

FIVE-YEAR FORECAST ~~October 2022~~ May 2023



Mayfield City Schools
EVERY STUDENT. EVERY DAY.

ALIGNING FOR IMPACT 2022-23



P1: STUDENT LEARNING & ACADEMIC EXCELLENCE
P2: GROWING LEADERSHIP & PROFESSIONAL CAPACITY
P3: FISCAL STEWARSHIP & OPERATIONS
P4: COMMUNITY RELATIONS & FAMILY PARTNERSHIPS

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 November 30th 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 (2022-2023 through 2026-2027)

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, 2023 through June 30, 2027, with historical information presented for fiscal years ended June 30, 2020, 2021, and 2022 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 1.1% GDP growth the U.S. saw in the first quarter is as good as it gets for the economy this year. Higher interest rates, the pullback in lending by banks, and gradual weakening of the labor market will all combine to slow growth as the year unfolds. Whether that slowdown becomes outright recession by year-end is still a 50-50 proposition. Either way, count in the economy to weaken and one casualty will be businesses' capital spending.
- Key economic statistics per "The Kiplinger Letter" dated April 27, 2023 suggests the following:
 - GDP growth – 1.3 with second-half recession, 1.7% without.
 - Interest Rates – Modest declines as evidence of slowing economy accumulates.
 - Inflation – 3.6% at the end of 2023, down from 6.5% at the end of 2022.
 - Unemployment – 4.2% at the end of 2023 with recession, 3.7% without; up from 3.5% now.
- 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 and have spent these funds by the spending deadline of September 2021.
- 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 by the spending deadline of September of 2023 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 by the spending deadline of September 2024 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 any COVID-19 pandemic related issues beyond FY2023-24.
- There will be no significant new unfunded mandates enacted by the Federal government or enhancements to current Federal mandates.

STATE:

- Total nonfarm payroll employment in Ohio rose 10,600 (0.2%) in March to 1.5% higher than a year earlier. The statewide average unemployment as a share of the labor force fell to 3.8%. In Ohio metropolitan areas, unemployment rates in March ranged from a low of 3.4% to a high of 5.2%. The Ohio real estate market remained soft through March, as indicated by Ohio Realtors data. Closings on home sales (units sold) were 15.1% lower than in the first three months of 2022. Unit sales fell 9.6% in all of 2022, after surging ahead 11.9% in 2021. For the three-month period from April through June, Ohio's nominal GDP grew at 7.5% seasonally adjusted, annualized rate, and was 9.3% higher than in the year-earlier quarter. Ohio personal income in the second calendar quarter of 2022 was great at a 5.8% annualized rate. The fastest growing subcategory was dividends, interest, and rent, which increased at a 7.1% rate for that period.
- 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.

- As of this writing, the Governor and Ohio House of Representatives have approved and submitted their 2023-2025 biennial budget proposals. Pursuant to simulations generated by the Ohio Legislative Services Commission, Mayfield CSD may see an increase in its State Aid in each year by a range of 3.2% to 3.8% or \$82,271 to \$98,342 FY24 vs. FY23 and 4.9% to 11.4% or \$131,136 to 303,552 FY25 vs. FY23. While any increases are certainly appreciated, the overall percentage of operating revenue from this funding source will remain around 3.5% and therefore the District will continue to rely on its local tax base for its funding needs.
- 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 blunts 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 residential construction might be offset by current reasonable borrowing costs with commercial closures being offset by the abundant freeway access and the significant corporate presence along the I-271 corridor where there are 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. An area of concern, are the larger than normal property valuation reduction requests by Class II commercial & industrial property owners and the contraction by a key corporate tax payer of its office square footage footprint. It is assumed for this forecast that any significant reductions in property values will not result in a loss to school property taxes because of the reverse effects of HB920 and that any properties vacated will be sold in the open market to viable and thriving businesses.

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 \$459M of Class II business real property value will continue to provide \$23.8M 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, 2022 and concluding June 30, 2027. 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 1.43% while the estimated expenditure growth rate for the same time period is 4.32%.

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).

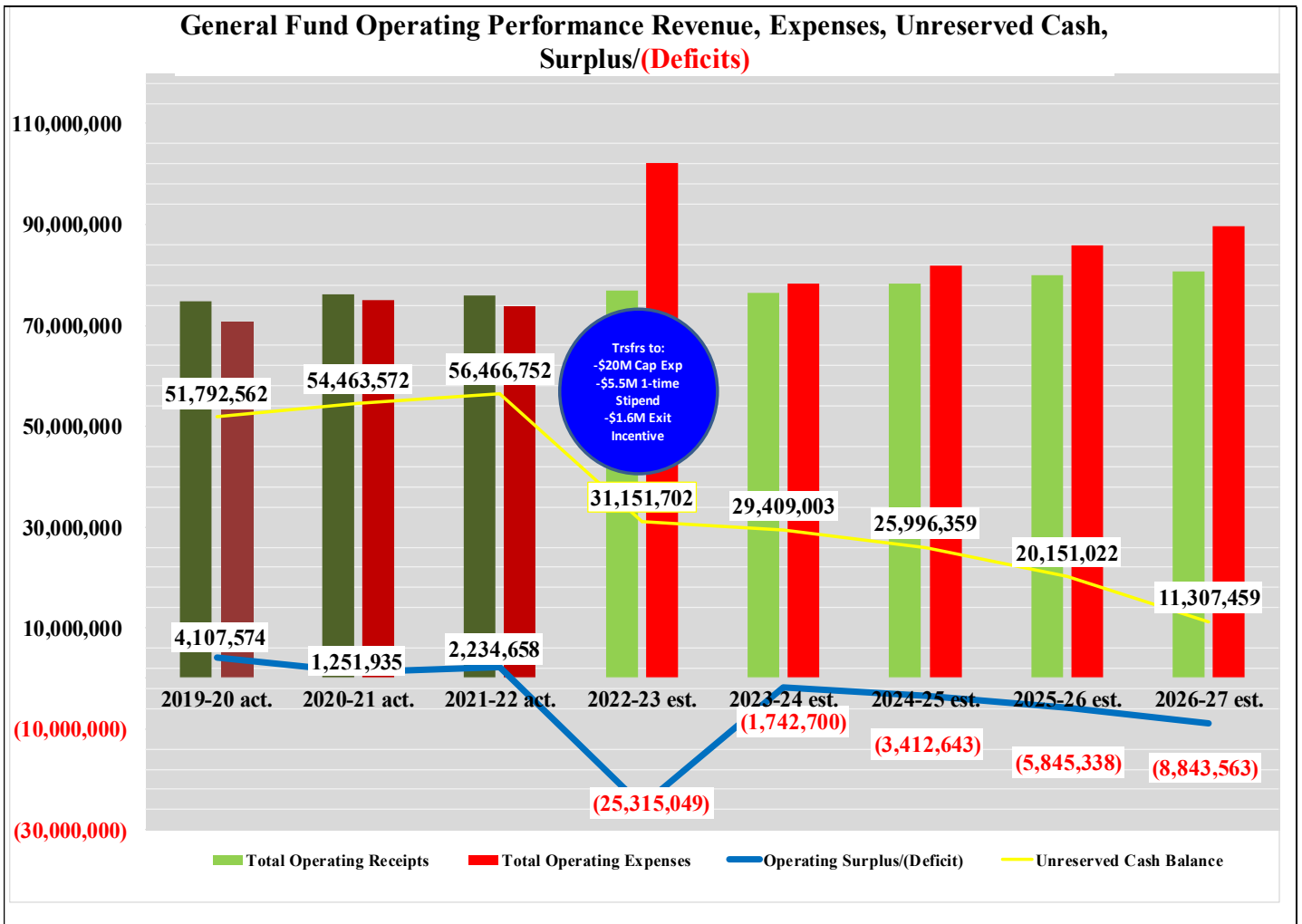
- An ending unobligated fiscal year end & month end cash deficits are first projected outside of the 5-year forecast period (modeled to be December 2029 and June 2030 respectively). However, deficit year spending (cash outflows exceed cash inflows) begins in fiscal year 2024 and would otherwise occur 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 **-\$1,742,700** and then accumulate/compound rapidly **-\$8,843,563** in FY2027.

