Cleveland Municipal School District

Five Year Forecast Financial Report

November, 2024

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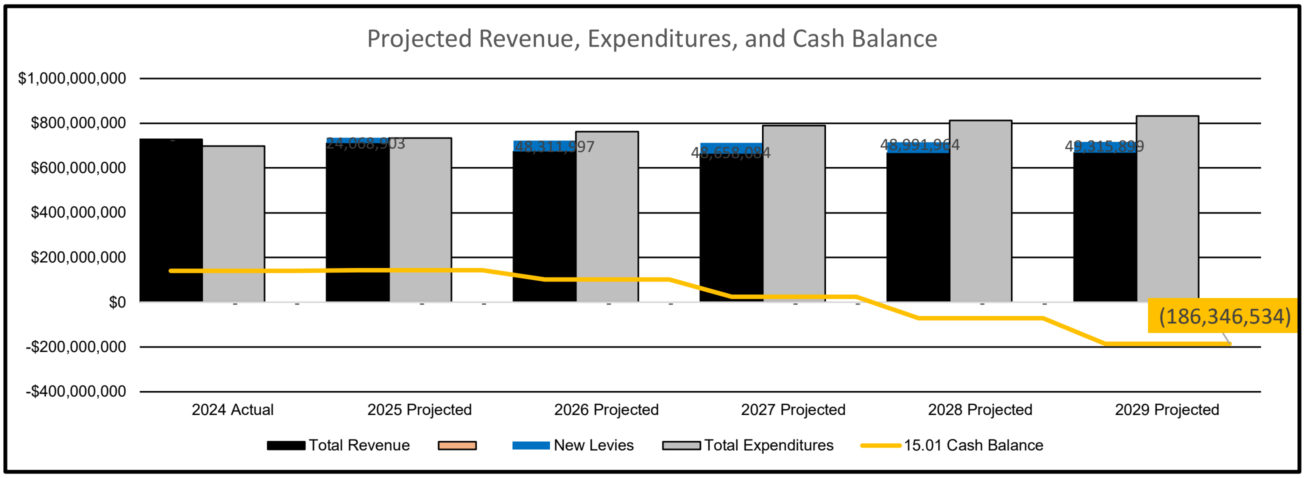
Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	140,799,283	142,425,596	102,732,815	25,175,402	(71,168,858)
+ Revenue	710,842,716	673,873,545	663,698,272	666,329,816	667,589,242
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	24,068,903	48,311,997	48,658,084	48,991,964	49,315,899
- Expenditures	(733,285,306)	(761,878,324)	(789,913,769)	(811,666,040)	(832,082,817)
= Revenue Surplus or Deficit	1,626,313	(39,692,782)	(77,557,413)	(96,344,260)	(115,177,676)
Line 7.020 Ending Balance with renewal/new levies	142,425,596	102,732,815	25,175,402	(71,168,858)	(186,346,534)

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(22,442,590)	(88,004,779)	(126,215,497)	(145,336,224)	(164,493,575)
Ending Balance w/o Levies	118,356,693	30,351,915	(95,863,582)	(241,199,806)	(405,693,381)

In FY 2025 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by $22,442,590 in FY 2025. By the last year of the forecast, FY 2029, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by $164,493,575 The district would need to cut its FY 2029 projected expenses by 19.77% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2025 and is projected to worsen by FY 2029. A worsening cash balance can erode the district's financial stability over time.

Ohio adopted the Fair School Funding Plan (FSFP) in FY 2022. The plan was continued with increasing phase-in of the formula results. In FY 2024 the per pupil base cost caclulations were updated from FY 2018 cost data to FY 2022. For Cleveland Municipal School District the calculated Base Cost total is $267,603,752 in FY 2024. The state's share of the calculated Base Cost total is $171,143,945 or $5,270 per pupil.

