

FIVE-YEAR FORECAST July 10, 2024



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 (2024-2025 through 2028-2029)

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, 2025 through June 30, 2029, with historical information presented for fiscal years ended June 30, 2022, 2023, and 2024 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 appears to be slowing. Wages have grown 3.9% annually, the first sub-4% rate of wage growth in nearly three years. Job openings also fell to a three-year low and the demand for temps has fallen in 23 of the past 24 months. And while the Federal Reserve can't cut interest rates and tame inflation until wage growth slows even further, it must be careful to time its action as to not negatively impact job growth.
- Key economic statistics per "The Kiplinger Letter" dated May 9, 2024 suggests the following:
 - GDP growth - 2.5% in 2024 and 1.9% in 2025
 - Interest Rates – 10-year rates stay in the upper 4's until inflation improves
 - Inflation - Core rate (excluding food & energy) ends 2024 at 3.6%, down from 3.9% currently.
- 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. At the conclusion of FY2023-24, there remained an unencumbered balance of \$54,715.31.
- There will be no significant new unfunded mandates enacted by the Federal government or enhancements to current Federal mandates.

STATE:

- In March, the Federal Reserve Bank of Cleveland summarized the economic outlook for Ohio in its latest edition of its Beige Book. The publication noted a slight increase in business activity in recent weeks with a modest rise expected in the coming months. Consumer spending, however, moderated subsequent to the holiday season with softer spending in discretionary categories across retail segments. Demand for manufactured goods, on the other hand, edged up, though customer predictability and seasonal patterns appear to have become less certain following the pandemic. Residential construction demand also increased as mortgage rates declined from their relatively high several months prior; however, housing inventory has remained low. Overall, employment was flat, wage and nonlabor cost pressures were largely unchanged, and loan demand stabilized from the declines observed in 2023.

In January, the number of homes sold in Ohio increased by 4.4% compared to the same month last year, according to the Ohio REALTORS association. This marks the first increase in the number of homes sold, both new and existing, in the state since 2022. Additionally, data provided by Ohio's Multiple Listing Services note the average sale price for the month rose in ten out of the 15 markets tracked, compared to January of last year. The average home price in January was \$254,943, a 7.4% increase from the \$237,467 recorded for the same month last year.

- 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.

Calendar year 2024 represents a reappraisal to all Cuyahoga County real property – both Class I Residential and Class II Commercial & Industrial. As of this writing, the County's determination of the value increases has not been released and/or submitted to the Ohio Tax Commissioner. For the purpose of this forecast filing, a 20% increase has been assumed for all classifications of property and has also been factored into the levy consideration discussed later in this forecast.

Of particular note is the impact of various Class II or business property valuation reduction complaints due to market disruptions caused by COVID and more specifically the changing business practice of working remote or from home.

Because of this new practice, Progressive Insurance – the largest Class II taxpayer in the District providing approximately \$4.1M annually in tax revenue – has decided to reduce its local footprint by selling or idling a number of its properties. They have historically owned 15 parcels within the school district and have placed for sale six of these properties. Further, the business office real property has seen a significant reduction in value, both nationally and locally, and Progressive (along with a couple other medium to large office complexes in the District) have filed valuation complaints up to 50% of what is recorded with the Cuyahoga County Auditor. This places approximately \$2.0M of tax revenue in jeopardy and HB920 would normally protect the District, however, \$1.6M is associated with a Tax Increment Financing (TIF) or abatement program with Mayfield Village and is therefore not subject to this protection. See the abatement or Revenue in Lieu of Taxes discussion later in this presentation for the Progressive properties referenced.

- 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 \$474M of Class II business real property value will continue to provide \$22.1M 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, 2024 and concluding June 30, 2029. 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 2025 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 FY2025 at **-\$1,523,380** and then accumulate/compound rapidly to **-\$10,398,972** in FY2029. The deficits in FY2023 and FY2024 were 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.

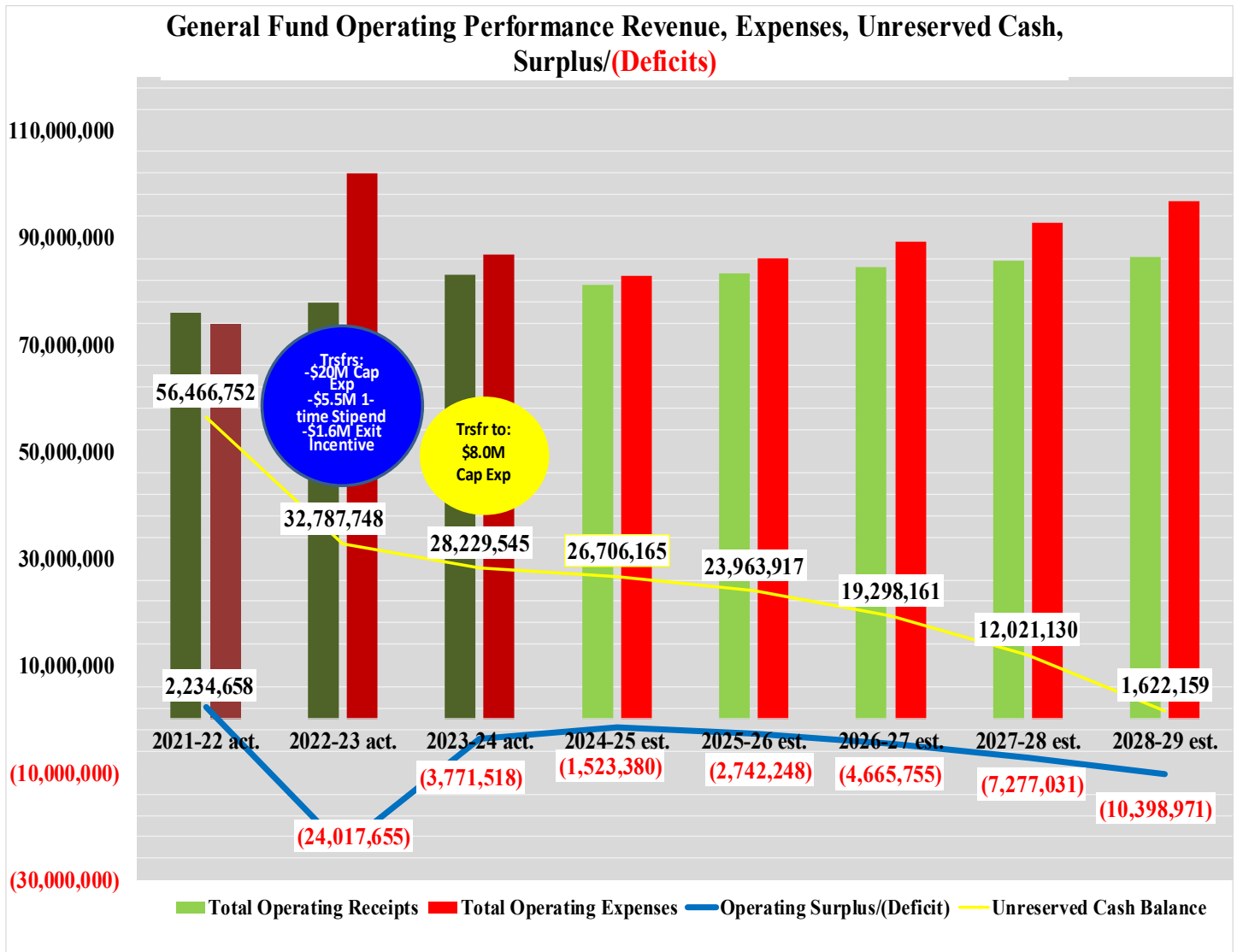
FACTORS USED TO DETERMINE THE MILLAGE RATE (LEVY)					
1-mill equals:	1,400,000				
Levy Duration Expressed in Years:	4				
Year over Year Expenditure Change:	3,000,000				
Year over Year Percentage Change:	4.50%				
Structural Operating Deficit:	(1,000,000)				
					Year
Future Year 1:	3,000,000				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
Annual Structural Deficit Revenue needed:	1,000,000	2,000,000	4,000,000	8,000,000	15,000,000
Operating Millage:	5.89				
Deficit Millage @ occurrence:	0.71	year 1			
TOTAL MILLAGE:	6.60				
Deficit Millage after occurrence:	5.71	Year 4			
TOTAL MILLAGE:	11.60				

It is important to remind the reader that the District is not permitted, per the Ohio Revised Code, to end a fiscal year with a cash deficit. Therefore, the District will continue to evaluate additional revenue opportunities and reductions to its expenditures in advance of this occurrence.

Below is a table and graphical representation of the various elements mentioned in the "Levy Factors" table above, with the table detailing a 25% of total operating expenditures (or 90-days) of targeted ending cash carryover. This targeted value is considered a strategic one-time reserve allowance to allow the District to thoughtfully react to 3 significant risk factors, each representing a 30-day cash reserve requirement given their materiality and in concert with the collective 90-day target.

- **Economic** - a significant downturn in key economic factors could result in the closure or relocation of a principal taxpayer such as Progressive Insurance, Rockwell Automation, Parker Hannifin, etc.
- **Cash Flow** - a delay in the payment of taxes during normal collection cycles can significantly disrupt operations.
- **Legislative** - the Ohio General Assembly establishes budget values to support primary and secondary instruction in 2-year increments, however, legislates changes in the Ohio Tax Code and other areas throughout the legislative calendar.

<i>Fiscal Year</i>	<i>2024-25 est.</i>	<i>2025-26 est.</i>	<i>2026-27 est.</i>	<i>2027-28 est.</i>	<i>2028-29 est.</i>
Total Operating Receipts	81,186,819	83,344,740	84,501,656	85,539,263	86,241,230
Total Operating Expenses	82,710,200	86,086,988	89,167,412	92,816,294	96,640,201
Operating Surplus/(Deficit)	(1,523,380)	(2,742,248)	(4,665,755)	(7,277,031)	(10,398,971)
Unreserved Cash Balance	26,706,165	23,963,917	19,298,161	12,021,130	1,622,159
Target Ending balance % of expenses = 25%	20,677,550	21,521,747	22,291,853	23,204,073	24,160,050
Targeted True Days Cash Carry over 90 days	118	102	79	47	6



The Mayfield Board of Education annually evaluates its actual to targeted reserves and has recently used these one-time reserves (as denoted in the blue and yellow text circles in FY2022-23 and FY2023-24 above) for strategic expenses such as capital improvements, one-time wage settlements associated with successor collective bargaining agreements, and one-time payments associated with exit incentive programs to turnover senior staff.