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	FY2019/20 Actual	FY2020/21 Actual	FY2021/22 Actual	FY2022/23 Estimate	FY2023/24 Estimate	FY2024/25 Estimate	FY2025/26 Estimate	FY2026/27 Estimate
REVENUES:								
General Property Tax (Real Estate)	61,619,631	60,683,716	62,932,879	61,664,874	62,682,153	64,323,194	65,664,187	66,179,383
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)	1,725,508	3,061,807	2,763,447	4,682,551	3,699,915	3,909,499	4,185,478	4,412,168
Restricted Grants-in-Aid (All 3200's)	287,061	360,476	336,515	308,165	292,278	274,329	263,071	229,034
Property Tax Allocation (3130)	5,734,667	5,672,038	5,669,423	5,669,423	5,669,423	5,669,423	5,669,423	5,669,423
All Other Revenues except 1931,1933,1940,1950,5100, 5200	5,187,484	5,669,737	3,546,659	3,560,903	3,517,448	3,562,249	3,600,344	3,639,530
Total Revenues	74,554,351	75,447,774	75,248,923	75,885,915	75,861,217	77,738,694	79,382,502	80,129,537
	5.39%	1.20%	-0.26%	0.85%	-0.03%	2.47%	2.11%	0.94%
OTHER FINANCING SOURCES:								
Advances-In (5200)	204,409	735,522	740,116	1,053,083	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	204,409	735,522	740,116	1,053,083	600,000	600,000	600,000	600,000
Total Revenues and Other Financing Sources	74,758,760	76,183,296	75,989,040	76,938,998	76,461,217	78,338,694	79,982,502	80,729,537
EXPENDITURES:								
Personal Services	37,929,708	38,800,787	40,064,675	41,492,000	43,173,000	45,350,000	47,859,000	50,036,000
Employees' Retirement/Insurance Benefits	15,737,587	16,696,723	17,157,474	18,066,372	18,618,072	19,713,972	20,915,272	22,117,472
Purchased Services	11,252,470	12,532,344	11,430,529	11,667,293	12,036,027	12,267,898	12,590,514	12,912,024
Supplies and Materials	1,519,803	1,394,778	1,562,237	1,586,291	1,714,100	1,740,785	1,768,132	1,796,162
Capital Outlay	1,007,596	2,232,012	327,050	222,823	225,051	227,301	229,574	231,870
Other Objects	1,289,142	1,284,761	1,521,374	1,332,199	1,345,667	1,359,382	1,373,348	1,387,574
Total Expenditures	68,736,306	72,941,406	72,063,339	74,366,977	77,111,917	80,659,338	84,735,840	88,481,100
	2.78%	6.12%	-1.20%	3.20%	3.69%	4.60%	5.05%	4.42%
OTHER FINANCING USES:								
Operating Transfers-Out	1,179,358	1,249,839	637,460	27,287,070	492,000	492,000	492,000	492,000
Advances-Out	735,522	740,116	1,053,083	600,000	600,000	600,000	600,000	600,000
All Other Financing Uses	0	0	500	0	0	0	0	0
Total Other Financing Uses	1,914,880	1,989,955	1,691,043	27,887,070	1,092,000	1,092,000	1,092,000	1,092,000
Total Expenditures and Other Financing Uses	70,651,187	74,931,361	73,754,382	102,254,047	78,203,917	81,751,338	85,827,840	89,573,100
Operating Surplus/(Deficit)	4,107,574	1,251,935	2,234,658	(25,315,049)	(1,742,700)	(3,412,643)	(5,845,338)	(8,843,563)
Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacement & New Levies	52,895,839	57,003,412	58,255,348	60,490,005	35,174,956	33,432,257	30,019,613	24,174,276
Ending Cash Balance (June 30)	57,003,412	58,255,348	60,490,005	35,174,956	33,432,257	30,019,613	24,174,276	15,330,713
Estimated Encumbrances June 30	5,210,851	3,791,776	4,023,254	4,023,254	4,023,254	4,023,254	4,023,254	4,023,254
Unreserved Fund Bal June 30	51,792,562	54,463,572	56,466,752	31,151,702	29,409,003	25,996,359	20,151,022	11,307,459
90 day targeted cash carryover, 365 day year	268	265	279	111	137	116	86	46
Cash reserves @ 25% of expenses	17,662,797	18,732,840	18,438,595	25,563,512	19,550,979	20,437,834	21,456,960	22,393,275

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.

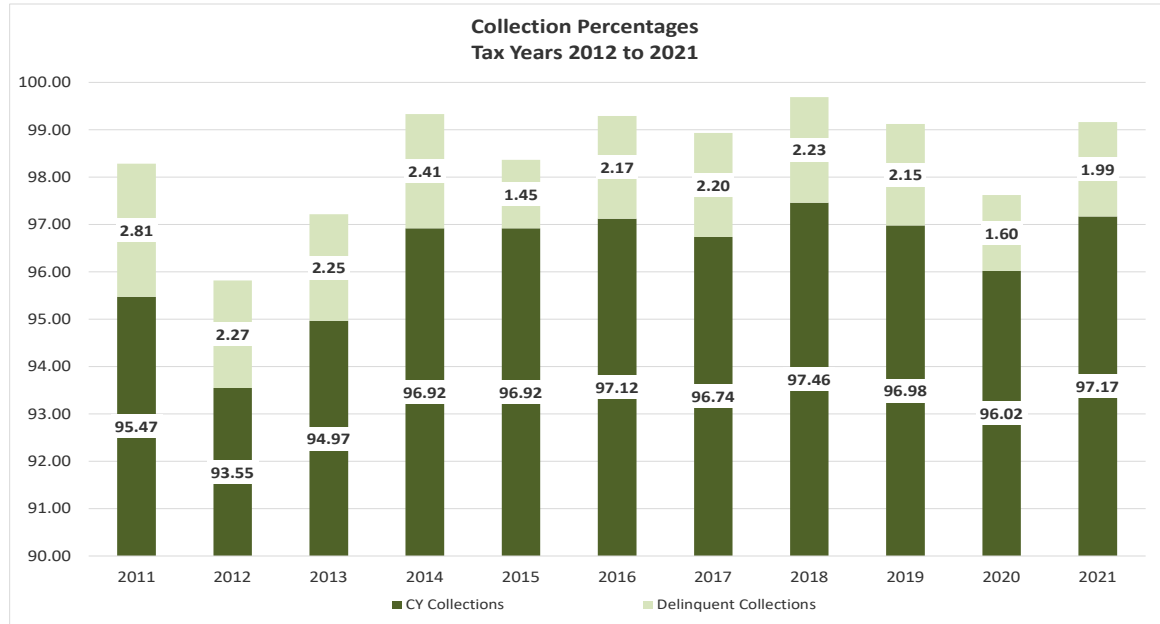
The **Tax equation**, albeit in a simplified format, can be expressed as:

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

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

FY2022-23 tax collections have been generated consistent with the most recent estimates dated 09/14/22 from the Cuyahoga County Budget Commission and all future years have been developed using valuation and taxation methodologies identified throughout this commentary.

Local tax revenue has been updated to reflect ACTUAL Fiscal Year 2022-23 collections. Class I residential property remains consistent with projections while Class II commercial has been adjusted down by approximately \$1.37M and then trended forward using a reduced base year for all future years due to valuation reduction challenges by owners of office space \$688K in total (\$366K attributed to Rockwell alone); potential significant challenges in future tax years by Progressive Insurance (\$80M in Assessed Valuation), Parker Hannifin (\$12M in Assessed Valuation), etc.; and the delayed anticipated completion of new Class II construction projects - nursing home developments in both Mayfield Heights & Highland Heights - that impact the timing of the new tax revenue originally considered in Fiscal Year 2023-24. We will continue to

monitor this situation closely, along with the assistance of our property valuation attorney Bob Brindza, because Class II property tax collections represent \$19.2M or 28.5% of total tax collections.

In an effort to establish a projection trend or “score card,” below is a four-year comparison between the Budget Commission estimates, actual tax collections, and internal estimates. Percentage variations are -1.03% between actual and the Budget Commission and .10% between compared to District internal estimates. Clearly this 5-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 #	(1,254,515)	-2.01%	63,517,090
2019/20	64,511,445	1,486,929 *	2.30%	65,998,374 #	1,858,657	2.82%	64,139,716
2020/21	65,548,091	(448,160)	-0.68%	65,099,931 #	(9,108)	-0.01%	65,109,040
2021/22	66,456,392	(654,641)	-0.99%	65,801,752 #	281,604	0.43%	65,520,148
2022/23	67,610,896	(1,955,315) &	-2.89%	65,655,581 #	(473,157)	-0.72%	66,128,738
5-year average		(368,807)	-1.03%		219,159	0.10%	

* - Timing difference between advances from tax year 2018.

& - Difference is in the Class II carryover property, valuation complaints & delinquency spikes.

- Does not include delinquent collections

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		2022/23	2023/24	2024/25	2025/26	2026/27	
Tax Year		2021	2022	2023	2024	2025	
Collection Year		2022	2023	2024	2025	2026	
MILLAGE RATES							
Inside Millage		0.00502	0.00502	0.00502	0.00502	0.00502	
Outside Effective Class I		0.03729	0.03729	0.03668	0.03353	0.03302	
Outside Effective Class II		0.04471	0.04465	0.04403	0.03998	0.03793	
Total Voted		0.08547	0.08547	0.08547	0.08547	0.08547	
ASSESSED VALUES							
<i>Reappraisal or Triennial</i>		<i>Triennial</i>			<i>Reappraisal</i>		NOTES
Carryover Property YOY chg %		8.81%	1.17%	1.54%	8.66%	2.55%	
<i>Class I - Res/Ag</i>							
Carryover Class I	A	1,057,400,000	1,060,101,630	1,077,476,282	1,169,912,411	1,187,901,909	
New Construction	A1	3,536,570	6,706,570	5,775,950	6,228,093	6,044,564	
Gates Mills	a1	735,610	2,939,860	589,580	889,433	739,603	
Highland Hts	a1	895,160	2,088,470	2,625,057	2,870,493	2,446,393	FY24 Grappa Farms 21 X \$750K buildout 3 yrs @ \$5.25M per year
Mayfield Hts.	a1	1,732,890	1,051,120	718,283	649,753	602,988	
Mayfield Village	a1	172,910	627,120	1,843,030	1,818,413	2,255,580	FY25 Montebello 52 units X \$500K buildout 5-ys @ \$5M per year
<i>Class II - Comm/Ind</i>							
Carryover Class II	B	427,554,760	439,551,470	445,627,736	486,647,753	511,655,153	
New Construction	B1	2,413,260	1,664,110	4,972,036	19,941,507	2,815,411	
Gates Mills	b1	0	0	0	0	0	
Highland Hts	b1	218,090	0	766,993	11,906,753	1,786,390	FY26 Bishop Rd. Assisted Living Center @ \$20M
Mayfield Hts.	b1	2,130,280	1,664,110	4,183,433	8,017,453	1,019,293	FY25 Elk & Elk / Landerbrook Dental @ \$7.63M
Mayfield Village	b1	64,890	0	21,610	17,300	9,728	
<i>Public Utility Property</i>							
Public Utility Property	C	29,232,830	32,198,640	32,344,498	33,523,031	33,682,133	
Total Assessed Value							
(A+A1+B+B1+C)		1,520,137,420	1,540,222,420	1,566,196,502	1,716,252,795	1,742,099,170	
Current Year Collection Rates		0.97171	0.9717	0.9739	0.9759	0.97615	FY22 collection % from county
Current Year Tax Collections							
Inside Millage		7,128,434	7,263,572	7,691,938	8,149,805	8,355,564	
Class I Carryover		38,530,384	38,667,427	39,009,881	39,324,921	39,564,241	
Class I New Construction		213,175	254,333	234,448	229,188	195,125	
Class II Carryover		17,693,218	18,088,329	18,457,891	18,978,832	19,428,534	Reduced collection % due to softening Office Bldg market
Class II New Construction		91,561	155,016	550,736	467,879	84,904	
Public Utility		2,471,966	2,683,597	2,746,323	2,803,437	2,816,748	
SUB-TOTAL	T1	66,128,738	67,112,274	68,691,217	69,954,062	70,445,116	
Cuyahoga Budget Commission:		67,610,896	67,778,599				
Delinquent Collections	T2	1,205,559	1,239,302	1,301,400	1,379,548	1,403,689	
LESS: Homestead & Rollback	T3	5,669,423	5,669,423	5,669,423	5,669,423	5,669,423	Reimb for Class I taxes in effect prior to Nov 2013
Line 1.010 Real Property Taxes							
(T1 + T2 - T3)		61,664,874	62,682,153	64,323,194	65,664,187	66,179,383	
YOY Dollar Change		658,455	1,017,279	1,641,041	1,340,993	515,196	
YOY Percentage Change		1.08%	1.65%	2.62%	2.08%	0.78%	
						1.64% 5-year estimated avg. chg	