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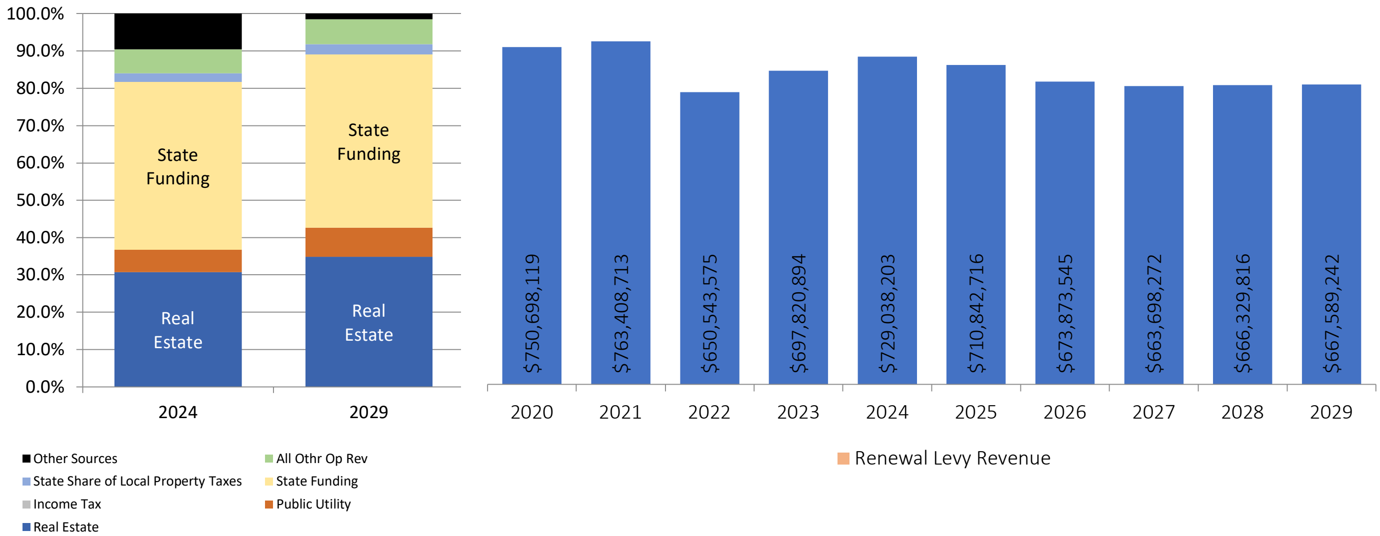
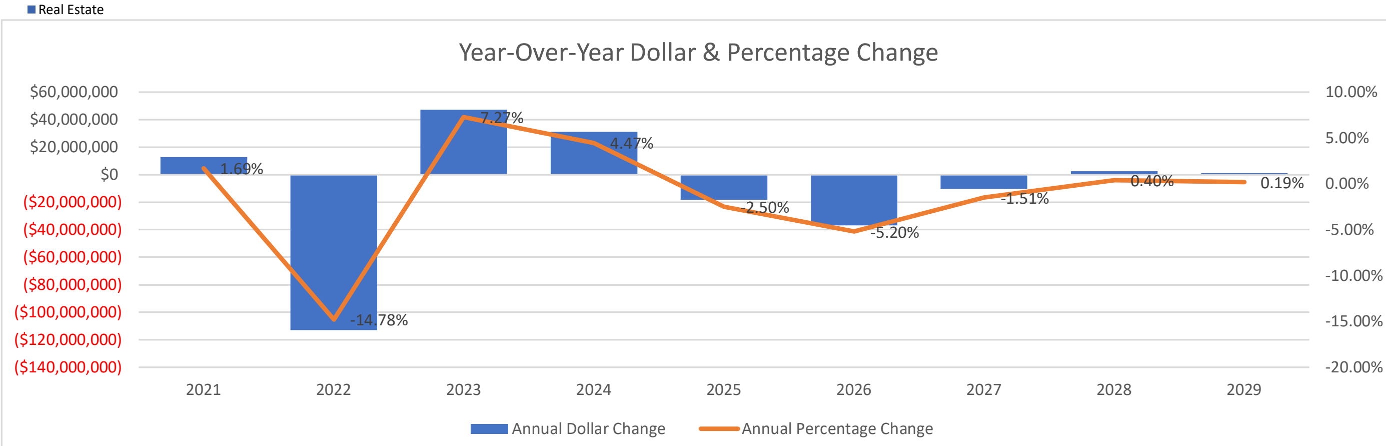
Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time





4-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

	Historical Average Annual $$ Change	**Projected** Average Annual $$ Change	Projected Compared to Historical Variance
Real Estate	7,395,749	1,642,834	($5,752,916)
Public Utility	$2,467,723	$1,817,888	($649,834)
Income Tax	$0	$0	$0
State Funding	($27,423,819)	(3,650,441)	$23,773,377
Prop Tax Alloc	($10,636)	$298,213	$308,849
All Othr Op Rev	$1,675,737	($441,807)	($2,117,545)
Other Sources	$13,156,678	($11,956,478)	($25,113,156)
Total Average Annual Change	(4,128,728)	(12,289,792)	($8,161,065)
	-0.24%	-1.72%	-1.48%

Total revenue decreased -0.24% or -$4,128,728 annually during the past 4-Year period and is projected to decrease -1.72% or -$12,289,792 annually through FY2029. Other Sources has the most projected average annual variance compared to the historical average at -$25,113,156

Note: Expenditure average annual change is projected to be > $26,865,385 On an annual average basis, expenditures are projected to grow faster than revenue.

