

FIVE-YEAR FORECAST October 2023

**MAYFIELD CITY SCHOOLS
FOCUS FORWARD SUMMARY
2023-2029**

PILLARS

OUR STUDENTS
Create an environment where students reach their full potential in their chosen pathway through rigorous, student-centered teaching & learning.


OUR PEOPLE
Provide a positive work culture that offers an elevated level of support and professional growth, while fostering good relationships and shared communication.

OUR FAMILIES & COMMUNITY
Support student success through collaboration, communication and partnering with families and the community to ensure students graduate with their peers prepared for their chosen pathway.

OUR OPERATIONS
Sustain safe learning environments while ensuring initiative-taking operational structures that are aligned directly to priorities that assure success of all students.

MISSION
Every Student. Every Day.

VISION
A promise for lifelong learning, dignity and respect for all.


Mayfield City Schools
EVERY STUDENT. EVERY DAY.

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 (2023-2024 through 2027-2028)

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, 2024 through June 30, 2028, with historical information presented for fiscal years ended June 30, 2021, 2022, and 2023 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 US economy continued to expand in the first half of 2023, but with the Federal Reserve, working to reduce inflation, recent economic indicators have been somewhat mixed. The national unemployment rate decreased slightly to 3.6% in June. Job openings declined in May after increasing in April. Both hiring and total separations changed little. US inflation adjusted gross domestic product (GDP) grew at a 2.0% annual rate in this year's first quarter after increasing at a 2.6% annual rate in the fourth quarter of 2022. Industrial output fell .2% in May.
- Key economic statistics per "The Kiplinger Letter" dated October 5, 2023 suggests the following:
 - GDP growth – 2.2 in 2023 and 1.3% in 2024.
 - Interest Rates – Temporary upward pressure on long rates from better economic prospects.
 - Inflation – Averaging 3.7% the rest of 2023 and 2.7% during 2024.
 - Unemployment – Staying at 3.8% through the end of 2023; peaking at 4.2% in 2024.

- 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 we 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, learning loss supports, alternative learning, and supervision support for all students brought upon by the COVID-19 pandemic.
- There will be no significant new unfunded mandates enacted by the Federal government or enhancements to current Federal mandates.

STATE:

- Ohio's unemployment rate in May reached its lowest level based on the U.S. Bureau of Labor Statistics' recorded data since 1976. Ohio's total nonfarm payroll employment rose by 6,600 in May, following larger increases in March and April. Ohio's real GDP increased 1.3% at a seasonally adjusted annual rate in the first quarter of 2023. The statewide housing market was down in the first five months of this year compared to the same period a year earlier, but the average sales price through May was up compared to a year earlier.
- 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.
- HB33, the State's biennial budget for the period 2023-2025, was passed into law in June 2023. It included the continued phase-in of the base cost components and more importantly it increased the minimum state share percentage from 5% to 10% beginning in FY2023-24. Pursuant to simulations generated by the Ohio Legislative Services Commission, Mayfield CSD will realize an increase in its State Aid in each year of the biennium. While any

increases are certainly appreciated, they will not be sufficient to keep pace with operating expenditure inflation and therefore the District must 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: We have seen a significant number of property valuation

reduction requests, primarily in the office and retail sections, due to the increase in online purchasing of household items and the remote work option still being offered by businesses, both of which are an outgrowth of the COVID-19 pandemic. More commentary follows regarding the potential financial implications later in the forecast presentation.

- 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 \$441M of Class II business real property value will continue to provide \$22.9M 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, 2023 and concluding June 30, 2028. 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).

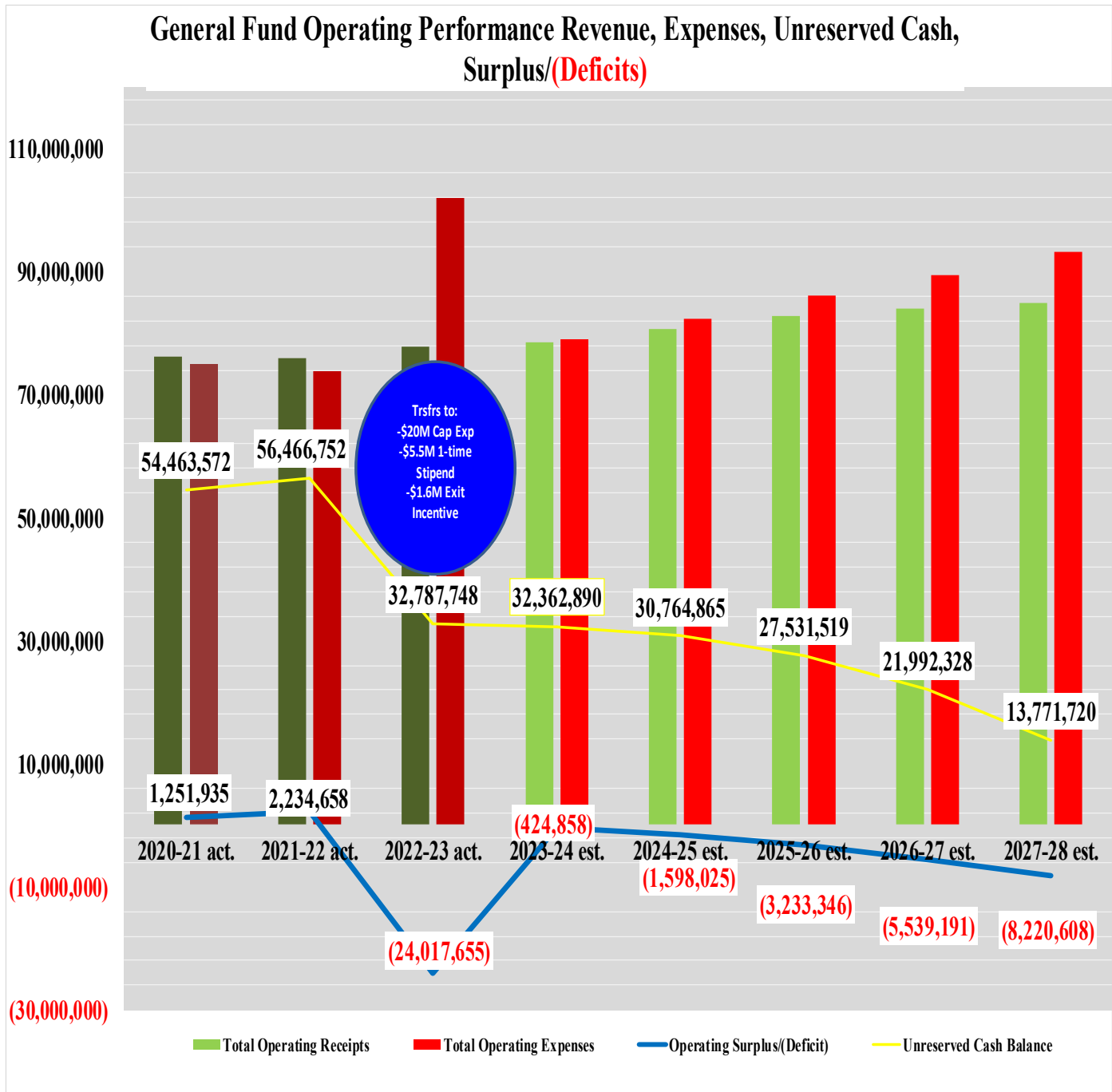
- An ending unobligated fiscal year end & month end cash deficits are first projected outside of the 5-year forecast period (modeled to be December 2029 and June 2030 respectively). However, deficit year spending (cash outflows exceed cash inflows) begins in fiscal year 2024 and would otherwise occur 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 **-\$424,858** and then accumulate/compound rapidly **-\$8,220,608** in FY2028. The deficit in FY2023 was caused by large transfers out of the operating budget to cover one-time expenses and not due to normal year over year trend variances in operating revenues or expenses. More on this topic later in the presentation.