Five-Year Forecast – Summary

Description	FY2021/22 Actual	FY2022/23 Actual	FY2023/24 Actual	FY2024/25 Estimate	FY2025/26 Estimate	FY2026/27 Estimate	FY2027/28 Estimate	FY2028/29 Estimate
REVENUES:								
General Property Tax (Real Estate)	60,499,958	58,891,586	63,180,331	62,249,041	63,467,692	63,943,140	64,592,834	64,995,287
Tangible Personal Property Tax	2,432,921	2,632,810	2,839,503	2,900,807	3,026,184	3,047,105	3,088,277	3,125,051
Income Tax	0	0	0	0	0	0	0	0
Unrestricted Grants-in-Aid (All 3100's except 3130)	2,763,447	4,703,804	5,123,207	5,336,425	6,067,198	6,635,722	6,906,882	7,080,027
3200's)	336,515	338,858	585,908	419,424	431,232	450,151	450,782	463,530
State Share of Local Property Taxes (3130)	5,669,423	5,660,714	5,675,268	5,675,268	5,675,268	5,675,268	5,675,268	5,675,268
All Other Revenues except 1931,1933,1940,1950,5100, 5200	3,546,659	4,528,045	5,031,132	3,984,255	4,055,567	4,128,672	4,203,621	4,280,469
Total Revenues	75,248,923	76,755,817	82,435,348	80,565,220	82,723,142	83,880,058	84,917,664	85,619,631
	-0.26%	2.00%	7.40%	-2.27%	2.68%	1.40%	1.24%	0.83%
SOURCES:								
Advances-In (5200)	740,116	1,053,083	621,599	621,599	621,599	621,599	621,599	621,599
Total Other Financing Sources	740,116	1,053,083	621,599	621,599	621,599	621,599	621,599	621,599
Total Revenues and Other Financing Sources	75,989,040	77,808,900	83,056,946	81,186,819	83,344,740	84,501,656	85,539,263	86,241,230
EXPENDITURES:								
Personal Services	40,064,675	40,774,181	42,023,821	44,263,000	46,519,000	48,431,000	50,423,000	52,497,000
Employees' Retirement/Insurance Benefits	17,157,474	17,479,056	18,035,075	18,763,264	19,889,854	21,007,754	22,193,654	23,451,754
Purchased Services	11,430,529	12,106,423	13,389,757	13,666,394	14,040,315	14,422,807	14,818,559	15,233,044
Supplies and Materials	1,562,237	1,827,787	1,607,119	2,471,180	2,072,309	2,126,042	2,181,457	2,238,620
Capital Outlay	327,050	226,713	811,777	632,358	634,630	231,746	234,063	236,404
Other Objects	1,521,374	1,459,846	1,662,855	1,649,504	1,666,380	1,683,564	1,701,061	1,718,879
Total Expenditures	72,063,339	73,874,007	77,530,404	81,445,700	84,822,488	87,902,912	91,551,794	95,375,701
	-1.20%	2.51%	4.95%	5.05%	4.15%	3.63%	4.15%	4.18%
OTHER FINANCING USES:								
Operating Transfers-Out	637,460	27,330,449	8,600,396	492,000	492,000	492,000	492,000	492,000
Advances-Out	1,053,083	621,599	697,665	772,500	772,500	772,500	772,500	772,500
All Other Financing Uses	500	500	0	0	0	0	0	0
Total Other Financing Uses	1,691,043	27,952,548	9,298,061	1,264,500	1,264,500	1,264,500	1,264,500	1,264,500
Total Expenditures and Other Financing Uses	73,754,382	101,826,554	86,828,465	82,710,200	86,086,988	89,167,412	92,816,294	96,640,201
Operating Surplus/(Deficit)	2,234,658	(24,017,655)	(3,771,518)	(1,523,380)	(2,742,248)	(4,665,755)	(7,277,031)	(10,398,971)
Beginning Cash Balance (July 1) - Excluding Proposed Renewal/ Replacment & New Levies	58,255,348	60,490,005	36,472,351	32,700,832	31,177,452	28,435,204	23,769,448	16,492,417
Ending Cash Balance (June 30)	60,490,005	36,472,351	32,700,832	31,177,452	28,435,204	23,769,448	16,492,417	6,093,446
Estimated Encumbrances June 30	4,023,254	3,684,603	4,471,287	4,471,287	4,471,287	4,471,287	4,471,287	4,471,287
Unreserved Fund Bal June 30	56,466,752	32,787,748	28,229,545	26,706,165	23,963,917	19,298,161	12,021,130	1,622,159
90 day targeted cash carryover, 365 day year	279	118	119	118	102	79	47	6
Cash reserves @ 25% of expenses	18,438,595	18,956,639	21,707,116	20,677,550	21,521,747	22,291,853	23,204,073	24,160,050

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:

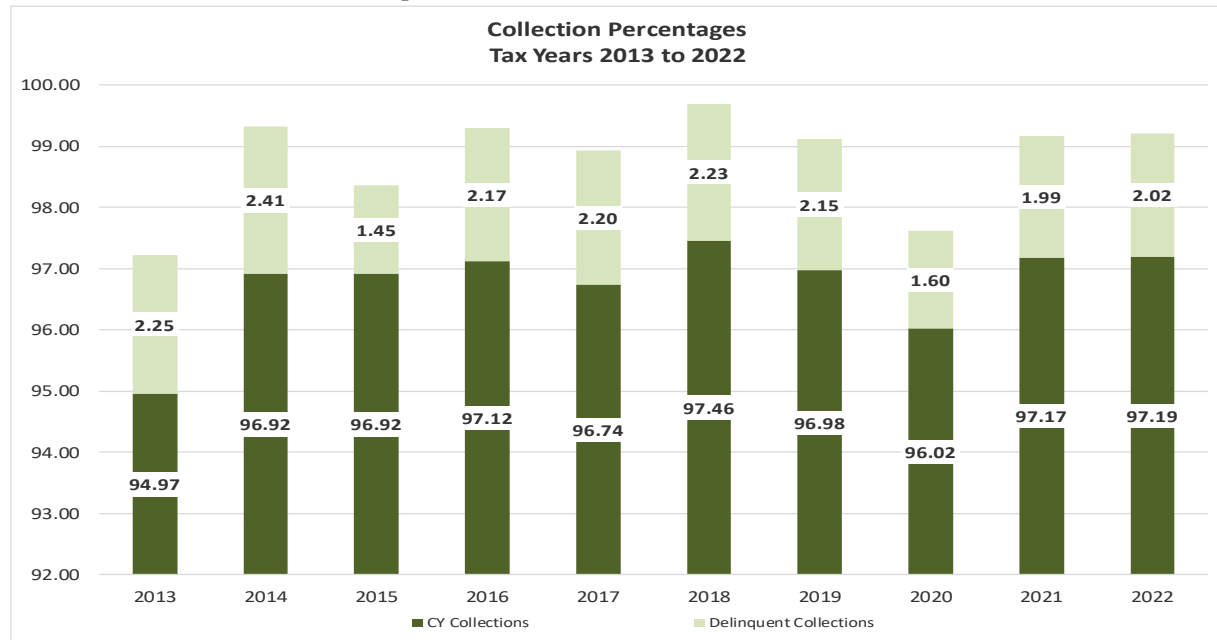
$$\begin{array}{l} \text{Fair Market Value} \\ \text{Times Assessment Rate} \\ \text{Equals Assessed Value} \\ \text{Times Millage Rate} \\ \text{Equals Property Taxes Due} \end{array}$$

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.

- Please see Exhibits 1 & 2 at the end of this report as further illustration of the concepts above and the impact of reappraisal in Tax Year 2024.

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

FY2024-25 tax collections have been generated consistent with the most recent estimates dated 05/20/24 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 2023-24 collections. Class I residential property and Class II commercial property remain consistent with projections. There are concerns regarding the outcome of number of Class II property valuation reduction complaints filed in March 2024, the last year of the 3-year triennial period for which these properties could be challenged prior to reappraisal. While HB920 should protect the District from any losses, except for the portion of the Progressive challenge that is subjected to a TIF, office space is the predominantly challenged property classification. We will continue to monitor this situation closely, along with the assistance of our property valuation attorney Bob Brindza, to protect our Class II property tax collections that represent \$23.7M or 35% of total taxes billed and collected.

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 **-0.24%** between actual and the Budget Commission and **.32%** between compared to District internal estimates. Clearly this 6-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	#	186,289	0.28%	65,615,463
2022/23	67,610,896	(1,955,315) &	-2.89%	65,655,581	#	(1,580,715)	-2.41%	67,236,295
2023/24	67,778,599	2,520,864 &	3.72%	70,299,463	#	2,270,585	3.23%	68,028,877
6-year average		(151,613)	-0.24%			245,199	0.32%	

* - Timing difference between advances from tax year 2018.

& - Delayed payment of a principal Class II property taxpayer.

