

Mayfield City Schools Five-year Forecast Overview & Operating Levy Factors

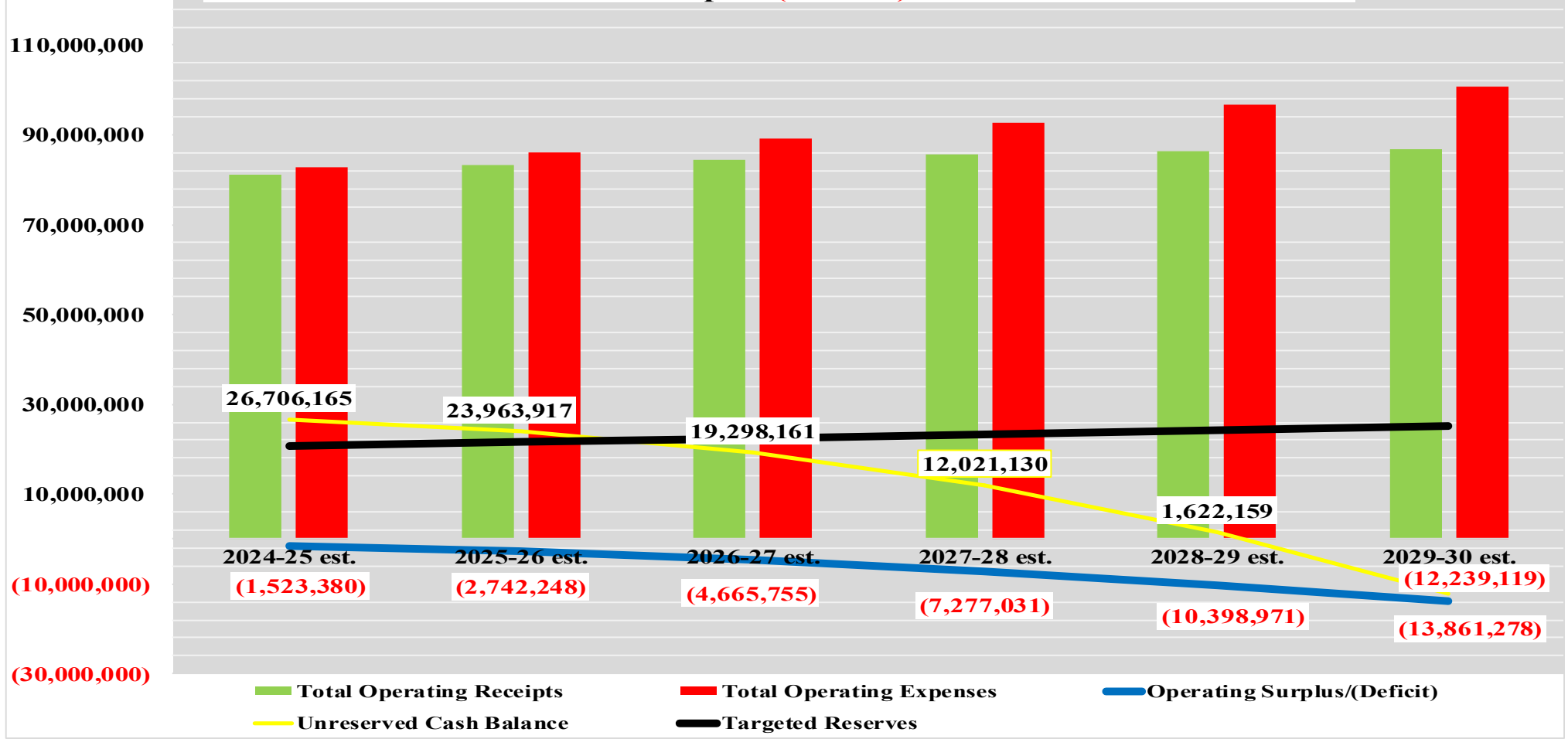
REGULAR MEETING

MAYFIELD BOARD OF EDUCATION

JULY 10, 2024

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General Fund Operating Performance Revenue, Expenses, Unreserved Cash, Surplus/(Deficits)



CASH RESERVES

Cash reserves are calculated at 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.

FACTORS USED TO DETERMINE THE MILLAGE RATE (LEVY)

1-mill equals: 1,548,600
 Levy Duration Expressed in Years: 4
 Year over Year Expenditure Change: 3,000,000
 Year over Year Percentage Change: 4.50%
 Structural Operating Deficit: (1,523,380)

					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 Expenses:	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

Operating Millage: **5.32**

Annual Structural Deficit Revenue needed: (1,523,380)

Annual Structural Deficit Revenue needed: (1,523,380) (2,742,248) (4,665,755) (7,277,031)

Deficit Millage @ occurrence: 0.98 Year 1

TOTAL MILLAGE: **6.31**

Deficit Millage after occurrence: 4.70 Year 4

TOTAL MILLAGE: **10.02**

**IMPACT ON CASH RESERVES IN YEAR 4, 25%
 TIMES CURRENT YEAR OPERATING EXPENSES
 OR 90 DAYS OF CASH CARRYOVER**

20,677,550

YEAR 1	YEAR 2	YEAR 3	YEAR 4
19,154,170	16,411,922	11,746,167	4,469,136

Financial Projections

5.0 mills for Operations

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

5.0 mill Operating Levy Factors

“FISCAL STEWARDSHIP”

- It's been 8-years since the last levy, of which we initially promised 4-years. Again with this levy we will commit to a 4-year levy cycle with an effort to extend.
- While typical school district inflation is between 4-6%, our average annual operating expenditure change since 2016 has been 3.01%, which is 1-3% less than the average.
- We strategically used the \$4.2M of one-time Federal stimulus money (COVID) without adding continuing ongoing expenses while navigating the pandemic crisis.
- Mayfield City Schools 2023 residential effective tax rate (46.77) is less than the median or mid-point (49.14) and average (50.21) effective tax rates among the 31 public school districts in Cuyahoga County.
- With roughly 90% of Mayfield CSD school taxes (41.75) subject to reduction factors (HB920) due to property increases, the 2024 reappraisal will not generate large increases of tax revenue to the District to offset projected deficits.
- The 5.0 mill operating levy will cost a homeowner whose property carries a fair market value of \$100,000, \$175 annually or \$14.58 per month.