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	FY2020/21 Actual	FY2021/22 Actual	FY2022/23 Actual	FY2023/24 Estimate	FY2024/25 Estimate	FY2025/26 Estimate	FY2026/27 Estimate	FY2027/28 Estimate
REVENUES:								
General Property Tax (Real Estate)	58,400,892	60,499,958	58,891,586	60,007,441	61,585,760	62,869,646	63,371,533	63,955,854
Tangible Personal Property Tax	2,282,824	2,432,921	2,632,810	2,683,597	2,746,323	2,803,437	2,816,748	2,850,994
Income Tax	0	0	0	0	0	0	0	0
Unrestricted Grants-in-Aid (All 3100's except 3130)	3,061,807	2,763,447	4,703,804	4,811,809	5,300,572	6,064,071	6,635,451	6,908,991
3200's)	360,476	336,515	338,858	410,273	427,523	439,216	457,397	457,948
State Share of Local Property Taxes (3130)	5,672,038	5,669,423	5,660,714	5,660,714	5,660,714	5,660,714	5,660,714	5,660,714
All Other Revenues except 1931,1933,1940,1950,5100, 5200	5,669,737	3,546,659	4,528,045	4,147,984	4,105,154	4,166,444	4,229,562	4,294,570
Total Revenues	75,447,774	75,248,923	76,755,817	77,721,817	79,826,045	82,003,528	83,171,404	84,129,071
	1.20%	-0.26%	2.00%	1.26%	2.71%	2.73%	1.42%	1.15%
OTHER FINANCING SOURCES:								
Advances-In (5200)	735,522	740,116	1,053,083	772,500	772,500	772,500	772,500	772,500
All Other Financing Sources (including 1931 and 1933)	0	0	0	0	0	0	0	0
Total Other Financing Sources	735,522	740,116	1,053,083	772,500	772,500	772,500	772,500	772,500
Total Revenues and Other Financing Sources	76,183,296	75,989,040	77,808,900	78,494,317	80,598,545	82,776,028	83,943,904	84,901,571
EXPENDITURES:								
Personal Services	38,800,787	40,064,675	40,774,181	42,365,414	44,315,000	46,573,000	48,485,000	50,479,000
Employees' Retirement/Insurance Benefits	16,696,723	17,157,474	17,479,056	18,051,620	19,080,220	20,207,920	21,332,520	22,525,720
Purchased Services	12,532,344	11,430,529	12,106,423	13,301,215	13,666,394	14,040,315	14,422,807	14,818,559
Supplies and Materials	1,394,778	1,562,237	1,827,787	1,960,810	1,993,774	2,027,808	2,062,958	2,099,276
Capital Outlay	2,232,012	327,050	226,713	224,930	227,179	229,451	231,746	234,063
Other Objects	1,284,761	1,521,374	1,459,846	1,632,926	1,649,504	1,666,380	1,683,564	1,701,061
Total Expenditures	72,941,406	72,063,339	73,874,007	77,536,915	80,932,071	84,744,874	88,218,595	91,857,679
	6.12%	-1.20%	2.51%	4.96%	4.38%	4.71%	4.10%	4.13%
OTHER FINANCING USES:								
Operating Transfers-Out	1,249,839	637,460	27,330,449	609,760	492,000	492,000	492,000	492,000
Advances-Out	740,116	1,053,083	621,599	772,500	772,500	772,500	772,500	772,500
All Other Financing Uses	0	500	500	0	0	0	0	0
Total Other Financing Uses	1,989,955	1,691,043	27,952,548	1,382,260	1,264,500	1,264,500	1,264,500	1,264,500
Total Expenditures and Other Financing Uses	74,931,361	73,754,382	101,826,554	78,919,175	82,196,571	86,009,374	89,483,095	93,122,179
Operating Surplus/(Deficit)	1,251,935	2,234,658	(24,017,655)	(424,858)	(1,598,025)	(3,233,346)	(5,539,191)	(8,220,608)
Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacment & New Levies	57,003,412	58,255,348	60,490,005	36,472,351	36,047,493	34,449,468	31,216,122	25,676,931
Ending Cash Balance (June 30)	58,255,348	60,490,005	36,472,351	36,047,493	34,449,468	31,216,122	25,676,931	17,456,323
Estimated Encumbrances June 30	3,791,776	4,023,254	3,684,603	3,684,603	3,684,603	3,684,603	3,684,603	3,684,603
Unreserved Fund Bal June 30	54,463,572	56,466,752	32,787,748	32,362,890	30,764,865	27,531,519	21,992,328	13,771,720
90 day targeted cash carryover, 365 day year	265	279	118	150	137	117	90	54
Cash reserves @ 25% of expenses	18,732,840	18,438,595	25,456,639	19,729,794	20,549,143	21,502,343	22,370,774	23,280,545

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.

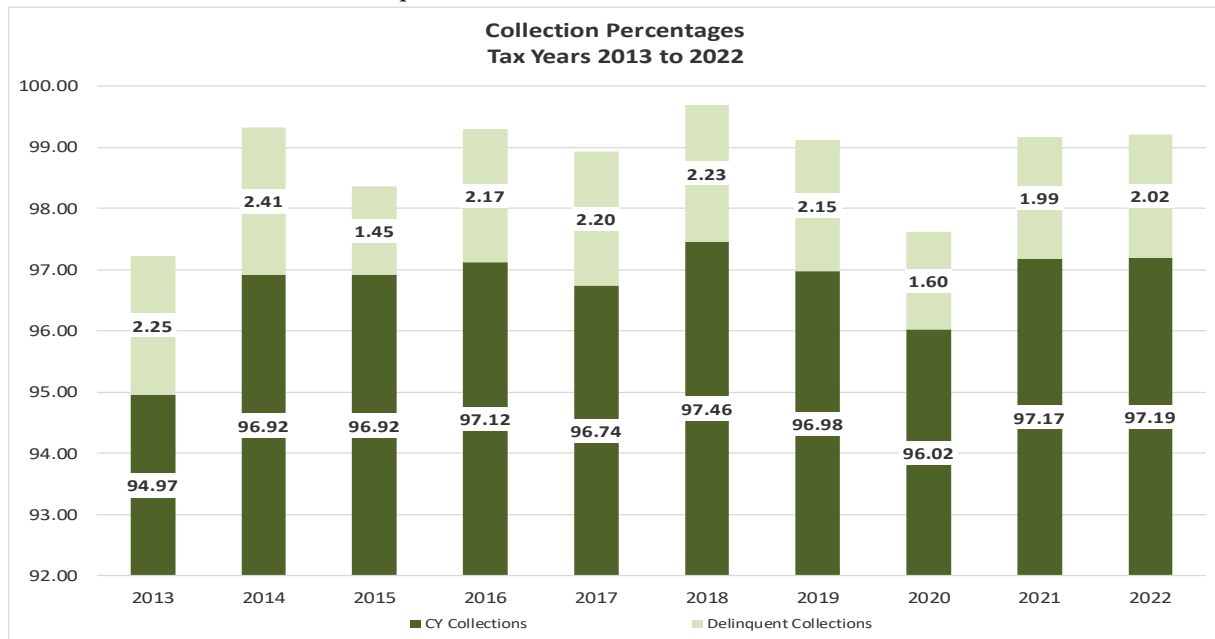
The **Tax equation**, albeit in a simplified format, can be expressed as:

$$\begin{array}{l} \text{Fair Market Value} \\ \text{Times Assessment Rate} \\ \text{Equals Assessed Value} \\ \text{Times Millage Rate} \\ \text{Equals Property Taxes Due} \end{array}$$

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

FY2023-24 tax collections have been generated consistent with the most recent estimates dated 10/03/23 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 development Highland Heights - that impact the timing of the new tax revenue originally considered in Fiscal Year 2023-24 and is now projected in FY2024-25. 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 \$20.2M or 30.2% 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 State Share of Local Property Taxes (Line 1.050) for the Homestead and 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 2023 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 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	2023/24	2024/25	2025/26	2026/27	2027/28	
Tax Year	2022	2023	2024	2025	2026	2027
Collection Year	2023	2024	2025	2026	2027	
MILLAGE RATES						
Inside Millage	0.00502	0.00502	0.00502	0.00502	0.00502	
Outside Effective Class I	0.03729	0.03668	0.03353	0.03302	0.03252	
Outside Effective Class II	0.04465	0.04403	0.03998	0.03793	0.03734	
Total Voted	0.08547	0.08547	0.08547	0.08547	0.08547	
ASSESSED VALUES						
<i>Reappraisal or Triennial</i>						
Carryover Property YOY chg %	1.17%	1.54%	8.66%	2.55%	1.51%	
<i>Class I - Res/Ag</i>						
Carryover Class I A	1,060,101,630	1,077,476,282	1,169,912,411	1,187,901,909	1,205,885,938	
New Construction A1	6,706,570	5,775,950	6,228,093	6,044,564	4,587,718	
Gates Mills a1	2,939,860	589,580	889,433	739,603	271,143	
Highland Hts a1	2,088,470	2,625,057	2,870,493	2,446,393	1,483,408	FY24 Grappa Farms 21 X \$750K buildout 3 yrs @ \$5.25M per year
Mayfield Hts. a1	1,051,120	718,283	649,753	602,988	804,078	
Mayfield Village a1	627,120	1,843,030	1,818,413	2,255,580	2,029,090	FY25 Montebello 52 units X \$500K buildout 5-ys @ \$5M per year
<i>Class II - Comm/Ind</i>						
Carryover Class II B	439,551,470	445,627,736	486,647,753	511,655,153	519,615,269	
New Construction B1	1,664,110	4,972,036	19,941,507	2,815,411	1,354,754	
Gates Mills b1	0	0	0	0	0	
Highland Hts b1	0	766,993	11,906,753	1,786,390	1,237,330	FY26 Bishop Rd. Assisted Living Center @ \$20M
Mayfield Hts. b1	1,664,110	4,183,433	8,017,453	1,019,293	107,697	FY25 Elk & Elk / Landerbrook Dental @ \$7.63M
Mayfield Village b1	0	21,610	17,300	9,728	9,728	
<i>Public Utility Property</i>						
Public Utility Property C	32,198,640	32,344,498	33,523,031	33,682,133	33,842,826	
Total Assessed Value						
(A+A1+B+B1+C)	1,540,222,420	1,566,196,502	1,716,252,795	1,742,099,170	1,765,286,506	
Current Year Collection Rates	0.9717	0.9739	0.9759	0.97615	0.9759	FY23 collection % from county
Current Year Tax Collections						
Inside Millage	7,263,572	7,691,938	8,149,805	8,355,564	8,644,833	
Class I Carryover	38,667,427	39,009,881	39,324,921	39,564,241	39,749,184	
Class I New Construction	254,333	234,448	229,188	195,125	171,983	
Class II Carryover	18,088,329	18,457,891	18,978,832	19,428,534	19,511,392	
Class II New Construction	155,016	550,736	467,879	84,904	58,237	
Public Utility	2,683,597	2,746,323	2,803,437	2,816,748	2,850,994	
SUB-TOTAL T1	67,112,274	68,691,217	69,954,062	70,445,116	70,986,623	
Cuyahoga Budget Commission:	67,778,599					
Delinquent Collections T2	1,239,478	1,301,580	1,379,735	1,403,878	1,480,938	
LESS: State Share of Local Property Taxes T3	5,660,714	5,660,714	5,660,714	5,660,714	5,660,714	Reimb for Class I taxes in effect prior to Nov 2013
Line 1.010 Real Property Taxes plus 1.020						
Public Utility Taxes (T1+T2-T3)	62,691,038	64,332,083	65,673,083	66,188,280	66,806,848	
YOY Dollar Change	865,320	1,641,045	1,341,000	515,197	618,567	
YOY Percentage Change	1.40%	2.62%	2.08%	0.78%	0.93%	
						1.56% 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.