- 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		2024/25	2025/26	2026/27	2027/28	2028/29	
Tax Year		2023	2024	2025	2026	2027	
Collection Year		2024	2025	2026	2027	2028	
MILLAGE RATES							
Inside Millage		0.00502	0.00502	0.00502	0.00502	0.00502	
Outside Effective Class I		0.03732	0.02983	0.02941	0.02898	0.02771	
Outside Effective Class II		0.04596	0.03607	0.03556	0.03510	0.03363	
Total Voted		0.08547	0.08547	0.08547	0.08547	0.08547	
ASSESSED VALUES							
<i>Reappraisal or Triennial</i>		<i>Reappraisal</i>		<i>Triennial</i>		NOTES	
Carryover Property YOY chg %		-0.13%	20.23%	1.39%	1.41%	4.26%	
<i>Class I - Res/Ag</i>							
Carryover Class I	A	1,064,563,860	1,278,277,044	1,296,302,314	1,315,370,347	1,372,756,388	
New Construction	A1	9,618,530	5,190,593	6,044,564	4,587,718	4,983,163	
Gates Mills	a1	2,893,970	2,889,433	739,603	271,143	749,887	
Highland Hts	a1	1,550,380	1,032,993	2,446,393	1,483,408	1,886,203	FY25 Grappa Farms 21 X \$750K buildout 3 yrs @ \$5.25M per year
Mayfield Hts.	a1	2,315,890	649,753	602,988	804,078	301,077	
Mayfield Village	a1	2,858,290	618,413	2,255,580	2,029,090	2,045,997	FY25 Montebello 52 units X \$500K buildout 5-yr @ \$5M per year
<i>Class II - Comm/Ind</i>							
Carryover Class II	B	431,891,850	524,809,207	532,179,648	539,196,846	561,729,735	
New Construction	B1	9,124,290	2,101,336	1,678,616	927,900	1,635,698	
Gates Mills	b1	0	0	0	0	0	
Highland Hts	b1	3,221,370	766,993	200,210	361,090	167,090	FY25 Bishop Rd. Assisted Living Center @ \$6.2M
Mayfield Hts.	b1	4,383,360	1,017,453	1,019,293	107,697	917,673	FY25 Elk & Elk / Landerbrook Dental @ \$7.63M
Mayfield Village	b1	1,519,560	316,890	459,113	459,113	550,935	
<i>Public Utility Property</i>							
Public Utility Property	C	33,433,670	36,232,686	36,407,993	36,585,053	37,300,375	
Total Assessed Value							
(A+A1+B+B1+C)		1,548,632,200	1,846,610,866	1,872,613,135	1,896,667,864	1,978,405,359	
Current Year Collection Rates							
		0.9717	0.9737	0.9757	0.9777	0.9777	FY23 collection % from county
Current Year Tax Collections							
Inside Millage		8,077,388	8,877,988	9,022,368	9,306,284	9,560,996	
Class I Carryover		39,067,539	39,430,093	39,701,616	39,960,129	40,116,258	
Class I New Construction		281,564	190,142	176,769	156,130	123,086	
Class II Carryover		18,919,025	19,172,837	19,245,936	19,295,633	19,344,135	
Class II New Construction		260,668	74,920	50,830	49,609	62,302	
Public Utility		2,900,807	3,026,184	3,047,105	3,088,277	3,125,051	
SUB-TOTAL	T1	69,506,991	70,772,165	71,244,625	71,856,061	72,331,828	
Cuyahoga Budget Commission:							
		67,778,599					
Delinquent Collections	T2	1,318,125	1,396,979	1,420,888	1,500,319	1,463,778	
LESS: State Share of Local							
Property Taxes	T3	5,675,268	5,675,268	5,675,268	5,675,268	5,675,268	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)		65,149,848	66,493,876	66,990,245	67,681,112	68,120,338	
YOY Dollar Change		1,538,566	1,344,028	496,369	690,867	439,226	
YOY Percentage Change		2.42%	1.90%	0.69%	0.95%	0.60%	
1.31% 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 HB33	Gov DeWine HB33					
Funding Category		FY2023/24 Actual	FY2024/25 Estimate	FY2025/26 Estimate	FY2026/27 Estimate	FY2027/28 Estimate	FY2028/29 Estimate	NOTES
ADM/Enrollment under HB110		3769.37	3,710.06	3,777.00	3,779.00	3,780.00	3,780.00	
Per Pupil Funding		8,242	8,242	8,454	8,454	8,748	8,748	
State Share Index		10.00%	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:		3,106,571	3,057,902	3,193,076	3,194,767	3,306,744	3,306,744	
BASE COST		1,903,735	2,380,628	2,980,628	3,380,628	3,580,628	3,680,628	
Special Education Weights		286,405	286,405	286,405	286,405	286,405	286,405	
Transportation		988,963	988,963	1,086,924	1,221,802	1,258,456	1,296,210	
Special Ed Transportation		497,635	497,635	497,635	497,635	497,635	497,635	
Journal Voucher Entries		127,292	37,984	39,124	40,297	41,506	42,751	
GROSS: State Foundation		3,804,031	4,191,616	4,890,716	5,426,768	5,664,631	5,803,630	
(3110) NET STATE FOUNDATION	A	3,804,031	4,191,616	4,890,716	5,426,768	5,664,631	5,803,630	
SF Catastrophic Reimbursement		1,063,451	889,084	915,756	943,229	971,526	1,000,672	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. Assumed \$889K for future years with a 3% inflator
Casino Revenue Sharing		255,725	255,725	260,725	265,725	270,725	275,725	
Misc. Entries		2,060						
(3190) Other Unrestricted Grants & Aid	B	1,321,236	1,144,809	1,176,481	1,208,954	1,242,251	1,276,397	
Student Wellness & Success Funds		94,660	97,500	100,425	103,438	103,438	106,541	
Career Technical		25,077	25,830	25,830	25,830	25,830	25,830	
Gifted Aid		127,299	131,118	135,052	139,103	139,103	143,276	
English Learners		19,242	19,819	20,414	21,026	21,657	22,307	
High Quality Instructional Materials		174,544						Assumed a 1-year subsidy, subject to legislation
Misc. Entries		4,156						
Disadvantage Pupil Impact Aid		140,929	145,157	149,512	160,754	160,754	165,577	
(32##) Other Restricted Grants & Aid	B	585,908	419,424	431,232	450,151	450,782	463,530	
(3190 & 32##) TOTAL OTHER STATE SOURCES	Sum of B	1,907,144	1,564,233	1,607,714	1,659,105	1,693,033	1,739,927	
ADM		3,769.37	3,710.06	3,777.00	3,779.00	3,780.00	3,780.00	
Total SF-3 Aid		5,711,175	5,755,849	6,498,430	7,085,873	7,357,664	7,543,557	

- ✓ 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.

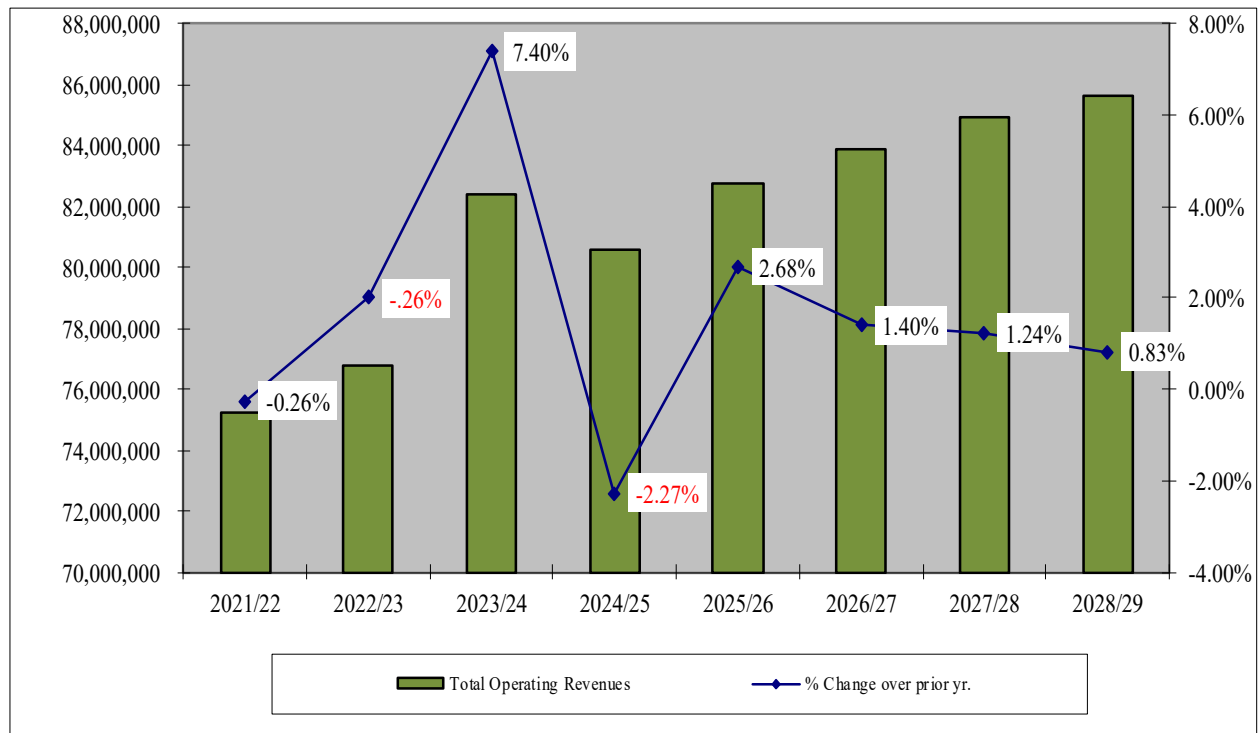
Below is a table detailing the participating businesses, the pertinent abatement terms, and the dollar values to be received in FY2024-25, as compared to those received in FY2022-23. Progressive Insurance has requested a 50% reduction in property values at its North Commons Boulevard location via a complaint filed in March 2024 for the 3-year period of 2021, 2022, & 2023. Due to the property subjected to a Tax Increment Financing (TIF) agreement, it is assumed that their reduction compliant will be approved resulting in a 50% drop in collections beginning in FY2024-25 and each year thereafter.

