600,000	600,000	600,000	600,000
Line 2.080 Total:	76,959,703	71,790,288	74,758,758	75,742,883	76,064,500	76,554,867	77,007,963	77,862,964
Dollar Change over prior yr.	7,465,275	(5,169,416)	2,968,470	984,125	321,617	490,367	453,096	855,001
% Change over prior yr.	10.74%	-6.72%	4.13%	1.32%	0.42%	0.64%	0.59%	1.11%

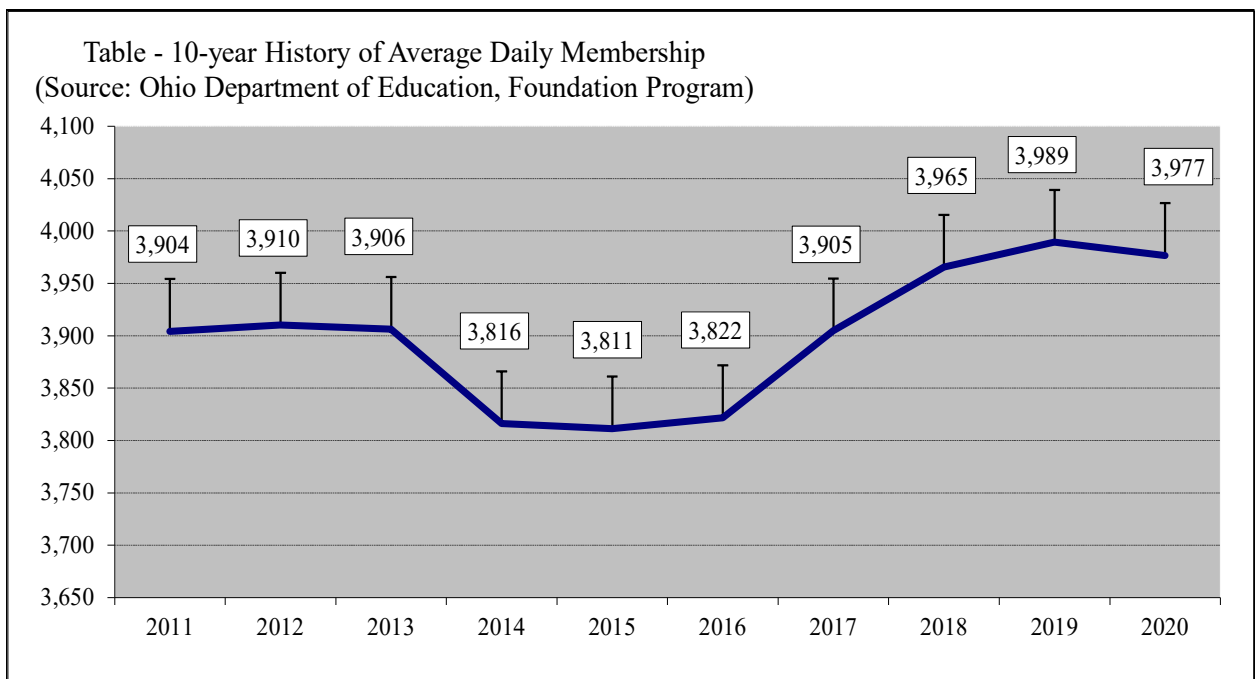


EXPENDITURES

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 FY2020 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” in 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 this exit incentive program 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.

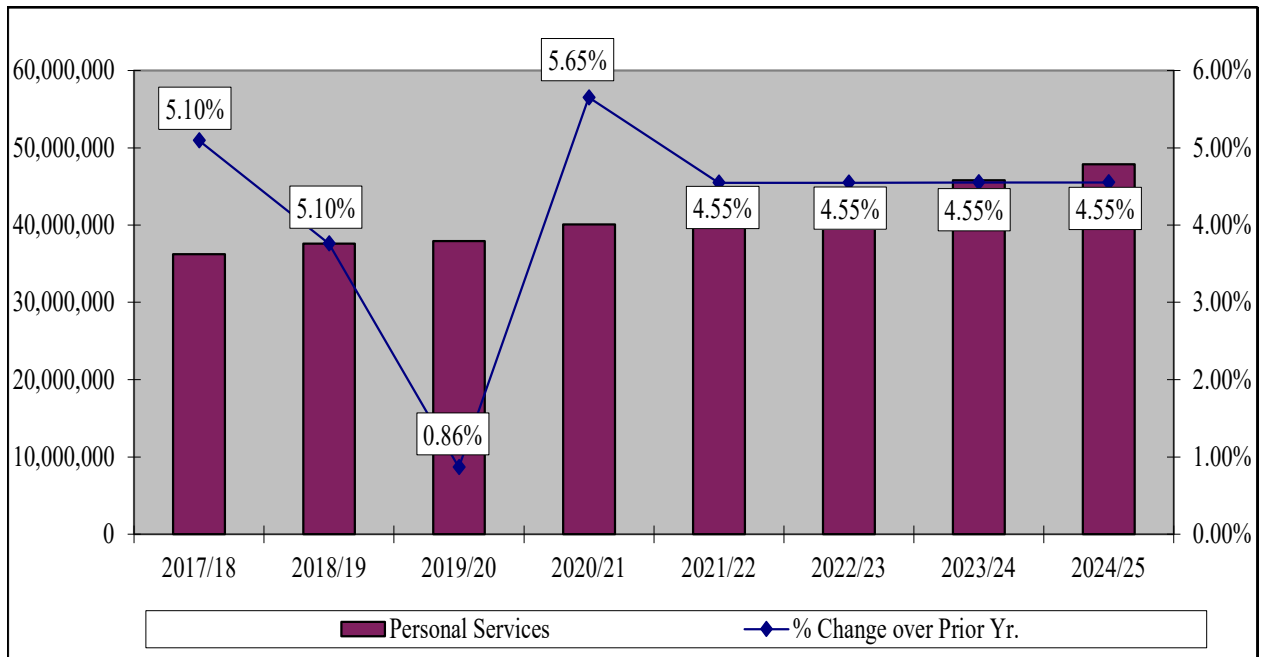
District Officials identified \$520,000 of permanent savings after Year 1 (FY 2017-18) of implementation and \$600,000 of permanent annual savings after Year 2 (FY2018-19) for a combined total of \$1.12M, which has been factored into the forecast. The remaining \$180,000 was realized in Year 3 (FY2019-20) and thus the savings was confirmed.