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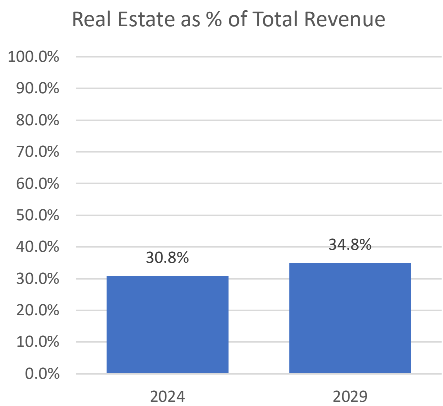
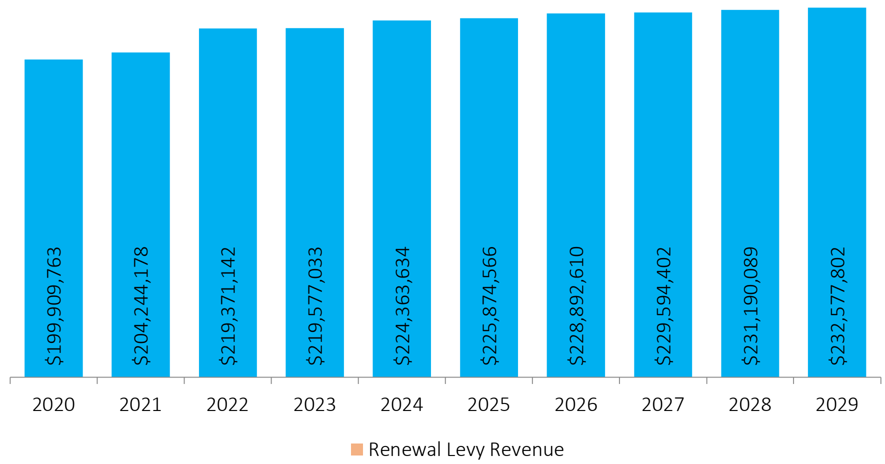
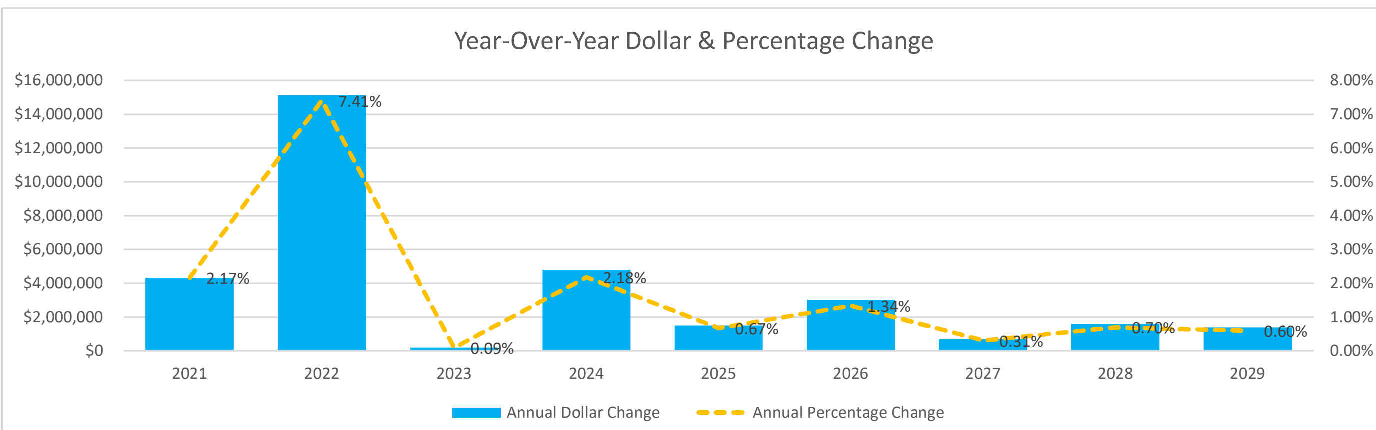
1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).