As previously mentioned, HB33- the State’s biennial budget bill covering the period July 1, 2023 to June 30, 2025, maintained the provisions above (including the base cost component phase-in) and more importantly it increased the minimum state share percentage from 5% to 10% beginning in FY24. Pursuant to simulations provided by Forecast 5, the Basic Aid levels are scheduled to increase by \$1,542,175 in FY2023-24 and \$457,484 in FY2024-25 or a cumulative \$1.9M over the biennium. It is assumed that the remaining 2-years of the phase-in, which is subject to legislative continuance via a successor biennial budget, and future increases are therefore also simulated.

What follows are the key components of the fair school funding formula and the year over year changes, including commentary (notes) where appropriate.

Executive Leadership	Gov DeWine HB110	Gov DeWine HB33					
Funding Category	FY2022/23 Actual	FY2023/24 Estimate as of Oct #1	FY2024/25 Estimate	FY2025/26 Estimate	FY2026/27 Estimate	FY2027/28 Estimate	NOTES
ADM/Enrollment under HB110	3,773.50	3,710.06	3,710.06	3,777.00	3,779.00	3,780.00	
Per Pupil Funding	7,315	8,242	8,242	8,454	8,454	8,748	
State Share Index	5.00%	10.00%	10.00%	10.00%	10.00%	10.00%	HB33 Increased State share Index from a 5% to a 10% minimum guarantee level
SUB-TOTAL BASIC AID:	1,380,243	3,057,902	3,057,902	3,193,076	3,194,767	3,306,744	
BASE COST	1,017,903	1,880,628	2,280,628	2,880,628	3,280,628	3,480,628	
Special Education Weights	83,683	284,404	284,404	284,404	284,404	284,404	
Transportation	674,480	904,744	958,944	1,086,924	1,221,802	1,258,456	
Special Ed Transportation	323,415	500,383	500,383	500,383	500,383	500,383	
Journal Voucher Entries	37,984	109,480	112,765	116,148	119,632	123,221	
GROSS: State Foundation	2,137,465	3,679,640	4,137,124	4,868,487	5,406,849	5,647,092	
(3110) NET STATE FOUNDATION	2,137,465	3,679,640	4,137,124	4,868,487	5,406,849	5,647,092	
SF Catastrophic Reimbursement	2,311,608	863,188	889,084	915,756	943,229	971,526	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 with FY23 actual of \$1.1M. Assumed \$863K for future years with a 3% inflator
Casino Revenue Sharing	254,731	268,981	274,364	279,828	285,373	290,373	
(3190) Other Unrestricted Grants & Aid	2,566,339	1,132,169	1,163,448	1,195,584	1,228,602	1,261,899	
Student Wellness & Success Funds	51,229	93,511	96,316	99,206	102,182	102,182	
Career Technical	17,707	27,611	37,754	37,754	37,754	37,754	
Gifted Aid	141,750	126,580	130,378	134,289	138,318	138,318	
English Learners	9,057	16,829	17,333	17,853	18,389	18,941	
Disadvantage Pupil Impact Aid	119,116	145,742	145,742	150,114	160,754	160,754	
(32##) Other Restricted Grants & Aid	338,858	410,273	427,523	439,216	457,397	457,948	
(3190 & 32##) TOTAL OTHER STATE SOURCES	2,905,197	1,542,442	1,590,971	1,634,801	1,685,999	1,719,847	
ADM	3,773.13	3,710.06	3,710.06	3,777.00	3,779.00	3,780.00	
Total SF-3 Aid	5,042,662	5,222,082	5,728,095	6,503,287	7,092,848	7,366,939	

- ✓ 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 and weighted average yield to maturities. 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, private payment arrangements, 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 FY2020/21 includes \$1.2M of one-time private pay arrangements with a local property tax payer and FY2022/23 includes a \$300K one-time private payment. These kinds of receipts will no longer be available as legislation now prohibits these kinds of arrangements. The values in this category have been estimated using trend data and absent the larger one-time payments.
 - 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.

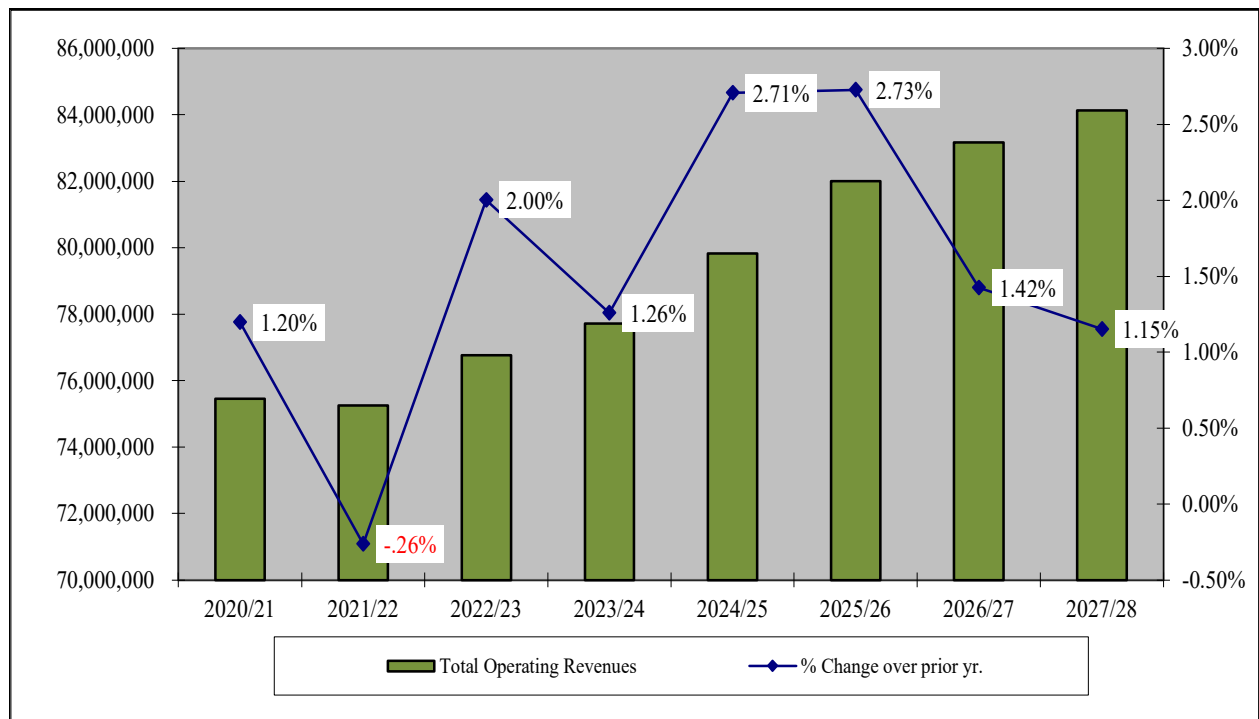
Below is a table detailing the participating businesses, the pertinent abatement terms, and the dollar values to be received in FY2023-24, which are consistent with those received in FY2022-23.

#	Business	Business Address	Property Description	ABATEMENT				FY 2023-24
				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				ESTIMATE				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
OPERATING REVNEUE								
Real Property Taxes	58,400,892	60,499,958	58,891,586	60,007,441	61,585,760	62,869,646	63,371,533	63,955,854
Tang. Pers. Property Taxes	2,282,824	2,432,921	2,632,810	2,683,597	2,746,323	2,803,437	2,816,748	2,850,994
State Support of Local Property Taxes	5,672,038	5,669,423	5,660,714	5,660,714	5,660,714	5,660,714	5,660,714	5,660,714
State Foundation	2,885,942	2,061,642	2,137,465	3,679,640	4,137,124	4,868,487	5,406,849	5,647,092
Tang. Pers. Prop Loss Pymnt	0	0	0	0	0	0	0	0
Other State Sources	624,680	1,038,320	2,905,197	1,542,442	1,590,971	1,634,801	1,685,999	1,719,847
Interest Income	789,131	538,327	1,209,185	921,453	836,709	854,699	873,075	891,846
Misc. Income	2,692,897	823,876	1,166,482	1,074,152	1,116,066	1,159,367	1,204,108	1,250,345
Revenue in Lieu of Taxes	2,099,370	2,184,456	2,152,379	2,152,379	2,152,379	2,152,379	2,152,379	2,152,379
Sub-total Operating Revenue	75,447,774	75,248,923	76,755,818	77,721,817	79,826,045	82,003,528	83,171,404	84,129,071
Dollar Change over prior yr.	893,425	(198,852)	1,506,895	966,000	2,104,228	2,177,483	1,167,875	957,667
% Change over prior yr.	1.20%	-0.26%	2.00%	1.26%	2.71%	2.73%	1.42%	1.15%
Cumulative Dollar Change:	893,425	694,574	2,201,469	3,167,468	5,271,696	7,449,179	8,617,055	9,574,722
NON-OPERATING REVNEUE								
Transfers & Advances	735,522	740,116	1,053,083	772,500	772,500	772,500	772,500	772,500
Line 2.080 Total:	76,183,296	75,989,039	77,808,901	78,494,317	80,598,545	82,776,028	83,943,904	84,901,571
Dollar Change over prior yr.	1,424,538	(194,258)	1,819,862	685,417	2,104,228	2,177,483	1,167,875	957,667
% Change over prior yr.	1.91%	-0.25%	2.39%	0.88%	2.68%	2.70%	1.41%	1.14%