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% (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 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 the 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 in both the spring and fall of 2020, 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				
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
TEACHERS								
Base & Salary Schedule %	5.25%	4.90%	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%
Cost of 1%	\$264,918	\$274,214	\$280,869	\$295,752	\$309,500	\$323,890	\$338,950	\$354,720
SUPPORT STAFF								
Base & Salary Schedule %	4.75%	4.45%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
Cost of 1%	\$87,803	\$90,764	\$89,143	\$93,162	\$97,070	\$101,150	\$105,400	\$109,830
Certified Staff (Fixed Costs)	25,416,243	26,505,975	27,214,249	28,631,655	29,963,000	31,356,000	32,814,000	34,341,000
Certified Staff (Variable Costs)	1,484,353	1,422,086	1,351,901	1,502,210	1,574,000	1,649,000	1,728,000	1,810,000
Classified Staff (Fixed Costs)	8,476,197	8,810,023	8,617,535	8,983,410	9,361,000	9,755,000	10,165,000	10,592,000
Classified Staff (Variable Costs)	864,433	866,394	746,023	956,000	998,000	1,042,000	1,088,000	1,136,000
Sub-Total Line 3.010	36,241,225	37,604,478	37,929,708	40,073,275	41,896,000	43,802,000	45,795,000	47,879,000
Annual Dollar Change	1,757,300	1,363,253	325,230	2,143,567	1,822,725	1,906,000	1,993,000	2,084,000
Annual Percentage Change	5.10%	3.76%	0.86%	5.65%	4.55%	4.55%	4.55%	4.55%
Cumulative Dollar Change		3,120,552	3,445,783	5,589,350	7,412,075	9,318,075	11,311,075	13,395,075



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:

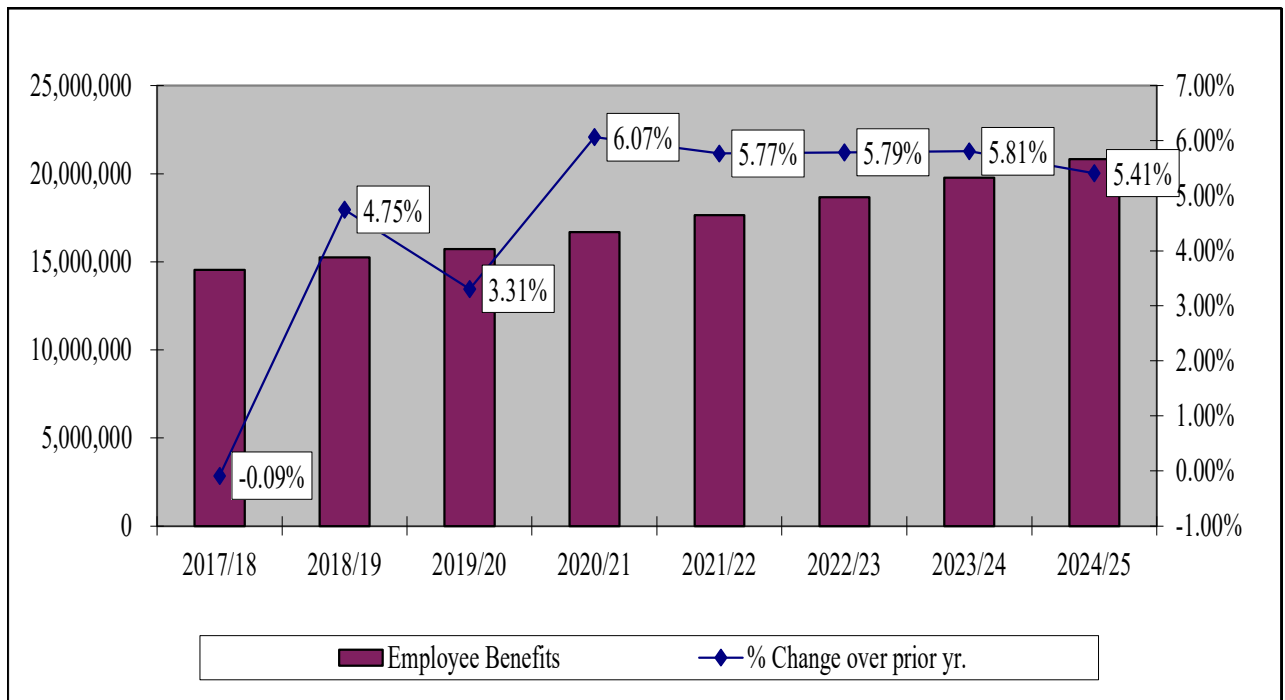
- ✓ All retirement (STRS & SERS) contributions will increase at the same rate as base and step increases and there will not be new legislation by the Ohio General Assembly to increase the employer contribution rates. Historical fluctuations between fiscal years that do not follow a normal trend line are the result of reconciling the annual payroll estimates to the actuals and making a one-time reconciliation contribution in the successor fiscal year.

Also included in the SERS estimate is the annual payment for the SERS surcharge; wherein, public school districts are required to make an additional retirement contribution for all of its employees that make less than the actuarially determined minimum annual salary necessary to maintain a solvent retirement system. In FY2019/20 the minimum salary was \$19,600 and the maximum surcharge is limited to 2% of the total district's qualified SERS payroll or 1.5% of the SERS qualified payroll statewide. Mayfield CSD's FY2019/20 operating fund surcharge amount was \$105K.

- ✓ All future increases to the various insurance programs will be as follows:
 - Medical/Rx – has been trended at 7.00% for each of the forecasted years.
 - Each collective bargaining agreement contains a 7% inflationary cap that stipulates that every dollar exceeding 7% 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.
 - Vision – has been trended at 2.00% for FY2020/21 and for each of the forecasted years thereafter.
 - Dental – has been trended at 3.00% for FY2020/21 and for each of the forecasted years thereafter.
 - Term Life – has been trended at 2.00% for FY2020/21 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.
- ✓ Other Benefits includes unemployment and employee assistant program benefits. Both have been trended based on historical and anticipated patterns. It is anticipated that the unemployment benefit will follow historical patterns given that the district continued to pay all of its contracted personnel throughout both stay at home orders.

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	ESTIMATE							
Insurance Premium Analysis								
Medical & Rx	\$20,775	\$22,022	\$23,343	\$24,977	\$26,725	\$28,596	\$30,598	\$32,740
Dental	\$1,630	\$1,679	\$1,730	\$1,782	\$1,835	\$1,890	\$1,947	\$2,005
Vision	\$182	\$185	\$189	\$193	\$197	\$201	\$205	\$209
Term-Life	\$81	\$83	\$84	\$86	\$88	\$90	\$91	\$93
Total BOE Cost for Full-time employee	\$22,669	\$23,969	\$25,346	\$27,038	\$28,845	\$30,777	\$32,841	\$35,047
Dollar Change	\$658	\$1,301	\$1,377	\$1,691	\$1,807	\$1,932	\$2,064	\$2,206
% Change over prior yr.	2.99%	5.74%	5.75%	6.67%	6.68%	6.70%	6.71%	6.72%
Employee Benefits Categories								
STRS	4,097,203	4,282,595	4,405,526	4,635,055	4,850,600	5,076,200	5,312,200	5,559,200
SERS	1,548,602	1,674,048	1,513,319	1,582,430	1,648,500	1,717,700	1,789,800	1,865,000
Medical Ins.	7,419,825	7,918,673	8,446,844	9,067,420	9,702,100	10,381,300	11,108,000	11,885,500
Vision Ins.	556,812	556,502	553,799	556,196	572,900	590,100	607,800	626,000
Term-Life	107,378	109,913	112,269	114,239	116,600	118,900	121,300	41,500
Medicare	493,342	512,833	520,233	546,900	571,700	597,700	624,800	653,200
Workers Comp	294,902	148,452	149,074	150,690	152,200	153,700	155,200	156,800
Other Benefits	25,133	30,612	36,524	39,222	40,300	41,400	42,500	43,600
Total Line 3.020	14,543,197	15,233,629	15,737,588	16,692,152	17,654,900	18,677,000	19,761,600	20,830,800
Dollar Change	(12,999)	690,432	503,958	954,564	962,748	1,022,100	1,084,600	1,069,200
% Change over prior yr.	-0.09%	4.75%	3.31%	6.07%	5.77%	5.79%	5.81%	5.41%
Cumulative Dollar Change		677,433	1,181,391	2,135,955	3,098,703	4,120,803	5,205,403	6,274,603



