

FIVE-YEAR FORECAST October 2021



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 (2021-2022 through 2025-2026)

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, 2022 through June 30, 2026, with historical information presented for fiscal years ended June 30, 2019, 2020, and 2021 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 economy continues to advance, but growth is slower than earlier in the year. Growth of total nonfarm payrolls in September was the slowest this year, while the unemployment rate fell to its lowest level since March 2020. Aggregate industrial production continues to climb and as of August 2021 was 5.9% above its level a year prior. Inflation adjusted gross domestic product (real GDP) rose at a seasonally adjusted 6.7% rate in the second quarter of 2021. Consumer prices increased 0.3% in August, a brisk pace but down from larger increases in each of the previous six months. The central bank's Federal Open Market Committee (FOMC) kept its target short-term interest rate at its current very low level, but it is expected to raise interest rates possibly starting in calendar year 2022.
- Key economic statistics per "The Kiplinger Letter" dated October 8, 2021 suggests the following:
 - GDP growth – 5.8% in 2021 from -3.5% in 2020 and 5.0% in 2022.
 - Interest Rates – 10-Year T Notes rates rising to 1.8% by the end of 2021 and rising to 2.3% by the end of 2022.
 - Inflation – Prices 5.5% higher at the end of 2020 and 2.5% by the end of 2021.
 - Unemployment – 4.8% by the end of 2021 and 3.8% by the end of 2022.
- Congress passed the CARES Act Education Stabilization Fund allocating \$30.75B to support efforts by states, schools and institutions of higher learning to prevent, prepare for, and respond to the coronavirus.
 - In FY2019-20, the District was awarded \$224,624.33 in one-time CARES funding and used these dollars to purchase Personal Protective Equipment and Supplies.

- In FY2020-21, the District was awarded \$1,223,616.92 of the Elementary & Secondary School Emergency Relief Fund (ESSER-Round II) and will use these one-time funds to improve HVAC and air handling systems.
 - In FY2020-21, the District was awarded \$2,750,021.67 of the American Recovery Plan - Elementary & Secondary School Emergency Relief Fund (ARP-ESSER) and will use these one-time funds to employ temporary teachers and support staff to provide appropriate social distancing, class-size support, alternative learning, and supervision support for all students brought upon by the COVID-19 pandemic. Any remainder sources will be re-evaluated leading into FY2022-23 and those not needed to support the employment of personnel will be used to complete any HVAC and air handling system improvements that cannot be financially supported by ESSER Round II funds.
- There will not be any additional one-time federal stimulus funds to address COVID-19 pandemic issues beyond FY2022-23.
 - There will be no significant new unfunded mandates enacted by the Federal government or enhancements to current Federal mandates.

STATE:

- The seasonally adjusted number of jobs in Ohio decreased by 2,400 in August, with job gains in the goods-producing sector outpaced by losses among employers in the service sector. The state unemployment rate was 5.4% during the month of October, unchanged from July. Real GDP in Ohio increased at a seasonally adjusted annual rate of 5.2% in the second quarter of 2021, a pace consistent with economic recovery but below the national rate of growth. Wage and salary incomes continue to rise and increased 7.2% annualized rate in the second quarter of 2021. Residential housing unit sales and sale prices increased in August 2021, based on Ohio Realtor's data. Employers in the vast majority of industries have yet to recoup pandemic-induced job losses, and as of August aggregate nonfarm payrolls remained a seasonally adjusted 264,000 workers, or 4.7%, below their levels in the month prior to the pandemic shutdowns in Ohio.
- On June 30, 2021, the Ohio General Assembly passed and Governor Mike DeWine signed into law HB110, its biennial (two-year) budget bill for the period July 1, 2021 thru June 30, 2023. It contained a historic restructuring of the state of Ohio's school funding formula and included all of the elements of the "Fair School Funding Plan" that purports to establish a more equitable, stable, and predictable revenue stream for Ohio public schools. HB 110 also changed the burden schools have to transport students, sell district-owned properties to charter and STEM schools, inform parents about sex education curriculum, fund as deduction from state aid students that attend charter schools and/or participate in a voucher or scholarship program and more. It will also provide districts the opportunity to administer online learning options and students with the opportunity to opt-out of the ACT and SAT.
- The entirety of the Fair School Funding Plan will be fully phased-in at the conclusion of the six-year phase-in period and/or will otherwise be implemented without any significant change or alterations by successor General Assemblies.
- There will be no significant new unfunded mandates enacted by the State government or enhancements to current State mandates.

LOCAL:

- 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 pattern similar to, but less than, that which transpired in the Great Recession of 2008 to 2018. 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 along the I-271 corridor where there is significant 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 loosely resembling those during the Great Recession but less severe in nature due to the pandemic being NOT of financial or economic origin/consequence and that various business sectors are fundamentally intact.

Calendar year 2021 property values were evaluated pursuant to the Triennial Update requirement by the Cuyahoga County Fiscal Office. Properties were grouped by key common components and valid sales data statistics were applied to generate a total Mayfield City School District growth rate of 7.25%, which has been incorporated into the forecast. While this creates property valuation increases, it does NOT equate to a 7.25% increase in tax collections. Of particular note, were the following COVID impacts on sales data by property type determined during the update process.

- Class I Residential: Strengthening sales prices across all housing types and location only continued to advance despite all market interruptions caused by government response to the COVID-19 crisis.
 - Class II Commercial: Overall depression of property values across office, retail, hotel, and restaurant/tavern property types due to restrictions on congregation and use of public and semi-public spaces.
 - Class II Commercial: Overall appreciation of property values across the apartment, big box retail, drive-thru/take out properties.
 - Class II Industrial: minimal impact on market trend analysis due to COVID.
- 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 \$433M of Class II business real property value

will continue to provide \$23.2M 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, 2021 and concluding June 30, 2026. 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 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 be disrupted by the COVID-19 pandemic. Therefore absent new tax millage, the average year over year estimated revenue growth rate is 1.21%.

This structural imbalance 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.

The limited property valuation growth coupled with the annual operating revenue hindrance is further compounded by legislative acts by the Ohio General Assembly and Governor included in Amend Sub HB166, HB49, HB64, and SB208, which 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).

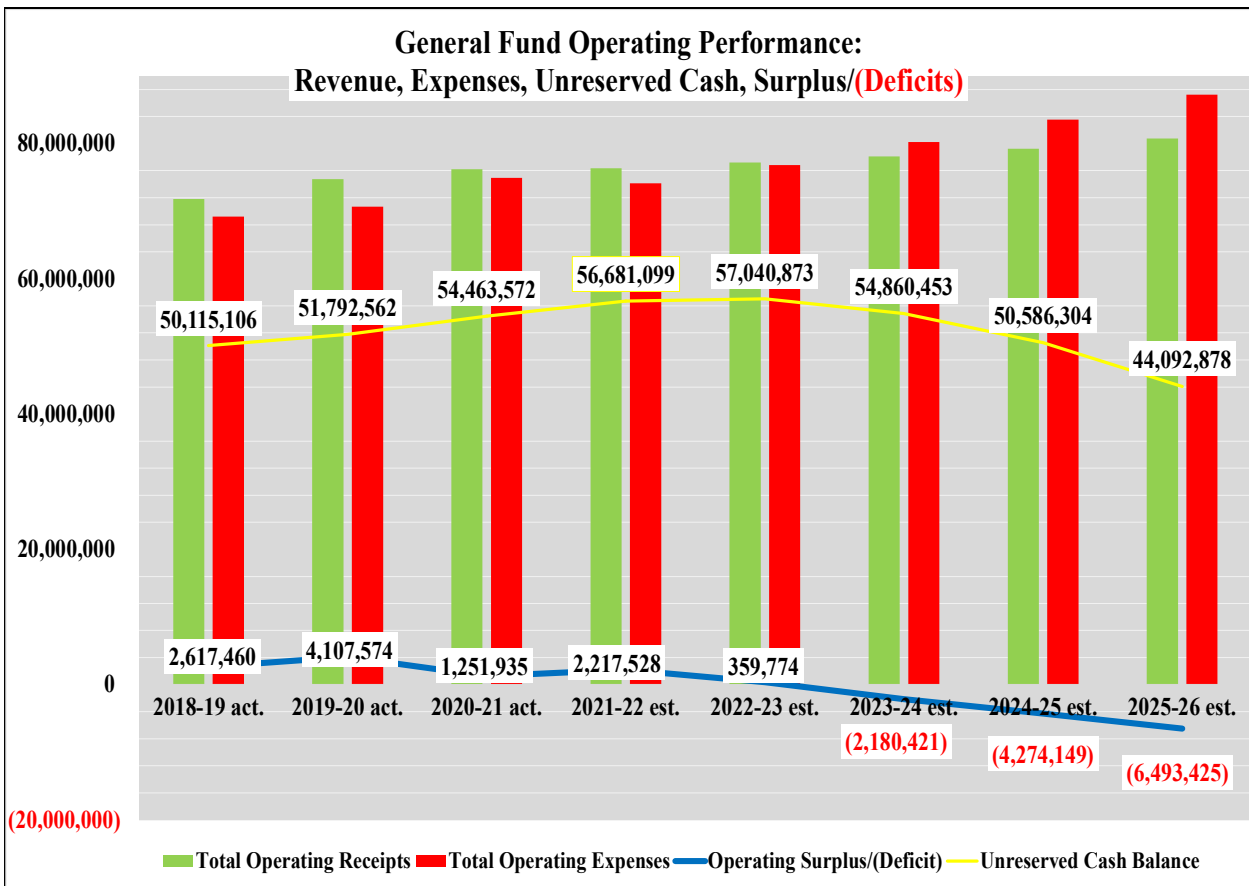
- An ending unobligated fiscal year end & month end cash deficits are first projected outside of the 5-year forecast period (modeled to be December 2029 and June 2030 respectively). However, deficit year spending (cash outflows exceed cash inflows) begins in fiscal year 2024 and would otherwise occur 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 continue to monitor the relationship between deficit spending and the depletion of cash reserves. It is clear to the reader that the operating deficits begin in earnest in FY2024 at **-\$2,180,421** and then accumulate/compound rapidly **-\$6,493,425** in FY2026.

When calculating successor millage rates and absent significant new construction to add to the annual operating revenue collections, the operating 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
Annual Structural Deficit Revenue needed:	1,000,000	2,000,000	3,000,000	4,000,000	10,000,000
Operating Millage:	5.89				
Deficit Millage @ occurrence:	0.71 year 1				
TOTAL MILLAGE:	6.60				
Deficit Millage after occurrence:	2.86 Year 4				
TOTAL MILLAGE:	9.46				

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 cash deficit. Therefore, the District will continue to evaluate additional revenue opportunities and reductions to its expenditures in advance of this occurrence.