- ✓ 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 aide 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.

Executive Leadership	Gov DeWine HB110	Gov DeWine HB110	Gov DeWine HB110					
Funding Category	FY2021/22 Actual	FY2022/23 Actual to date	FY2022/23 Estimate	FY2023/24 Estimate	FY2024/25 Estimate	FY2025/26 Estimate	FY2026/27 Estimate	NOTES
BASE COST	1,085,540	1,017,903	1,140,201	1,208,125	1,222,461	1,294,912	1,309,477	
Special Education Weights	38,126	78,012	78,012	78,012	78,012	78,012	78,012	
Transportation	632,224	722,532	722,532	837,573	958,944	1,086,924	1,221,802	
Special Ed Transportation	244,724	279,682	279,682	317,792	356,603	396,114	436,325	
Journal Voucher Entries	61,027	122,567	122,567	126,244	130,031	133,932	137,950	
GROSS: State Foundation	2,061,642	2,220,696	2,342,994	2,567,746	2,746,051	2,989,894	3,183,566	
(3110) NET STATE FOUNDATION	2,061,642	2,220,696	2,342,994	2,567,746	2,746,051	2,989,894	3,183,566	
SF Catastrophic Reimbursement	453,291	2,080,999	2,080,999	863,188	889,084	915,756	943,229	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 \$453K rec'd late in June & therefore posted in FY22. Same circumstances occurred in FY23, received the FY22 reimb late of \$1.2M and included with est. of \$863K in FY23 & multiplied by 3% inflator for each year thereafter.
Casino Revenue Sharing	248,513	254,731	258,558	268,981	274,364	279,828	285,373	Moved into fair funding formula calculation. See Above
(3190) Other Unrestricted Grants & Aid	701,805	2,335,730	2,339,557	1,132,169	1,163,448	1,195,584	1,228,602	
Student Wellness & Success Funds	54,665	51,227	43,624	52,972	60,234	72,407	80,923	
Gifted Aid	170,389	141,703	144,301	117,045	89,907	62,902	35,990	
Weighted ELL	7,905	9,255	16,695	17,692	17,854	18,918	20,918	
Economic Disadvantage Funding	103,556	116,925	103,545	104,569	106,334	108,844	112,121	
(32##) Other Restricted Grants & Aid	336,516	319,109	308,165	292,278	274,329	263,071	229,034	
OTHER STATE SOURCES	Sum of A	1,038,321	2,647,722	1,424,447	1,437,777	1,458,655	1,457,636	

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 FY2026/27 where the 6-year phase-in approach included in HB110 results in reduced state support until FY2023/24 where the total generated exceeds that which was generated under the legacy program. The overall net gain over the 6-year period is \$275,690.

Funding Category	FY2020/21 Actual	FY2021/22 Actual	FY2022/23 Estimate	FY2022/23 Estimate	FY2023/24 Estimate	FY2024/25 Estimate	FY2025/26 Estimate	FY2026/27 Estimate
Unrestricted State Support	2,885,942	2,061,642	2,220,696	2,342,994	2,567,746	2,746,051	2,989,894	3,183,566
Restricted State Support	360,476	336,516	319,109	308,165	292,278	274,329	263,071	229,034
Sub_Total_CALC_State Support	3,246,418	2,398,158	2,539,805	2,651,158	2,860,023	3,020,380	3,252,965	3,412,600
Casino Revenue	175,865	248,513	254,731	258,558	268,981	274,364	279,828	285,373
Sub_Total_ALL State Support	3,422,283	2,646,671	2,794,536	2,909,716	3,129,004	3,294,744	3,532,793	3,697,973
YOY Change		(848,260)	2,539,805	253,000	208,865	160,357	232,584	159,635
Cumulative Change from Fair School Funding Implementation								275,690

- ✓ The All Other Revenues (Line 1.060) category includes miscellaneous receipts, interest income, revenue in lieu of taxes etc. Specific assumptions include:
 - Interest Income is tied to the District’s portfolio and contains weighted to date maturities of 1.48 years and a weighted average yield to maturity of 1.30%. 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 FY2022-23 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.

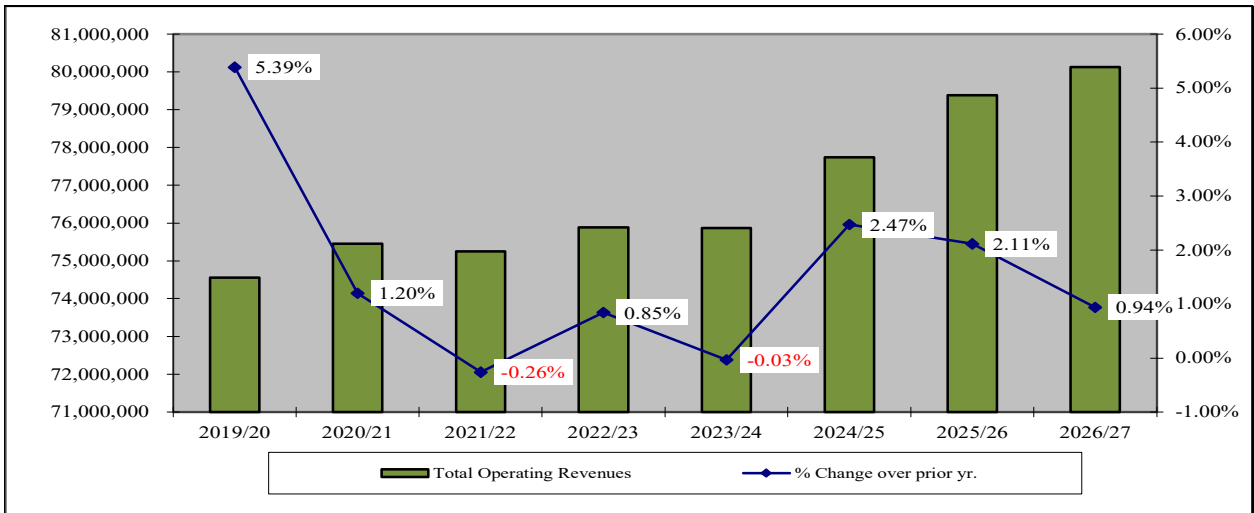
Below is a table detailing the participating businesses, the pertinent abatement terms, and the dollar values received in FY2022-23.

#	Business	Business Address	Property Description	ABATEMENT				FY 2022-23
				Abatement Begins	Abatement Ends	Term	Percent	Total
1	Progressive	N. Commons Blvd.	Office Buildings	01/01/02	12/31/31	30	100.00%	1,551,537.21
2	Progressive	N. Commons Blvd.	Office Buildings	01/01/01	12/31/30	30	100.00%	173,814.76
3	Governor's Village	280 N. Commons Blvd	Convalescent Home	01/01/04	12/31/33	30	100.00%	135,453.01
4	Altercare (Mayfield Village Center for Rehab)	290 N. Commons Blvd	Nursing Home	01/01/03	12/31/32	30	100.00%	54,402.92
5	Skoda, Minotti & Company	6685 Beta Dr.	Racquetball & Tennis Clubs	01/01/05	12/31/34	30	100.00%	34,019.80
6	FourPenn Beta LLC	700 Beta Drive	Hilton Garden Inn - Hotel	11/26/07	11/18/37	30	100.00%	185,001.11
7	Heinens	860 Wilson Mills	Supermarket	07/21/08	07/14/38	30	100.00%	18,150.04
REVENUE IN LIEU OF TAXES:								2,152,379