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:

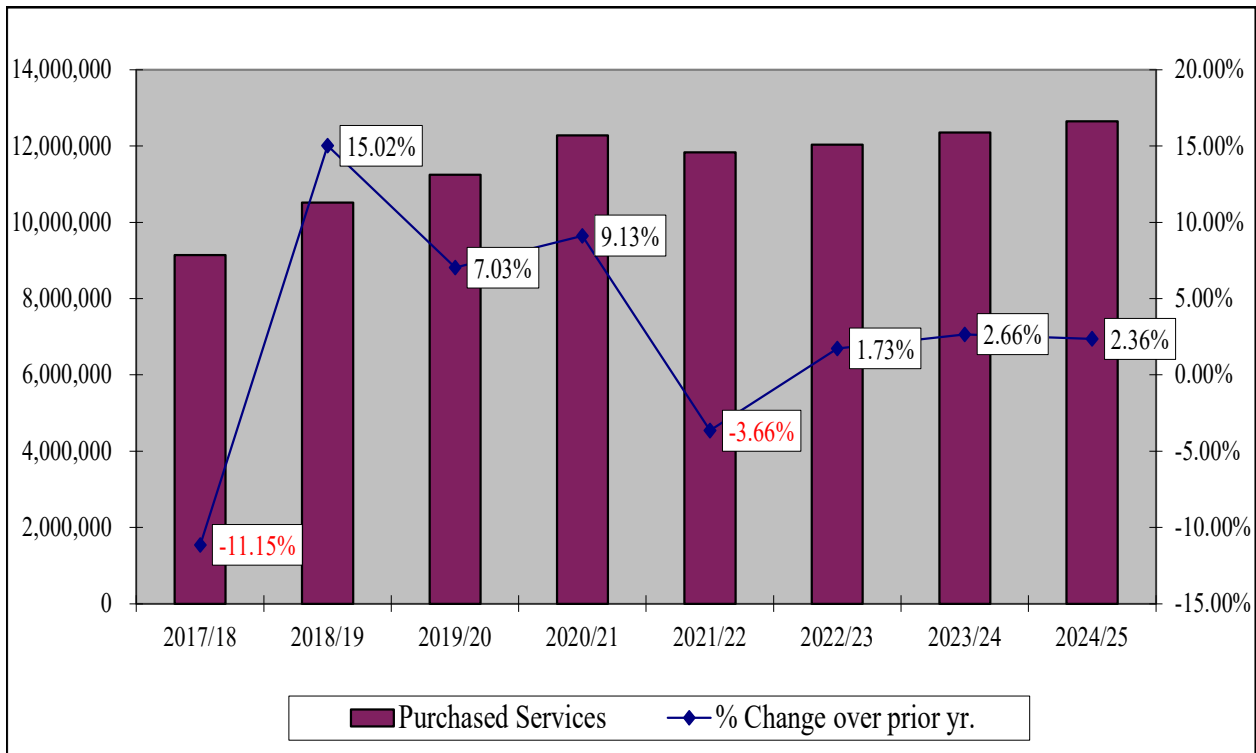
- ✓ Professional & Technical Non-payroll services which by their nature can be performed only by persons with specialized skills and knowledge. Included are the services of occupational & physical therapists, architects, nurses etc. FY2019/20 includes \$100K for the Tyler Munis software package as well as one-time software enhancements for food service, student management, & accounting totaling \$30K. In FY2020/21 realized a savings of \$50K for discontinuing our contract with Dunbar. All subcategories within have been trended according to current program expectations and historical trends.
- ✓ Contracted Professionals: Non-payroll services performed by personnel with specific skill sets in the areas of instruction, staff, management, technical, & legal. In FY2018/19 increased this category by \$300K to cover the deployment of School Resource Officers in all District school buildings. FY2019/20 included a \$100K increase in legal fees over expectations and retained higher level in FY2020/21 & FY2021/22 before resuming normal patterns. Added the remaining \$36K from FY2019/20 and the \$273K from the Governor's Student Success & Wellness Funds in FY2020-21. All subcategories within have been trended according to current program expectations and historical trends.
- ✓ 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. In FY2019/20 & FY2020/21, the Board utilized a portion of its strategic reserves to pre-pay for capital improvements related to utility upgrades that will result in \$136K of permanent ongoing savings when fully implemented in FT2021/22.
- ✓ Rentals are comprised of leased spaces at Alpha Park and trended according to current program expectations and historical trends.
- ✓ Contracted Pupil Transportation has been reduced where possible and the FY2019/20 value was impacted by COVID-19 due school going remote on 03/13/20 thru the balance of the fiscal year. The FY2020/21 is overstated and will be used to offset shortfalls elsewhere.
- ✓ Property & Fleet Insurance have been trended according to historical trends.
- ✓ Utilities include telephone, electricity, natural gas, and water & sewer. Electricity is reduced by \$80K in FY2020/21 due to a new supplier arrangement and is further reduced by \$125K for the new utility efficiencies that were prepaid in FY2019/20 & FY2020/21 as mentioned above.
- ✓ 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 following table illustrates the various programs, trends, and projections.