Values, Tax Rates and Gross Collections							Gross Collection Rate
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	Including Delinquencies
2023	5,480,971,710	53,646,580	38.96	-	51.57	-	97.2%
2024	7,077,042,342	1,596,070,632	27.71	(11.24)	48.25	(3.32)	97.2%
2025	7,073,042,342	(4,000,000)	27.79	0.08	48.49	0.24	97.2%
2026	7,077,542,342	4,500,000	27.83	0.04	48.66	0.16	97.2%
2027	7,582,542,342	505,000,000	25.58	(2.25)	48.10	(0.56)	97.2%
2028	7,601,542,342	19,000,000	25.59	0.00	48.10	(0.00)	97.2%

Real estate property tax revenue accounts for 30.78% of total revenue. Class I or residential/agricultural taxes make up approximately 40.83% of the real estate property tax revenue. The Class I tax rate is 27.71 mills in tax year 2024. The projections reflect an average gross collection rate of 97.2% annually through tax year 2028. The revenue changed at an average annual historical rate of 3.71% and is projected to change at an average annual rate of 0.72% through FY 2029.

**Projected % trends include renewal levies*

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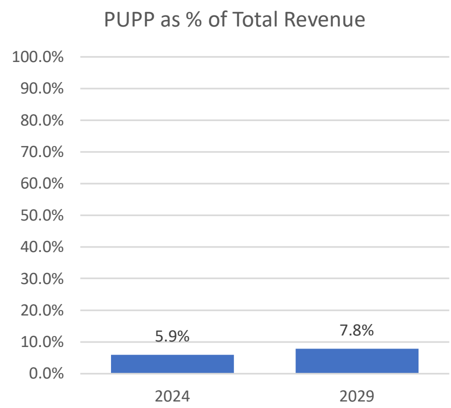
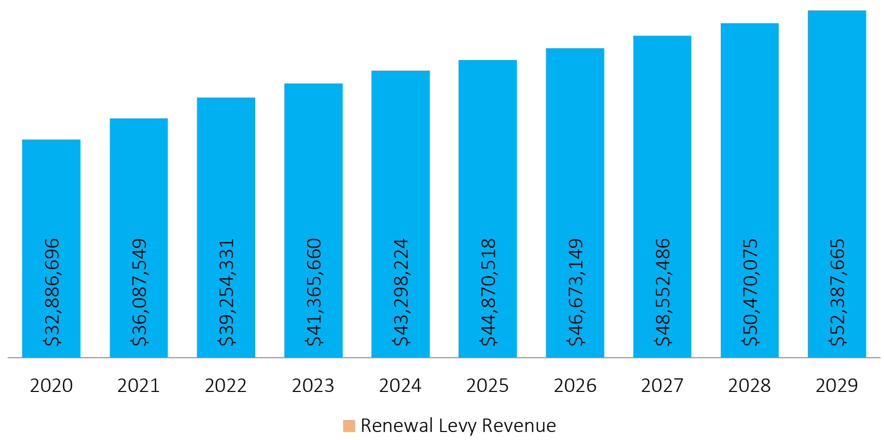
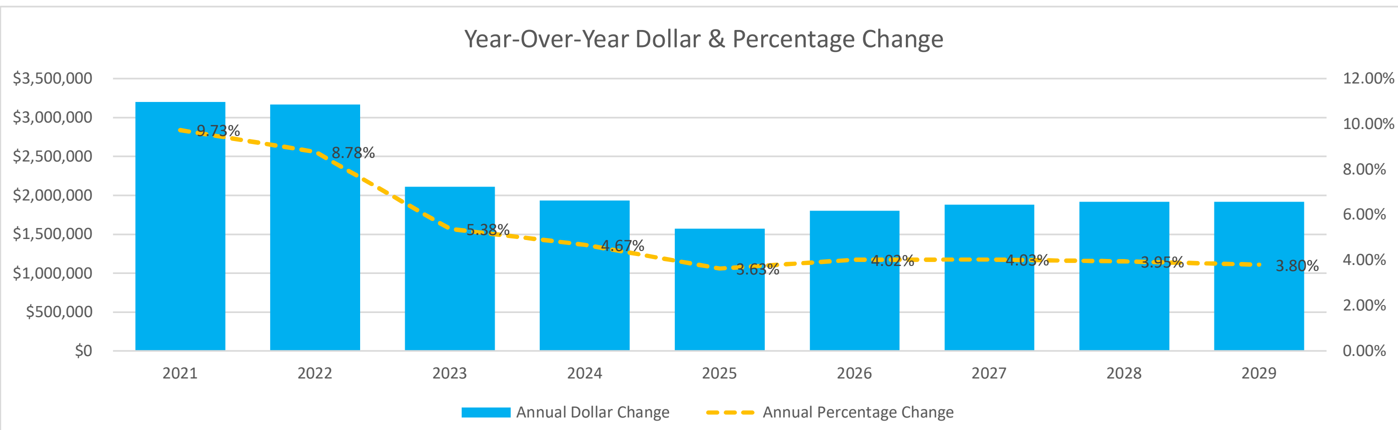
1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.