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				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
OPERATING REVNEUE								
Real Property Taxes	61,619,631	60,683,716	62,932,879	61,664,874	62,682,153	64,323,194	65,664,187	66,179,383
Tang. Pers. Property Taxes	0	0	0	0	0	0	0	0
Homestead & Rollback	5,734,667	5,672,038	5,669,423	5,669,423	5,669,423	5,669,423	5,669,423	5,669,423
State Foundation	1,003,763	2,885,942	2,061,642	2,342,994	2,567,746	2,746,051	2,989,894	3,183,566
Tang. Pers. Prop Loss Pymnt	0	0	0	0	0	0	0	0
Other State Sources	1,008,805	624,680	1,038,320	2,647,722	1,424,447	1,437,777	1,458,655	1,457,636
Interest Income	1,524,170	789,131	538,327	549,901	561,724	573,801	586,138	598,740
Misc. Income	1,449,361	2,692,897	823,876	858,623	803,346	836,069	861,827	888,411
Revenue in Lieu of Taxes	2,213,952	2,099,370	2,184,456	2,152,379	2,152,379	2,152,379	2,152,379	2,152,379
Sub-total Operating Revenue	74,554,349	75,447,774	75,248,923	75,885,915	75,861,217	77,738,694	79,382,502	80,129,537
Dollar Change over prior yr.	3,810,550	893,425	(198,852)	636,993	(24,698)	1,877,477	1,643,808	747,035
% Change over prior yr.	5.39%	1.20%	-0.26%	0.85%	-0.03%	2.47%	2.11%	0.94%
Cumulative Dollar Change:	5,639,617	6,533,042	6,334,190	6,971,183	6,946,485	8,823,962	10,467,770	11,214,805
NON-OPERATING REVNEUE								
Transfers & Advances	204,409	735,522	740,116	1,053,083	600,000	600,000	600,000	600,000
Line 2.080 Total:	74,758,758	76,183,296	75,989,039	76,938,998	76,461,217	78,338,694	79,982,502	80,729,537
Dollar Change over prior yr.	2,968,470	1,424,538	(194,258)	949,960	(477,781)	1,877,477	1,643,808	747,035
% Change over prior yr.	4.13%	1.91%	-0.25%	1.25%	-0.62%	2.46%	2.10%	0.93%

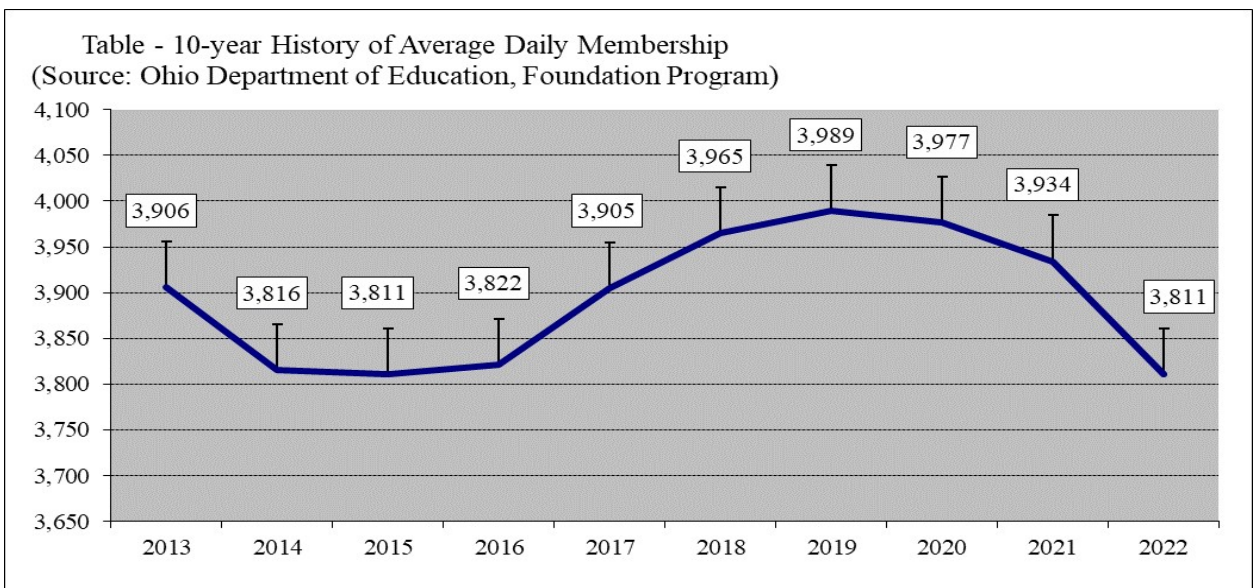


EXPENDITURES

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.

At its December 14, 2022 regular meeting, the Mayfield Board of Education approved a professional services contract with Huron-Studer Education to advance the District’s organizational excellence and continuous improvement priorities to ensure the students, families and communities served receive the best educational and life opportunities.

With this contract, the District began a process to solicit input from community stakeholder to reframe its strategic priorities. As of this writing, Focus Forward Mayfield draft document has been established and is expected to be presented for approval at the May 31, 2023 regular meeting of the Board of Education. Once approved, it will be included in the October 2023 five-year projection.

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) The District Administration evaluated the results and recommended to the Board of Education that it reallocate the resources to provide full-time bus drivers and custodians to support the personalized learning educational initiative. Therefore, no savings from this initiative is realized.
- ✓ 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 1.00% (FY2022/23), 1.50% (FY2023/24), 2.50% (FY2024/25), & 3.00% (FY2025/26).

Base percentage increases outside of the collective bargaining agreements beginning in FY2026/27 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.

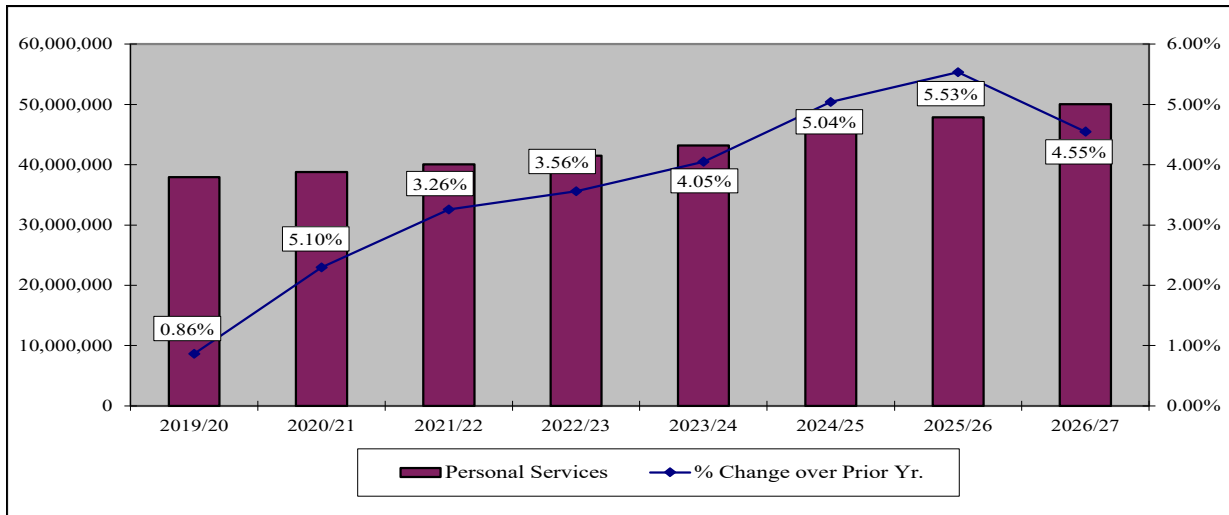
- ✓ In addition to the base percentage changes, each collective bargaining unit has salary schedules that contain automatic year over year salary increases regardless of any change to the base percentage. “Steps” are automatic salary increases for employees that satisfactorily complete a year of service 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.

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.

- ✓ 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.

TEACHERS	ACTUAL			ESTIMATE				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Base & Salary Schedule %	4.65%	4.65%	4.65%	3.65%	4.15%	5.15%	5.65%	4.65%
Cost of 1%	\$280,869	\$290,754	\$300,226	\$311,190	\$324,100	\$340,780	\$360,020	\$376,760
SUPPORT STAFF								
Base & Salary Schedule %	4.20%	4.20%	4.20%	3.20%	3.70%	4.70%	5.20%	4.20%
Cost of 1%	\$89,143	\$90,362	\$92,441	\$95,400	\$98,920	\$103,580	\$108,970	\$113,550
Certified Staff (Fixed Costs)	27,214,249	28,015,077	28,994,682	30,053,000	31,300,000	32,911,000	34,770,000	36,387,000
Certified Staff (Variable Costs)	1,351,901	1,363,171	1,380,118	1,436,000	1,499,000	1,575,000	1,660,000	1,738,000
Classified Staff (Fixed Costs)	8,617,535	8,783,880	8,928,152	9,214,000	9,554,000	10,004,000	10,525,000	10,968,000
Classified Staff (Variable Costs)	746,023	638,659	761,724	789,000	820,000	860,000	904,000	943,000
Sub-Total Line 3.010	37,929,708	38,800,787	40,064,675	41,492,000	43,173,000	45,350,000	47,859,000	50,036,000
Annual Dollar Change	325,230	871,079	1,263,888	1,427,325	1,681,000	2,177,000	2,509,000	2,177,000
Annual Percentage Change	0.86%	2.30%	3.26%	3.56%	4.05%	5.04%	5.53%	4.55%
Cumulative Dollar Change	3,445,783	4,316,862	5,580,750	7,008,075	8,689,075	10,866,075	13,375,075	15,552,075



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.