Five-Year Forecast – Summary

Description	FY2018/19 Actual	FY2019/20 Actual	FY2020/21 Actual	FY2021/22 Estimate	FY2022/23 Estimate	FY2023/24 Estimate	FY2024/25 Estimate	FY2025/26 Estimate
REVENUES:								
General Property Tax (Real Estate)	58,049,990	61,619,631	60,683,716	61,844,963	62,892,250	63,501,964	64,327,767	65,379,346
Tangible Personal Property Tax	0	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)	2,638,577	1,725,508	3,061,807	3,539,162	3,387,552	3,672,407	3,945,779	4,295,988
Restricted Grants-in-Aid (All 3200's)	101,998	287,061	360,476	223,647	231,048	239,359	243,196	252,518
Property Tax Allocation (3130)	5,763,328	5,734,667	5,672,038	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	4,189,906	5,187,484	5,669,737	4,211,986	4,284,705	4,267,986	4,341,096	4,407,890
Total Revenues	70,743,799	74,554,351	75,447,774	75,615,179	76,590,977	77,477,138	78,653,260	80,131,163
	-7.19%	5.39%	1.20%	0.22%	1.29%	1.16%	1.52%	1.88%
OTHER FINANCING SOURCES:								
Advances-In (5200)	1,046,488	204,409	735,522	740,116	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	1,046,488	204,409	735,522	740,116	600,000	600,000	600,000	600,000
Total Revenues and Other Financing Sources	71,790,288	74,758,760	76,183,296	76,355,295	77,190,977	78,077,138	79,253,260	80,731,163
EXPENDITURES:								
Personal Services	37,604,478	37,929,708	38,800,787	40,749,790	42,603,000	44,543,000	46,570,000	48,739,839
Employees' Retirement/Insurance Benefits	15,233,629	15,737,587	16,696,723	17,184,610	18,155,980	19,187,380	20,282,380	21,445,080
Purchased Services	10,513,205	11,252,470	12,532,344	11,370,682	11,595,494	11,963,661	12,194,983	12,517,068
Supplies and Materials	1,772,575	1,519,803	1,394,778	1,726,809	1,750,957	1,775,799	1,801,363	1,827,680
Capital Outlay	465,750	1,007,596	2,232,012	591,904	222,823	225,051	227,301	229,574
Other Objects	1,288,691	1,289,142	1,284,761	1,318,972	1,332,199	1,345,667	1,359,382	1,373,348
Total Expenditures	66,878,328	68,736,306	72,941,406	72,942,767	75,660,453	79,040,558	82,435,409	86,132,589
	5.76%	2.78%	6.12%	0.00%	3.73%	4.47%	4.30%	4.48%
OTHER FINANCING USES:								
Operating Transfers-Out	2,090,090	1,179,358	1,249,839	595,000	570,750	617,000	492,000	492,000
Advances-Out	204,409	735,522	740,116	600,000	600,000	600,000	600,000	600,000
All Other Financing Uses	0	0	0	0	0	0	0	0
Total Other Financing Uses	2,294,500	1,914,880	1,989,955	1,195,000	1,170,750	1,217,000	1,092,000	1,092,000
Total Expenditures and Other Financing Uses	69,172,828	70,651,187	74,931,361	74,137,767	76,831,203	80,257,558	83,527,409	87,224,589
	6.91%	2.14%	6.06%	-1.06%	3.63%	4.46%	4.07%	4.43%
Operating Surplus/(Deficit)	2,617,460	4,107,574	1,251,935	2,217,528	359,774	(2,180,421)	(4,274,149)	(6,493,425)
Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacment & New Levies	50,278,379	52,895,839	57,003,412	58,255,348	60,472,875	60,832,649	58,652,228	54,378,079
Ending Cash Balance (June 30)	52,895,839	57,003,412	58,255,348	60,472,875	60,832,649	58,652,228	54,378,079	47,884,654
Estimated Encumbrances June 30	2,780,733	5,210,851	3,791,776	3,791,776	3,791,776	3,791,776	3,791,776	3,791,776
Unreserved Fund Bal June 30	50,115,106	51,792,562	54,463,572	56,681,099	57,040,873	54,860,453	50,586,304	44,092,878
90 day targeted cash carryover, 365 day year	264	268	265	279	271	249	221	185
Cash reserves @ 25% of expenses	17,293,207	17,662,797	18,732,840	18,534,442	19,207,801	20,064,390	20,881,852	21,806,147

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.

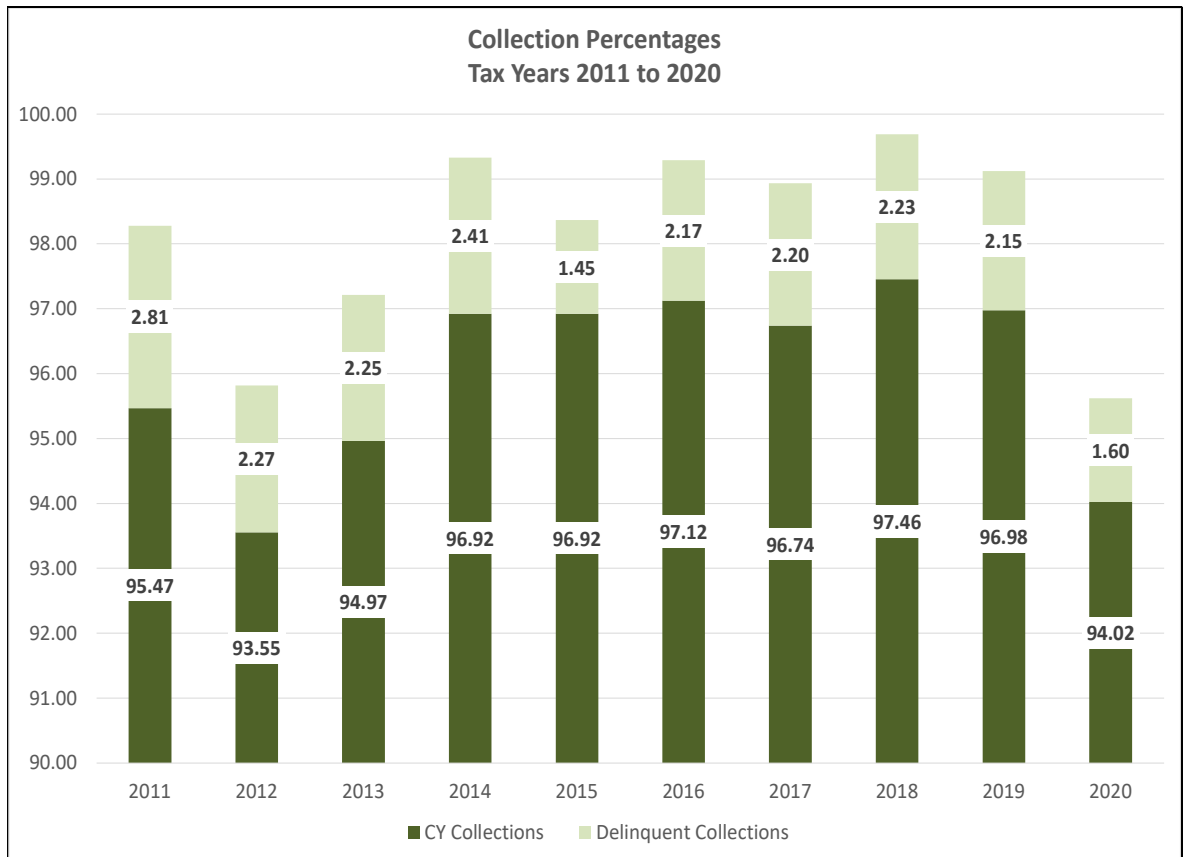
The **Tax equation**, albeit in a simplified format, can be expressed as:

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

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 is 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 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. Below is the 10-year history of collection percentages for both current and delinquent collections.



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

FY2021-22 tax collections have been generated consistent with the most recent estimates dated 09/22/21 from the Cuyahoga County Budget Commission and all future years have been developed using valuation and taxation methodologies identified throughout this commentary.

In an effort to establish a projection trend or “score card,” below is a three year comparison between the Budget Commission estimates, actual tax collections, and internal estimates. Percentage variations are **-0.43%** between actual and the Budget Commission and **-0.19%** between compared to District internal estimates. Clearly this 3-year analysis suggests a very high degree of confidence in the projection modeling utilized.

<i>Fiscal year</i>	<i>Budget Commission</i>	<i>\$ Difference</i>	<i>% Difference</i>	<i>Actual Collections</i>	<i>\$ Difference</i>	<i>% Difference</i>	<i>Treasurer's Estimate</i>
2018/19	64,121,932	(1,859,357) *	-2.90%	62,262,575	(418,210)	-0.67%	62,680,785
2019/20	64,511,445	1,486,929 *	2.30%	65,998,374	717,922	1.09%	65,280,452
2020/21	65,548,091	(448,160)	-0.68%	65,099,931	(636,689)	-0.98%	65,736,620
3-year average		(273,529)	-0.43%		(112,326)	-0.19%	

* - Timing difference between advances from tax year 2018.

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 and slight variations exist due to applications by qualifying homeowners for credits and/or changes in zoning classifications to properties existing prior to the legislation change.

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 information provided by the Cuyahoga County Budget Commission for tax year 2021, the Triennial update, and using historical trends for each year thereafter.

Every three years county fiscal offices throughout Ohio are required to update property values within its jurisdiction by either conducting an onsite inspection (Reappraisal) or by evaluating valid sales data for both Class I & Class II property (Triennial Update). The methods used group properties by geographical location, similar property attributes, and similar economic trending. According to the results released by the Cuyahoga County Fiscal Office, the Mayfield City School District will realize a 7.25% composite increase to the properties within its boundaries and again this does NOT equate to a 7.25% increase in property tax collections.