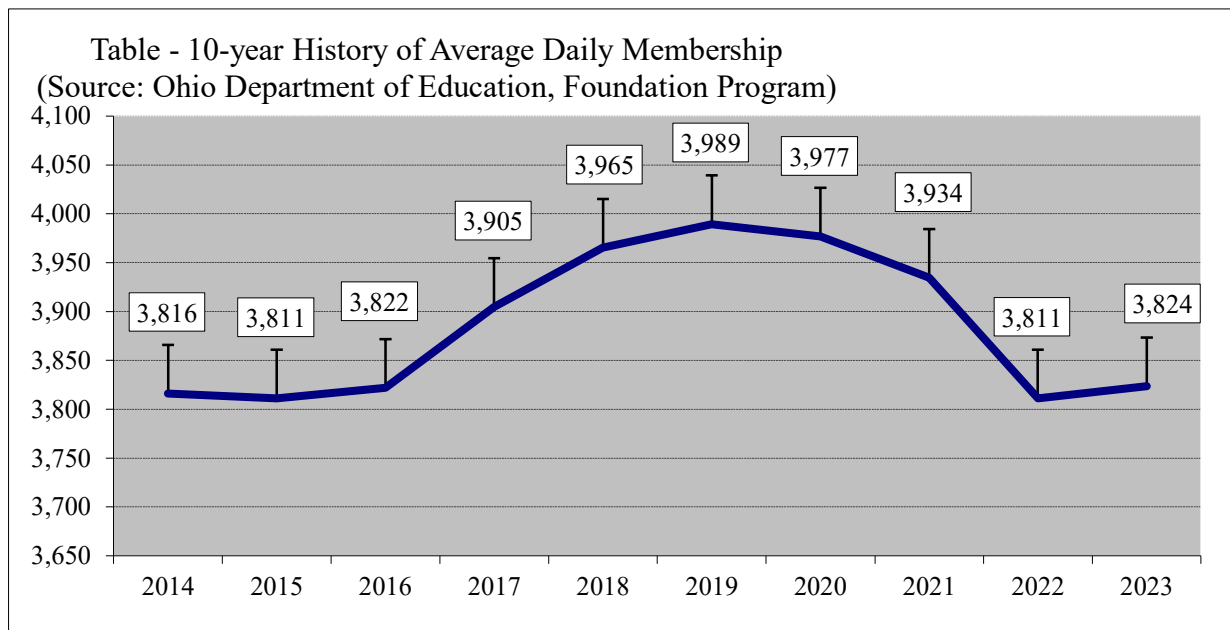


EXPENDITURES

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 Focus Forward Mayfield Priorities, which serve as the framework for decision-making when contemplating current or new initiatives.



FOCUS FORWARD

Mayfield City Schools
EVERY STUDENT. EVERY DAY.

PRIORITIES

OUR STUDENTS

HEALTH & WELLNESS: Encourage healthy personal habits, social-emotional learning, character development and promote a sense of belonging.

PORTRAIT OF A MAYFIELD WILDCAT: Develop students who exhibit the Portrait of a Mayfield Wildcat competencies in our schools and in our community.

PERSONALIZED LEARNING: Empower all students through a personalized learning approach to increase student learning and engagement.

PROFESIONAL LEARNING COMMUNITIES: Implement a research-based framework to improve student outcomes.

OUR OPERATIONS

CONSISTENT COMMUNICATION: Cultivate practices that promote productive, interpersonal communication with all stakeholders.

FISCAL RESPONSIBILITY: Invest in district priorities, balancing focus on student success with fiscal responsibility.

EFFECTIVE & EFFICIENT OPERATIONS: Plan for and provide the highest quality environment for safety and wellness, working as a team with efficiency, professionalism and excellence in support of the district's priorities and the needs of the community.

SYSTEMS ALIGNMENT: Achieve our identified outcomes professionally, efficiently and responsibly through aligned strategies, collaboration and communication.

OUR PEOPLE

HEALTH & WELLNESS: Provide employee assistance and wellness programs to improve productivity, effectiveness, attendance and job satisfaction.

RECRUITMENT & RETENTION: Recruit diverse, qualified applicants and retain effective teachers, leaders and staff who exhibit the competencies of the Portrait of a Mayfield employee.

COLLABORATIVE CULTURE: Provide a collegial environment, develop relationships, cultivate collaboration, provide opportunities for open communication and enhance a sense of community through shared values.

PROFESSIONAL DEVELOPMENT: Develop aligned and relevant professional learning for all employees that is tailored to their needs, improves knowledge, collaboration and effectiveness while supporting educational and operational excellence.

RECOGNITION & REWARDS: Celebrate team and individual success in meaningful ways both formally and informally as a district/school, by supervisors and peer-to-peer.

OUR FAMILIES & COMMUNITY

FAMILY ENGAGEMENT: Encourage, educate and provide avenues for each students' family to be actively involved with their child's education.

BUSINESS & COMMUNITY ENGAGEMENT: Nurture strong, mutually complementary partnerships among the district, business and community to support student learning experiences.

ALUMNI ENGAGEMENT: Partner effectively with our alumni.

The District administration also deploys, in concert with the Focus Forward Priorities, the following budgeting principles to serve as financial guide posts:

- 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 evaluate and establish staffing levels.

Given that there are some residue effects from the COVID-19 pandemic, it is assumed that there is resumption to normal day to day operations in each projected fiscal year and that we will continue 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.

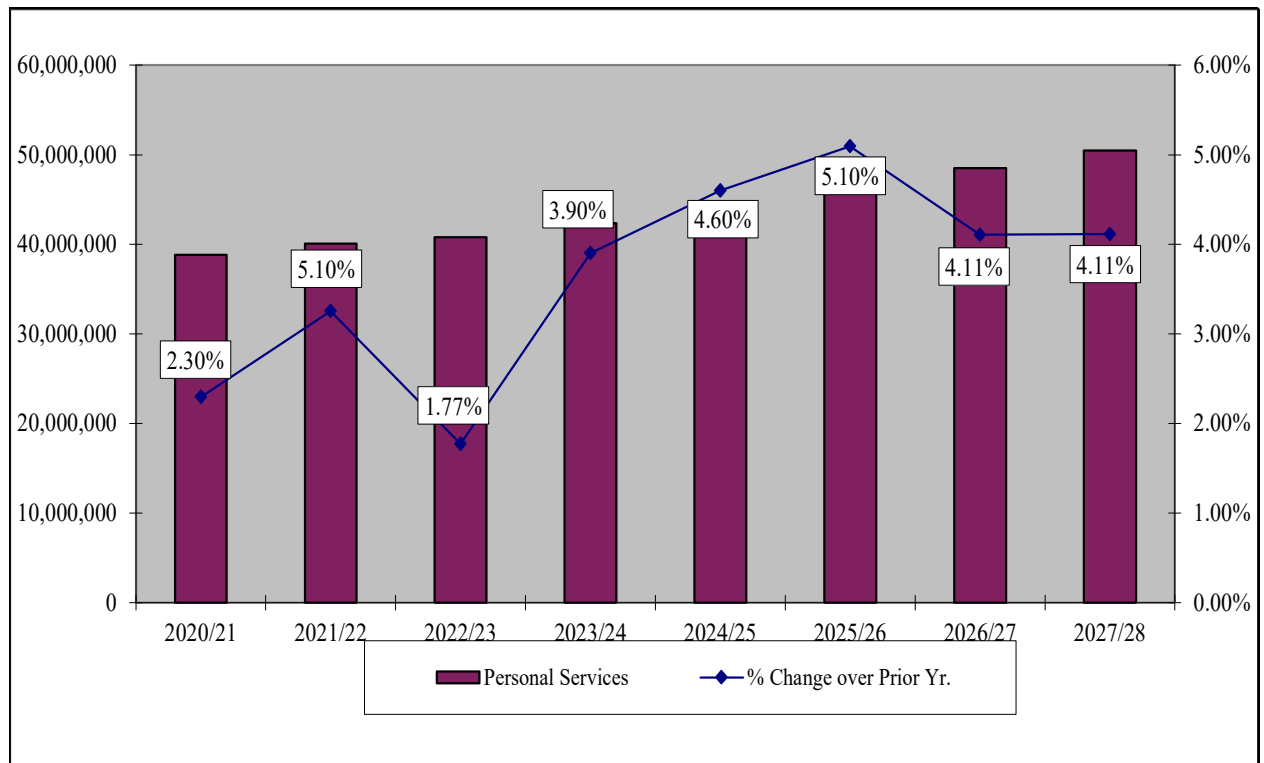
The Teacher salary schedule also includes automatic salary increases for those staff members that earn degree or hours above a Bachelor's degree. There are currently 8 columns ranging from Bachelors to Masters plus 60 hours or Doctorate.

- ✓ 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.

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

TEACHERS				ESTIMATE				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Base & Salary Schedule %	4.65%	4.65%	3.65%	3.75%	4.75%	5.25%	4.25%	4.25%
Cost of 1%	\$290,754	\$300,226	\$307,186	\$318,711	\$333,860	\$351,390	\$366,320	\$381,890
SUPPORT STAFF								
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Base & Salary Schedule %	4.20%	4.20%	3.20%	3.10%	4.10%	4.60%	3.60%	3.60%
Cost of 1%	\$90,362	\$92,441	\$91,749	\$95,747	\$99,660	\$104,240	\$107,980	\$111,870
Certified Staff (Fixed Costs)	28,015,077	28,994,682	29,788,300	30,905,560	32,375,000	34,075,000	35,523,000	37,033,000
Certified Staff (Variable Costs)	1,363,171	1,380,118	1,316,583	1,371,730	1,438,000	1,512,000	1,579,000	1,650,000
Classified Staff (Fixed Costs)	8,783,880	8,928,152	8,914,732	9,306,314	9,687,000	10,133,000	10,497,000	10,875,000
Classified Staff (Variable Costs)	638,659	761,724	755,046	781,810	815,000	853,000	886,000	921,000
Sub-Total Line 3.010	38,800,787	40,064,675	40,774,661	42,365,414	44,315,000	46,573,000	48,485,000	50,479,000
Annual Dollar Change	871,079	1,263,888	709,986	1,590,753	1,949,586	2,258,000	1,912,000	1,994,000
Annual Percentage Change	2.30%	3.26%	1.77%	3.90%	4.60%	5.10%	4.11%	4.11%
Cumulative Dollar Change	871,079	2,134,967	2,844,953	4,435,706	6,385,292	8,643,292	10,555,292	12,549,292



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:

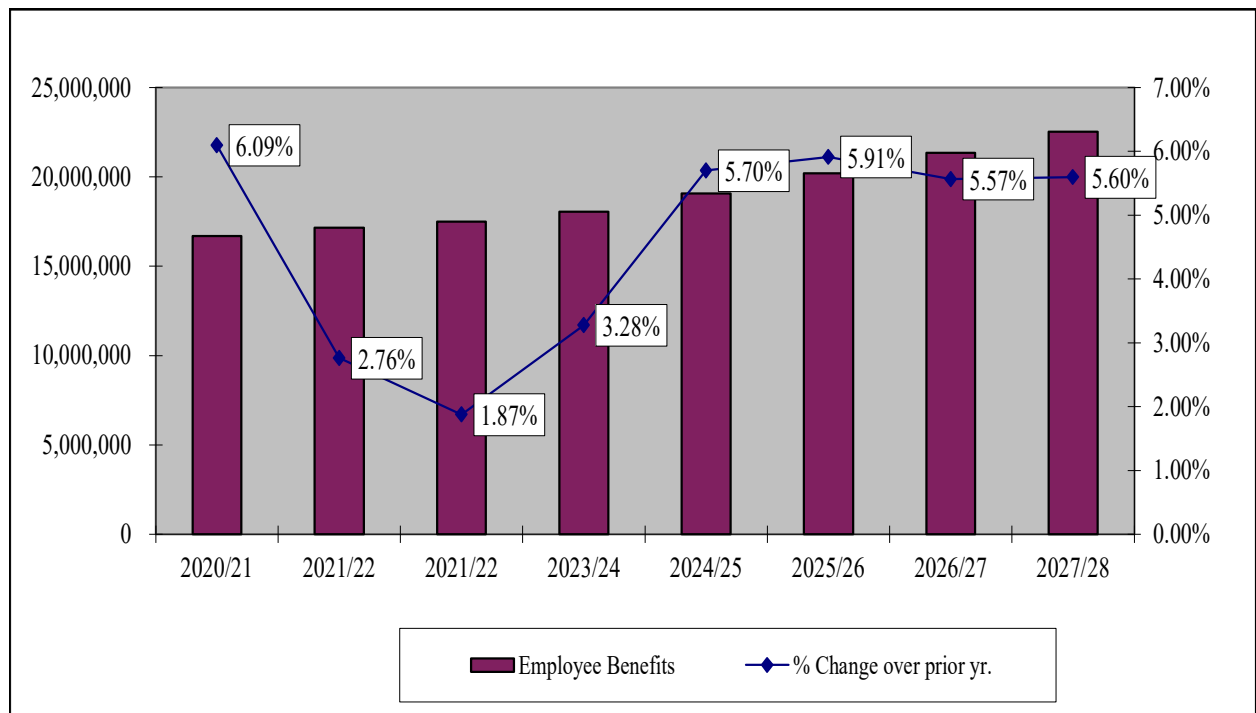
- ✓ All retirement (STRS & SERS) contributions will increase at the same rate as base and step increases and there will not be new legislation by the Ohio General Assembly to increase the employer contribution rates. Historical fluctuations between fiscal years that do not follow a normal trend line 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 FY2022/23 the minimum salary was \$25,000 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 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 2.00% for FY2023/24 and 2.00% for each of the forecasted years.
 - Dental – has been trended at 3.00% for FY2023/24 and 3.00% for each of the forecasted years thereafter.
 - Term Life – has been trended at 2.00% for FY2023/24 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				ESTIMATE				
	2020/21	2021/22	2021/22	2023/24	2024/25	2025/26	2026/27	2027/28
Medical & Rx	\$24,977	\$25,479	\$27,263	\$27,971	\$29,929	\$32,024	\$34,266	\$36,665
Dental	\$1,782	\$1,782	\$1,835	\$1,890	\$1,947	\$2,005	\$2,065	\$2,127
Vision	\$193	\$193	\$193	\$193	\$193	\$193	\$193	\$193
Term-Life	\$86	\$88	\$90	\$91	\$93	\$95	\$97	\$99
Total BOE Cost for Full-time employee	\$27,038	\$27,541	\$29,380	\$30,146	\$32,162	\$34,318	\$36,621	\$39,084
Dollar Change	\$1,691	\$504	\$1,839	\$766	\$2,017	\$2,155	\$2,304	\$2,463
% Change over prior yr.	6.67%	1.86%	6.68%	2.61%	6.69%	6.70%	6.71%	6.72%
Employee Benefits Categories								
STRS	4,548,314	4,710,947	4,787,829	4,968,130	5,204,100	5,477,300	5,710,100	5,952,800
SERS	1,556,357	1,574,673	1,600,703	1,650,700	1,718,400	1,797,400	1,862,100	1,929,100
Medical Ins.	9,179,258	9,455,061	9,669,916	9,976,110	10,674,400	11,421,600	12,221,100	13,076,600
Vision Ins.	563,578	567,173	565,388	586,100	603,700	621,800	640,500	659,700
Term-Life	113,658	113,293	107,528	110,700	111,840	113,040	114,240	115,540
Medicare	534,680	552,344	562,865	570,680	576,380	583,080	588,580	594,280
Workers Comp	154,139	159,290	162,022	164,870	166,500	168,200	169,900	171,600
Other Benefits	46,739	24,695	22,804	24,330	24,900	25,500	26,000	26,500
Total Line 3.020	16,696,723	17,157,474	17,479,055	18,051,620	19,080,220	20,207,920	21,332,520	22,526,120
Dollar Change	959,135	460,752	321,580	572,565	1,028,600	1,127,700	1,124,600	1,193,600
% Change over prior yr.	6.09%	2.76%	1.87%	3.28%	5.70%	5.91%	5.57%	5.60%
Cumulative Dollar Change	959,135	1,419,887	1,741,467	2,314,032	3,342,632	4,470,332	5,594,932	6,788,532



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. Included are the School Resource Officers, legal fees, etc. 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 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 had been reduced due the disruption caused by the COVID-19 pandemic, however, beginning in FY2021/22 and continuing into FY2022/23 a more normalized pattern of contracted transportation ensued and has therefore established a revised baseline level that has been trended for the duration of the forecasted period.
- ✓ 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 FY2020/21.
- ✓ 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. A detailed breakdown of this category follows:

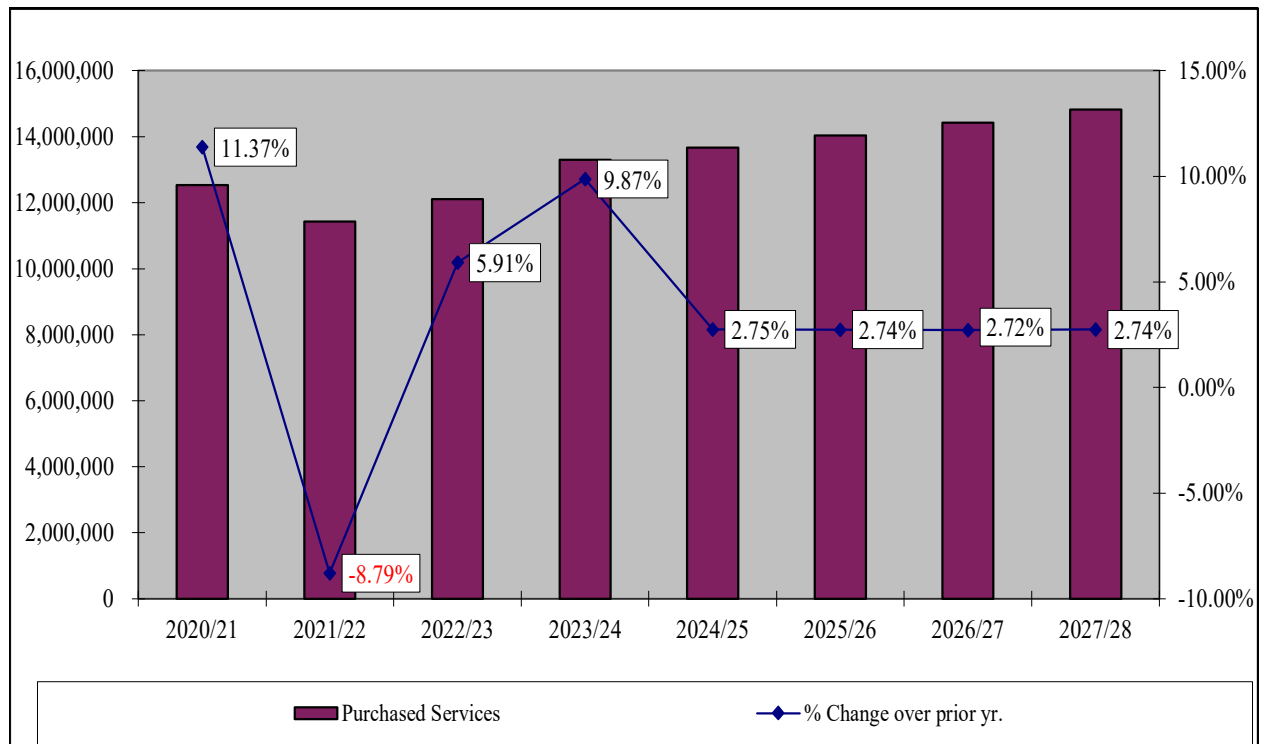
TUITION

Program	Estimate FY2023-24	Estimate FY2024-25	Estimate FY2025-26	Estimate FY2026-27	Estimate FY2027-28	NOTES
PRESCHOOL						
FTE	56.00	56.00	56.00	56.00	56.00	
PS tuition per FTE	32,149	33,113	34,107	35,130	36,184	
PS-Tuition TOTAL T-4	1,800,340	1,854,350	1,909,981	1,967,280	2,026,299	3% growth rate from FY23
MCHI - ELEM						
FTE	4.00	4.00	4.00	4.00	4.00	
MCE tuition per FTE	111,408	114,750	118,192	121,738	125,390	
MCE-Tuition TOTAL T-5	445,630	458,999	472,769	486,952	501,560	3% growth rate from FY23
MCHI - MS						
FTE	4.00	4.00	4.00	4.00	4.00	
MCM tuition per FTE	63,695	65,606	67,574	69,601	71,689	
MCM-Tuition TOTAL T-6	254,780	262,423	270,296	278,405	286,757	3% growth rate from FY23
SHIP						
FTE	3.00	3.00	3.00	3.00	3.00	
SHIP tuition per FTE	66,667	68,667	70,727	72,848	75,034	
SHIP-Tuition TOTAL T-7	200,000	206,000	212,180	218,545	225,102	3% growth rate from FY23
CEVEC						
FTE	20.00	20.00	20.00	20.00	20.00	
CEVEC tuition per FTE	17,500	18,025	18,566	19,123	19,696	
CEVEC-Tuition TOTAL T-8	350,000	360,500	371,315	382,454	393,928	3% growth rate, enroll @ 150
EXCEL TECC - MAYFIELD PROGRAMS						
FTE	240.00	240.00	240.00	240.00	240.00	
E-TECC tuition per FTE	5,000	5,150	5,305	5,464	5,628	
E-TECC-Tuition TOTAL T-9	1,200,000	1,236,000	1,273,080	1,311,272	1,350,611	3% growth rate from FY23
Miscellaneous Tuition						
ETecc-Other Programs	703,160	724,255	745,982	768,362	791,413	
College Credit Plus	73,000	75,190	77,446	79,769	82,162	
Out of District (K-6)	1,518,310	1,563,859	1,610,775	1,659,098	1,708,871	
Out of District (7-12)	907,820	935,055	963,106	991,999	1,021,759	
Miscellaneous	288,275	296,923	305,831	315,006	324,456	
MISC-Tuition TOTAL T-10	3,490,565	3,595,282	3,703,140	3,814,235	3,928,662	3% growth rate from FY23
GROSS TUITION (T-1+T-2+T-3+T-4+T-5+T-6+T-7+T-8+T-9+T-10)						
	7,804,520	8,039,367	8,279,409	8,524,366	8,778,812	
Less: State Foundation Credit	0	0	0	0	0	
NET TUITION	7,804,520	8,039,367	8,279,409	8,524,366	8,778,812	

- ✓ 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				ESTIMATE				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Professional & Technical	1,084,729	1,519,303	1,176,624	1,623,880	1,656,358	1,689,485	1,723,274	1,757,740
Contracted Professional	1,153,999	1,040,882	1,016,630	1,027,310	1,053,240	1,079,850	1,107,159	1,135,185
Repairs & Maintenance	312,954	82,171	129,071	173,520	178,726	184,087	189,610	195,298
Rentals	43,746	47,680	46,851	51,630	52,146	52,668	53,194	53,726
Pupil Transportation	455,639	586,934	731,675	774,590	783,036	791,588	800,246	809,014
Property & Fleet Insurance	90,504	96,568	102,136	131,605	135,553	139,620	143,808	148,123
Utilities	1,316,887	1,388,992	1,341,322	1,383,990	1,431,195	1,480,099	1,530,770	1,583,274
Tuition	7,907,231	6,462,730	7,331,009	7,804,520	8,039,367	8,279,409	8,524,366	8,778,812
All Other Purchased Services	166,656	205,268	231,105	330,170	336,773	343,509	350,379	357,387
Total Line 3.030	12,532,345	11,430,529	12,106,423	13,301,215	13,666,394	14,040,315	14,422,807	14,818,559
Dollar Change	1,279,875	(1,101,816)	675,894	1,194,792	365,179	373,921	382,492	395,752
% Change over prior yr.	11.37%	-8.79%	5.91%	9.87%	2.75%	2.74%	2.72%	2.74%



Line 3.040 Supplies & Materials

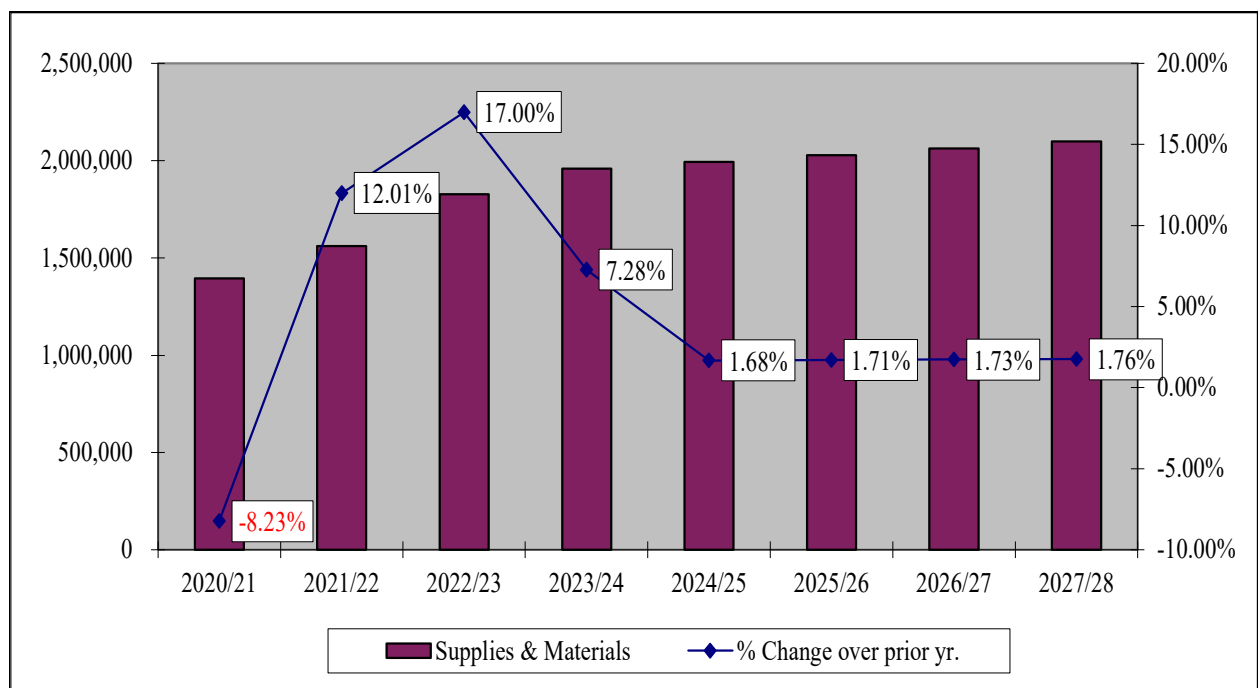
By definition, this category represents amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated from use, or that lose their identity through fabrication or incorporation.

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 that 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.

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

				ESTIMATE				
Supplies & Materials	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Educational Supplies	438,596	366,456	551,751	663,630	670,266	676,969	683,739	690,576
Textbooks	195,232	187,412	366,756	227,860	230,139	232,440	234,764	237,112
Library Books etc.	70,076	58,696	71,790	69,750	70,448	71,152	71,863	72,582
Software	71,298	157,853	42,497	57,660	58,237	58,819	59,407	60,001
Building & Grounds Supplies	337,117	411,953	391,238	391,900	395,819	399,777	403,775	407,813
Vehicle Supplies	282,460	379,868	403,755	550,010	568,866	588,650	609,410	631,192
Total Line 3.040	1,394,779	1,562,237	1,827,787	1,960,810	1,993,774	2,027,808	2,062,958	2,099,276
Dollar Change	(125,025)	167,458	265,550	133,023	32,964	34,034	35,151	36,318
% Change over prior yr.	-8.23%	12.01%	17.00%	7.28%	1.68%	1.71%	1.73%	1.76%



Line 3.050 New & Replacement Equipment

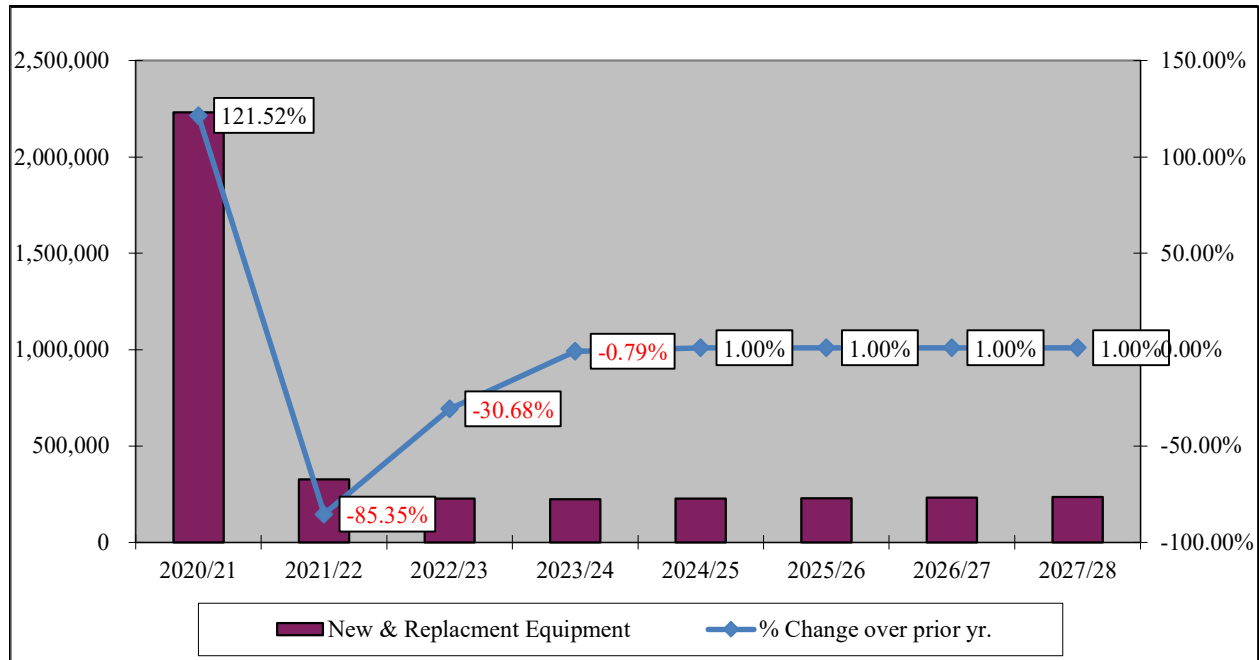
By definition, this category represents expenditures for the acquisition of, or addition to, fixed assets. Included are expenditures for land or existing buildings; improvements of grounds; construction of buildings; additions to buildings; remodeling of buildings; initial and additional equipment, furnishings 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, \$150K of strategic cash reserves FY2020/21 were used to accelerate the program for students and to provide handheld learning devices for certified and classified staff. In all forecasted periods, the baseline budget level has returned to normal and is 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 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.