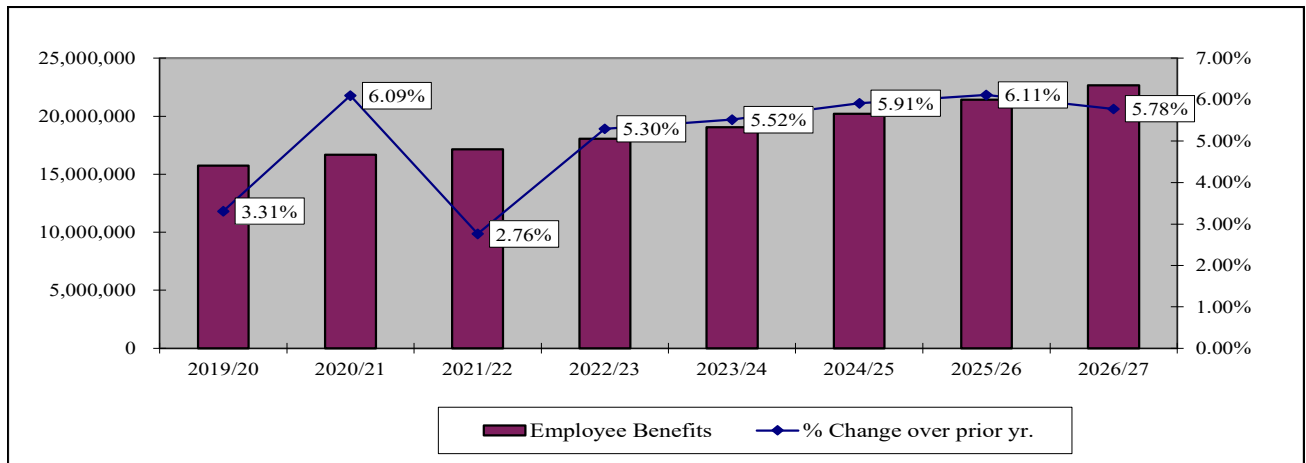
Also included in the SERS estimate is the annual payment for the SERS surcharge; wherein, public school districts are required to make an additional retirement contribution for all of its employees that make less than the actuarially determined minimum annual salary necessary to maintain a solvent retirement 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.

- ✓ All future increases to the various insurance programs will be as follows:
 - *Medical/Rx* – has been trended at 3.10% for FY2022/23 and 2.60% for FY2023/24 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 FY2022/23 and 2.00% for each of the forecasted years.
 - *Dental* – has been trended at 0.00% for FY2022/23 and 3.00% for each of the forecasted years thereafter.
 - *Term Life* – has been trended at -15.09% for FY2022/23 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.

Insurance Premium Analysis	ACTUAL			ESTIMATE				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Medical & Rx	\$23,343	\$24,977	\$25,479	\$27,263	\$27,971	\$29,929	\$32,024	\$34,266
Dental	\$1,730	\$1,782	\$1,782	\$1,835	\$1,890	\$1,947	\$2,005	\$2,065
Vision	\$189	\$193	\$193	\$193	\$193	\$193	\$193	\$193
Term-Life	\$84	\$86	\$88	\$90	\$91	\$93	\$95	\$97
Total BOE Cost for Full-time employee	\$25,346	\$27,038	\$27,541	\$29,380	\$30,146	\$32,162	\$34,318	\$36,621
Dollar Change	\$1,377	\$1,691	\$504	\$1,839	\$766	\$2,017	\$2,155	\$2,304
% Change over prior yr.	5.75%	6.67%	1.86%	6.68%	2.61%	6.69%	6.70%	6.71%
Employee Benefits Categories								
STRS	4,405,526	4,548,314	4,710,947	4,882,900	5,085,500	5,347,400	5,649,500	5,912,200
SERS	1,513,319	1,556,357	1,574,673	1,625,100	1,685,200	1,764,400	1,856,100	1,934,100
Medical Ins.	8,446,844	9,179,258	9,455,061	10,116,900	10,379,900	11,106,500	11,884,000	12,715,900
Vision Ins.	553,799	563,578	567,173	584,200	601,700	619,700	638,300	657,500
Term-Life	112,269	113,658	113,293	114,504	115,704	117,004	118,404	119,804
Medicare	520,233	534,680	552,344	556,567	561,667	568,367	576,067	582,667
Workers Comp	149,074	154,139	159,290	160,900	162,500	164,100	165,700	167,400
Other Benefits	36,524	46,739	24,695	25,300	25,900	26,500	27,200	27,900
Total Line 3.020	15,737,588	16,696,723	17,157,474	18,066,372	18,618,072	19,713,972	20,915,272	22,117,472
Dollar Change	503,958	959,135	460,752	908,897	551,700	1,095,900	1,201,300	1,202,200
% Change over prior yr.	3.31%	6.09%	2.76%	5.30%	3.05%	5.89%	6.09%	5.75%
Cumulative Dollar Change	1,181,391	2,140,526	2,601,278	3,510,175	4,061,875	5,157,775	6,359,075	7,561,275



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. 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 FY 2019/20 and FY2020/21, the Board utilized a portion of its strategic reserves to pre-pay for capital improvements related to utility upgrades that resulted in \$136K of permanent ongoing savings beginning 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

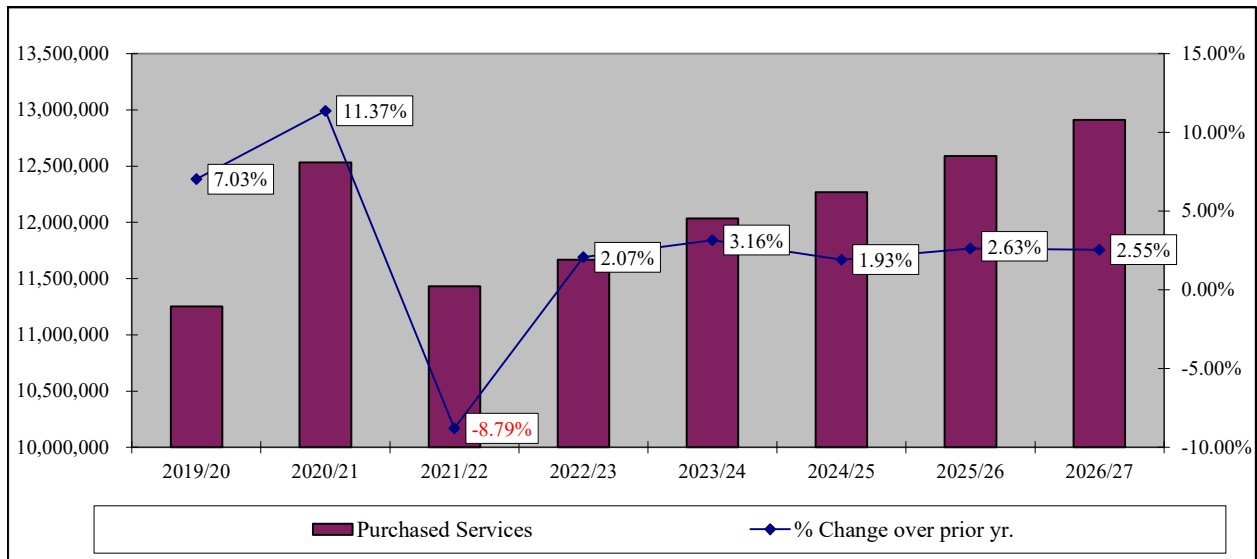
results in a reduction of \$1.28M in expenditures to this category based on FY2020-21 actual values.

TUITION							
Program		Estimate FY2022-23	Estimate FY2023-24	Estimate FY2024-25	Estimate FY2025-26	Estimate FY2026-27	NOTES
PRESCHOOL							
FTE		56.00	56.00	56.00	56.00	56.00	
PS tuition per FTE		32,274	33,887	35,582	37,361	39,229	
PS-Tuition TOTAL	T-4	1,807,333	1,897,699	1,992,584	2,092,213	2,196,824	5% growth rate from FY21
MCHI - ELEM							
FTE		4.00	3.00	2.00	1.00	0.00	
MCE tuition per FTE		82,321	115,250	181,518	381,188	#DIV/0!	
MCE-Tuition TOTAL	T-5	329,285	345,749	363,036	381,188	400,248	5% growth rate from FY21
MCHI - MS							
FTE		3.00	4.00	4.00	4.00	4.00	
MCM tuition per FTE		56,497	44,491	46,716	49,052	51,504	
MCM-Tuition TOTAL	T-6	169,491	177,965	186,863	196,207	206,017	5% growth rate from FY21
SHIP							
FTE		2.50	3.50	3.50	3.50	3.50	
SHIP tuition per FTE		93,180	69,885	73,379	77,048	80,901	
SHIP-Tuition TOTAL	T-7	232,950	244,598	256,828	269,669	283,153	5% growth rate
CEVEC							
FTE		36.00	36.00	36.00	36.00	36.00	
CEVEC tuition per FTE		18,837	19,779	20,768	21,806	22,897	
CEVEC-Tuition TOTAL	T-8	678,132	712,039	747,641	785,023	824,274	5% growth rate, enroll @ 157
EXCEL TECC - MAYFIELD PROGRAMS							
FTE		238.72	238.18	238.23	238.38	238.26	
E-TECC tuition per FTE		5,541	5,745	5,648	5,644	5,679	
E-TECC-Tuition TOTAL	T-9	1,322,633	1,368,317	1,345,534	1,345,513	1,353,124	5% growth rate
Miscellaneous Tuition							
Etecc-Other Programs		243,428	294,909	253,829	264,055	270,931	
College Credit Plus		96,180	101,180	106,180	111,180	106,180	
Out of District (K-6)		709,637	738,420	716,270	721,442	725,378	
Out of District (7-12)		759,069	743,645	755,931	752,882	750,819	
Miscellaneous		238,069	219,160	226,095	227,775	224,343	
MISC-Tuition TOTAL	T-10	2,046,383	2,097,315	2,058,304	2,077,334	2,077,651	
GROSS TUITION (T-1+T-2+T-3+T-4+T-5+T-6+T-7+T-8+T-9+T-10)							
		6,657,131	6,906,887	7,016,604	7,213,796	7,406,512	
Less: State Foundation Credit		0	0	0	0	0	
NET TUITION		6,657,131	6,906,887	7,016,604	7,213,796	7,406,512	