Values and Tax Rates					Gross Collection Rate
Tax Year	Valuation	Value Change	Full Voted Rate	Change	Including Delinquencies
2023	573,456,660	17,850,560	76.70	-	100.0%
2024	596,456,660	23,000,000	76.70	-	100.0%
2025	620,456,660	24,000,000	76.70	-	100.0%
2026	645,456,660	25,000,000	76.70	-	100.0%
2027	670,456,660	25,000,000	76.70	-	100.0%
2028	695,456,660	25,000,000	76.70	-	100.0%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 5.94% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2024 is 76.7 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of $2,467,723 and is projected to change at an average annual dollar amount of $1,817,888 through FY 2029.

**Projected % trends include renewal levies*

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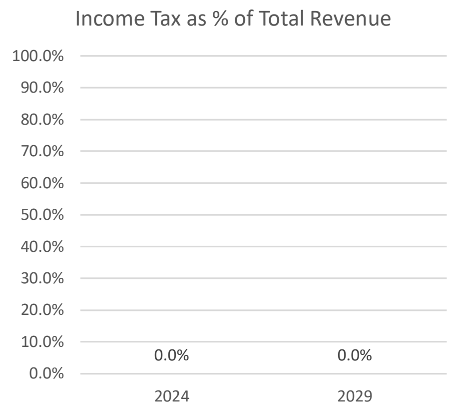
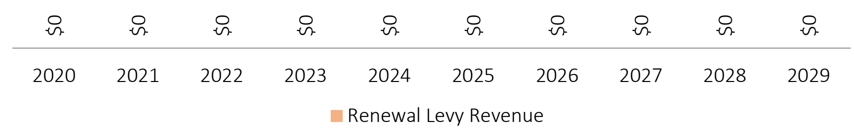
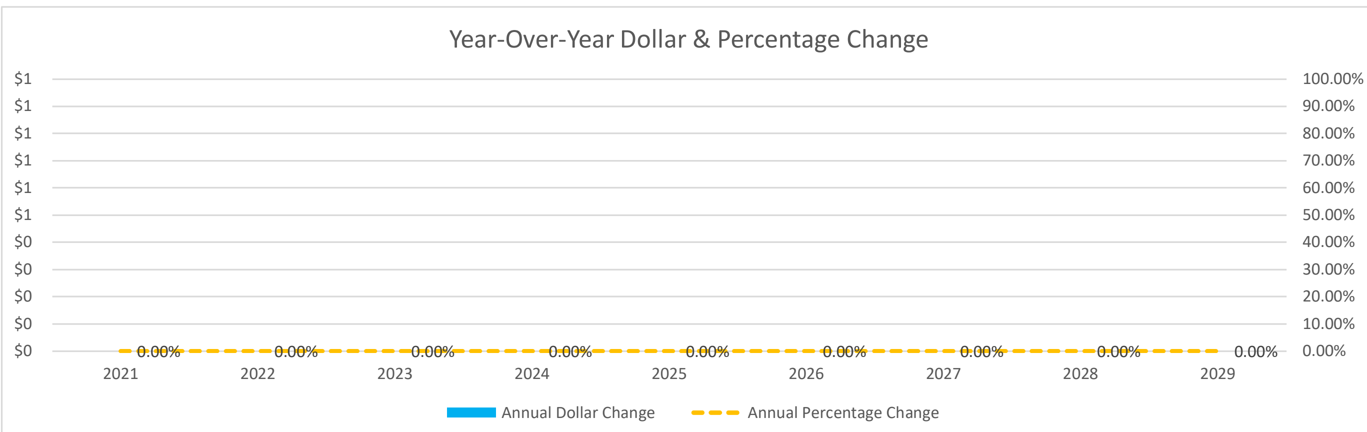
1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.







The district does not have an income tax levy.