				ESTIMATE				
New & Replacement Equipment	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
All Other New & Replacement Equip	1,638,810	60,982	20,113	25,510	25,765	26,023	26,283	26,546
New & Replacmnt Computer Equip	0	0	0	0	0	0	0	0
New & Replacmnt Instructional Equip	274,612	236,646	206,600	199,420	201,414	203,428	205,463	207,517
Replacement Vehicles & Buses	318,590	29,422	0	0	0	0	0	0
Line 3.050 Total:	2,232,012	327,050	226,713	224,930	227,179	229,451	231,746	234,063
Dollar Change	1,224,415	(1,904,962)	(100,337)	(1,783)	2,249	2,272	2,295	2,317
% Change over prior yr.	121.52%	-85.35%	-30.68%	-0.79%	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.

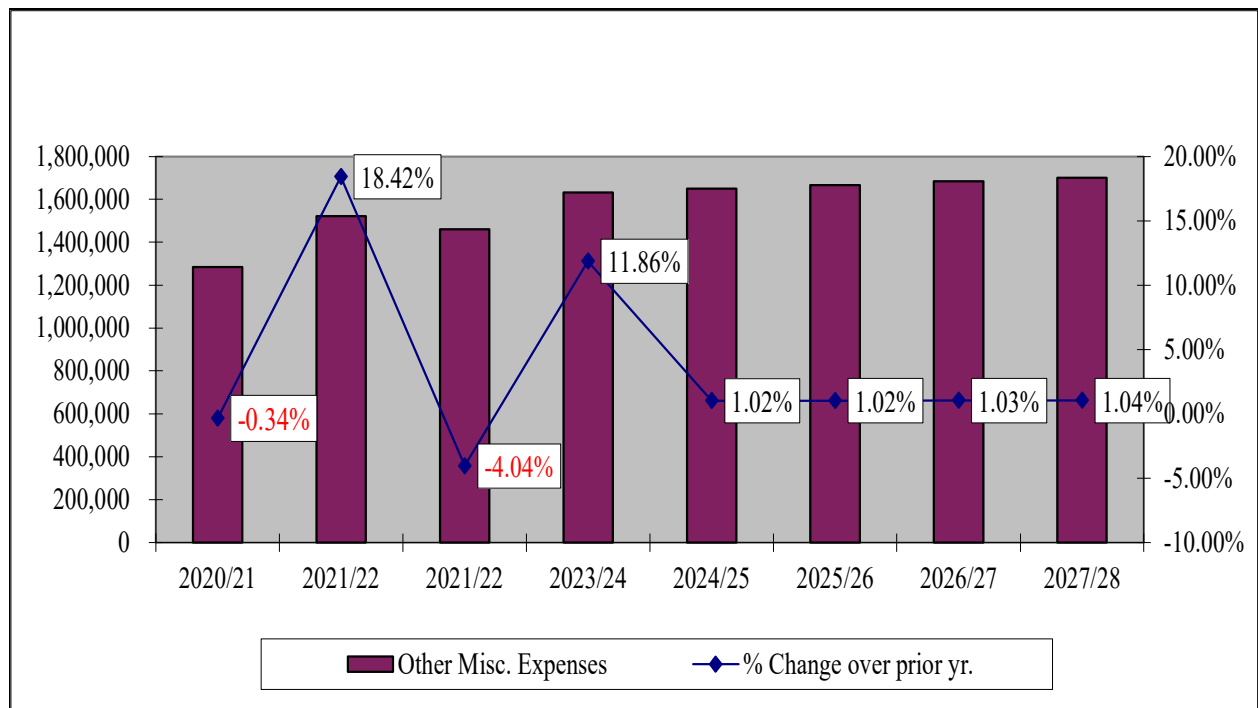
General Assumptions for this category include:

- ✓ 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.

	ACTUAL			ESTIMATE				
Other Misc. Expenses	2020/21	2021/22	2021/22	2023/24	2024/25	2025/26	2026/27	2027/28
General Liability & Performance Bond	152,050	165,209	189,095	197,036	200,977	204,996	209,096	213,278
Cuyahoga Co. ESC	27,307	26,371	26,474	24,930	25,179	25,431	25,685	25,942
County Auditor & Treasurer's Fees	907,253	1,126,673	1,014,907	1,146,280	1,152,011	1,157,771	1,163,560	1,169,378
All Other Misc. Expenses	198,151	203,122	229,369	264,680	271,336	278,182	285,222	292,462
Line 4.300 Total:	1,284,761	1,521,374	1,459,846	1,632,926	1,649,504	1,666,380	1,683,564	1,701,061
Dollar Change	(4,381)	236,613	(61,528)	173,080	16,578	16,877	17,183	17,497
% Change over prior yr.	-0.34%	18.42%	-4.04%	11.86%	1.02%	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 FY2020/21, and due to the COVID-19 pandemic, the District transferred \$300K to offset losses in the food service program due to remote learning occurring in the entire 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 \$245K to consumable fee 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 for severance related costs resulting from exit incentive programs that were successfully implemented as well as transfers for normal severance payments resulting from resignations or retirements. These transfers are placed into separate termination benefit funds 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 transferred 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 transferred 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.

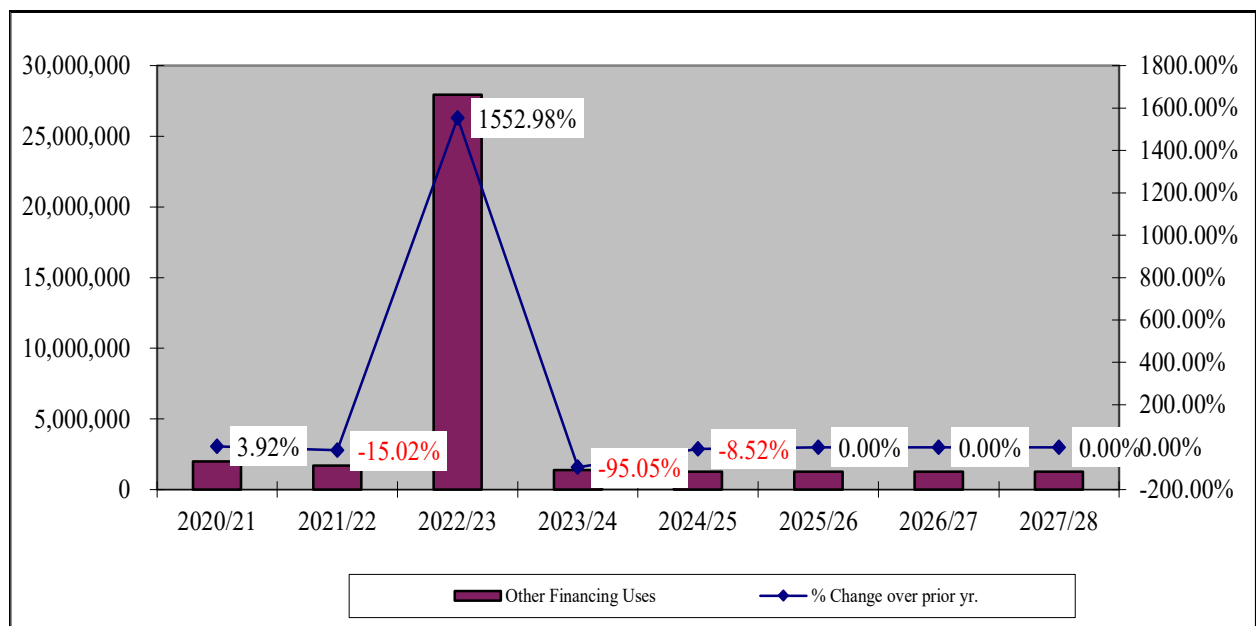
Finally, at its October 26, 2023 regular meeting, the Mayfield Board of Education approved the creation of a Capital Improvements Fund pursuant to ORC 5705.13(C) and transferred \$20M to pay for costs associated with planned capital improvements at Lander Elementary, Center Elementary, Innovation Center, 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 \$14.31M of the funds available.

It is assumed that a return to a normal transfer cycle will resume in FY2023/24 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.