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		2021/22	2022/23	2023/24	2024/25	2025/26	
Tax Year		2020	2021	2022	2023	2024	
Collection Year		2021	2022	2023	2024	2025	
MILLAGE RATES							
Inside Millage		0.00502	0.00502	0.00502	0.00502	0.00502	
Outside Effective Class I		0.04041	0.03760	0.03706	0.03653	0.03347	
Outside Effective Class II		0.04743	0.04351	0.04123	0.04042	0.03669	
Total Voted		0.08547	0.08547	0.08547	0.08547	0.08547	
ASSESSED VALUES							NOTES
<i>Reappraisal or Triennial</i>			<i>Triennial</i>			<i>Reappraisal</i>	
Carryover Property YOY chg %		-0.19%	7.25%	2.51%	1.57%	8.56%	
<i>Class I - Res/Ag</i>							
Carryover Class I	A	965,518,190	1,032,713,939	1,047,416,389	1,062,368,946	1,151,611,988	
New Construction	A1	4,166,260	4,331,990	4,434,053	3,938,450	4,390,593	
Gates Mills	a1	1,065,970	672,157	706,857	589,580	889,433	
Highland Hts	a1	1,380,950	782,330	878,987	787,557	1,032,993	
Mayfield Hts.	a1	1,225,310	679,030	845,620	718,283	649,753	
Mayfield Village	a1	494,030	2,198,473	2,002,590	1,843,030	1,818,413	FY23 Montebello 52 units X \$500,000 buildout 5-yr = 5,000,000 per year
<i>Class II - Comm/Ind</i>							
Carryover Class II	B	398,693,910	431,601,964	454,220,503	463,217,107	505,963,373	
New Construction	B1	6,566,150	18,121,306	4,410,296	5,267,497	2,559,059	
Gates Mills	b1	0	0	0	0	0	
Highland Hts	b1	4,013,250	6,335,000	876,517	766,993	1,406,753	FY22 Progressive @ \$29.4M
Mayfield Hts.	b1	2,552,900	11,340,000	3,425,393	4,380,933	1,017,453	FY23 Orion Senior Living @\$39.7M; FY24 Parker Hannifan @ \$7.13M; FY25 Elk & Elk / Landerbrook Dental @ \$7.63M
Mayfield Village	b1	0	446,306	108,387	119,571	134,853	
<i>Public Utility Property</i>							
Public Utility Property	C	27,332,140	28,136,925	28,268,786	28,401,966	29,478,056	
Total Assessed Value							
(A+A1+B+B1+C)		1,402,276,650	1,514,906,124	1,538,750,027	1,563,193,966	1,694,003,070	
Current Year Collection Rates		0.94021	0.93215	0.94301	0.94301	0.94301	FY21 collection % from county
Current Year Tax Collections							
Inside Millage		6,684,569	6,942,922	7,167,568	7,546,897	7,904,895	
Class I Carryover		38,439,366	38,614,277	38,788,385	38,953,101	39,110,039	
Class I New Construction		174,911	174,108	164,716	156,938	163,782	
Class II Carryover		18,435,312	19,017,045	19,510,595	19,720,295	19,880,968	
Class II New Construction		581,734	493,549	209,700	160,673	106,823	
Public Utility		2,230,034	2,266,586	2,277,238	2,327,341	2,374,920	
SUB-TOTAL	T1	66,545,925	67,508,488	68,118,202	68,865,245	69,541,427	
Cuyahoga Budget Commission:		66,456,392					
Delinquent Collections	T2	1,094,459	1,179,184	1,179,184	1,257,943	1,633,341	
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)		61,844,963	62,892,250	63,501,964	64,327,767	65,379,346	

- ✓ 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.
 - HB110 (2021) fundamentally changed the State Funding Program, which is now known as the Fair School Funding Plan. This new plan bases state school funding on what students actually need to succeed and attempts to treat all Ohio school districts and taxpayers fairly, based on capacity to pay. This is the first time that Ohio's state school funding formula has been developed by a group of practitioners as part of a bipartisan effort and below are the key elements of the funding plan.
 - Per Pupil Base Cost is based on educating a “typical child” in Ohio and is based on the actual cost of educating its students. The base cost formula is derived from:
 - 60% for Direct Classroom instruction: classroom teachers, specials teachers, substitute teachers, and professional development.
 - 15% for Instructional and Student Supports: co-curriculars (academic & athletic), guidance support, non-personnel safety and security, supplies and academic content, library/media, social/emotional, and instructional technology.
 - 20% for Building Leadership and Operations: building leadership, building operations and support, and building leadership support.
 - 5% for District Leadership and Accountability: Superintendent, Treasurer, district leadership, fiscal/EMIS support, ITC, technology infrastructure and maintenance, and district leadership support.
 - State and Local Share is the sharing the responsibility of funding the base costs between the state and local district, with the local share based upon the ability of a school district's community to generate revenue considering its income level and its property values (ie. district capacity). The Fair School Funding plan minimizes funding caps and guarantees and local fiscal capacity is determined as follows:
 - Local fiscal capacity is determined by property value (60%) and income wealth (40%).
 - The “charge off” ranges from a high of 2.5% for high capacity districts such as Mayfield to a low with no limit for low-capacity districts.
 - Categorical Aid/Targeted Assistance, unlike base cost, is funding provided for a specific purpose and, generally, its use is restricted to that purpose. The Fair School Funding Plan provides categorical aid to school districts for:
 - Economically Disadvantaged Students under the Fair School Funding Plan will receive \$422 per pupil from the historical level of \$272 per pupil and further establishes this per pupil funding level, subject to formula which increases the per pupil amount as the concentration of economically disadvantaged students increases.
 - Students with Disabilities will continue to be funded using the weight-based methodology for the six disability categories, however, the current levels will be evaluated to confirm that they are still appropriate and if not, recommend changes.

- Gifted Students will be funded according to the recommendations from the Ohio Department of Education 2018 Gifted Funding Report.
- English Language Learners will be funded in accordance with a study, yet to be conducted, by the Ohio Department of Education to determine the validity of current funding amounts and to recommend new ones.
- Transportation will continue to be funded via a separate formula that will incorporate and resolve the following legacy issues:
 - Resolve transportation service requirement for asynchronous calendars and “bell time conflicts.”
 - Modify the transportation funding formula for bus rider to fund all students transported, reward efficiency, report the greater of the morning or afternoon ridership, include a funding adjustment for districts transporting a higher percentage of nontraditional students.
 - Increase available funds for special education transportation.
 - Increase the set asides for bus purchases
 - Restore density supplemental payments.

In order to accommodate this radical change in funding created by the Fair School Funding Plan, the Ohio General Assembly included a 6-year phase-in to manage the financial burden, complete and incorporate the necessary study components, remediate any unintended consequences that may have resulted, and allow for an appropriate transition by school districts to the new model as shown below.

	Gov DeWine HB166	Gov DeWine HB110	Gov DeWine HB110	??	??	??	
Funding Category	FY2020/21 Actual	FY2021/22 Estimate	FY2022/23 Estimate	FY2023/24 Estimate	FY2024/25 Estimate	FY2025/26 Estimate	NOTES
Executive Leadership							
FORMULA AID w/GUARANTEEE	2,463,013	1,334,146	1,444,208	1,600,110	1,735,933	1,954,256	
Special Education Weights	241,992	0	0	0	0	0	Eliminted via HB110
Enrollment Growth Supplement	129,312	0	0	0	0	0	Eliminted via HB110
Transportation	0	589,757	714,391	811,208	909,695	1,009,853	
Special Ed Transportation	107,239	251,506	287,436	323,365	359,295	395,224	
Casino Revenue	0	230,584	235,089	239,661	244,301	249,009	
Phase In Adjustment	0	(161,613)	(156,760)	(165,125)	(166,633)	(175,542)	
GROSS: State Foundation	2,941,556	2,244,380	2,524,364	2,809,219	3,082,591	3,432,800	
Open Enrollment OUT Adjustment	(55,614)	0	0	0	0	0	
(31##) NET STATE FOUNDATION	2,885,942	2,244,380	2,524,364	2,809,219	3,082,591	3,432,800	
SF Catastrophic Reimbursement	0	1,294,782	863,188	863,188	863,188	863,188	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. FY21 reimb of \$431K rec'd late in June & therefore posted in FY22. HB110 doubled reimb value & therefore \$863K is FY22 est for each year thereafter
Casino Revenue Sharing	175,865	0	0	0	0	0	Moved into fair funding formaul calculation. See Above
(31##) Other Unrestricted Grants & Aid	175,865	1,294,782	863,188	863,188	863,188	863,188	
Student Wellness & Success Funds	255,861	69,141	72,453	76,669	77,386	81,876	
Gifted Aid	0	33,781	37,703	38,051	38,381	38,736	
Weighted ELL	0	17,169	16,695	17,692	17,854	18,918	
Economic Disadvantage Funding	104,614	103,556	104,197	106,947	109,575	112,988	
(32##) Other Restricted Grants & Aid	360,476	223,647	231,048	239,359	243,196	252,518	
OTHER STATE SOURCES	536,341	1,518,429	1,094,236	1,102,547	1,106,384	1,115,706	

While the merits of the new Fair School Funding Plan are valid and will have positive impacts long-term, below is a comparison of Restricted and Unrestricted funding as well as total funding changes from FY2020/21 (funding from prior formula in effect) through FY2025/26 where the 6-year phase-in approach included in HB110 results in reduced state support until FY2025/26 where the total generated exceeds that which was generated under the legacy program. The overall net gain over the 6-year period is \$263,035.

Funding Category	FY2020/21 Actual	FY2021/22 Estimate	FY2022/23 Estimate	FY2023/24 Estimate	FY2024/25 Estimate	FY2025/26 Estimate
Unrestricted State Support	3,061,807	2,244,380	2,524,364	2,809,219	3,082,591	3,432,800
Restricted State Support	360,476	223,647	231,048	239,359	243,196	252,518
TOTAL State Support	3,422,283	2,468,027	2,755,412	3,048,578	3,325,787	3,685,318
YOY Change	0	(954,256)	287,385	293,166	277,210	359,531
Cumulative Change from Fair School Funding Implementation						263,035

- ✓ 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 2.06 years and a weighted average yield to maturity of 1.03%. 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 is evaluated by looking at the Federal Reserve Outlook, Labor Force Participation, Nonfarm Payrolls, Contributions to Inflation, and Historical Yields.
 - 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 and FY2020/21 includes \$1.2M of one-time private pay arrangements with a local property tax payers. These kinds of receipts are unpredictable and therefore forecasted estimates include those areas that can be reasonably relied upon. Contracted special education & excess costs reimbursements represent the largest historical portion and has been trended at \$592K in the FY2021-22 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 County 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.

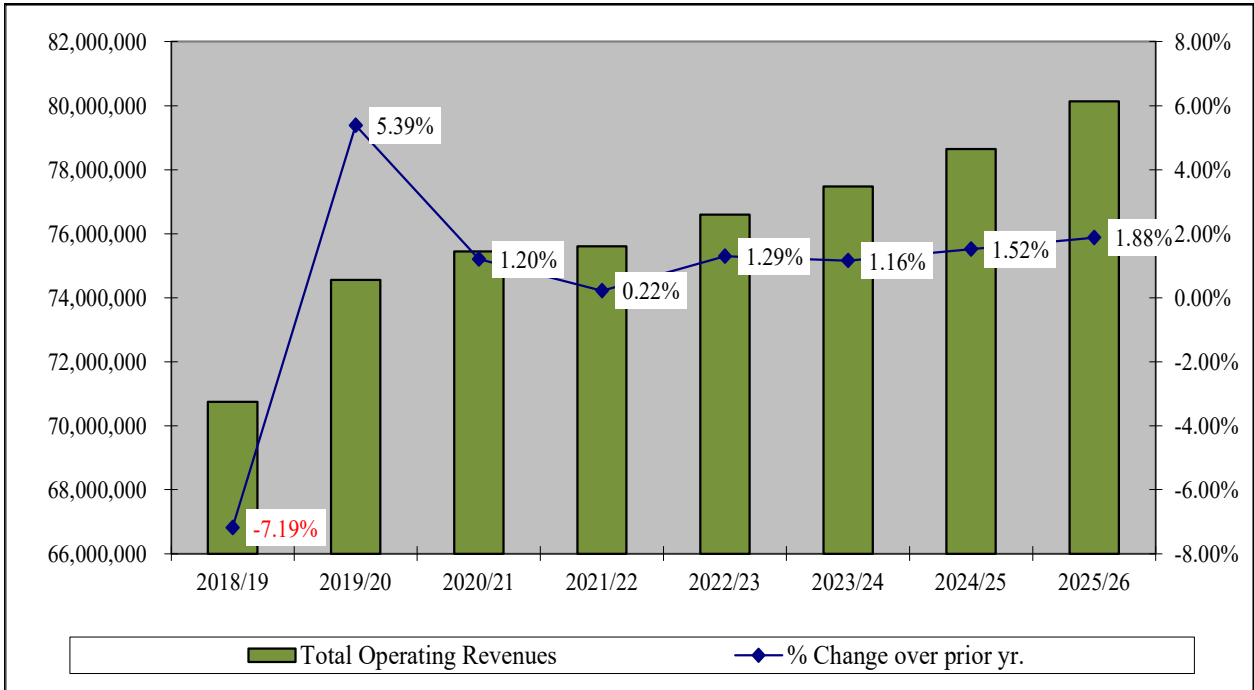
Below is a table detailing the participating businesses, the pertinent abatement terms, and the dollar values received in FY2020-21.