**Projected % trends include renewal levies*

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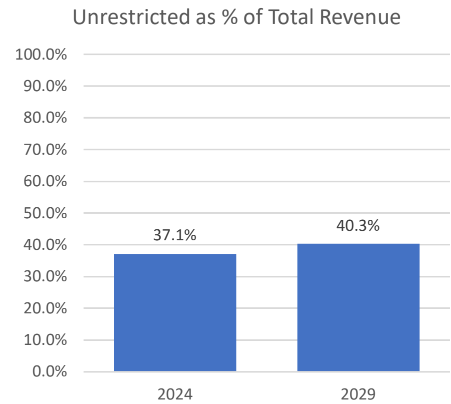
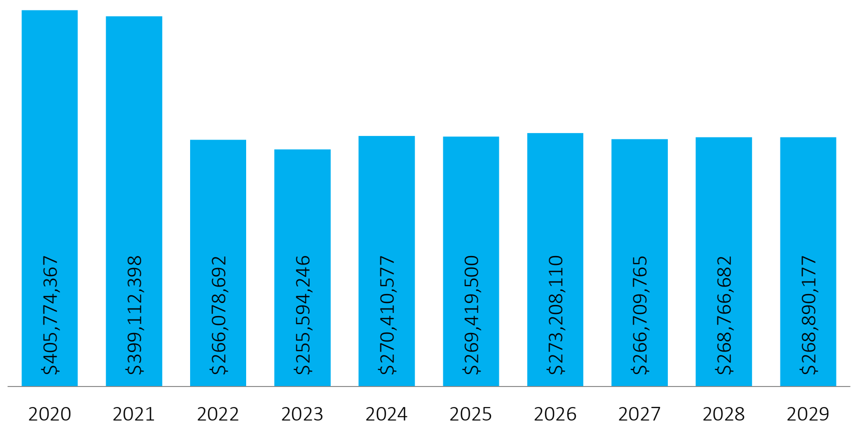
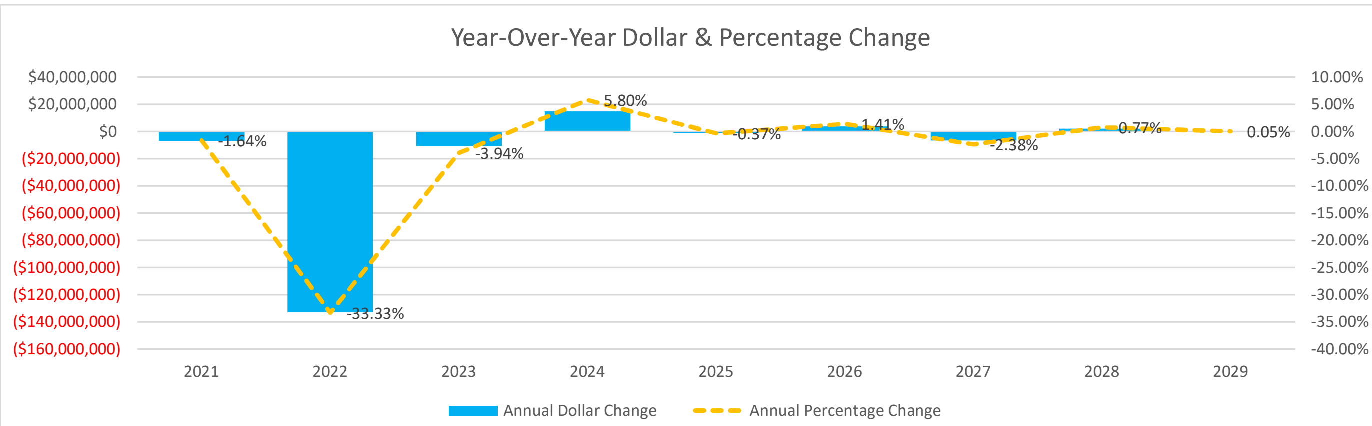
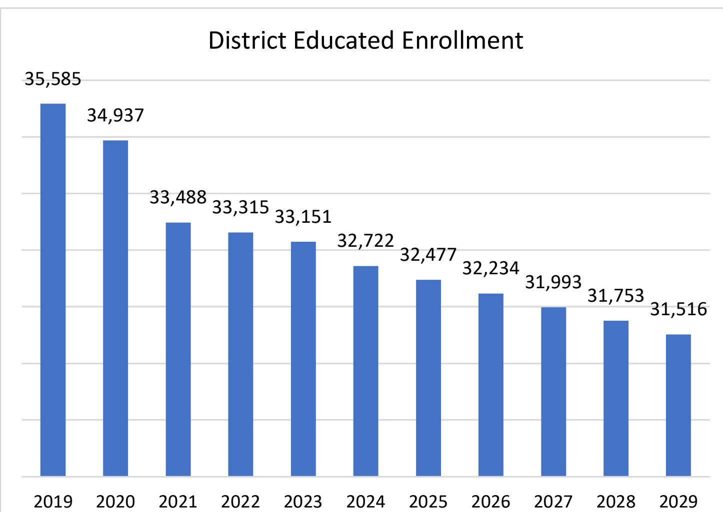
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.









Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Cleveland Municipal School District the calculated Base Cost total is $267,603,752 in FY 2024.
The state's share of the calculated Base Cost total is $171,143,945 or $5,270 per pupil.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.

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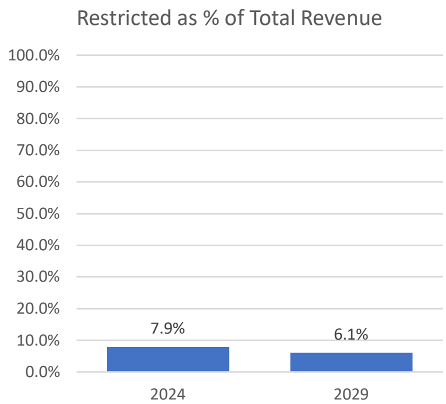
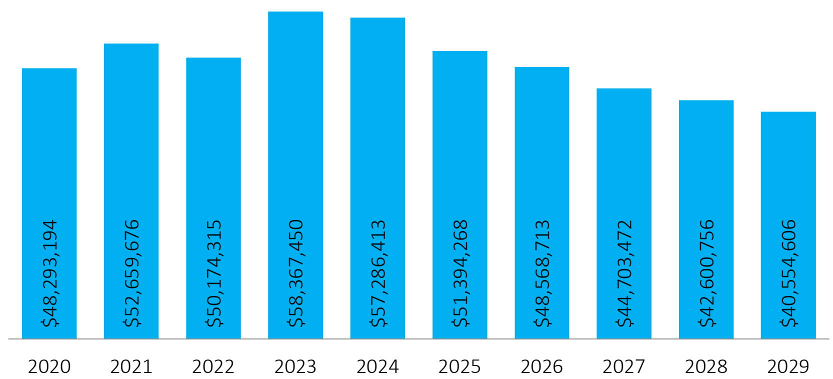
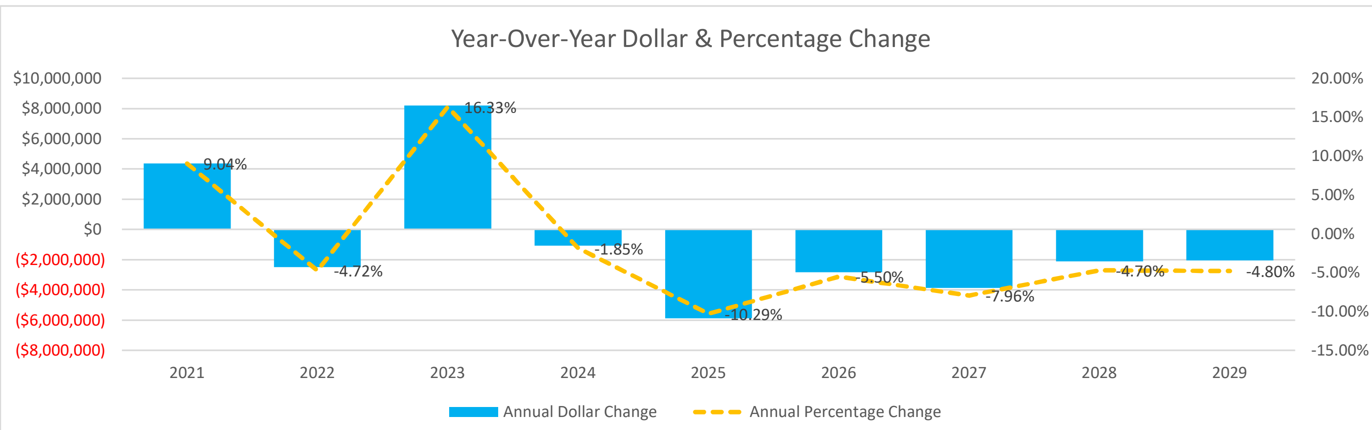
1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.