TUITION								
Program		Actual FY2019-20	Estimate FY2020-21	Estimate FY2021-22	Estimate FY2022-23	Estimate FY2023-24	Estimate FY2024-25	NOTES
COMMUNITY SCHOOL								
FTE		31.89	35.48	34.84	34.07	34.80	34.57	
CS tuition per FTE		6,414	6,581	6,504	6,500	6,529	6,511	
CS-Tuition TOTAL	T-1	204,545	233,509	226,614	221,454	227,174	225,078	
OPEN ENROLLMENT								
FTE		15.75	14.66	15.37	15.26	15.10	15.24	
OE tuition per FTE		5,971	5,975	5,987	5,978	5,980	5,982	
OE-Tuition TOTAL	T-2	94,047	87,618	92,028	91,231	90,291	91,183	
PIETERSON & AUTISM SCHOLARSHIP								
FTE		48.15	46.90	48.36	47.80	47.68	47.95	FY21 enroll disrupted due to COVID
SCH tuition per FTE		17,337	17,858	18,393	18,945	19,513	20,099	
SCH-Tuition TOTAL	T-3	834,799	837,461	889,419	905,590	930,486	963,678	3-year average for FY2020/21
PRESCHOOL								
FTE		59.20	42.00	56.00	56.00	56.00	56.00	confirmed via FY2020/21 count
PS tuition per FTE		26,148	39,030	30,736	32,273	33,886	35,581	
PS-Tuition TOTAL	T-4	1,547,987	1,639,250	1,721,212	1,807,273	1,897,637	1,992,518	5% growth rate
MCHI - ELEM								
FTE		3.67	6.00	5.00	4.00	3.00	2.00	confirmed via FY2020/21 count
MCE tuition per FTE		77,543	49,779	62,721	82,321	115,250	181,518	
MCE-Tuition TOTAL	T-5	284,325	298,671	313,605	329,285	345,749	363,036	5% growth rate
MCHI - MS								
FTE		4.44	3.00	3.00	3.00	4.00	4.00	confirmed via FY2020/21 count
MCM tuition per FTE		35,012	51,244	53,807	56,497	44,491	46,716	
MCM-Tuition TOTAL	T-6	155,609	153,733	161,420	169,491	177,965	186,863	5% growth rate
SHIP								
FTE		3.50	2.50	2.50	2.50	3.50	3.50	
SHIP tuition per FTE		79,757	84,461	88,684	93,118	69,839	73,330	
SHIP-Tuition TOTAL	T-7	279,149	211,152	221,710	232,795	244,435	256,657	5% growth rate
CEVEC								
FTE		51.44	36.00	36.00	36.00	36.00	36.00	FY20 & FY21 Permanently reduced operating exp for CEVEC due to declining enrollment. Target tuition per student = \$17,500
CEV tuition per FTE		18,315	16,858	17,701	18,586	19,515	20,491	
CEV-Tuition TOTAL	T-8	942,201	606,888	637,232	669,094	702,548	737,676	5% growth rate, enroll @ 200
EXCEL TECC - MAYFIELD PROGRAMS								
FTE		240.33	238.04	237.79	238.72	238.18	238.23	confirmed via FY2020/21 count
ET tuition per FTE		4,928	6,035	5,409	5,457	5,634	5,500	
ET-Tuition TOTAL	T-9	1,184,266	1,436,612	1,286,142	1,302,740	1,341,852	1,310,240	
Miscellaneous Tuition								
ET-Other Programs		88,984	120,269	123,858	111,037	118,388	117,761	
College Credit Plus		38,804	38,072	38,068	38,315	38,152	38,178	
Out of District (K-6)		623,286	614,840	637,408	625,178	625,809	629,465	
Out of District (7-12)		805,342	811,927	800,125	805,798	805,950	803,958	
Miscellaneous		294,795	166,192	210,333	223,773	200,099	211,402	
MIS-Tuition TOTAL	T-10	1,851,211	1,751,301	1,809,792	1,804,101	1,788,398	1,800,764	
GROSS TUITION (T-1+T-2+T-3+T-4+T-5+T-6+T-7+T-8+T-9+T-10)								
		7,378,140	7,256,194	7,359,173	7,533,054	7,746,536	7,927,694	
Less: State Foundation Credit		(1,356,899)	0	0	0	0	0	Dicontinued acctg. Practice of crediting state aid for Mayfield students in Mayfield consoritum programs
NET TUITION		6,021,241	7,256,194	7,359,173	7,533,054	7,746,536	7,927,694	

- ✓ *All Other Purchased Services* include professional travel & mileage, postage, printing & binding, communications, etc. All subcategories within have been trended according to current program expectations and historical trends.

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

Purchased Services Categories	ACTUAL			ESTIMATE				
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Professional & Technical	834,543	810,617	983,933	900,679	918,693	937,066	955,808	974,924
Contracted Professional	624,637	843,655	1,194,091	1,325,422	1,046,548	997,370	1,022,356	1,047,993
Repairs & Maintenance	77,432	55,649	687,627	308,980	81,350	83,790	86,304	88,893
Rentals	38,477	47,684	47,620	52,271	52,794	53,322	53,855	54,393
Pupil Transportation	690,105	637,635	617,264	675,344	682,757	690,265	697,867	705,567
Property & Fleet Insurance	78,200	78,200	82,400	86,570	89,167	91,842	94,597	97,435
Utilities	1,367,385	1,401,791	1,383,134	1,414,322	1,334,598	1,377,623	1,422,089	1,468,046
Tuition	5,180,424	6,395,438	6,021,241	7,256,194	7,359,173	7,533,054	7,746,536	7,927,694
All Other Purchased Services	248,844	242,536	235,161	259,519	264,709	270,004	275,404	280,912
Total Line 3.030	9,140,047	10,513,205	11,252,470	12,279,301	11,829,788	12,034,336	12,354,816	12,645,857
Dollar Change	(1,146,701)	1,373,158	739,265	1,026,831	(449,513)	204,548	320,480	291,041
% Change over prior yr.	-11.15%	15.02%	7.03%	9.13%	-3.66%	1.73%	2.66%	2.36%



Line 3.040 Supplies & Materials

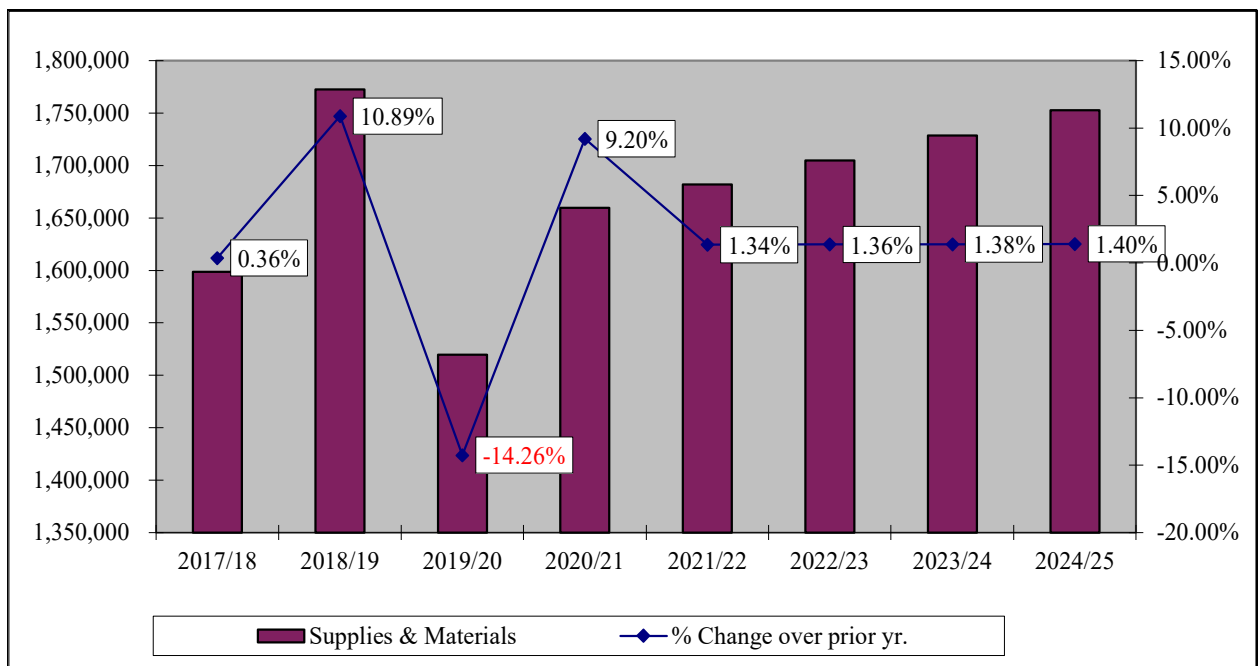
By definition, this category represents amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated from use, or that lose their identity through fabrication or incorporation.