Business	Property Description	ABATEMENT				FY 2020-21
		Abatement Begins	Abatement Ends	Term	Percent	Total
Progressive	Office Buildings	01/01/02	12/31/31	30	100.00%	1,566,719.76
Progressive	Office Buildings	01/01/01	12/31/30	30	100.00%	174,858.05
Governor's Village	Convalescent Home	01/01/04	12/31/33	30	100.00%	150,121.77
Altercare (Mayfield Village Center for Rehab)	Nursing Home	01/01/03	12/31/32	30	100.00%	60,495.97
Skoda, Minotti & Company	Racquetball & Tennis Clubs	01/01/05	12/31/34	30	100.00%	35,757.41
FourPenn Beta LLC	Hilton Garden Inn - Hotel	11/26/07	11/18/37	30	100.00%	99,166.72
Heinens	Supermarket	07/21/08	07/14/38	30	100.00%	12,250.42
REVENUE IN LIEU OF TAXES:						2,099,370

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				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
OPERATING REVNEUE								
Real Property Taxes	58,049,990	61,619,631	60,683,716	61,844,963	62,892,250	63,501,964	64,327,767	65,379,346
Tang. Pers. Property Taxes	0	0	0	0	0	0	0	0
Homestead & Rollback	5,763,328	5,734,667	5,672,038	5,795,422	5,795,422	5,795,422	5,795,422	5,795,422
State Foundation	1,396,093	1,003,763	2,885,942	2,244,380	2,524,364	2,809,219	3,082,591	3,432,800
Tang. Pers. Prop Loss Pymnt	280,344	0	0	0	0	0	0	0
Other State Sources	1,064,138	1,008,805	624,680	1,518,429	1,094,236	1,102,547	1,106,384	1,115,706
Interest Income	1,164,686	1,524,170	789,131	759,131	775,452	792,125	809,155	826,552
Misc. Income	737,661	1,449,361	2,692,897	1,353,485	1,409,883	1,376,491	1,432,571	1,481,967
Revenue in Lieu of Taxes	2,287,559	2,213,952	2,099,370	2,099,370	2,099,370	2,099,370	2,099,370	2,099,370
Sub-total Operating Revenue	70,743,799	74,554,349	75,447,774	75,615,179	76,590,977	77,477,138	78,653,260	80,131,163
Dollar Change over prior yr.	(5,478,125)	3,810,550	893,425	167,405	975,798	886,161	1,176,122	1,477,904
% Change over prior yr.	-7.19%	5.39%	1.20%	0.22%	1.29%	1.16%	1.52%	1.88%
Cumulative Dollar Change:	1,829,067	5,639,617	6,533,042	6,700,446	7,676,245	8,562,405	9,738,527	11,216,431
NON-OPERATING REVNEUE								
Transfers & Advances	1,046,488	204,409	735,522	740,116	600,000	600,000	600,000	600,000
Line 2.080 Total:	71,790,288	74,758,758	76,183,296	76,355,295	77,190,977	78,077,138	79,253,260	80,731,163
Dollar Change over prior yr.	(5,169,416)	2,968,470	1,424,538	171,999	835,682	886,161	1,176,122	1,477,904
% Change over prior yr.	-6.72%	4.13%	1.91%	0.23%	1.09%	1.15%	1.51%	1.86%

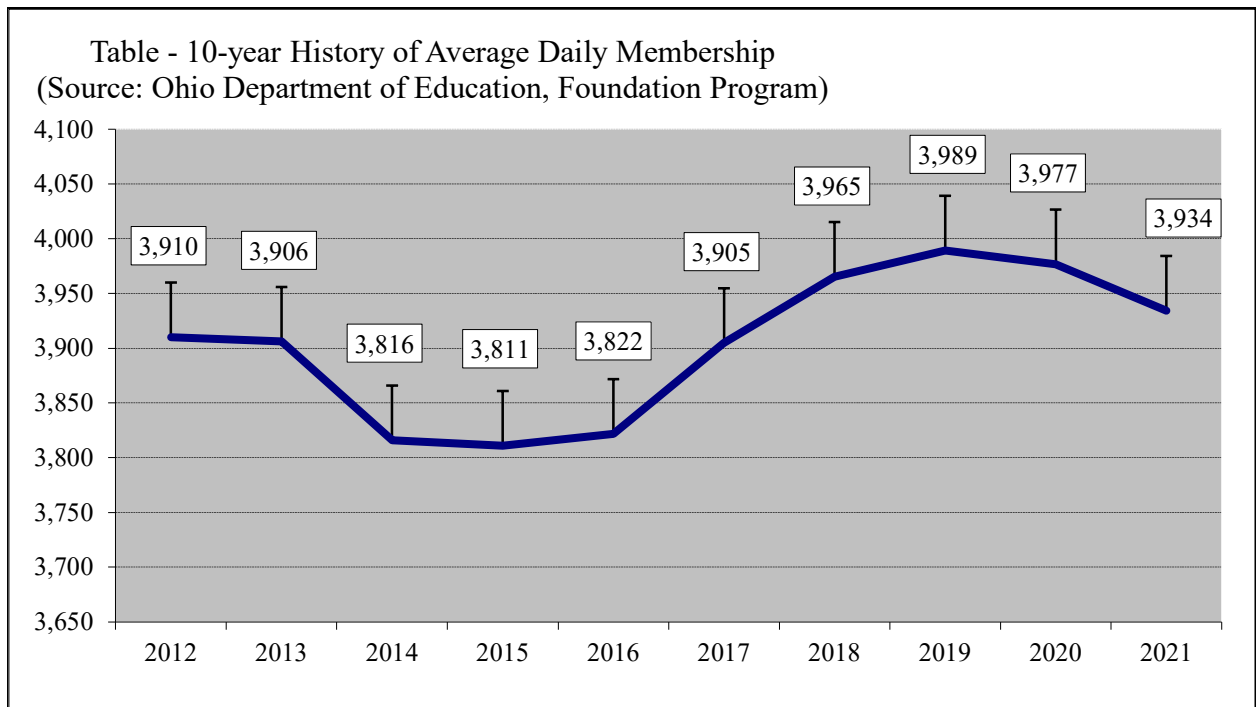


EXPENDITURES

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 continues to disrupt normal day to day operations, the operating expenditures in FY2021-22 and each projected fiscal year thereafter 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 FY2020-21, the District implemented an exit incentive program for its non-represented (Exempt), classified (MEA-ESP), and certified (MEA) bargaining unit members. The incentive was structured so that participating employees, after successfully completing their contract year, could exit at the end of the 2021 school year. The District Administration evaluated the results and recommended to the Board of Education that it reallocate the resources to provide full-time paraprofessionals districtwide to create a common professional learning community, a comprehensive deployment of human capital, and to assist with the personalized learning educational initiative. Therefore, no savings from this initiative was realized.

Due to the success of this program, the District is offering an exit incentive to one of its classified bargaining units (MASP) currently (FY2021-22) and will evaluate the results and make a recommendation to the Board of Education at its regular meeting in December 2021.

- ✓ All base percentage raises included in each collective bargaining agreement and any agreement with non-represented staff members have been incorporated into the forecasted periods. These increases include 2.25% (FY2018/19), 2.00% (FY2019/20), 2.00% (FY2020/21), & 2.00% (FY2021/22).

Base percentage increases outside of the collective bargaining agreements beginning in FY2022/23 and thereafter are developed using recent and anticipated settlements from similar-type school districts (SUBURBAN), region (NORTHEAST OHIO), jurisdiction (SCHOOL DISTRICT), and unit type (TEACHER OR NON-TEACHER).

The District also utilizes information provided by the State Employment Relations Board (SERB) to validate its future base percentage increases. It also evaluates the Board of Education's financial goals, which are currently "to avoid operating deficits prior to its next anticipated tax levy, which is currently slated for calendar year 2024 with an operating millage rate of 5.00 or less." Currently the base raises included in the forecasted period result in operating deficits prior to the anticipated levy date and will require further analysis and conversations with both Board of Education and Union Leadership.

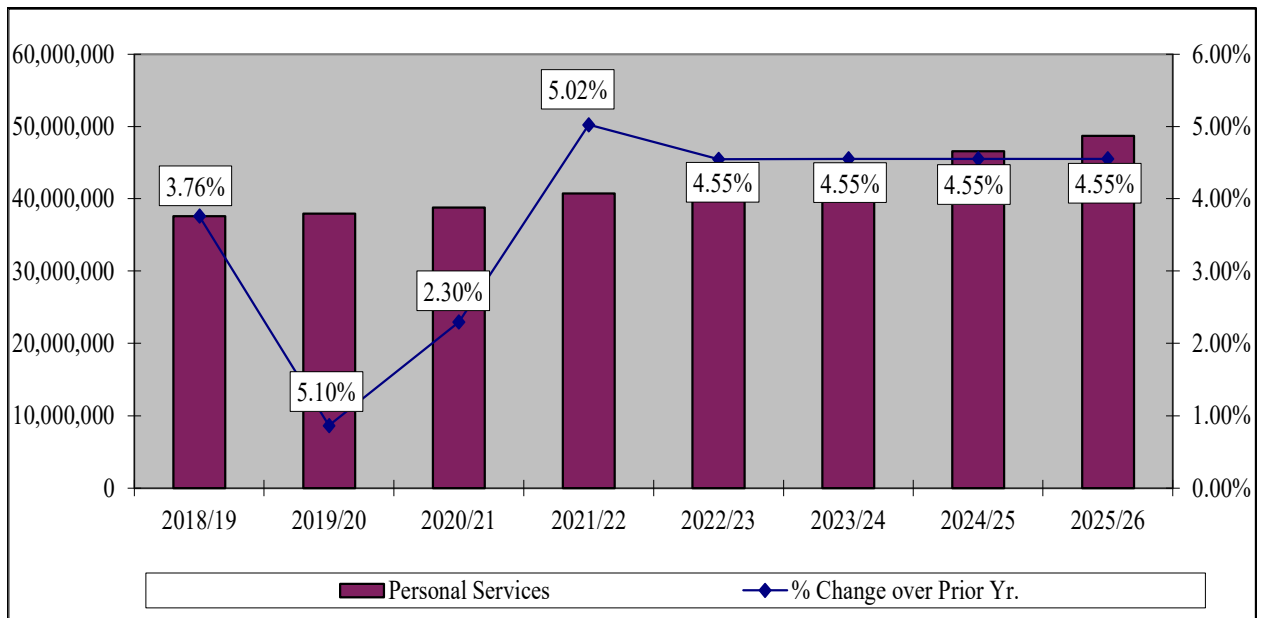
- ✓ In addition to the base percentage changes, each collective bargaining unit has salary schedules that contain automatic year over year salary increases regardless of any change to the base percentage. "Steps" are automatic salary increases for employees that satisfactorily complete a year of service or experience. Steps vary among the bargaining units and range from seven to 14 years. Once steps are exhausted, longevity increases are built in for larger gaps in years of experience and typically occur at years 15, 20, and 25. Step cost estimates vary by bargaining units, by the different salary schedules, and the employee mix that are on the respective scales. This explains the adjustment down between FY2018/19 and FY2019/20.