#	Business	Business Address	Property Description	ABATEMENT				FY 2023-24	FY 2024-25
				Abatement Begins	Abatement Ends	Term	Percent	Total	Total
1	Progressive	N. Commons Blvd.	Office Buildings	01/01/02	12/31/31	30	100.00%	1,571,142	785,571
2	Progressive	N. Commons Blvd.	Office Buildings	01/01/01	12/31/30	30	100.00%	176,021	88,010
3	Governor's Village	280 N. Commons Blvd	Convalescent Home	01/01/04	12/31/33	30	100.00%	137,173	137,173
4	Altercare (Mayfield Village Center for Rehab)	290 N. Commons Blvd	Nursing Home	01/01/03	12/31/32	30	100.00%	44,754	44,754
5	Skoda, Minotti & Company	6685 Beta Dr.	Racquetball & Tennis Clubs	01/01/05	12/31/34	30	100.00%	34,452	34,452
6	FourPenn Beta LLC	700 Beta Drive	Hilton Garden Inn - Hotel	11/26/07	11/18/37	30	100.00%	196,470	196,470
7	Heinens	860 Wilson Mills	Supermarket	07/21/08	07/14/38	30	100.00%	18,411	18,411
REVENUE IN LIEU OF TAXES:								2,178,423	1,304,841

TOTAL REVENUES AND OTHER FINANCING SOURCES

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

Total Revenues & Other Financing Sources	ACTUAL			ESTIMATE				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
OPERATING REVNEUE								
Real Property Taxes	60,499,958	58,891,586	63,180,331	62,249,041	63,467,692	63,943,140	64,592,834	64,995,287
Tang. Pers. Property Taxes	2,432,921	2,632,810	2,839,503	2,900,807	3,026,184	3,047,105	3,088,277	3,125,051
State Support of Local Property Taxes	5,669,423	5,660,714	5,675,268	5,675,268	5,675,268	5,675,268	5,675,268	5,675,268
State Foundation	2,061,642	2,137,465	3,804,031	4,191,616	4,890,716	5,426,768	5,664,631	5,803,630
Tang. Pers. Prop Loss Pymnt	0	0	0	0	0	0	0	0
Other State Sources	1,038,320	2,905,197	1,905,084	1,564,233	1,607,714	1,659,105	1,693,033	1,739,927
Interest Income	538,327	1,209,185	2,057,321	1,853,468	1,893,317	1,934,024	1,975,605	2,018,081
Misc. Income	823,876	1,166,482	795,387	825,946	857,408	889,807	923,174	957,546
Revenue in Lieu of Taxes	2,184,456	2,152,379	2,178,424	1,304,841	1,304,841	1,304,841	1,304,841	1,304,841
Sub-total Operating Revenue	75,248,923	76,755,818	82,435,348	80,565,220	82,723,142	83,880,058	84,917,664	85,619,631
Dollar Change over prior yr.	(198,852)	1,506,895	5,679,530	(1,870,127)	2,157,921	1,156,916	1,037,606	701,967
% Change over prior yr.	-0.26%	2.00%	7.40%	-2.27%	2.68%	1.40%	1.24%	0.83%
NON-OPERATING REVNEUE								
Transfers & Advances	740,116	1,053,083	621,599	621,599	621,599	621,599	621,599	0
Line 2.080 Total:	75,989,039	77,808,901	83,056,946	81,186,819	83,344,740	84,501,656	85,539,263	85,619,631
Dollar Change over prior yr.	(194,258)	1,819,862	5,248,046	(1,870,127)	2,157,921	1,156,916	1,037,606	80,368
% Change over prior yr.	-0.25%	2.39%	6.74%	-2.25%	2.66%	1.39%	1.23%	0.09%

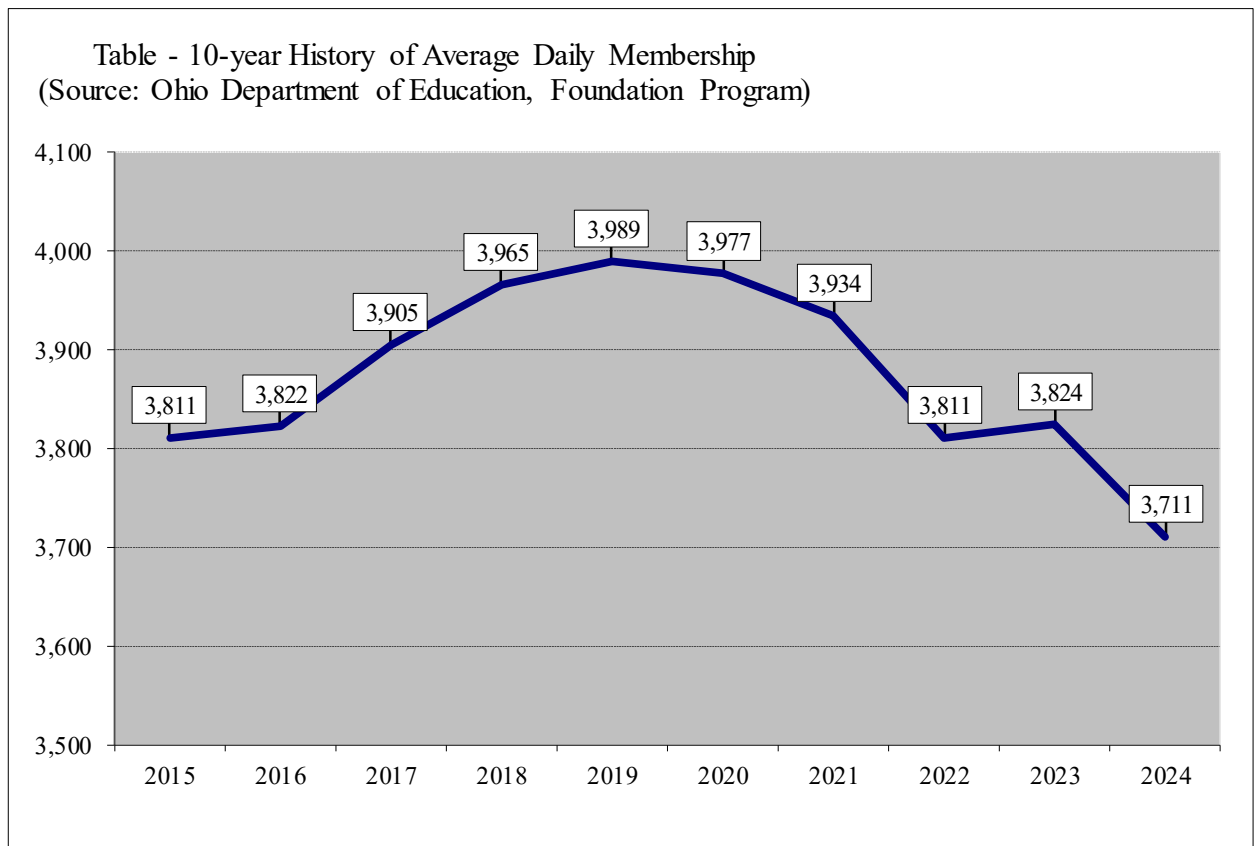


EXPENDITURES

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 FY2024 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.

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 FY2021-22, the District implemented an exit incentive program to its classified bargaining unit (MASP). 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.

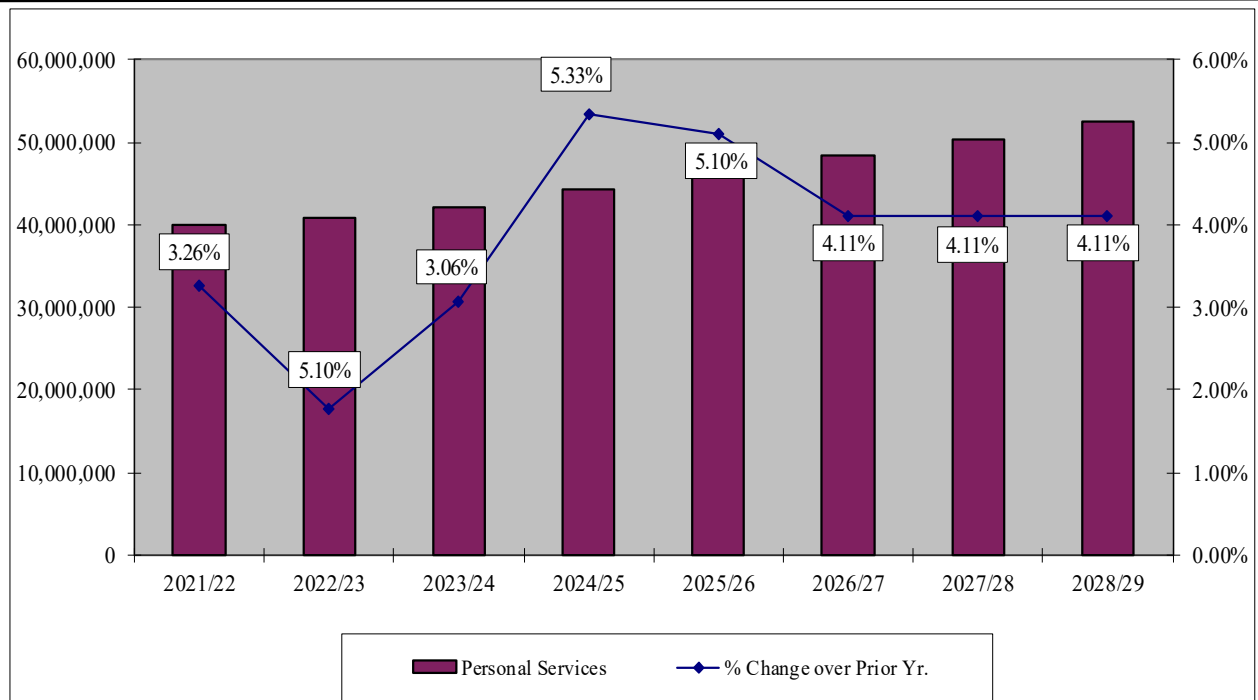
The Teacher salary schedule also includes automatic salary increases for those staff members that earn degree or hours above a Bachelor’s degree. There are currently 8 columns ranging from Bachelors to Masters plus 60 hours or Doctorate.

- ✓ 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.

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	ACTUAL			ESTIMATE				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Base & Salary Schedule %	4.65%	3.65%	3.75%	4.75%	5.25%	4.25%	4.25%	4.25%
Cost of 1%	\$300,226	\$307,186	\$314,300	\$332,280	\$349,730	\$364,600	\$380,100	\$396,260
SUPPORT STAFF	ACTUAL			ESTIMATE				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Base & Salary Schedule %	4.20%	3.20%	3.10%	4.10%	4.60%	3.60%	3.60%	3.60%
Cost of 1%	\$92,441	\$91,749	\$96,461	\$100,430	\$105,050	\$108,830	\$112,740	\$116,800
Certified Staff (Fixed Costs)	28,994,682	29,788,300	30,447,921	32,199,000	33,890,000	35,331,000	36,833,000	38,399,000
Certified Staff (Variable Costs)	1,380,118	1,316,583	1,479,557	1,551,000	1,631,000	1,704,000	1,781,000	1,861,000
Classified Staff (Fixed Costs)	8,928,152	8,914,732	9,421,442	9,809,000	10,261,000	10,630,000	11,012,000	11,409,000
Classified Staff (Variable Costs)	761,724	755,046	674,901	704,000	737,000	766,000	797,000	828,000
Sub-Total Line 3.010	40,064,675	40,774,661	42,023,821	44,263,000	46,519,000	48,431,000	50,423,000	52,497,000
Annual Dollar Change	1,263,888	709,986	1,249,160	2,239,179	2,256,000	1,912,000	1,992,000	2,074,000
Annual Percentage Change	3.26%	1.77%	3.06%	5.33%	5.10%	4.11%	4.11%	4.11%
Cumulative Dollar Change	2,134,967	2,844,953	4,094,113	6,333,292	8,589,292	10,501,292	12,493,292	14,567,292



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.