General Assumptions for this category include:

- ✓ *Educational Supplies, Textbooks, & Library Books* - The district continues its deployment of handheld learning devices districtwide that is funded by a dedicated portion of a permanent improvement levy and strategic cash reserves were accessed in the summer 2020 to combat the COVID-19 pandemic along with its “All-Access Learning” instructional strategy. This macro-level effort has impacted the historically “normal” educational supply type purchases that are required in a typical learning environment. Fluctuations in these categories will continue, however, large purchases are not expected and a further evaluation with the Director of Curriculum & Instruction is warranted. All subcategories within have been trended according to current program expectations and historical trends.
- ✓ *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* are used to operate, maintain, and/or repair school district property, buildings, and equipment. Examples of such items might be grass seed, fertilizer, light bulbs, paint, etc. This category is annually supplemented by a dedicated \$1.3M Permanent Improvement levy to provide financial support for those items qualifying expenditures having a useful life of 5-years or more and adding to the overall value of the facility, equipment, or personal property pursuant to the legal definition. Therefore, items that remain in this category do not qualify and must remain an operating fund obligation.
- ✓ *Vehicle Supplies* – This category is comprised of bus and vehicle parts as well as gasoline and diesel fuel. The District watches market activity to adjust budget values for diesel fuel & gasoline and also tracks annual mileage needs. Further, the District sets aside \$320K dollars annually via a dedicated Permanent Improvement levy to replace 3 busses and 1 vehicle each year. In the winter/spring of 2020, the District entered into a 3-year capital lease for the purchase of 10 busses to be delivered in July 2020. This accelerates the replacement schedule and should result in lower vehicle supply purchase for large repairs.
- ✓ *COVID-19 Personal Protection Purchases* - The District allocated \$250K for cleaning supplies, masks, and other PPE type purchases in the spring of 2020 as part of its effort to prepare the schools for the return of staff and students. Subsequently, the District was notified that it was eligible for Corona Virus Relief Funds (CRF) via the Federal stimulus package and was awarded \$231K. It is assumed that these funds will offset the dollars set aside from the operating fund and will be sufficient to cover the necessary PPE expenses. Therefore, the supply accounts will not be negatively impacted for the forecasted period.

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

	ACTUAL			ESTIMATE				
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Supplies & Materials								
Educational Supplies	425,836	464,121	413,685	463,193	467,825	472,503	477,228	482,000
Textbooks	192,311	272,847	186,288	189,246	191,138	193,050	194,980	196,930
Library Books etc.	68,152	81,651	67,876	84,131	84,972	85,822	86,680	87,547
Software	53,636	113,089	66,637	85,230	86,082	86,943	87,813	88,691
Building & Grounds Supplies	373,895	353,506	402,534	392,426	396,350	400,314	404,317	408,360
Vehicle Supplies	484,738	487,362	382,784	445,415	455,585	466,250	477,434	489,164
Total Line 3.040	1,598,569	1,772,575	1,519,804	1,659,641	1,681,953	1,704,882	1,728,452	1,752,692
Dollar Change	5,702	174,007	(252,771)	139,837	22,312	22,928	23,571	24,240
% Change over prior yr.	0.36%	10.89%	-14.26%	9.20%	1.34%	1.36%	1.38%	1.40%



Line 3.050 New & Replacement Equipment

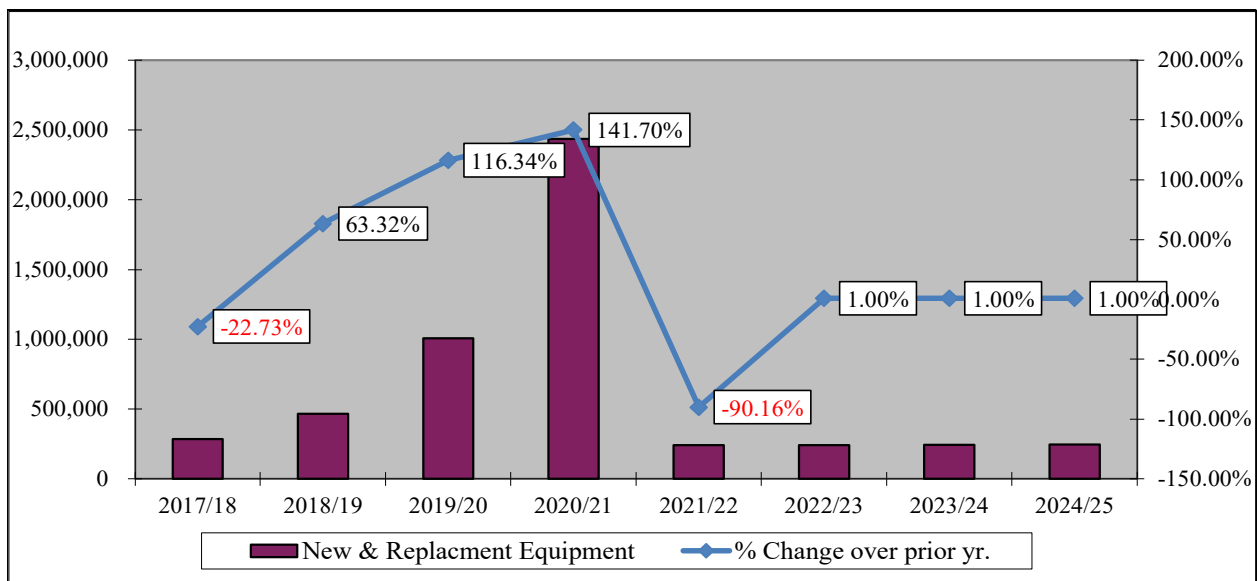
By definition, this category represents expenditures for the acquisition of, or addition to, fixed assets. Included are expenditures for land or existing buildings; improvements of grounds; construction of buildings; additions to buildings; remodeling of buildings; initial and additional equipment, furnishings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

General Assumptions for this category include:

- ✓ All Other New & Replacement Equipment – Expenditures for major permanent structural alterations and the initial or additional installation of heating and ventilating, electrical systems, plumbing systems, fire & protection, and their service systems in existing buildings. Normally this category contains small items that are not covered by the \$1.3M annually dedicated Permanent Improvement levy. However in FY2019/20, the Board of Education deemed improvements to Millridge Elementary essential to the All-Access learning initiative and dedicated \$2.0M from the strategic reserves to repurpose & reprogram space. This project will be completed by fall 2020.
- ✓ New & Replacement Computer Equipment – Has largely been removed from the operating budget and is now handled via an annual dedicated \$800K from a permanent improvement levy. In discussions with the Technology Director, there are sufficient funds to handle the replacement cycles for all student handheld learning devices and for infrastructure components. We will need to evaluate any other technology deployed for staff and determine how to replace.
- ✓ In FY2019/20 includes \$800K for technology purchases for staff and grades Kindergarten thru 4th Grade. This purchase is in response to the COVID-19 pandemic.
- ✓ New & Replacement Instructional Equipment – Normally this category provides support in areas that support instruction or district operations and it is not intended that the operating fund will pay for the 1:1 handheld learning device initiative. However, in the spring of 2020, the Board of Education agreed with the District Administrative Team that uncertainty involving in-person learning due to the COVID-19 pandemic required an accelerated purchase of technology for both students and staff. Therefore, \$700K of strategic cash reserves in FY2019/20 and \$150K in FY2020/21 were used to accelerate the program for students and to provide handheld learning devices for certified and classified staff. It is assumed that beginning in FY2021/22 that this category will return to “normal” levels and has been trended according to current program expectations and historical trends.
- ✓ Replacement Vehicles & Buses – In an effort to keep pace with its bus and vehicle fleet replacement schedules, the District has utilized unspent budget values from other operating categories. In FY 2018/19, the District purchased two busses and a maintenance vehicle and in FY2019/20 purchased cameras for its busses. In FY2020/21 and thereafter no expenses have been anticipated.
- ✓ 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 offset and is included accordingly as part of the District’s 5-year capital plan. This is consistent with commentary included in specific categories of purchased services, supplies, and now equipment.