The Teacher salary schedule also includes automatic salary increases for those staff members that earn degree or hours above a Bachelor's degree. There are currently 8 columns ranging from Bachelors to Masters plus 60 hours or Doctorate.

- ✓ Beginning in FY2018/19, steps & columns resumed normal movements and the successor negotiated agreement included a "step recovery component" that was developed 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				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
TEACHERS								
Base & Salary Schedule %	4.90%	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%
Cost of 1%	\$274,214	\$280,869	\$290,754	\$303,486	\$317,590	\$332,370	\$347,820	\$363,990
SUPPORT STAFF								
Base & Salary Schedule %	4.45%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
Cost of 1%	\$90,764	\$89,143	\$90,362	\$94,085	\$98,040	\$102,160	\$106,460	\$110,930
Certified Staff (Fixed Costs)	26,505,975	27,214,249	28,015,077	29,319,090	30,682,000	32,110,000	33,603,000	35,166,000
Certified Staff (Variable Costs)	1,422,086	1,351,901	1,363,171	1,532,340	1,605,000	1,681,000	1,761,000	1,844,000
Classified Staff (Fixed Costs)	8,810,023	8,617,535	8,783,880	9,109,890	9,492,000	9,891,000	10,307,000	10,740,000
Classified Staff (Variable Costs)	866,394	746,023	638,659	788,470	824,000	861,000	899,000	939,000
Sub-Total Line 3.010	37,604,478	37,929,708	38,800,787	40,749,790	42,603,000	44,543,000	46,570,000	48,689,000
Annual Dollar Change	1,363,253	325,230	871,079	1,949,003	1,853,210	1,940,000	2,027,000	2,119,000
Annual Percentage Change	3.76%	0.86%	2.30%	5.02%	4.55%	4.55%	4.55%	4.55%
Cumulative Dollar Change	3,120,552	3,445,783	4,316,862	6,265,865	8,119,075	10,059,075	12,086,075	14,205,075



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:

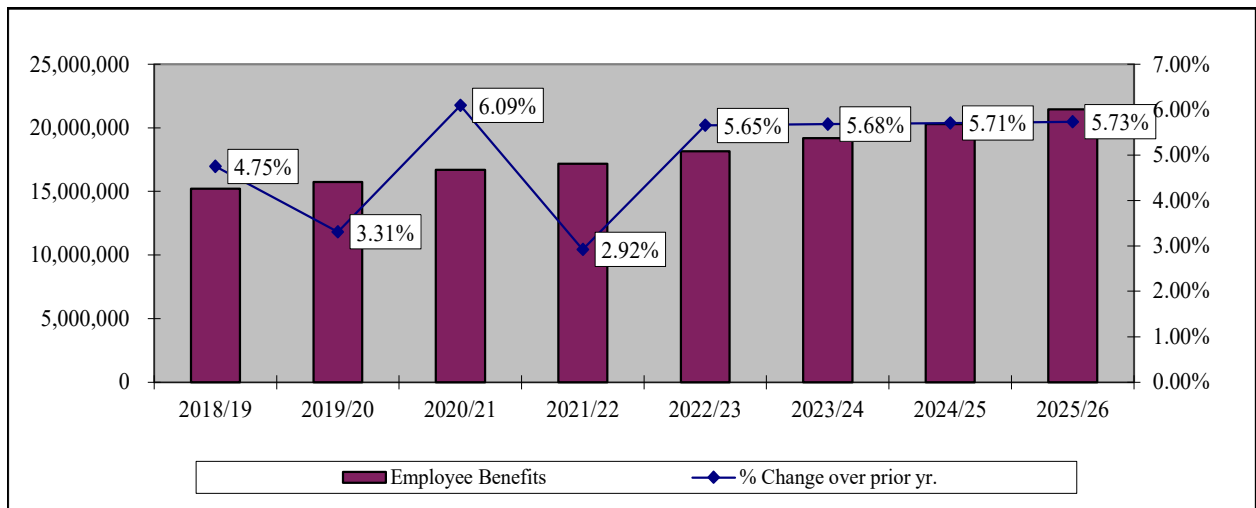
- ✓ All retirement (*STRS & SERS*) contributions will increase at the same rate as base and step increases and there will not be new legislation by the Ohio General Assembly to increase the employer contribution rates. Historical fluctuations between fiscal years that do not follow a normal trend line 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 FY2020/21 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 FY2020/21 operating fund surcharge amount was \$105K.

- ✓ All future increases to the various insurance programs will be as follows:
 - *Medical/Rx* – has been trended at 2.01% for FY2021/22 and 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 0.00% for FY2021/22 and 2.00% for each of the forecasted years.
 - *Dental* – has been trended at 0.00% for FY2021/22 and 3.00% for each of the forecasted years thereafter.
 - *Term Life* – has been trended at 0.00% for FY2021/22 add 2.00% 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.

	ACTUAL			ESTIMATE				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Insurance Premium Analysis								
Medical & Rx	\$22,022	\$23,343	\$24,977	\$25,479	\$27,263	\$29,171	\$31,213	\$33,398
Dental	\$1,679	\$1,730	\$1,782	\$1,782	\$1,835	\$1,890	\$1,947	\$2,005
Vision	\$185	\$189	\$193	\$193	\$193	\$193	\$193	\$193
Term-Life	\$83	\$84	\$86	\$88	\$90	\$91	\$93	\$95
Total BOE Cost for Full-time employee	\$23,969	\$25,346	\$27,038	\$27,541	\$29,380	\$31,345	\$33,446	\$35,691
Dollar Change	\$1,301	\$1,377	\$1,691	\$504	\$1,839	\$1,965	\$2,100	\$2,245
% Change over prior yr.	5.74%	5.75%	6.67%	1.86%	6.68%	6.69%	6.70%	6.71%
Employee Benefits Categories								
STRS	4,282,595	4,405,526	4,548,314	4,775,290	4,997,300	5,229,700	5,472,900	5,727,400
SERS	1,674,048	1,513,319	1,556,357	1,619,140	1,687,100	1,758,000	1,831,800	1,908,700
Medical Ins.	7,918,673	8,446,844	9,179,258	9,359,480	10,014,600	10,715,600	11,465,700	12,268,300
Vision Ins.	556,502	553,799	563,578	563,010	579,900	597,300	615,200	633,600
Term-Life	109,913	112,269	113,658	113,445	114,600	115,800	117,000	118,300
Medicare	512,833	520,233	534,680	560,330	565,880	571,680	577,780	584,080
Workers Comp	148,452	149,074	154,139	154,410	156,000	157,600	159,200	160,800
Other Benefits	30,612	36,524	46,739	39,505	40,600	41,700	42,800	43,900
Total Line 3.020	15,233,629	15,737,588	16,696,723	17,184,610	18,155,980	19,187,380	20,282,380	21,445,080
Dollar Change	690,432	503,958	959,135	487,887	971,370	1,031,400	1,095,000	1,162,700
% Change over prior yr.	4.75%	3.31%	6.09%	2.92%	5.65%	5.68%	5.71%	5.73%
Cumulative Dollar Change	677,433	1,181,391	2,140,526	2,628,413	3,599,783	4,631,183	5,726,183	6,888,883



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:

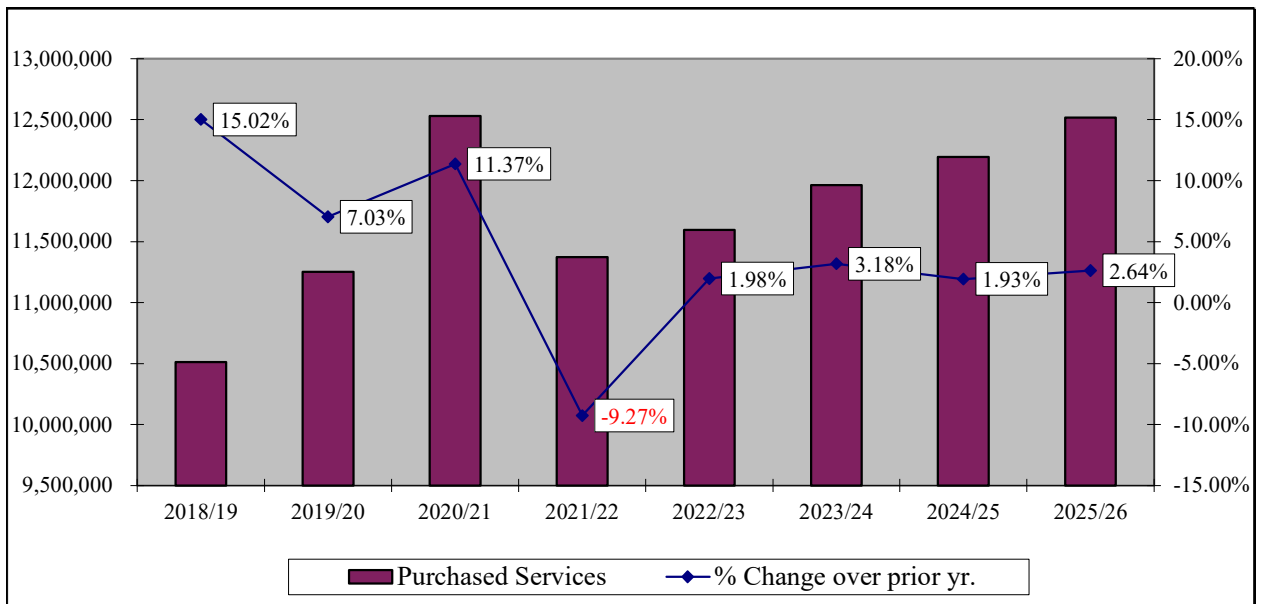
- ✓ Professional & Technical Non-payroll services which by their nature can be performed only by persons with specialized skills and knowledge. Included are the services of occupational & physical therapists, architects, nurses etc. FY2019/20 includes \$100K for the Tyler Munis software package as well 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. It includes the added cost of the School Resource Officers introduced in FT2018/19 totaling \$300K, the Governor's Student Success & Wellness expenditures in FY2019/20 and FY2020/21, and increases in legal fees due to complications stemming from the COVID-19 pandemic. The baseline values for all subcategories have been otherwise 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 FY2021/22.
- ✓ 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. HB110 had a profound impact on this category because the State of Ohio is responsible to fund directly the cost of community school, voucher, and scholarship student elections rather than a deduction from the resident public school district. This act results in a reduction of \$1.28M in expenditures to this category (based on FY2020-21 actual values) as illustrated in yellow highlight in the following table that further displays the various programs, trends, and projections.