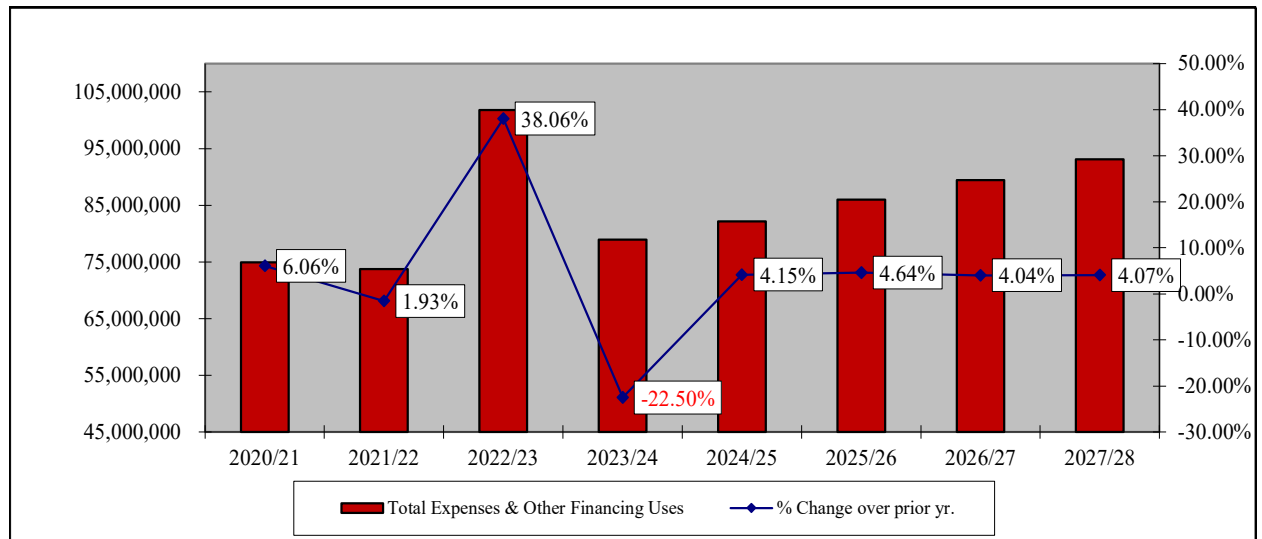
Other Financing Uses				ESTIMATE				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Transfers_Operational	674,839	182,091	235,379	609,760	492,000	492,000	492,000	492,000
Transfers_Capital Improvements	0	0	20,000,000	0	0	0	0	0
Transfers_One-Time Stipends	0	0	5,489,705	0	0	0	0	0
Transfer_Exit Incentive	575,000	455,369	1,605,365	0	0	0	0	0
All Other Financing Uses	0	500	500	0	0	0	0	0
Advances	740,116	1,053,083	621,599	772,500	772,500	772,500	772,500	772,500
Refund of Prior Year	0	0	0	0	0	0	0	0
Line 5.040 Total:	1,989,955	1,691,043	27,952,548	1,382,260	1,264,500	1,264,500	1,264,500	1,264,500
Dollar Change	75,075	(298,912)	26,261,505	(26,570,288)	(117,760)	0	0	0
% Change over prior yr.	3.92%	-15.02%	1552.98%	-95.05%	-8.52%	0.00%	0.00%	0.00%



Line 5.050 Total Expenditures and Other Financing Uses

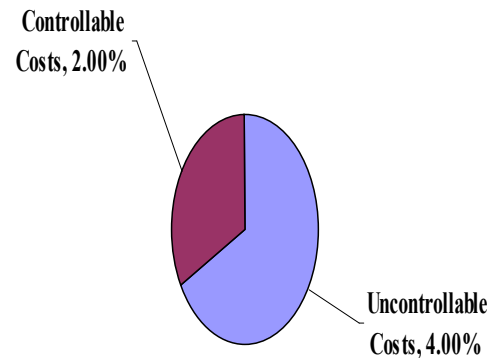
The following table & graph provide a statistical & visual comparison of all expenditure and other financing uses.

Total Expenses & Other Financing Uses				ESTIMATE				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Personal Services	38,800,787	40,064,675	40,774,181	42,365,414	44,315,000	46,573,000	48,485,000	50,479,000
Employee Benefits	16,696,723	17,157,474	17,479,056	18,051,620	19,080,220	20,207,920	21,332,520	22,525,720
Purchased Services	12,532,344	11,430,529	12,106,423	13,301,215	13,666,394	14,040,315	14,422,807	14,818,559
Supplies and Materials	1,394,778	1,562,237	1,827,787	1,960,810	1,993,774	2,027,808	2,062,958	2,099,276
Capital Outlay	2,232,012	327,050	226,713	224,930	227,179	229,451	231,746	234,063
Other Objects	1,284,761	1,521,374	1,459,846	1,632,926	1,649,504	1,666,380	1,683,564	1,701,061
Total Other Financing Uses	1,989,955	1,691,043	27,952,548	1,382,260	1,264,500	1,264,500	1,264,500	1,264,500
Line 5.050 Total:	74,931,361	73,754,382	101,826,554	78,919,175	82,196,571	86,009,374	89,483,095	93,122,179
Dollar Change	4,280,174	(1,176,979)	28,072,173	(22,907,379)	3,277,396	3,812,803	3,473,721	3,639,084
% Change over prior yr.	6.06%	-1.57%	38.06%	-22.50%	4.15%	4.64%	4.04%	4.07%
Cumulative Dollar Change	4,280,174	3,103,195	31,175,368	8,267,988	11,545,384	15,358,187	18,831,908	22,470,992

**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

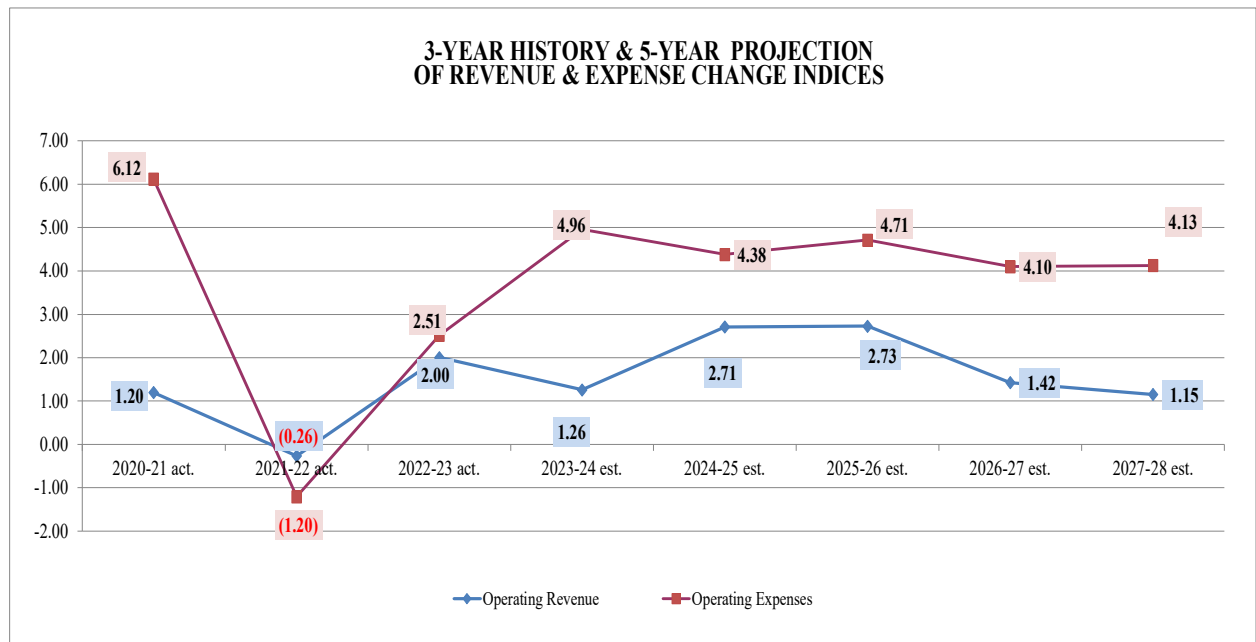
The District uses the encumbrance method as part of its formal budgetary and management control. Under this method, purchase orders, contracts, resolutions and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation for future payment.

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 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 in 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 – 2024 or 2025.

Please let me know if you have any questions.



LEVY & FINANCIAL SCENARIOS					
		A		B	
		2024 Levy	5.00		
		2025 Levy		5.00	
#	Month Ending	Projected Fund Balance CURRENT	B 8yr. levy option	C 9yr. levy option	Cash Reserves 90 days carryover
	Jun-21	54,463,571	54,463,571	54,463,571	18,732,840
	Jun-22	56,466,751	56,466,751	56,466,751	18,438,595
	Jun-23	32,787,747	32,787,747	32,787,747	25,456,639
3	Sep-23	43,518,188	43,518,188	43,518,188	
6	Dec-23	25,914,014	25,914,014	25,914,014	
9	Mar-24	44,073,261	44,073,261	44,073,261	
12	Jun-24	32,362,890	32,362,890	32,362,890	19,729,794
15	Sep-24	44,705,599	44,705,599	44,705,599	
18	Dec-24	26,340,928	26,340,928	26,340,928	
21	Mar-25	43,769,996	47,646,804	43,769,996	
24	Jun-25	30,764,865	34,641,672	30,764,865	20,549,143
27	Sep-25	43,055,645	50,917,721	43,055,645	
30	Dec-25	23,836,293	31,698,369	23,836,293	
33	Mar-26	41,240,557	52,979,441	45,488,799	
36	Jun-26	27,531,519	39,270,403	31,779,761	21,502,343
39	Sep-26	39,427,446	55,151,598	48,042,782	
42	Dec-26	19,379,662	35,103,815	27,994,999	
45	Mar-27	36,372,810	55,973,770	49,236,389	
48	Jun-27	21,992,327	41,593,288	34,855,906	22,370,774
51	Sep-27	33,420,865	57,007,094	50,651,539	
54	Dec-27	12,426,273	36,012,502	29,656,947	
57	Mar-28	28,938,080	56,401,117	50,416,996	
60	Jun-28	13,771,719	41,234,756	35,250,635	23,280,545
63	Sep-28	24,601,896	56,050,202	50,447,907	
66	Dec-28	2,586,156	34,034,461	28,432,166	
69	Mar-29	18,474,439	53,799,552	48,568,692	
72	Jun-29	2,459,371	37,784,484	32,553,624	24,234,165
75	Sep-29	12,655,833	51,966,215	47,117,180	
78	Dec-29	(10,447,496)	28,862,885	24,013,851	
81	Mar-30	4,783,652	47,970,842	43,493,242	
84	Jun-30	(12,140,785)	31,046,404	26,568,804	25,232,219
87	Sep-30	(2,738,665)	44,433,793	40,338,020	
90	Dec-30	(26,990,695)	20,181,763	16,085,989	
93	Mar-31	(12,593,535)	38,455,731	34,731,391	
96	Jun-31	(30,483,706)	20,565,560	16,841,221	26,277,340