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

	ACTUAL			ESTIMATE				
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
New & Replacement Equipment								
All Other New & Replacement Equip	32,218	37,715	12,805	2,056,295	36,904	37,273	37,645	38,022
New & Replacmnt Computer Equip	0	0	0	0	0	0	0	0
New & Replacmnt Instructional Equip	169,563	226,212	928,948	379,023	202,845	204,874	206,923	208,992
Replacement Vehicles & Buses	83,399	201,823	65,844	0	0	0	0	0
Line 3.050 Total:	285,180	465,750	1,007,597	2,435,318	239,749	242,146	244,568	247,014
Dollar Change	(83,870)	180,570	541,847	1,427,721	(2,195,569)	2,397	2,421	2,446
% Change over prior yr.	-22.73%	63.32%	116.34%	141.70%	-90.16%	1.00%	1.00%	1.00%



Line 4.300 Other Misc. Expenses

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

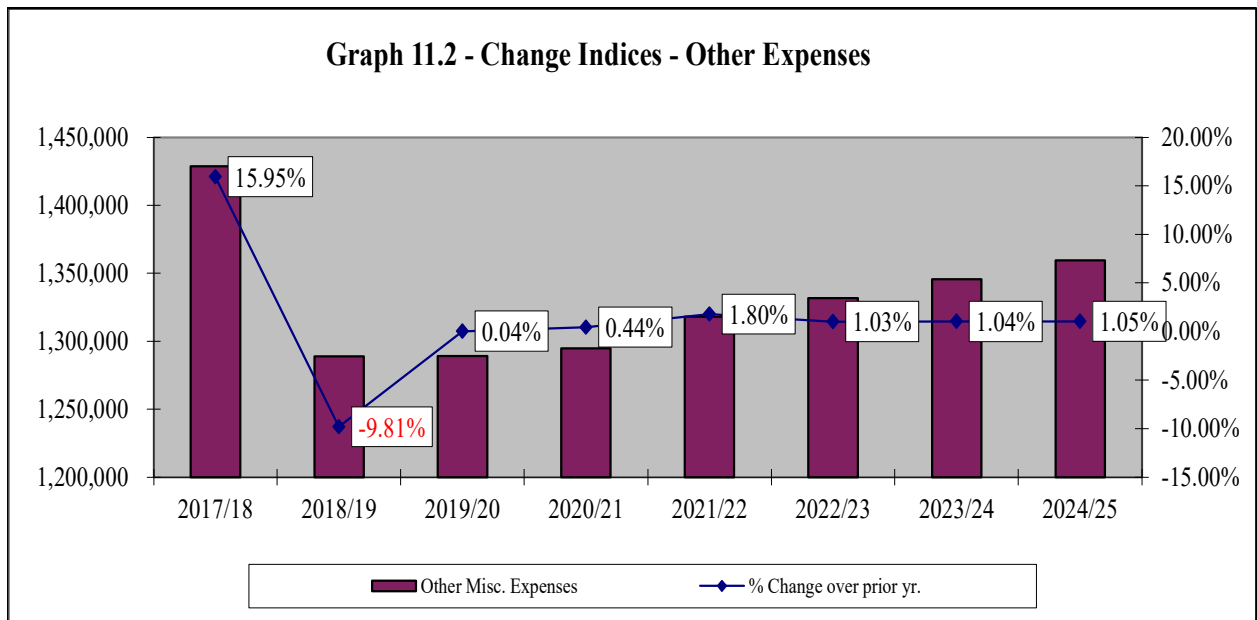
General Assumptions for this category include:

- ✓ General Liability & Performance Bonds – Have been trended pursuant to current coverage levels and in consultation with insurance carrier and consultant.
- ✓ 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* – includes items such as annual audit charges, various dues and fees, bank charges, judgments, and municipal assessments charged against all of the parcels owned by the Mayfield Board of Education.

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

	ACTUAL			ESTIMATE				
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Other Misc. Expenses								
General Liability & Performance Bonds	130,410	131,535	137,408	136,849	139,586	142,378	145,226	148,130
Cuyahoga Co. ESC	26,429	27,163	27,268	27,709	27,987	28,266	28,549	28,835
County Auditor & Treasurer's Fees	1,043,370	931,436	916,320	920,902	935,506	940,184	944,885	949,609
All Other Misc. Expenses	228,642	198,556	208,146	209,390	215,049	220,876	226,874	233,051
Line 4.300 Total:	1,428,851	1,288,691	1,289,142	1,294,851	1,318,128	1,331,704	1,345,534	1,359,625
Dollar Change	196,578	(140,160)	451	5,709	23,277	13,576	13,830	14,091
% Change over prior yr.	15.95%	-9.81%	0.04%	0.44%	1.80%	1.03%	1.04%	1.05%



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 Food Service for lost food sales due to adding additional professional days in lieu of day so operations, Athletics, Uniform School Supplies to write off uncollected accounts, and Termination Benefits to avoid large fluctuating personnel costs in determining trends for the operating fund.

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 transferred \$250K to offset losses in the food service program due to remote learning occurring in the entire 4th nine-weeks. It is anticipated that another \$250K will be need in FY22020/21 to offset similar losses due to remote learning for the 1st nine weeks. It is assumed that the Federal expansion of the free & reduced lunch program reimbursement will offset any losses in the 2nd nine weeks and possibly the 3rd nine weeks.