TUITION								
Program		Actual FY2020-21	Estimate FY2021-22	Estimate FY2022-23	Estimate FY2023-24	Estimate FY2024-25	Estimate FY2025-26	NOTES
COMMUNITY SCHOOL								
FTE		65.40	0.00	0.00	0.00	0.00	0.00	
CS tuition per FTE		7,075	7,288	7,506	7,731	7,963	8,202	
CS-Tuition TOTAL	T-1	468,267	-	-	-	-	-	HB110 provided a direct state payment to community schools.
OPEN ENROLLMENT								
FTE		9.27	10.57	11.86	10.57	11.00	11.15	
OE tuition per FTE		5,975	5,987	5,978	5,980	5,982	5,980	
OE-Tuition TOTAL	T-2	55,532	63,304	70,924	63,205	65,813	66,648	
PIETERSON & AUTISM SCHOLARSHIP								
FTE		28.86	0.00	0.00	0.00	0.00	0.00	
SCH tuition per FTE		28,398	29,250	30,128	31,031	31,962	32,921	
SCH-Tuition TOTAL	T-3	819,571	-	-	-	-	-	HB110 provided a direct state payment for Peterson & Autism Scholarships
PRESCHOOL								
FTE		42.00	56.00	56.00	56.00	56.00	56.00	
PS tuition per FTE		39,031	30,737	32,274	33,887	35,582	37,361	
PS-Tuition TOTAL	T-4	1,639,304	1,721,269	1,807,333	1,897,699	1,992,584	2,092,213	5% growth rate from FY21
MCHI - ELEM								
FTE		6.00	5.00	4.00	3.00	2.00	1.00	
MCE tuition per FTE		49,779	62,721	82,321	115,250	181,518	381,188	
MCE-Tuition TOTAL	T-5	298,671	313,605	329,285	345,749	363,036	381,188	5% growth rate from FY21
MCHI - MS								
FTE		3.00	3.00	3.00	4.00	4.00	4.00	
MCM tuition per FTE		51,244	53,807	56,497	44,491	46,716	49,052	
MCM-Tuition TOTAL	T-6	153,733	161,420	169,491	177,965	186,863	196,207	5% growth rate from FY21
SHIP								
FTE		2.50	2.50	2.50	3.50	3.50	3.50	
SHIP tuition per FTE		84,517	88,743	93,180	69,885	73,379	77,048	
SHIP-Tuition TOTAL	T-7	211,293	221,858	232,950	244,598	256,828	269,669	5% growth rate from FY21
CEVEC								
FTE		36.00	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		17,086	17,940	18,837	19,779	20,768	21,806	
CEV-Tuition TOTAL	T-8	615,086	645,840	678,132	712,039	747,641	785,023	5% growth rate, enroll @ 166
EXCEL TECC - MAYFIELD PROGRAMS								
FTE		238.04	237.79	238.72	238.18	238.23	238.38	
ET tuition per FTE		6,035	5,659	5,541	5,745	5,648	5,644	
ET-Tuition TOTAL	T-9	1,436,612	1,345,589	1,322,633	1,368,317	1,345,534	1,345,513	5% growth rate from FY21
Miscellaneous Tuition								
ETecc-Other Programs		418,148	223,151	243,428	294,909	253,829	264,055	
College Credit Plus		80,997	91,180	96,180	101,180	106,180	111,180	
Out of District (K-6)		804,872	700,752	709,637	738,420	716,270	721,442	
Out of District (7-12)		706,788	765,078	759,069	743,645	755,931	752,882	
Miscellaneous		198,357	221,055	238,069	219,160	226,095	227,775	
MIS-Tuition TOTAL	T-10	2,209,162	2,001,216	2,046,383	2,097,315	2,058,304	2,077,334	
GROSS TUITION (T-1+T-2+T-3+T-4+T-5+T-6+T-7+T-8+T-9+T-10)								
		7,907,231	6,474,100	6,657,131	6,906,887	7,016,604	7,213,796	
Less: State Foundation Credit		0	0	0	0	0	0	Discontinued acctg. Practice of crediting state aid for Mayfield students in Mayfield consortium programs
NET TUITION		7,907,231	6,474,100	6,657,131	6,906,887	7,016,604	7,213,796	

- ✓ *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.

	ACTUAL			ESTIMATE				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Purchased Services Categories								
Professional & Technical	810,617	983,933	1,084,729	1,106,420	1,128,548	1,151,119	1,174,142	1,197,625
Contracted Professional	843,655	1,194,091	1,153,999	1,077,700	1,029,453	1,055,396	1,082,019	1,109,339
Repairs & Maintenance	55,649	687,627	312,954	168,931	173,999	179,219	184,595	190,133
Rentals	47,684	47,620	43,746	52,794	53,322	53,855	54,393	54,937
Pupil Transportation	637,635	617,264	455,639	682,757	690,265	697,867	705,567	713,366
Property & Fleet Insurance	78,200	82,400	90,504	97,000	99,910	102,907	105,995	109,174
Utilities	1,401,791	1,383,134	1,316,887	1,467,927	1,514,952	1,563,538	1,613,738	1,665,609
Tuition	6,395,438	6,021,241	7,907,231	6,474,100	6,657,131	6,906,887	7,016,604	7,213,796
All Other Purchased Services	242,536	235,161	166,656	243,053	247,914	252,873	257,930	263,089
Total Line 3.030	10,513,205	11,252,470	12,532,345	11,370,682	11,595,494	11,963,661	12,194,983	12,517,068
Dollar Change	1,373,158	739,265	1,279,875	(1,161,662)	224,811	368,168	231,322	322,085
% Change over prior yr.	15.02%	7.03%	11.37%	-9.27%	1.98%	3.18%	1.93%	2.64%



Line 3.040 Supplies & Materials

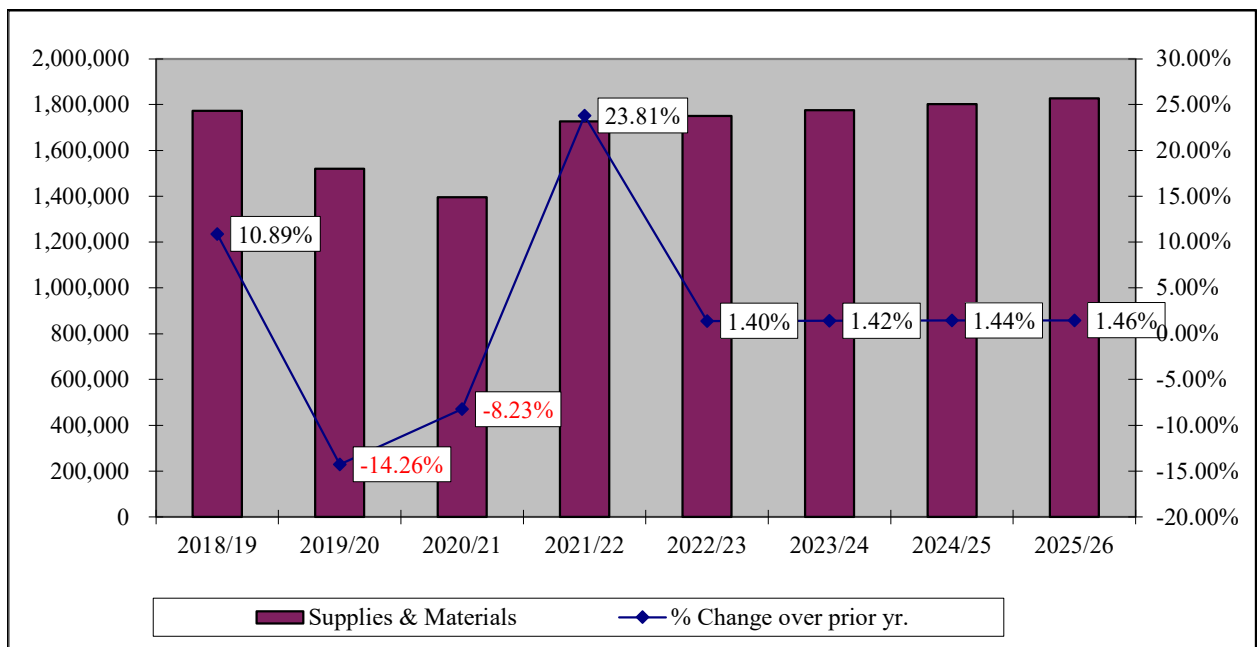
By definition, this category represents amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated from use, or that lose their identity through fabrication or incorporation.

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				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Supplies & Materials								
Educational Supplies	464,121	413,685	438,596	481,500	486,315	491,178	496,090	501,051
Textbooks	272,847	186,288	195,232	210,000	212,100	214,221	216,363	218,527
Library Books etc.	81,651	67,876	70,076	73,391	74,125	74,866	75,615	76,371
Software	113,089	66,637	71,298	97,118	98,089	99,070	100,061	101,062
Building & Grounds Supplies	353,506	402,534	337,117	390,120	394,021	397,961	401,941	405,960
Vehicle Supplies	487,362	382,784	282,460	474,680	486,307	498,502	511,293	524,709
Total Line 3.040	1,772,575	1,519,804	1,394,779	1,726,809	1,750,957	1,775,799	1,801,363	1,827,680



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:

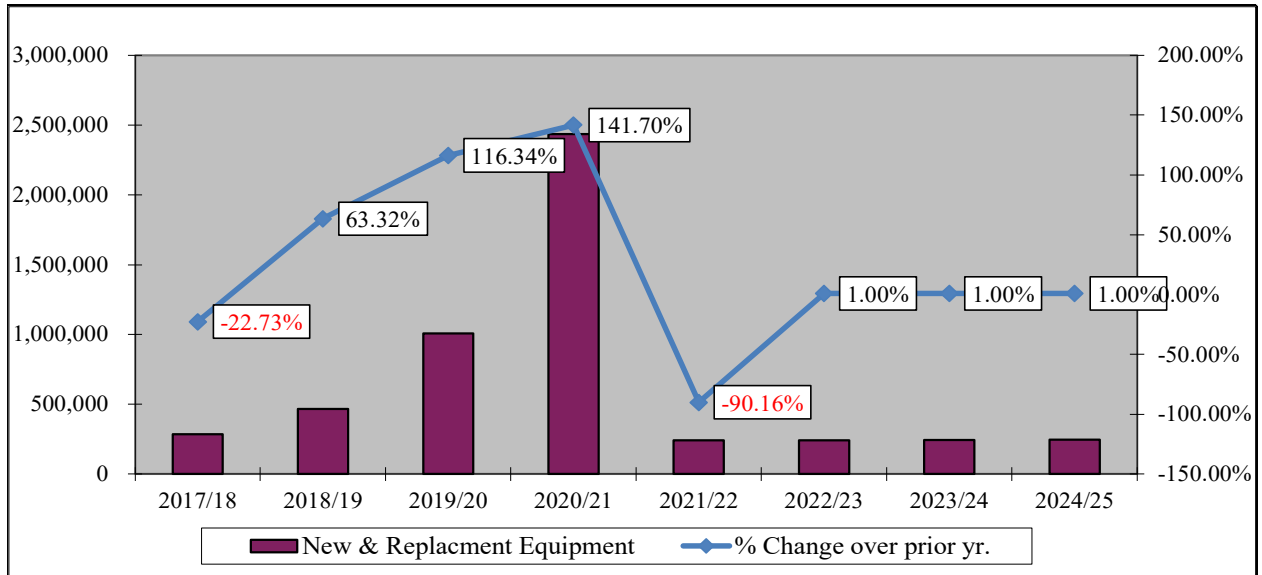
- ✓ All Other New & Replacement Equipment – Expenditures for major permanent structural alterations and the initial or additional installation of heating and ventilating, electrical systems, plumbing systems, fire & protection, and their service systems in existing buildings. Normally

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 2021.