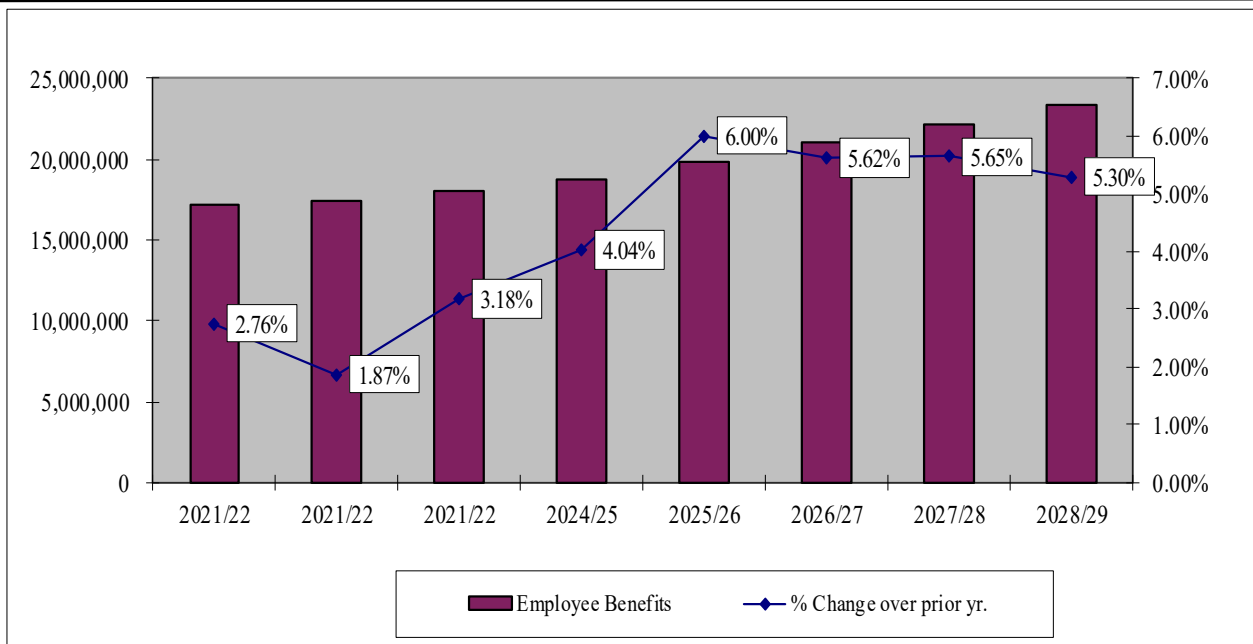
Also included in the SERS estimate is the annual payment for the SERS surcharge; wherein, public school districts are required to make an additional retirement contribution for all of its employees that make less than the actuarially determined minimum annual salary necessary to maintain a solvent retirement system. In FY2023/24 the minimum salary was \$30,000 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 2.00% for FY2024/25 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 FY2024/25 and 2.00% for each of the forecasted years.
 - Dental – has been trended at 3.00% for FY2024/25 and 3.00% for each of the forecasted years thereafter.
 - Term Life – has been trended at 2.00% for FY2024/25 add 2.00% for each of the forecasted years thereafter.
 - Any and all fluctuations in percentages in each of these insurance related categories stem from network or carrier changes or plan design changes resulting from the collective bargaining process. Further, the trend percentages have been established with the assistance of the District’s insurance consultant and to address actuarially determined reserves related to run-out claims inherent to each.
- ✓ Medicare has been trended in accordance with changes in wages.
- ✓ Workers Compensation been established via an historical look back of past & current claim activity as well as prescribed reserve requirements.
- ✓ Other Benefits includes unemployment and employee assistant program benefits. Both have been trended based on historical and anticipated patterns. It is anticipated that the unemployment benefit will follow historical patterns given that the district continued to pay all of its contracted personnel throughout both stay at home orders.

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

Insurance Premium Analysis	ACTUAL			ESTIMATE				
	2021/22	2021/22	2021/22	2024/25	2025/26	2026/27	2027/28	2028/29
Medical & Rx	\$25,650	\$26,446	\$27,133	\$27,676	\$29,613	\$31,686	\$33,904	\$36,277
Dental	\$1,782	\$1,835	\$1,890	\$1,947	\$2,005	\$2,065	\$2,127	\$2,191
Vision	\$193	\$193	\$193	\$193	\$193	\$193	\$193	\$193
Term-Life	\$88	\$90	\$91	\$93	\$95	\$97	\$99	\$101
Total BOE Cost for Full-time employee	\$27,713	\$28,563	\$29,308	\$29,909	\$31,906	\$34,041	\$36,323	\$38,762
Dollar Change	\$507	\$850	\$744	\$601	\$1,998	\$2,135	\$2,282	\$2,439
% Change over prior yr.	1.86%	3.07%	2.61%	2.05%	6.68%	6.69%	6.70%	6.71%
Employee Benefits Categories								
STRS	4,710,947	4,787,829	4,897,847	5,173,200	5,444,800	5,676,200	5,917,400	6,168,900
SERS	1,574,673	1,600,703	1,693,186	1,773,100	1,854,700	1,921,500	1,990,700	2,062,400
Medical Ins.	9,455,061	9,669,916	9,973,631	10,293,100	11,013,600	11,784,600	12,609,500	13,492,200
Vision Ins.	567,173	565,388	584,440	602,000	620,000	638,600	657,800	677,500
Term-Life	113,293	107,528	108,890	110,054	111,254	112,454	113,754	115,054
Medicare	552,344	562,865	581,478	613,710	645,000	671,500	699,100	727,800
Workers Comp	159,290	162,022	166,816	168,500	170,200	171,900	173,600	175,300
Other Benefits	24,695	22,804	28,787	29,600	30,300	31,000	31,800	32,600
Total Line 3.020	17,157,474	17,479,055	18,035,075	18,763,264	19,889,854	21,007,754	22,193,654	23,451,754
Dollar Change	460,752	321,580	556,021	728,189	1,126,590	1,117,900	1,185,900	1,258,100
% Change over prior yr.	2.76%	1.87%	3.18%	4.04%	6.00%	5.62%	5.65%	5.67%
Cumulative Dollar Change	1,419,887	1,741,467	2,297,488	3,025,676	4,152,266	5,270,166	6,456,066	7,714,166



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.
- ✓ 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 in FY2021/22 and FY2023/24 was abnormally high due to program location changes. However, beginning in FY2024/25 and thereafter, a more normalized pattern of contracted transportation resumes and 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.
- ✓ 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:

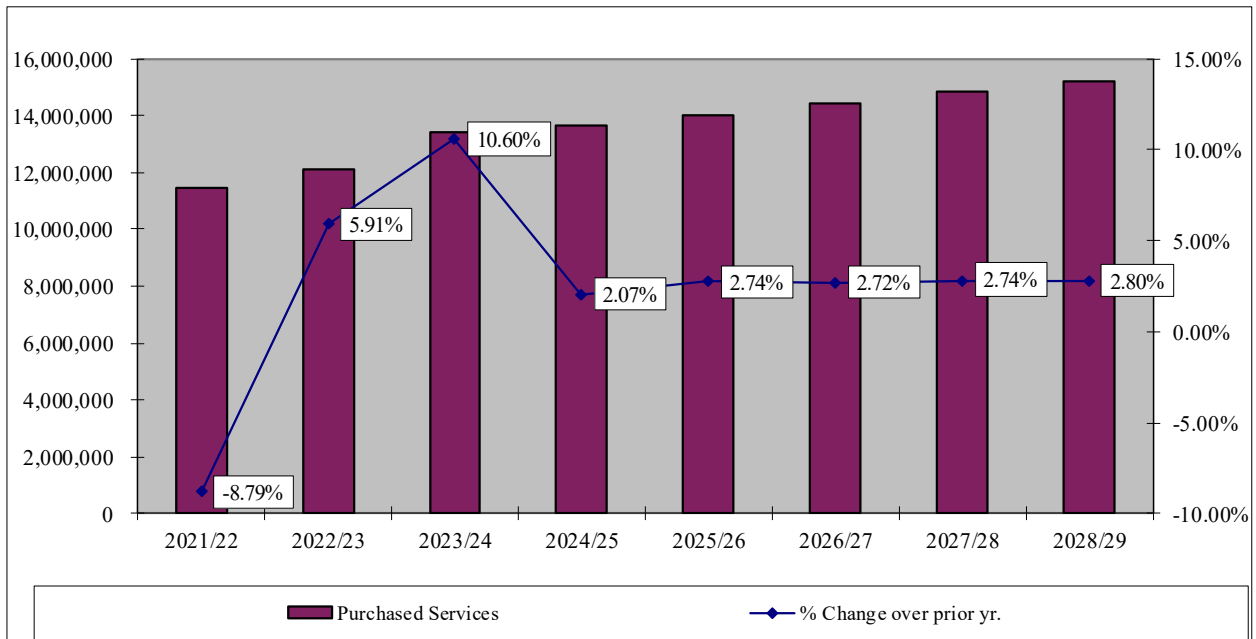
TUITION

Program		Estimate FY2024-25	Estimate FY2025-26	Estimate FY2026-27	Estimate FY2027-28	Estimate FY2028-29	NOTES
PRESCHOOL							
FTE		56.00	56.00	56.00	56.00	56.00	
PS tuition per FTE		33,113	34,107	35,130	36,184	37,269	
PS-Tuition TOTAL	T-4	1,854,350	1,909,981	1,967,280	2,026,299	2,087,087	3% growth rate from FY23
MCHI - ELEM							
FTE		4.00	4.00	4.00	4.00	3.00	
MCE tuition per FTE		114,750	118,192	121,738	125,390	172,202	
MCE-Tuition TOTAL	T-5	458,999	472,769	486,952	501,560	516,607	3% growth rate from FY23
MCHI - MS							
FTE		4.00	4.00	4.00	4.00	4.00	
MCM tuition per FTE		65,606	67,574	69,601	71,689	73,840	
MCM-Tuition TOTAL	T-6	262,423	270,296	278,405	286,757	295,360	3% growth rate from FY23
SHIP							
FTE		3.00	3.00	3.00	3.00	3.00	
SHIP tuition per FTE		68,667	70,727	72,848	75,034	77,285	
SHIP-Tuition TOTAL	T-7	206,000	212,180	218,545	225,102	231,855	3% growth rate from FY23
CEVEC							
FTE		20.00	20.00	20.00	20.00	20.00	
CEVEC tuition per FTE		18,025	18,566	19,123	19,696	20,681	
CEVEC-Tuition TOTAL	T-8	360,500	371,315	382,454	393,928	413,624	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		5,150	5,305	5,464	5,628	5,796	
E-TECC-Tuition TOTAL	T-9	1,236,000	1,273,080	1,311,272	1,350,611	1,391,129	3% growth rate from FY23
Miscellaneous Tuition							
ETecc-Other Programs		724,255	745,982	768,362	791,413	815,155	
College Credit Plus		75,190	77,446	79,769	82,162	84,627	
Out of District (K-6)		1,563,859	1,610,775	1,659,098	1,708,871	1,760,137	
Out of District (7-12)		935,055	963,106	991,999	1,021,759	1,052,412	
Miscellaneous		296,923	305,831	315,006	324,456	334,190	
MISC-Tuition TOTAL	T-10	3,595,282	3,703,140	3,814,235	3,928,662	4,046,522	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)							
		8,039,367	8,279,409	8,524,366	8,778,812	9,048,106	
Less: State Foundation Credit		0	0	0	0	0	
NET TUITION		8,039,367	8,279,409	8,524,366	8,778,812	9,048,106	

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

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

Purchased Services Categories	ACTUAL			ESTIMATE				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Professional & Technical	1,519,303	1,176,624	2,140,845	1,656,358	1,689,485	1,723,274	1,757,740	1,792,895
Contracted Professional	1,040,882	1,016,630	1,120,478	1,053,240	1,079,850	1,107,159	1,135,185	1,163,949
Repairs & Maintenance	82,171	129,071	276,327	178,726	184,087	189,610	195,298	201,157
Rentals	47,680	46,851	47,137	52,146	52,668	53,194	53,726	54,264
Pupil Transportation	586,934	731,675	1,070,801	783,036	791,588	800,246	809,014	817,892
Property & Fleet Insurance	96,568	102,136	270,393	135,553	139,620	143,808	148,123	152,566
Utilities	1,388,992	1,341,322	1,454,498	1,431,195	1,480,099	1,530,770	1,583,274	1,637,682
Tuition	6,462,730	7,331,009	6,801,886	8,039,367	8,279,409	8,524,366	8,778,812	9,048,106
All Other Purchased Services	205,268	231,105	207,392	336,773	343,509	350,379	357,387	364,534
Total Line 3.030	11,430,529	12,106,423	13,389,757	13,666,394	14,040,315	14,422,807	14,818,559	15,233,045
Dollar Change	(1,101,816)	675,894	1,283,334	276,637	373,921	382,492	395,752	414,485
% Change over prior yr.	-8.79%	5.91%	10.60%	2.07%	2.74%	2.72%	2.74%	2.80%



Line 3.040 Supplies & Materials

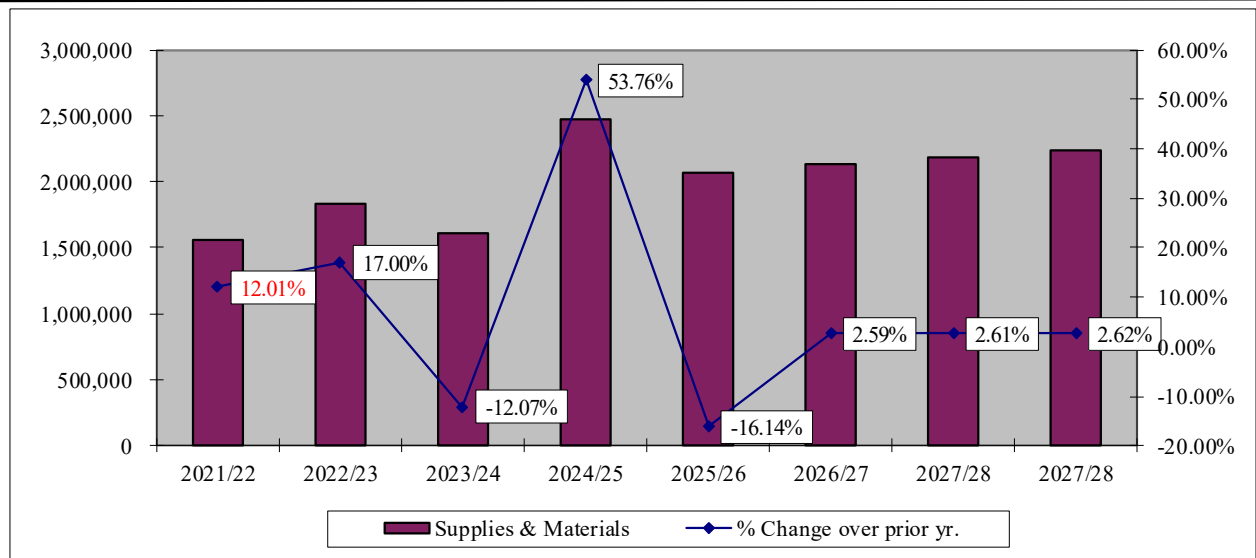
By definition, this category represents amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated from use, or that lose their identity through fabrication or incorporation.

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 to promote 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 likely continue, however, large purchases are not expected and transfers to other educational support categories are likely. All subcategories contained therein, 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 include 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 qualifying expenditures having a useful life of 3-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 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 usage.

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

	ACTUAL			ESTIMATE				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2027/28
Supplies & Materials								
Educational Supplies	366,456	551,751	428,475	676,903	690,441	704,249	718,334	732,701
Textbooks	187,412	366,756	194,469	692,417	246,266	251,191	256,215	261,339
Library Books etc.	58,696	71,790	56,024	71,145	72,568	74,019	75,500	77,010
Software	157,853	42,497	230,895	58,813	59,989	61,189	62,413	63,661
Building & Grounds Supplies	411,953	391,238	395,989	399,738	407,733	415,887	424,205	432,689
Vehicle Supplies	379,868	403,755	301,269	572,164	595,313	619,505	644,790	671,220
Total Line 3.040	1,562,237	1,827,787	1,607,119	2,471,180	2,072,309	2,126,042	2,181,457	2,238,620
Dollar Change	167,458	265,550	(220,668)	864,060	(398,870)	53,732	55,416	57,163
% Change over prior yr.	12.01%	17.00%	-12.07%	53.76%	-16.14%	2.59%	2.61%	2.62%



Line 3.050 New & Replacement Equipment

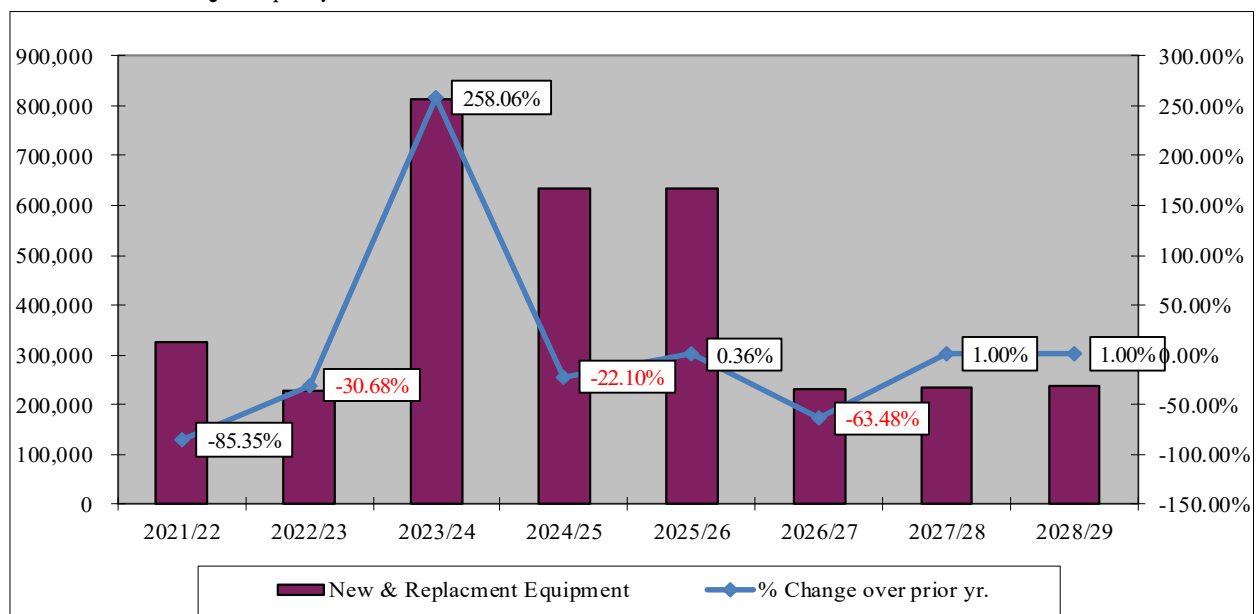
By definition, this category represents expenditures for the acquisition of, or addition to, fixed assets. Included are expenditures for land or existing buildings; improvements of grounds; construction of buildings; additions to buildings; remodeling of buildings; initial and additional equipment, furnishings 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.
- ✓ 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.
- ✓ New & Replacement Instructional Equipment – Normally this category provides resources that support instruction or district operations and it is not intended that the operating fund pay for the 1:1 handheld learning device initiative.
- ✓ Replacement Vehicles & Buses – In an effort to keep pace with its bus and vehicle fleet replacement schedules, the District entered into a 3-year capital lease for the purchase of 10 busses during FY2023/24 with possession and the first lease payment due in June 2024. The remaining 2 lease payments are listed in FY2024/25 and FY2025/26. Thereafter, no expenditures are assumed.
- ✓ All future bus and vehicle-related purchases, technology equipment, etc. or any asset having a useful life of 3-years or more and improving a District fixed asset or personal property qualifies as permanent improvement offset and is included accordingly as part of the District's 5-year capital plan. This is consistent with commentary included in specific categories of purchased services, supplies, and now equipment.