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

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

Purchased Services Categories	ACTUAL			ESTIMATE				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Professional & Technical	983,933	1,084,729	1,519,303	1,549,689	1,580,683	1,612,297	1,644,543	1,677,433
Contracted Professional	1,194,091	1,153,999	1,040,882	991,576	1,016,430	1,041,932	1,068,099	1,094,949
Repairs & Maintenance	687,627	312,954	82,171	84,637	87,176	89,791	92,485	95,259
Rentals	47,620	43,746	47,680	48,157	48,639	49,125	49,616	50,113
Pupil Transportation	617,264	455,639	586,934	593,147	599,434	605,794	612,228	618,738
Property & Fleet Insurance	82,400	90,504	96,568	99,465	102,449	105,522	108,688	111,949
Utilities	1,383,134	1,316,887	1,388,992	1,434,117	1,480,769	1,529,002	1,578,872	1,630,438
Tuition	6,021,241	7,907,231	6,462,730	6,657,131	6,906,887	7,016,604	7,213,796	7,406,512
All Other Purchased Services	235,161	166,656	205,268	209,373	213,560	217,832	222,188	226,632
Total Line 3.030	11,252,470	12,532,345	11,430,529	11,667,293	12,036,027	12,267,898	12,590,514	12,912,024
Dollar Change	739,265	1,279,875	(1,101,816)	236,764	368,734	231,871	322,617	321,509
% Change over prior yr.	7.03%	11.37%	-8.79%	2.07%	3.16%	1.93%	2.63%	2.55%



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:

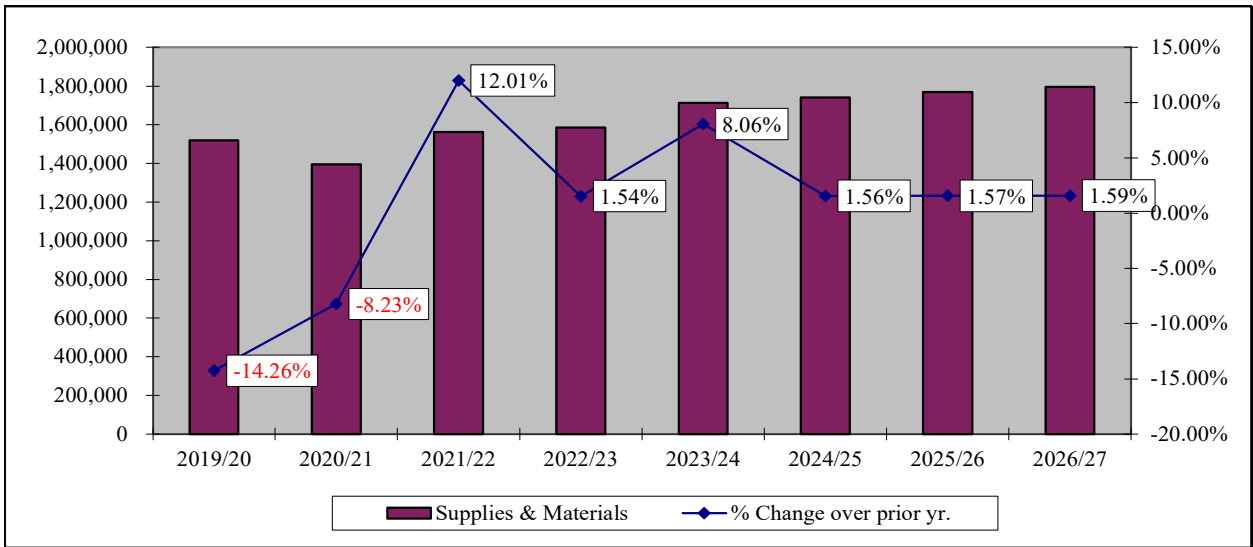
- ✓ Educational Supplies, Textbooks, & Library Books - The district continues its deployment of handheld learning devices districtwide that is funded by a dedicated portion of a permanent improvement levy and strategic cash reserves were accessed in the summer 2020 to combat the COVID-19 pandemic along 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.

Supplies & Materials	ACTUAL			ESTIMATE				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Educational Supplies	413,685	438,596	366,456	370,121	349,145	352,636	356,163	359,724
Textbooks	186,288	195,232	187,412	189,286	316,635	319,801	322,999	326,229
Library Books etc.	67,876	70,076	58,696	59,283	431,389	435,703	440,060	444,461
Software	66,637	71,298	157,853	159,431	161,026	162,636	164,262	165,905
Building & Grounds Supplies	402,534	337,117	411,953	416,072	74,125	74,866	75,615	76,371
Vehicle Supplies	382,784	282,460	379,868	392,099	381,780	395,142	409,032	423,471
Total Line 3.040	1,519,804	1,394,779	1,562,237	1,586,291	1,714,100	1,740,785	1,768,132	1,796,162
Dollar Change	(252,771)	(125,025)	167,458	24,054	127,809	26,685	27,346	28,030
% Change over prior yr.	-14.26%	-8.23%	12.01%	1.54%	8.06%	1.56%	1.57%	1.59%



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.

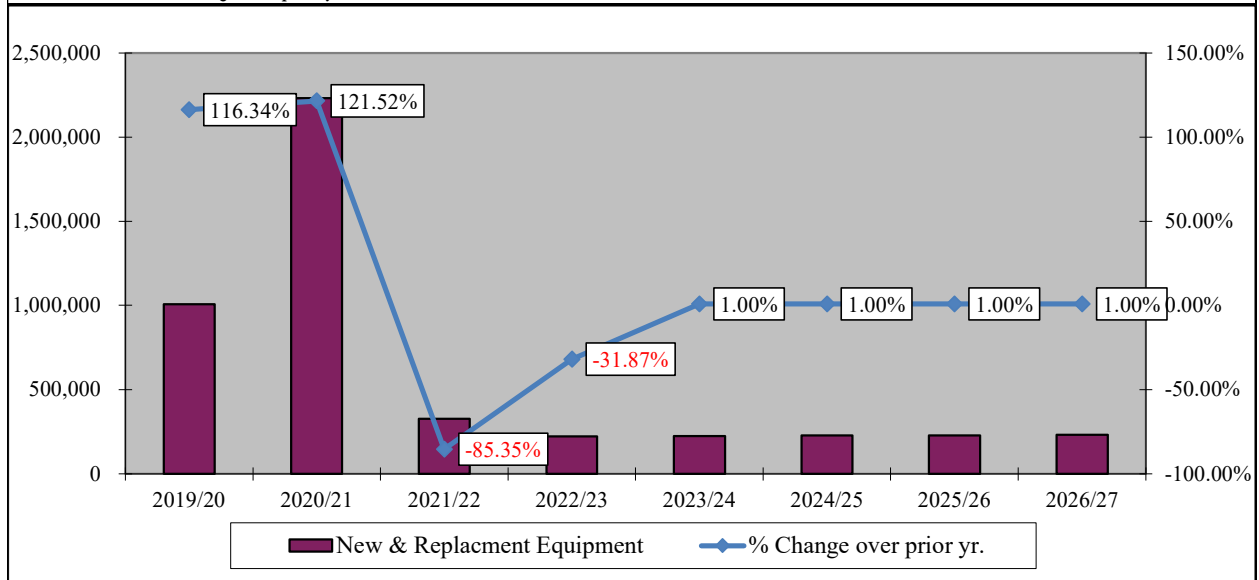
General Assumptions for this category include:

- ✓ 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 was completed in the 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 FY2022/23 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 FY2019/20 purchased cameras for its busses. In FY2020/21 the District purchased 3 busses to support its annual bus replacement effort and in FY2021/22 purchased a new pick-up to plow snow net of a trade-in. In FY2022/23 and thereafter, no expenditures are assumed.
- ✓ 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.

New & Replacement Equipment	ACTUAL			ESTIMATE				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
All Other New & Replacement Equip	12,805	1,638,810	60,982	41,023	41,433	41,847	42,266	42,688
New & Replacmnt Computer Equip	0	0	0	0	0	0	0	0
New & Replacmnt Instructional Equip	928,948	274,612	236,646	181,800	183,618	185,454	187,309	189,182
Replacement Vehicles & Buses	65,844	318,590	29,422	0	0	0	0	0
Line 3.050 Total:	1,007,597	2,232,012	327,050	222,823	225,051	227,301	229,574	231,870
Dollar Change	541,847	1,224,415	(1,904,962)	(104,227)	2,228	2,251	2,273	2,296
% Change over prior yr.	116.34%	121.52%	-85.35%	-31.87%	1.00%	1.00%	1.00%	1.00%



Line 4.300 Other Misc. Expenses

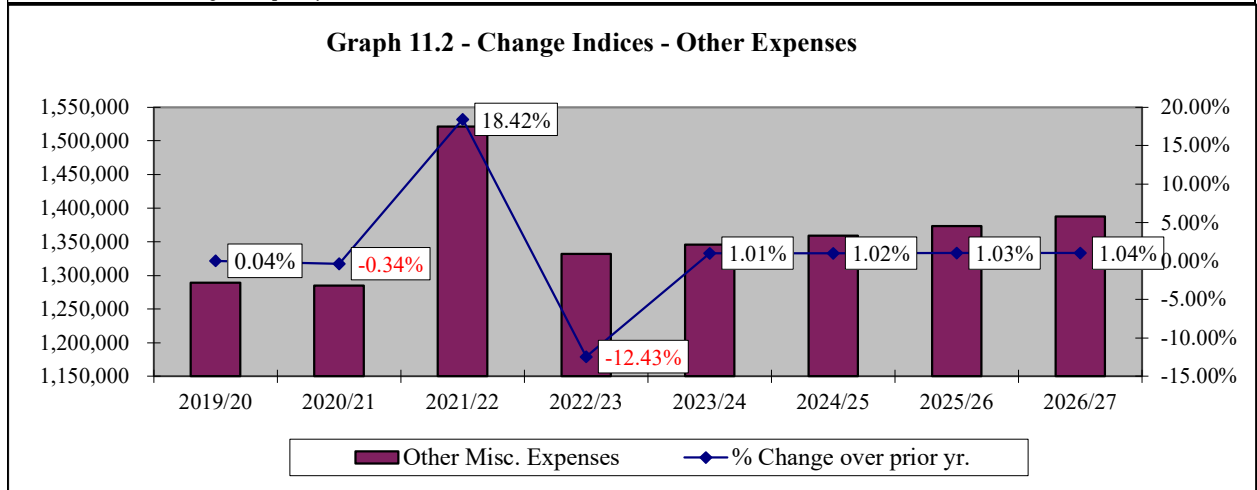
By definition, this category includes amounts paid for goods and services not otherwise classified above, such as expenditures for the retirement of debt, the payment of interest on debt and the payment of dues and fees.