- ✓ 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.
- ✓ 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				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
New & Replacement Equipment								
All Other New & Replacement Equip	37,715	12,805	1,638,810	411,904	41,023	41,433	41,847	42,266
New & Replacmnt Computer Equip	0	0	0	0	0	0	0	0
New & Replacmnt Instructional Equip	226,212	928,948	274,612	180,000	181,800	183,618	185,454	187,309
Replacement Vehicles & Buses	201,823	65,844	318,590	0	0	0	0	0
Line 3.050 Total:	465,750	1,007,597	2,232,012	591,904	222,823	225,051	227,301	229,574
Dollar Change	180,570	541,847	1,224,415	(1,640,108)	(369,081)	2,228	2,251	2,273
% Change over prior yr.	63.32%	116.34%	121.52%	-73.48%	-62.35%	1.00%	1.00%	1.00%



Line 4.300 Other Misc. Expenses

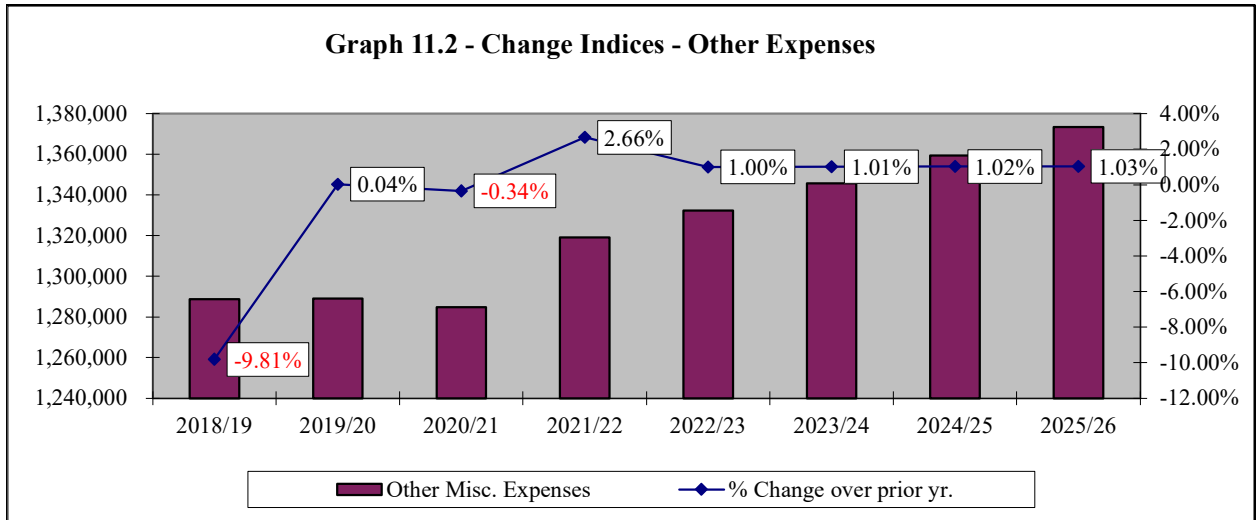
By definition, this category includes amounts paid for goods and services not otherwise classified above, such as expenditures for the retirement of debt, the payment of interest on debt and the payment of dues and fees.

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				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Other Misc. Expenses								
General Liability & Performance Bonds	131,535	137,408	152,050	139,586	142,378	145,226	148,130	151,093
Cuyahoga Co. ESC	27,163	27,268	27,307	27,987	28,266	28,549	28,835	29,123
County Auditor & Treasurer's Fees	931,436	916,320	907,253	935,506	940,184	944,885	949,609	954,357
All Other Misc. Expenses	198,556	208,146	198,151	215,893	221,371	227,008	232,808	238,775
Line 4.300 Total:	1,288,691	1,289,142	1,284,761	1,318,972	1,332,199	1,345,667	1,359,382	1,373,348
Dollar Change	(140,160)	451	(4,381)	34,211	13,228	13,468	13,714	13,967
% Change over prior yr.	-9.81%	0.04%	-0.34%	2.66%	1.00%	1.01%	1.02%	1.03%



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 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 FY2021/22 & thereafter.

In FY2019/20 and FY2020/21 and due to the COVID-19 pandemic, the District transferred \$250K and \$300K respectively to offset losses in the food service program due to remote learning occurring in the entire 4th nine-weeks of 2020 and the first 6-weeks of 2020. In addition, the Board of Education waived the collection of all school fees in FY2020/21 and covered these parent costs by transferring \$2450K to the consumable fees accounts.

The District transferred \$130K 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.

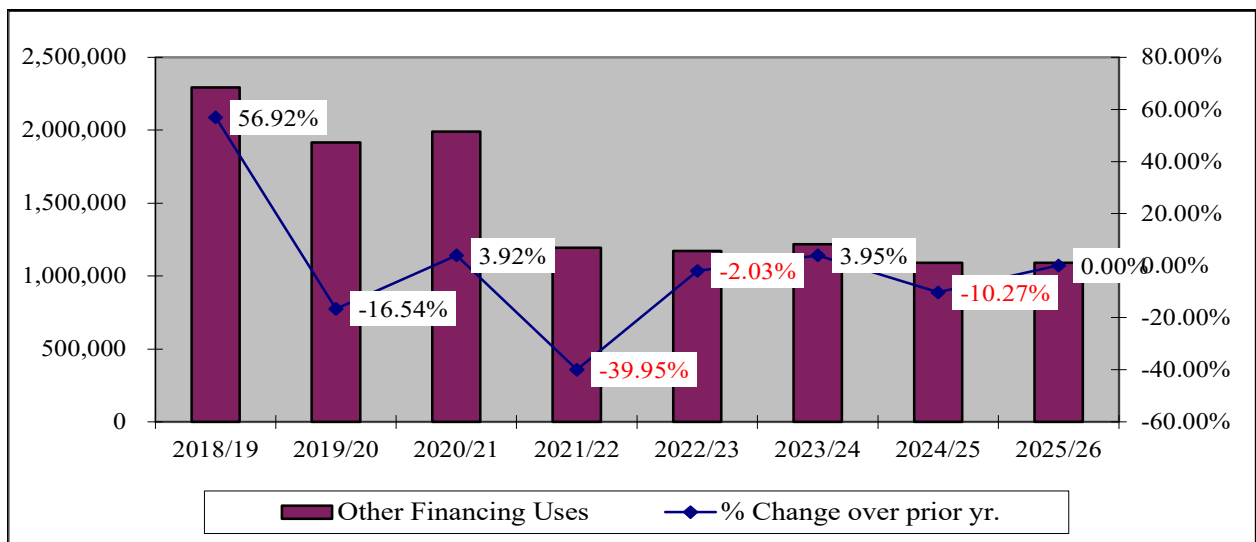
Finally, the District transferred \$575 in FY2020/21 to cover the severance related costs for the exit incentive program that was successfully implemented that fiscal year.

It is assumed that a return to normal transfer cycles will resume in FY2021/22 and 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.

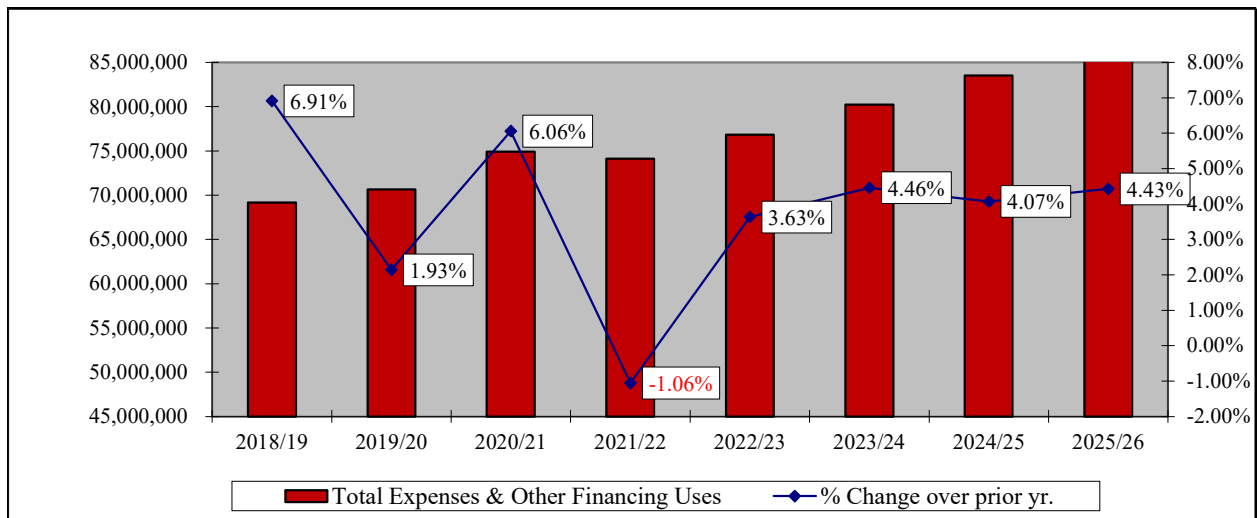
	ACTUAL			ESTIMATE				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Other Financing Uses								
Transfers	2,090,090	1,179,358	1,249,839	595,000	570,750	617,000	492,000	492,000
All Other Financing Uses	0	0	0	0	0	0	0	0
Advances	204,409	735,522	740,116	600,000	600,000	600,000	600,000	600,000
Refund of Prior Year	0	0	0	0	0	0	0	0
Line 5.040 Total:	2,294,500	1,914,880	1,989,955	1,195,000	1,170,750	1,217,000	1,092,000	1,092,000
Dollar Change	832,277	(379,620)	75,075	(794,955)	(24,250)	46,250	(125,000)	0
% Change over prior yr.	56.92%	-16.54%	3.92%	-39.95%	-2.03%	3.95%	-10.27%	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.