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

	ACTUAL			ESTIMATE				
New & Replacement Equipment	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
All Other New & Replacement Equip	60,982	20,113	17,169	25,765	26,023	26,283	26,546	26,811
New & Replacmnt Computer Equip	0	0	0	0	0	0	0	0
New & Replacmnt Instructional Equip	236,646	206,600	224,620	201,414	203,428	205,463	207,517	209,592
Replacement Vehicles & Buses	29,422	0	569,987	405,179	405,179	0	0	0
Line 3.050 Total:	327,050	226,713	811,776	632,358	634,630	231,746	234,063	236,404
Dollar Change	(1,904,962)	(100,337)	585,063	(179,418)	2,272	(402,884)	2,317	2,341
% Change over prior yr.	-85.35%	-30.68%	258.06%	-22.10%	0.36%	-63.48%	1.00%	1.00%



Line 4.300 Other Misc. Expenses

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

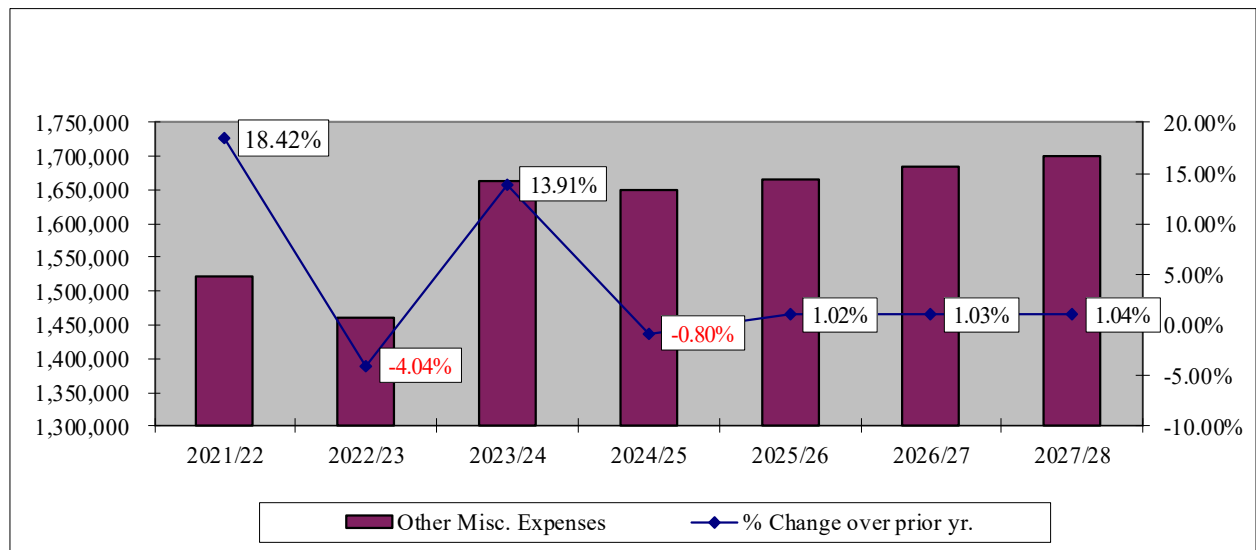
General Assumptions for this category include:

- ✓ General Liability & Performance Bonds – Have been trended pursuant to current coverage levels and in consultation with insurance carrier and consultant.
- ✓ Cuyahoga ESC – an affiliation expense for membership in an educational service center.
- ✓ County Auditor & Treasurer Fees – increases are directly correlated with the passage of an additional tax levy and/or increases in existing tax collections. The General Fund pays the entire cost of tax collections even if the taxes inure to another fund ie. Permanent Improvement or Bond.

- ✓ All Other Misc. Expenses – includes items such as annual audit charges, various dues and fees, bank charges, judgments, and municipal assessments charged against all of the parcels owned by the Mayfield Board of Education.

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

Other Misc. Expenses				ESTIMATE				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
General Liability & Performance Bond	165,209	189,095	427,172	200,977	204,996	209,096	213,278	217,544
Cuyahoga Co. ESC	26,371	26,474	26,292	25,179	25,431	25,685	25,942	26,202
County Auditor & Treasurer's Fees	1,126,673	1,014,907	979,687	1,152,011	1,157,771	1,163,560	1,169,378	1,175,225
All Other Misc. Expenses	203,122	229,369	229,704	271,336	278,182	285,222	292,462	299,909
Line 4.300 Total:	1,521,374	1,459,846	1,662,855	1,649,504	1,666,380	1,683,564	1,701,061	1,718,879
Dollar Change	236,613	(61,528)	203,010	(13,352)	16,877	17,183	17,497	17,819
% Change over prior yr.	18.42%	-4.04%	13.91%	-0.80%	1.02%	1.03%	1.04%	1.05%



Line 5.040 Other Financing Uses

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

General Assumptions for this category include:

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

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

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.

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.

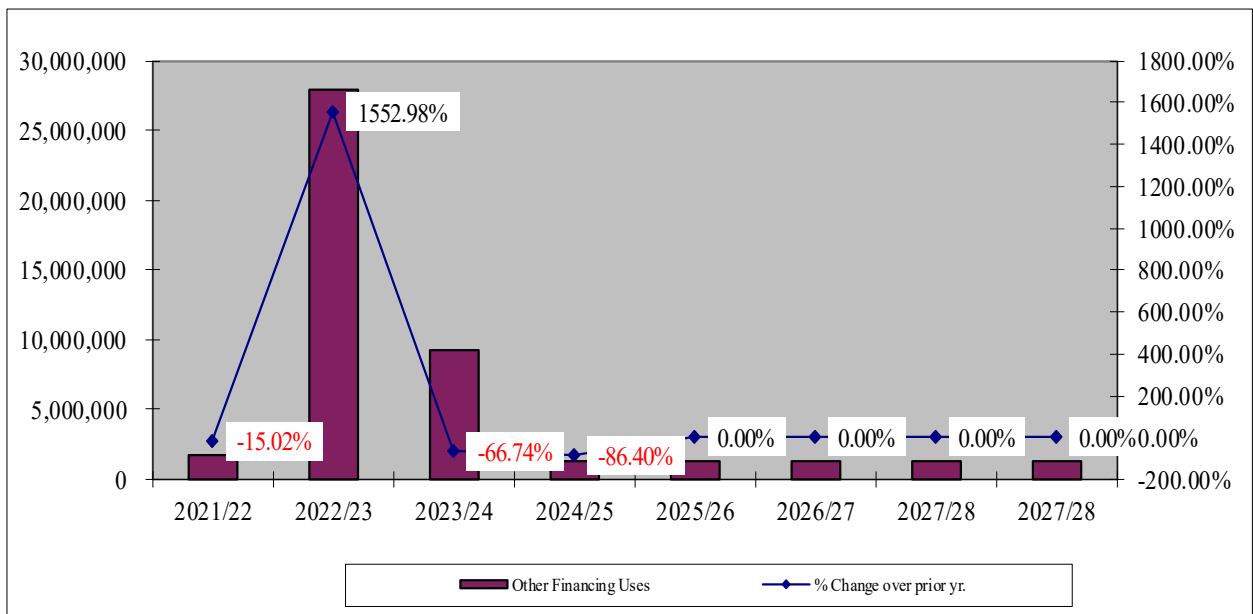
On April 24, 2024, the Mayfield Board of Education approved an additional transfer of \$8.0M into the Capital Improvements Fund pursuant to ORC 5705.13(C) to pay for HVAC and other infrastructure improvements at Mayfield High School. Of particular note, the air handling units to be replaced are original to the building construction that dates back to 1964 and are well beyond their useful life. Work has already been developed, including architectural, specification, timelines, etc., with contracts awarded in Fiscal Year 2024.

It is assumed that a return to a normal transfer cycle will resume after FY2024/25.

- ✓ 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.

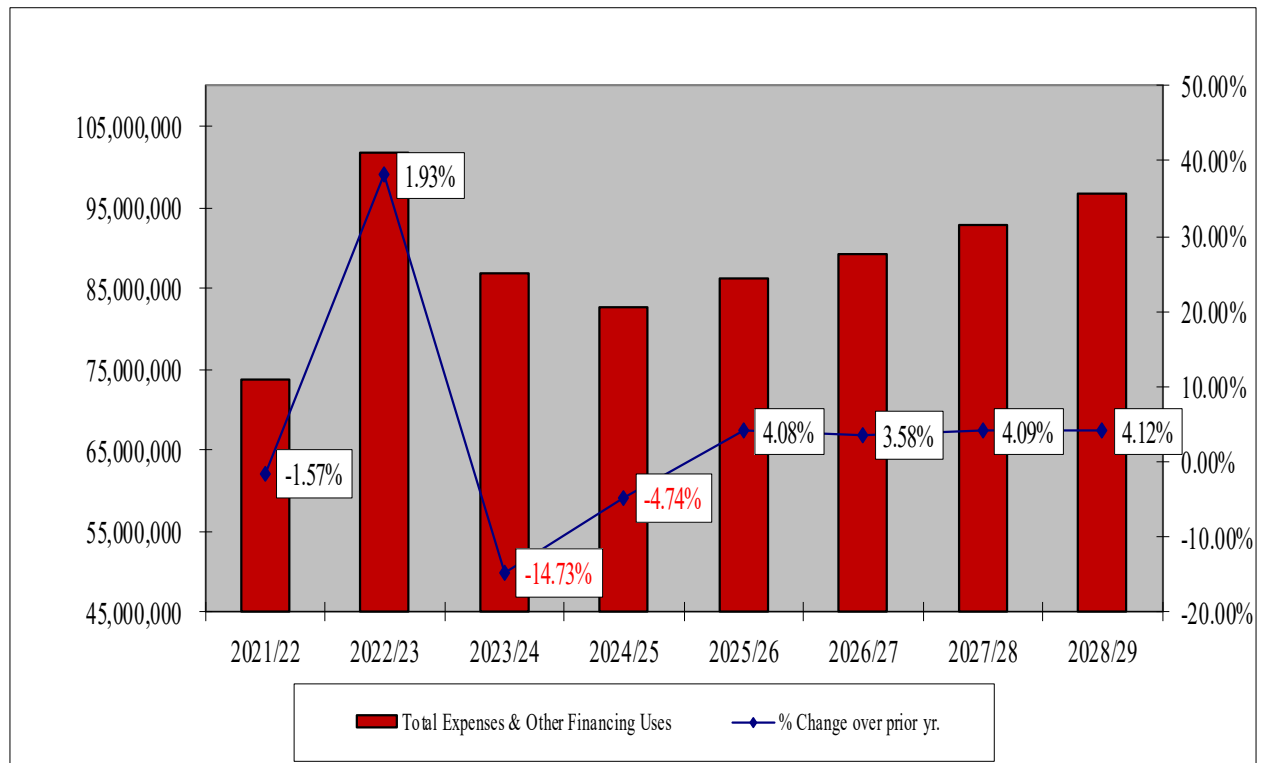
Other Financing Uses	ACTUAL			ESTIMATE				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2027/28
Transfers_Operational	182,091	235,379	600,396	492,000	492,000	492,000	492,000	492,000
Transfers_Capital Improvements	0	20,000,000	8,000,000	0	0	0	0	0
Transfers_One-Time Stipends	0	5,489,705	0	0	0	0	0	0
Transfer_Exit Incentive	455,369	1,605,365	0	0	0	0	0	0
All Other Financing Uses	500	500	0	0	0	0	0	0
Advances	1,053,083	621,599	697,665	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:	1,691,043	27,952,548	9,298,061	1,264,500	1,264,500	1,264,500	1,264,500	1,264,500
Dollar Change	(298,912)	26,261,505	(18,654,487)	(8,033,561)	0	0	0	0
% Change over prior yr.	-15.02%	1552.98%	-66.74%	-86.40%	0.00%	0.00%	0.00%	0.00%