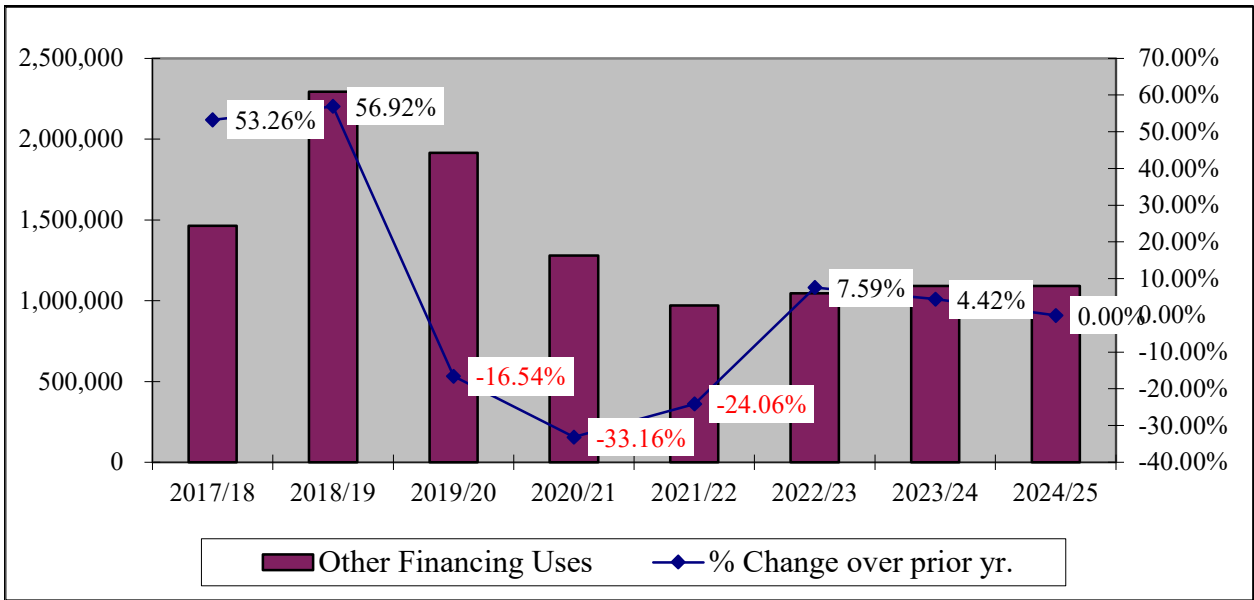
It is also anticipated that the District will need to transfer and additional \$75K in FY2020/21 to the athletic program to offset the loss of gate receipts due to a limited number of game attendees resulting from COVID-19. While this additional transfer is not yet included in FY2021/22, it may be included in the May 2021 forecast.

In FY 2018/19, the District transferred funds to cover its entire severance commitment for its Exit Incentive Program. This was primarily done to demonstrate to the plan participants that their future payments from the external fund were fully funded. The total transfer of \$1.7M meets this liability and there could be small reconciling variances remaining with the Year 3 participants. It is anticipated that patterns will normalize in FY2020/21 & thereafter.

- ✓ Advances - represent interim loans to funds to offset mid-year cash deficits. These are considered non-operating expenses and normally are offset by the Advances-In section within the revenue assumptions.

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

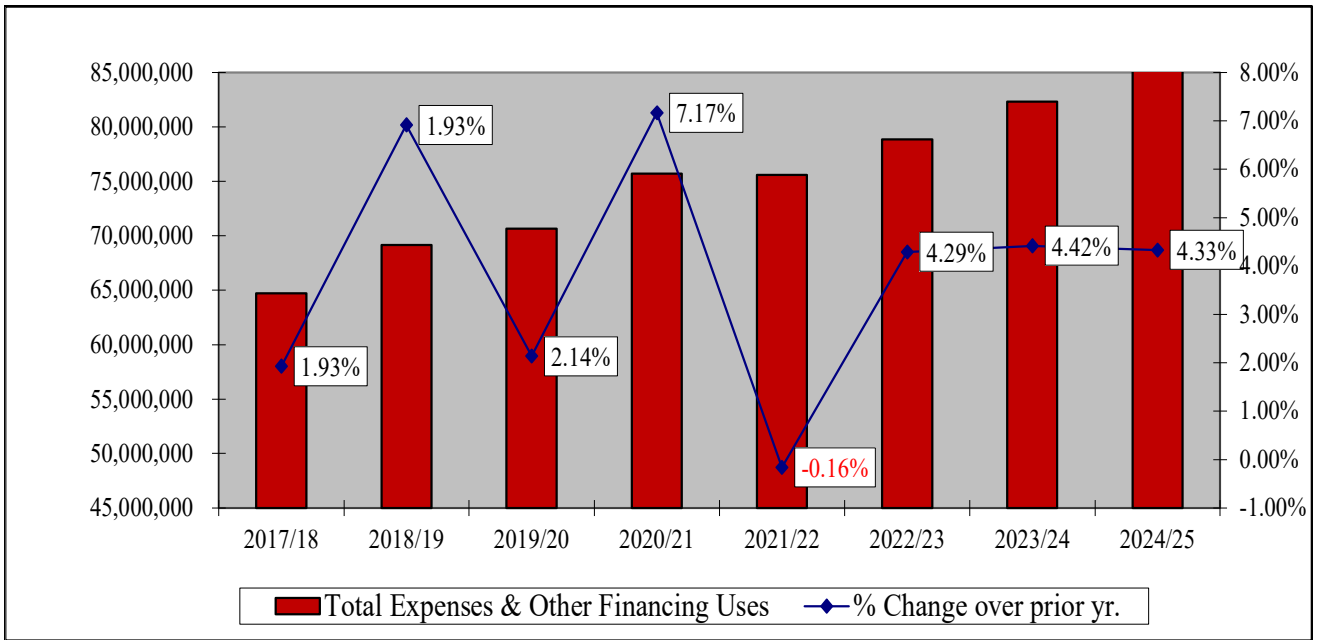
	ACTUAL			ESTIMATE				
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Other Financing Uses								
Transfers	415,785	2,090,090	1,179,358	680,000	372,000	445,750	492,000	492,000
All Other Financing Uses	(50)	0	0	0	0	0	0	0
Advances	1,046,488	204,409	735,522	600,000	600,000	600,000	600,000	600,000
Refund of Prior Year	0	0	0	0	0	0	0	0
Line 5.040 Total:	1,462,223	2,294,500	1,914,880	1,280,000	972,000	1,045,750	1,092,000	1,092,000
Dollar Change	508,132	832,277	(379,620)	(634,880)	(308,000)	73,750	46,250	0
% Change over prior yr.	53.26%	56.92%	-16.54%	-33.16%	-24.06%	7.59%	4.42%	0.00%



Line 5.050 Total Expenditures and Other Financing Uses

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

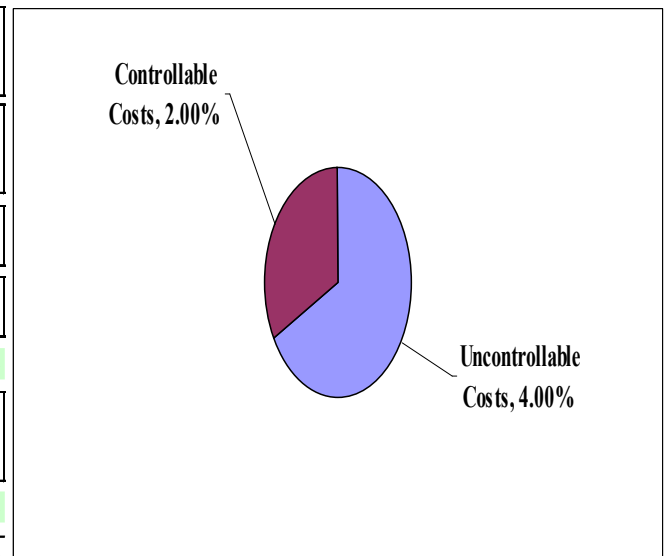
	ACTUAL			ESTIMATE				
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Total Expenses & Other Financing Uses								
Personal Services	36,241,225	37,604,478	37,929,708	40,073,275	41,896,000	43,802,000	45,795,000	47,879,000
Employee Benefits	14,543,198	15,233,629	15,737,587	16,692,152	17,654,900	18,677,000	19,761,600	20,913,100
Purchased Services	9,140,047	10,513,205	11,252,470	12,279,301	11,829,788	12,034,336	12,354,816	12,645,857
Supplies and Materials	1,598,569	1,772,575	1,519,803	1,659,641	1,681,953	1,704,882	1,728,452	1,752,692
Capital Outlay	285,180	465,750	1,007,596	2,435,318	239,749	242,146	244,568	247,014
Other Objects	1,428,853	1,288,691	1,289,142	1,294,851	1,318,128	1,331,704	1,345,534	1,359,625
Total Other Financing Uses	1,462,223	2,294,500	1,914,880	1,280,000	972,000	1,045,750	1,092,000	1,092,000
Line 5.050 Total:	64,699,294	69,172,828	70,651,187	75,714,538	75,592,518	78,837,818	82,321,970	85,889,288
Dollar Change	1,224,145	4,473,533	1,478,359	5,063,352	(122,020)	3,245,300	3,484,152	3,567,318
% Change over prior yr.	1.93%	6.91%	2.14%	7.17%	-0.16%	4.29%	4.42%	4.33%
Cumulative Dollar Change		5,697,678	7,176,037	12,239,389	12,117,369	15,362,668	18,846,820	22,414,138