General Assumptions for this category include:

- ✓ 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.

Other Misc. Expenses				ESTIMATE				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
General Liability & Performance Bonds	137,408	152,050	165,209	142,378	145,226	148,130	151,093	154,115
Cuyahoga Co. ESC	27,268	27,307	26,371	28,266	28,549	28,835	29,123	29,414
County Auditor & Treasurer's Fees	916,320	907,253	1,126,673	940,184	944,885	949,609	954,357	959,129
All Other Misc. Expenses	208,146	198,151	203,122	221,371	227,008	232,808	238,775	244,916
Line 4.300 Total:	1,289,142	1,284,761	1,521,374	1,332,199	1,345,667	1,359,382	1,373,348	1,387,574
Dollar Change	451	(4,381)	236,613	(189,174)	13,468	13,714	13,967	14,225
% Change over prior yr.	0.04%	-0.34%	18.42%	-12.43%	1.01%	1.02%	1.03%	1.04%



Line 5.040 Other Financing Uses

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

General Assumptions for this category include:

- ✓ Transfers - represent permanent financial assistance to non-operating funds and programs. The District currently supports Food Service for lost food sales due to adding additional professional days in lieu of day so operations, Athletics, Uniform School Supplies to write off uncollected accounts, and Termination Benefits to avoid large fluctuating personnel costs in determining trends for the operating fund.

Therefore, the “Transfer” category can and does experience volatility as each of the areas mentioned requires funding to satisfy a change in program, philosophy, or need. However, every effort is made to manage the overall level necessary to support the program.

In FY2019/20 and 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.

The District has identified annual transfers that it has made or needs to make to cover the severance related costs for the exit incentive program that were successfully implemented. It also transfers severance payments that occur under normal circumstances due to resignation or retirement. These transfers are placed into a separate fund to then be expended pursuant to the mechanics embedded in the various agreements. This is done primarily to avoid the large distortions that would otherwise be created within the various salary and benefit lines and confuse the true direction of the financial projections.

- In order to minimize the further distortion of true operational in-flow and out-flows, the Mayfield Board of Education will transfer the remaining exit incentive commitments at its May 31, 2023 into the severance payment fund totaling \$1.6M.

During the recently concluded negotiations, the District agreed to make one-time stipend payments utilizing its strategic cash reserves to support its financial goal of lowering the base increases in the early years of the successor collective bargaining agreements. These transfers are again moving into a separate fund and will be paid out according to the negotiated agreement mechanics. And pursuant to discussions with the external auditors, this was deemed an appropriate financial treatment as it satisfied the special and unique circumstances involving the payment coupled with again avoiding distorting the true financial direction of the projections.

- In order to minimize the further distortion on true operational in-flow and out-flows, the Mayfield Board of Education will transfer the entire estimated value of the one-time stipends for FY2022/23, FY2023/24 and FY2024/15 in April 2023 into the stipend payment fund totaling \$5.49M.

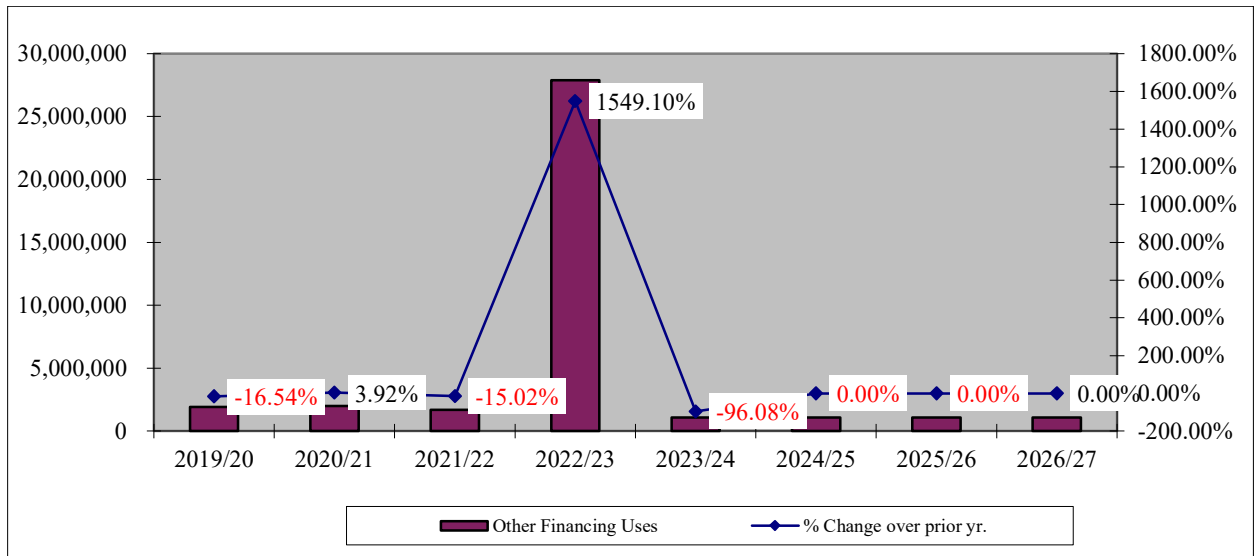
Finally, at its October 26, 2023 regular meeting, the Mayfield Board of Education approved the creation of a Capital Improvements Fund pursuant to ORC 5705.13(C) and transferred \$20M to pay for costs associated with planned capital improvements at Lander Elementary, Center Elementary, Innovation Center, and an improved main entrance at its High School Campus. Further, it has identified an additional capital improvement at Gates Mills Elementary. As of this writing, the District has either encumbered or expended \$12.89M of the funds available.

It is assumed that a return to normal transfer cycle will resume in FY2025/26 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.

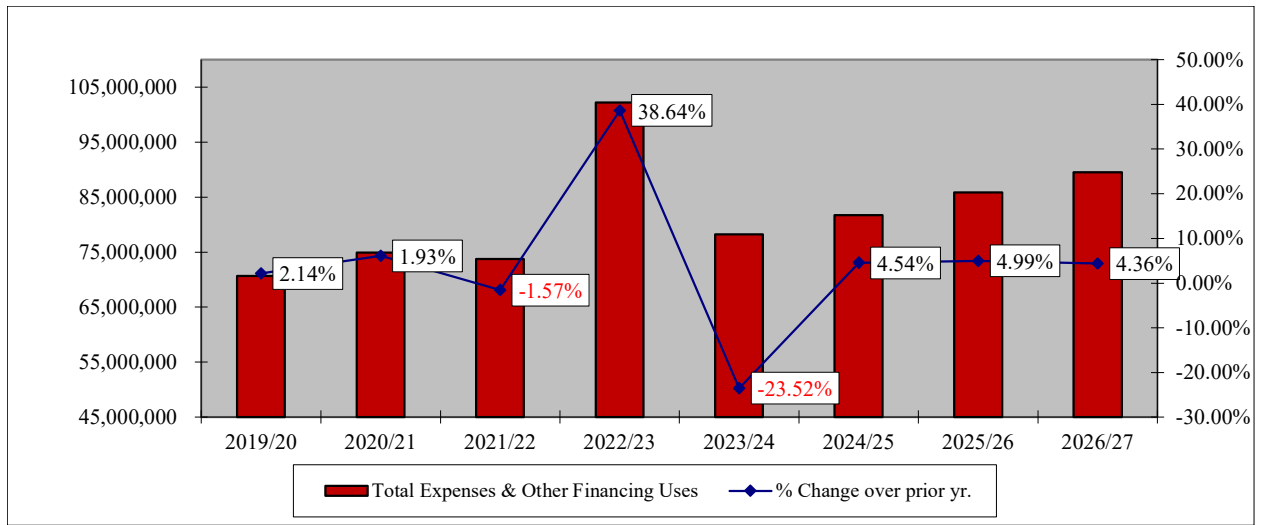
Other Financing Uses	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Transfers_Operational	629,358	674,839	182,091	192,000	192,000	192,000	192,000	192,000
Transfers_Capital Improvements	0	0	0	20,000,000	0	0	0	0
Transfers_One-Time Stipends	0	0	0	5,489,705	0	0	0	0
Transfer_Exit Incentive	550,000	575,000	455,369	1,605,365	300,000	300,000	300,000	300,000
All Other Financing Uses	0	0	500	0	0	0	0	0
Advances	735,522	740,116	1,053,083	600,000	600,000	600,000	600,000	600,000
Refund of Prior Year	0	0	0	0	0	0	0	0
Line 5.040 Total:	1,914,880	1,989,955	1,691,043	27,887,070	1,092,000	1,092,000	1,092,000	1,092,000
Dollar Change	(379,620)	75,075	(298,912)	26,196,027	(26,795,070)	0	0	0
% Change over prior yr.	-16.54%	3.92%	-15.02%	1549.10%	-96.08%	0.00%	0.00%	0.00%