Line 5.050 Total Expenditures and Other Financing Uses

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

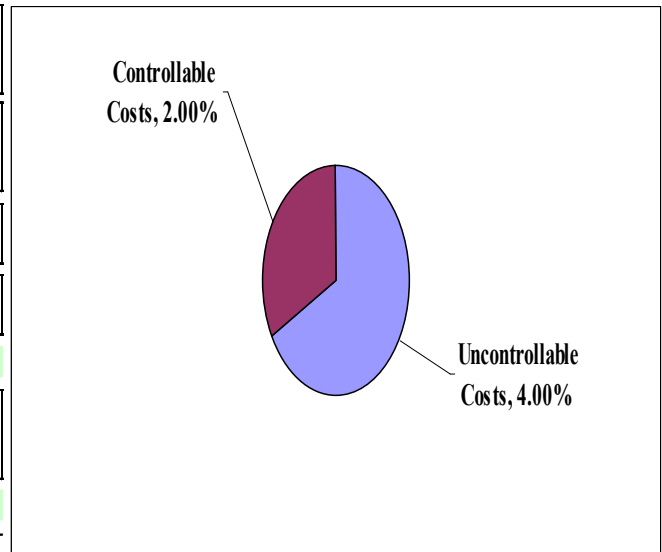
Total Expenses & Other Financing Uses	ACTUAL			ESTIMATE				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Personal Services	40,064,675	40,774,181	42,023,821	44,263,000	46,519,000	48,431,000	50,423,000	52,497,000
Employee Benefits	17,157,474	17,479,056	18,035,075	18,763,264	19,889,854	21,007,754	22,193,654	23,451,754
Purchased Services	11,430,529	12,106,423	13,389,757	13,666,394	14,040,315	14,422,807	14,818,559	15,233,044
Supplies and Materials	1,562,237	1,827,787	1,607,119	2,471,180	2,072,309	2,126,042	2,181,457	2,238,620
Capital Outlay	327,050	226,713	811,777	632,358	634,630	231,746	234,063	236,404
Other Objects	1,521,374	1,459,846	1,662,855	1,649,504	1,666,380	1,683,564	1,701,061	1,718,879
Total Other Financing Uses	1,691,043	27,952,548	9,298,061	1,264,500	1,264,500	1,264,500	1,264,500	1,264,500
Line 5.050 Total:	73,754,382	101,826,554	86,828,465	82,710,200	86,086,988	89,167,412	92,816,294	96,640,201
Dollar Change	(1,176,979)	28,072,173	(14,998,090)	(4,118,265)	3,376,789	3,080,423	3,648,882	3,823,907
% Change over prior yr.	-1.57%	38.06%	-14.73%	-4.74%	4.08%	3.58%	4.09%	4.12%
Cumulative Dollar Change	3,103,195	31,175,368	16,177,278	12,059,013	15,435,802	18,516,225	22,165,107	25,989,015



CONTROLLABLE VS. UNCONTROLLABLE COSTS

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

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



ENCUMBRANCES

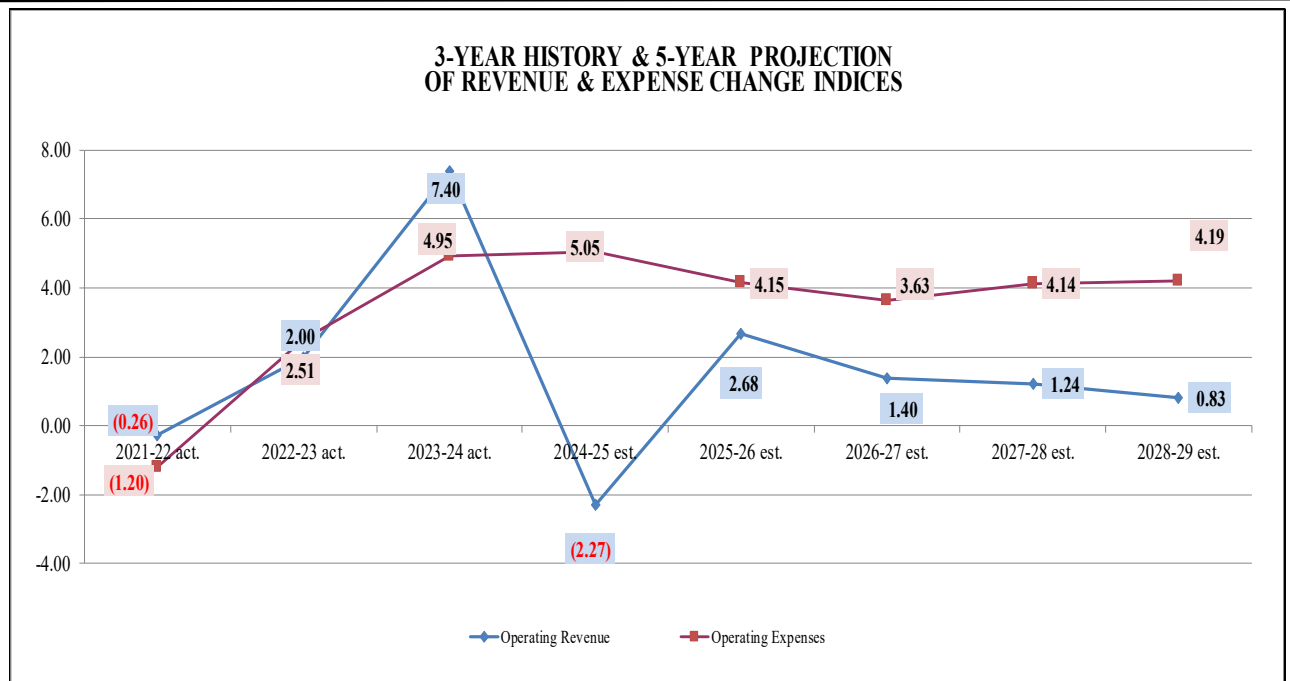
The District uses the encumbrance method as part of its formal budgetary and management control. Under this method, purchase orders, contracts, resolutions and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation for future payment.

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

INDICE COMPARISON OF REVENUE & EXPENDITURE CHANGES BY FISCAL YEAR

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

The 7.40% increase in FY2023/24 followed by the 2.27% decrease in FY2024/25 in revenue is largely explained by the timing difference of Class II property tax collections. Otherwise, the projected revenue and expenditures follow a normalized year over year change index. If the scale vertical scale was slightly expanded the revenue projection would be 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 (FY2024/25), 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 a possible levy scenario assuming a calendar 2024 5.0 mill operating levy is presented on November 5, 2024. As of this writing, the Mayfield Board of Education has approved the first resolution declaring it necessary to levy an additional tax and will consider the second resolution at its July 10, 2024 regular meeting.

FINANCIAL PROJECTION WITHOUT 5.0 MILL LEVY IN NOVEMBER 2024

<i>Fiscal Year</i>	<i>2024-25 est.</i>	<i>2025-26 est.</i>	<i>2026-27 est.</i>	<i>2027-28 est.</i>	<i>2028-29 est.</i>	<i>2029-30 est.</i>
Total Operating Receipts	81,186,819	83,344,740	84,501,656	85,539,263	86,241,230	86,782,207
Total Operating Expenses	82,710,200	86,086,988	89,167,412	92,816,294	96,640,201	100,643,485
Operating Surplus/(Deficit)	(1,523,380)	(2,742,248)	(4,665,755)	(7,277,031)	(10,398,971)	(13,861,278)
Unreserved Cash Balance	26,706,165	23,963,917	19,298,161	12,021,130	1,622,159	(12,239,119)
Target Ending balance % of expenses = 25%	20,677,550	21,521,747	22,291,853	23,204,073	24,160,050	25,160,871
Targeted True Days Cash Carryover 90 days	118	102	79	47	6	(44)

FINANCIAL PROJECTION WITH 5.0 MILL LEVY IN NOVEMBER 2024

<i>Fiscal Year</i>	<i>2024-25 est.</i>	<i>2025-26 est.</i>	<i>2026-27 est.</i>	<i>2027-28 est.</i>	<i>2028-29 est.</i>	<i>2029-30 est.</i>
Total Operating Receipts	85,058,400	91,087,901	92,244,817	93,282,424	93,984,391	94,525,368
Total Operating Expenses	82,710,200	86,086,988	89,167,412	92,816,294	96,640,201	100,643,485
Operating Surplus/(Deficit)	2,348,200	5,000,913	3,077,406	466,130	(2,655,810)	(6,118,117)
Unreserved Cash Balance	30,577,745	35,578,658	38,656,064	39,122,194	36,466,383	30,348,267
Target Ending balance % of expenses = 25%	20,677,550	21,521,747	22,291,853	23,204,073	24,160,050	25,160,871
Targeted True Days Cash Carryover 90 days	135	151	158	154	138	110