CONTROLLABLE VS. UNCONTROLLABLE COSTS

The table below illustrates the key differences between a public school districts uncontrollable and controllable costs and the associated difficulty in achieving an expenditure growth rate close to the Consumer Price Index, which is typically considered 3.00%. This is being provided for illustration purposes only and the percentages listed do not represent Mayfield CSD.

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



ENCUMBRANCES

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

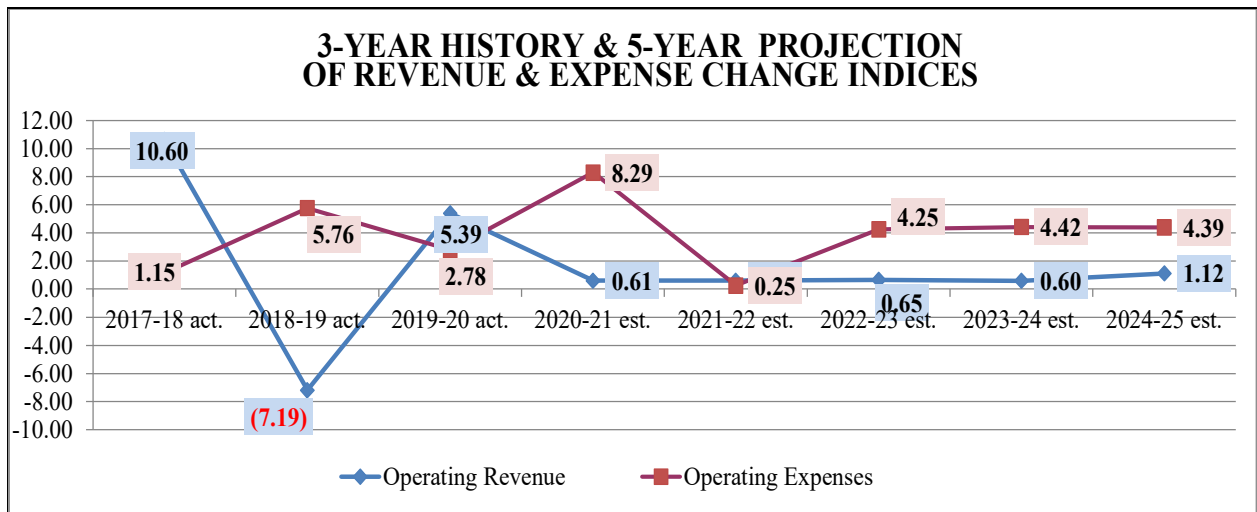
Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid as of year-end. The forecast assumes that the outstanding encumbrances will ultimately be expensed and are therefore shown as a reduction to available cash throughout the forecasted period. Due to the COVID-19 pandemic and the stay at home order imposed during the 4th nine weeks of FY2019-20 resulted in a larger than normal encumbrance balance. It is assumed that encumbrances will return to a more historically “normal” level in FY2020/21.

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.

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 (FY2022/23), 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
FY2018 THRU FY2025**

GENERAL & FIVE YEAR FORECAST PROJECTION STATISTICS

LEVY ADVISORY SYSTEM

SEVERE
HIGH
ELEVATED
GUARDED
LOW

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

LEVY & FINANCIAL SCENARIOS

		A	B	C	D	E	C O N T R O	
I N P U T	2020 Levy	4.50					O	
	2021 Levy		4.50					
	2022 Levy			4.50				
	2023 Levy				4.50			
	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-18	47,413,146	47,413,146	47,413,146	47,413,146	47,413,146	47,413,146	16,174,824
	Jun-19	50,115,105	50,115,105	50,115,105	50,115,105	50,115,105	50,115,105	17,293,207
	Jun-20	51,792,561	51,792,561	51,792,561	51,792,561	51,792,561	51,792,561	17,662,797
3	Sep-20	64,147,539	64,147,539	64,147,539	64,147,539	64,147,539	64,147,539	
6	Dec-20	50,029,710	50,029,710	50,029,710	50,029,710	50,029,710	50,029,710	
9	Mar-21	67,817,301	70,875,110	67,817,301	67,817,301	67,817,301	67,817,301	
12	Jun-21	54,251,023	57,367,637	54,251,023	54,251,023	54,251,023	54,251,023	18,928,635
15	Sep-21	65,378,110	71,698,531	65,378,110	65,378,110	65,378,110	65,378,110	
18	Dec-21	51,330,502	57,650,922	51,330,502	51,330,502	51,330,502	51,330,502	
21	Mar-22	68,875,660	78,253,889	71,993,764	68,875,660	68,875,660	68,875,660	
24	Jun-22	54,723,005	64,160,038	57,901,073	54,723,005	54,723,005	54,723,005	18,898,130
27	Sep-22	65,377,575	78,018,416	71,822,624	65,377,575	65,377,575	65,377,575	
30	Dec-22	50,491,766	63,132,606	56,936,814	50,491,766	50,491,766	50,491,766	
33	Mar-23	67,552,699	83,251,348	77,115,851	70,805,130	67,552,699	67,552,699	
36	Jun-23	52,440,054	68,197,507	62,063,170	55,755,032	52,440,054	52,440,054	19,709,454
39	Sep-23	63,023,913	81,985,173	75,914,009	69,746,612	63,023,913	63,023,913	
42	Dec-23	52,307,576	71,268,836	65,197,673	59,030,276	52,307,576	52,307,576	
45	Mar-24	67,645,508	89,664,577	83,653,708	77,620,639	70,948,491	67,645,508	
48	Jun-24	47,126,047	69,203,920	63,194,211	57,163,725	50,492,549	47,126,047	20,580,492
51	Sep-24	57,299,949	82,581,629	76,635,093	70,745,348	64,127,138	57,299,949	
54	Dec-24	45,659,651	70,941,331	64,994,795	59,105,050	52,486,840	45,659,651	
57	Mar-25	60,582,854	88,922,343	83,036,102	77,280,684	70,713,027	63,938,977	
60	Jun-25	39,099,723	67,498,017	61,612,935	55,860,100	49,293,415	42,520,388	21,472,322