Line 5.050 Total Expenditures and Other Financing Uses

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

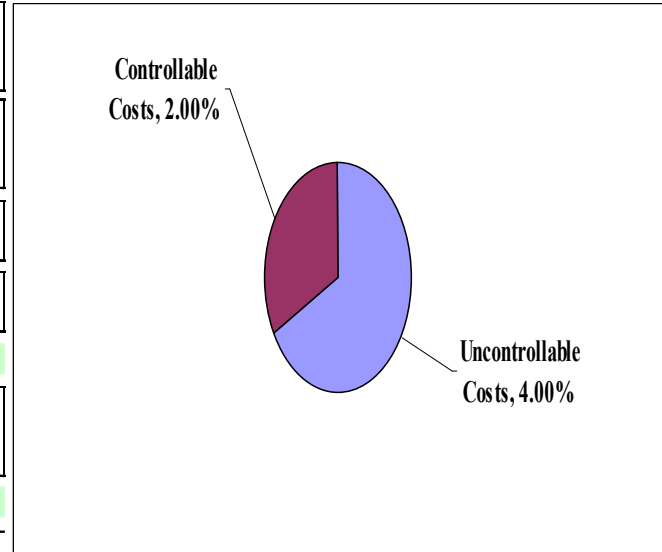
Total Expenses & Other Financing Uses	ACTUAL			ESTIMATE				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Personal Services	37,929,708	38,800,787	40,064,675	41,492,000	43,173,000	45,350,000	47,859,000	50,036,000
Employee Benefits	15,737,587	16,696,723	17,157,474	18,066,372	18,618,072	19,713,972	20,915,272	22,117,472
Purchased Services	11,252,470	12,532,344	11,430,529	11,667,293	12,036,027	12,267,898	12,590,514	12,912,024
Supplies and Materials	1,519,803	1,394,778	1,562,237	1,586,291	1,714,100	1,740,785	1,768,132	1,796,162
Capital Outlay	1,007,596	2,232,012	327,050	222,823	225,051	227,301	229,574	231,870
Other Objects	1,289,142	1,284,761	1,521,374	1,332,199	1,345,667	1,359,382	1,373,348	1,387,574
Total Other Financing Uses	1,914,880	1,989,955	1,691,043	27,887,070	1,092,000	1,092,000	1,092,000	1,092,000
Line 5.050 Total:	70,651,187	74,931,361	73,754,382	102,254,047	78,203,917	81,751,338	85,827,840	89,573,100
Dollar Change	1,478,359	4,280,174	(1,176,979)	28,499,666	(24,050,131)	3,547,421	4,076,502	3,745,260
% Change over prior yr.	2.14%	6.06%	-1.57%	38.64%	-23.52%	4.54%	4.99%	4.36%
Cumulative Dollar Change	7,176,037	11,456,211	10,279,232	38,778,898	14,728,767	18,276,188	22,352,690	26,097,951



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.

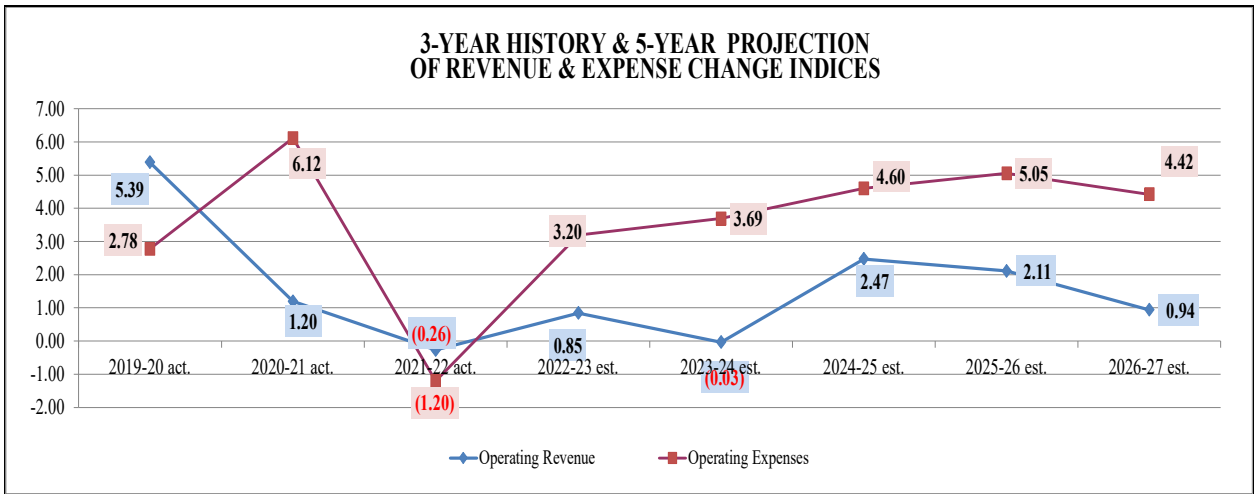
Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid as of year-end. The forecast assumes that the outstanding encumbrances will ultimately be expensed and are therefore shown as a reduction to available cash throughout the 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 5.39% increase in FY2019/20 is partially explained by a federal income tax advance from the prior year otherwise revenue trends can be explained by reviewing the previous commentary involving the timing of new construction and the changes to the school foundation formula.

The 6.12% increase in FY2020/21 is largely explained by the use of one-time cash reserves for the Millridge Elementary improvements. Otherwise, and 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, but 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.

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

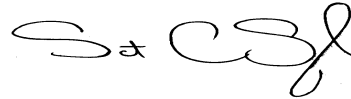
SUMMARY

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 assuming the calendar into which a 5.0 mill levy is presented – 2023, 2024, or 2025.

Please let me know if you have any questions.



LEVY & FINANCIAL SCENARIOS					
		A	B	C	
	2023 Levy	5.00			
	2024 Levy		5.00		
	2025 Levy			5.00	
Month Ending	Projected Fund Balance CURRENT	A 7yr. levy option	B 8yr. levy option	C 9yr. levy option	Cash Reserves 90 days carryover
Jun-20	51,792,561	51,792,561	51,792,561	51,792,561	17,662,797
Jun-21	54,463,571	54,463,571	54,463,571	54,463,571	18,732,840
Jun-22	56,466,751	56,466,751	56,466,751	56,466,751	18,438,595
Sep-22	69,765,013	69,765,013	69,765,013	69,765,013	
Dec-22	35,165,248	35,165,248	35,165,248	35,165,248	
Mar-23	47,896,815	47,896,815	47,896,815	47,896,815	
Jun-23	31,151,703	31,151,703	31,151,703	31,151,703	25,563,512
Sep-23	44,565,715	44,565,715	44,565,715	44,565,715	
Dec-23	25,966,269	25,966,269	25,966,269	25,966,269	
Mar-24	43,570,129	47,310,709	43,570,129	43,570,129	
Jun-24	29,409,002	33,221,516	29,409,002	29,409,002	19,550,979
Sep-24	42,852,089	50,583,780	42,852,089	42,852,089	
Dec-24	23,327,696	31,059,386	23,327,696	23,327,696	
Mar-25	40,993,134	52,465,404	44,796,794	40,993,134	
Jun-25	25,996,359	37,540,563	29,873,167	25,996,359	20,437,834
Sep-25	39,236,803	54,700,184	47,098,879	39,236,803	
Dec-25	18,618,961	34,082,342	26,481,038	18,618,961	
Mar-26	36,091,964	55,295,924	47,757,701	40,260,051	
Jun-26	20,151,022	39,426,916	31,889,905	24,399,264	21,456,960
Sep-26	32,859,798	56,054,869	48,583,951	41,475,135	
Dec-26	11,217,367	34,412,438	26,941,520	19,832,704	
Mar-27	28,132,887	55,068,537	47,660,700	40,916,310	
Jun-27	11,307,459	38,315,043	30,908,419	24,171,038	22,393,275
Sep-27	23,475,179	54,401,940	47,061,408	40,705,853	
Dec-27	753,162	31,679,923	24,339,391	17,983,836	
Mar-28	17,105,616	51,772,957	44,495,505	38,504,376	
Jun-28	(664,654)	34,074,621	26,798,383	20,814,262	23,370,946
Sep-28	10,846,581	49,505,032	42,294,886	36,692,591	
Dec-28	(13,025,710)	25,632,742	18,422,596	12,820,301	
Mar-29	2,636,398	45,035,429	37,888,364	32,650,495	
Jun-29	(16,132,308)	26,338,657	19,192,805	13,961,945	24,404,181
Sep-29	(5,306,162)	41,083,980	34,004,220	29,155,186	
Dec-29	(30,381,576)	16,008,566	8,928,806	4,079,772	
Mar-30	(15,439,355)	34,691,366	27,674,687	23,190,079	
Jun-30	(35,255,701)	14,946,955	7,931,489	3,453,889	25,487,017
Sep-30	(25,276,980)	28,844,852	21,895,479	17,799,705	
Dec-30	(51,615,318)	2,506,514	(4,442,860)	(8,538,634)	
Mar-31	(37,570,262)	20,292,149	13,405,856	9,674,509	
Jun-31	(58,491,103)	(556,757)	(7,441,838)	(11,166,177)	26,624,545