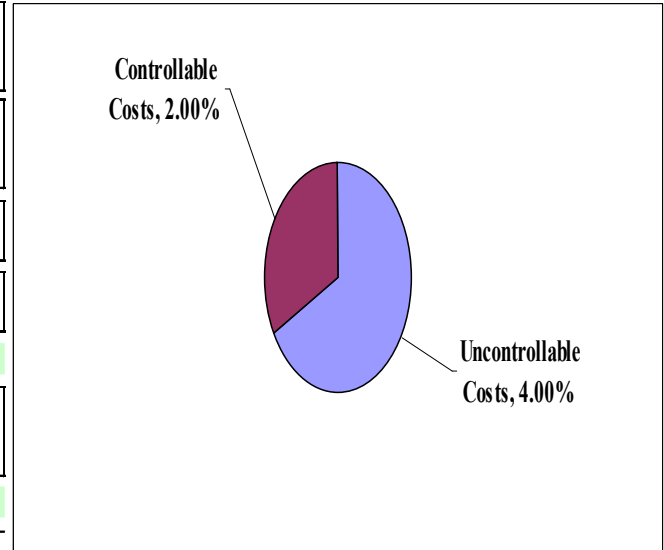
	ACTUAL			ESTIMATE				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Total Expenses & Other Financing Uses								
Personal Services	37,604,478	37,929,708	38,800,787	40,749,790	42,603,000	44,543,000	46,570,000	48,739,839
Employee Benefits	15,233,629	15,737,587	16,696,723	17,184,610	18,155,980	19,187,380	20,282,380	21,445,080
Purchased Services	10,513,205	11,252,470	12,532,344	11,370,682	11,595,494	11,963,661	12,194,983	12,517,068
Supplies and Materials	1,772,575	1,519,803	1,394,778	1,726,809	1,750,957	1,775,799	1,801,363	1,827,680
Capital Outlay	465,750	1,007,596	2,232,012	591,904	222,823	225,051	227,301	229,574
Other Objects	1,288,691	1,289,142	1,284,761	1,318,972	1,332,199	1,345,667	1,359,382	1,373,348
Total Other Financing Uses	2,294,500	1,914,880	1,989,955	1,195,000	1,170,750	1,217,000	1,092,000	1,092,000
Line 5.050 Total:	69,172,828	70,651,187	74,931,361	74,137,767	76,831,203	80,257,558	83,527,409	87,224,589
Dollar Change	4,473,533	1,478,359	4,280,174	(793,594)	2,693,436	3,426,355	3,269,850	3,697,180
% Change over prior yr.	6.91%	2.14%	6.06%	-1.06%	3.63%	4.46%	4.07%	4.43%
Cumulative Dollar Change	5,697,678	7,176,037	11,456,211	10,662,618	13,356,053	16,782,409	20,052,259	23,749,439



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.

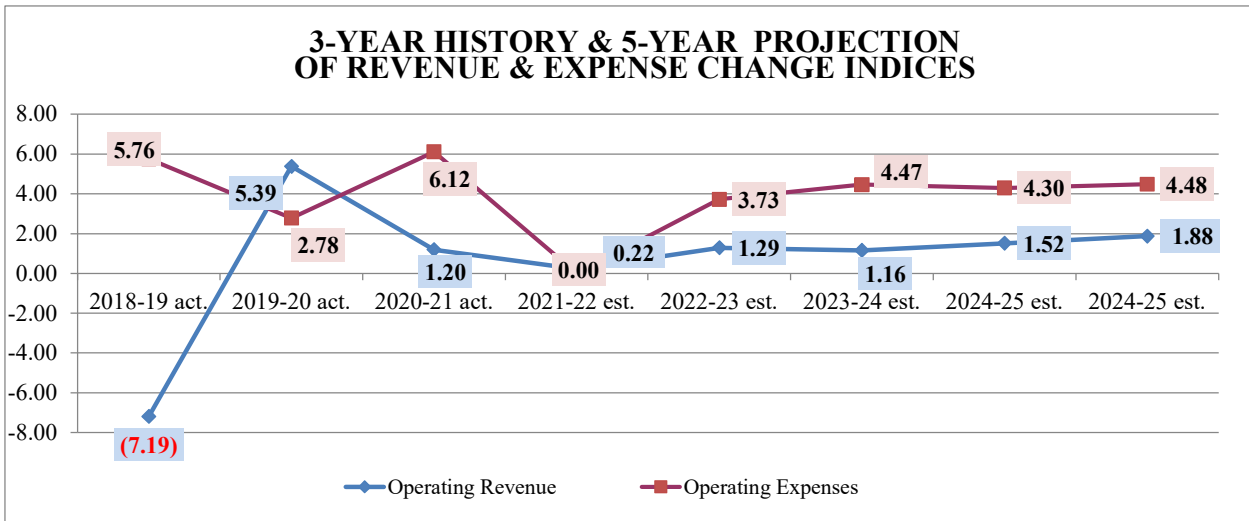
Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid as of year-end. The forecast assumes that the outstanding encumbrances will ultimately be expensed and are therefore shown as a reduction to available cash throughout the 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. In FY2020/21 encumbrances returned to a more historically “normal” level and is projected for the forecasted period.

INDICE COMPARISON OF REVENUE & EXPENDITURE CHANGES BY FISCAL YEAR

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

The 7.19% reduction in FY2018/19 is partially explained by a Federal income tax advance from the prior year and also by the complete elimination of the TPP Reimbursement (\$2.1M) by the Governor and the Ohio General Assembly. Otherwise revenue trends fairly consistent across the time horizon.

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 (FY2023/24), first end of month deficit, and first fiscal year end deficit (both of which occur outside of the forecasted period) by planning accordingly.

Couple the aforementioned “summary” commentary with the financial goals of the Board of Education to avoid deficit spending prior to its next operating levy request of calendar year 2024 and an operating millage rate of 5.0 or less, requires a view of strategic utilization of cash reserves or one-time money to possibly disrupt the permanent ongoing increases in expenses. Additionally, the Board of Education is committed to its personalized learning “All Access” educational initiative, however has capital and/or facility improvement needs to achieve a complete integration of this model. Again, a discussion of the strategic utilization of its cash reserves might be appropriate.

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 not the utilization of cash reserves, and illustrate the financial outcomes of possible levy scenarios.

Please let me know if you have any questions.



MAYFIELD CITY SCHOOL DISTRICT
ACTUAL & PRO-FORMA ENDING UNRESERVED OPERATING FUND BALANCE
FY2019 THRU FY2031

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					C O N T R O L	
		A	B	C	D	E		
I N P U T	2020 Levy							
	2021 Levy							
	2022 Levy			5.00				
	2023 Levy				5.00			
	2024 Levy					5.00		
	2025 Levy							
#	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-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
12	Jun-21	54,463,571	54,463,571	54,463,571	54,463,571	54,463,571	54,463,571	18,732,840
15	Sep-21	67,485,496	67,485,496	67,485,496	67,485,496	67,485,496	67,485,496	
18	Dec-21	50,131,187	50,131,187	50,131,187	50,131,187	50,131,187	50,131,187	
21	Mar-22	68,573,995	68,573,995	68,573,995	68,573,995	68,573,995	68,573,995	
24	Jun-22	56,681,099	56,681,099	56,681,099	56,681,099	56,681,099	56,681,099	18,534,442
27	Sep-22	69,624,161	69,624,161	69,624,161	69,624,161	69,624,161	69,624,161	
30	Dec-22	51,542,648	51,542,648	51,542,648	51,542,648	51,542,648	51,542,648	
33	Mar-23	69,673,543	69,673,543	69,673,543	73,352,639	69,673,543	69,673,543	
36	Jun-23	57,040,873	57,040,873	57,040,873	60,790,722	57,040,873	57,040,873	19,207,801
39	Sep-23	69,601,733	69,601,733	69,601,733	77,206,339	69,601,733	69,601,733	
42	Dec-23	50,573,757	50,573,757	50,573,757	58,178,363	50,573,757	50,573,757	
45	Mar-24	68,288,639	68,288,639	68,288,639	79,572,341	72,025,642	68,288,639	
48	Jun-24	54,860,452	54,860,452	54,860,452	66,214,907	58,669,321	54,860,452	20,064,390
51	Sep-24	67,125,284	67,125,284	67,125,284	82,334,497	74,849,583	67,125,284	
54	Dec-24	47,240,832	47,240,832	47,240,832	62,450,045	54,965,132	47,240,832	
57	Mar-25	64,649,833	64,649,833	64,649,833	83,538,142	76,111,136	68,446,201	
60	Jun-25	50,586,303	50,586,303	50,586,303	69,545,364	62,119,472	54,455,679	20,881,852
63	Sep-25	69,687,737	69,687,737	69,687,737	92,501,556	85,136,336	77,534,741	
66	Dec-25	47,299,324	47,299,324	47,299,324	70,113,143	62,747,922	55,146,328	
69	Mar-26	61,789,369	61,789,369	61,789,369	88,282,284	80,974,971	73,432,742	
72	Jun-26	44,092,879	44,092,879	44,092,879	70,656,546	63,350,346	55,809,258	21,806,147
	Sep-26	55,442,610	55,442,610	55,442,610	85,861,034	78,615,507	71,136,618	
	Dec-26	33,566,604	33,566,604	33,566,604	63,985,029	56,739,501	49,260,612	
	Mar-27	50,012,692	50,012,692	50,012,692	84,110,213	76,922,593	69,503,068	
	Jun-27	34,275,985	34,275,985	34,275,985	68,444,258	61,257,751	53,839,368	21,806,147
	Sep-27	44,968,002	44,968,002	44,968,002	82,991,033	75,865,198	68,509,014	
	Dec-27	22,001,122	22,001,122	22,001,122	60,024,153	52,898,318	45,542,134	
	Mar-28	37,751,526	37,751,526	37,751,526	79,453,654	72,385,726	65,088,907	
	Jun-28	21,074,014	21,074,014	21,074,014	62,846,894	55,780,080	48,484,402	21,806,147
	Sep-28	31,107,205	31,107,205	31,107,205	76,734,842	69,728,701	62,495,221	
	Dec-28	6,971,276	6,971,276	6,971,276	52,598,913	45,592,771	38,359,292	
	Mar-29	22,026,638	22,026,638	22,026,638	71,333,372	64,385,137	57,211,022	
	Jun-29	4,349,639	4,349,639	4,349,639	53,727,125	46,780,004	39,607,031	21,806,147
	Sep-29	13,628,430	13,628,430	13,628,430	66,860,674	59,974,225	52,863,451	
	Dec-29	(11,727,962)	(11,727,962)	(11,727,962)	41,504,282	34,617,833	27,507,059	
	Mar-30	2,528,223	2,528,223	2,528,223	59,439,563	52,611,021	45,559,612	
	Jun-30	(16,196,764)	(16,196,764)	(16,196,764)	40,785,328	33,957,900	26,907,632	21,806,147
	Sep-30	(7,746,927)	(7,746,927)	(7,746,927)	53,089,922	46,323,166	39,335,097	
	Dec-30	(34,384,520)	(34,384,520)	(34,384,520)	26,452,329	19,685,573	12,697,504	
	Mar-31	(21,007,640)	(21,007,640)	(21,007,640)	43,508,306	36,799,457	29,870,753	
	Jun-31	(40,835,246)	(40,835,246)	(40,835,246)	23,751,452	17,043,717	10,116,154	21,806,147