Restricted aid is the portion of state per pupil funding that must be classifed as restricted use. Historically the district's restricted state aid changed annually on average by $1,542,246 and is projected to change annually on average by -$3,346,361. Restricted funds represent 7.86% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is $7,847,036. This funding has implications on general fund expenditures in that certain spending now occuring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

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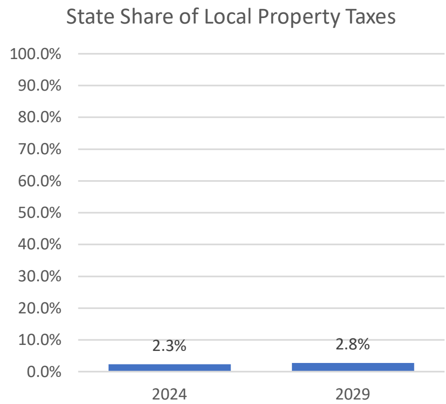
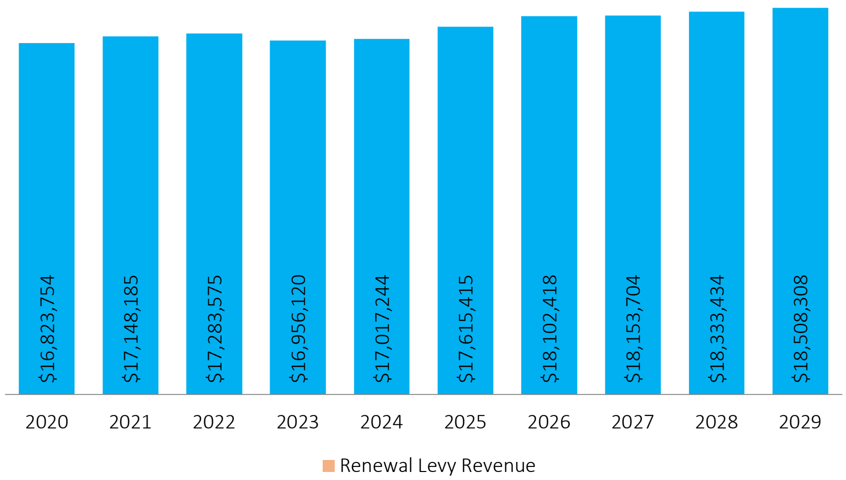
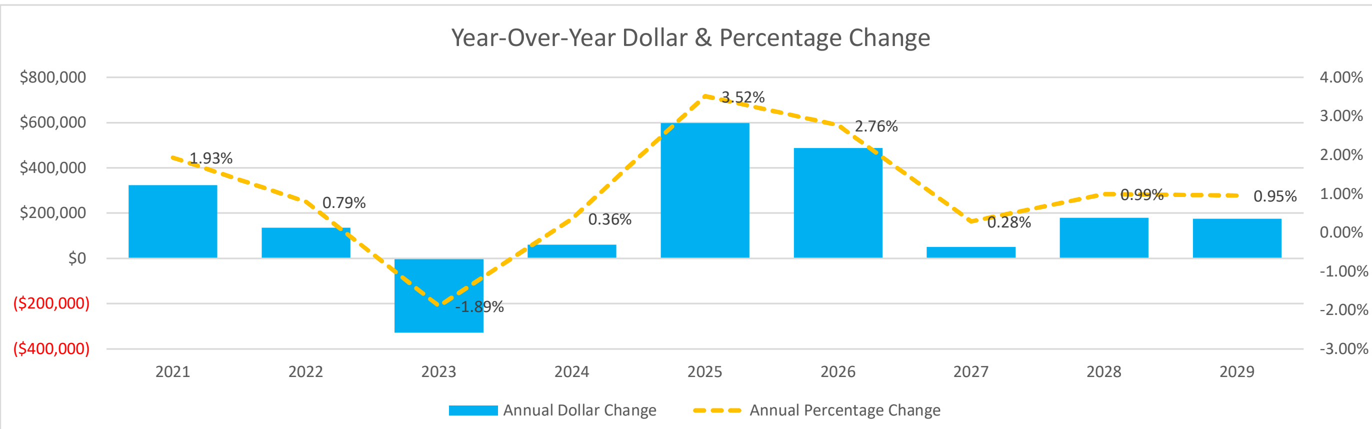
1.050 - State Share of Local Property Taxes

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.







State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2025, approximately 10.4% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 4.7% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

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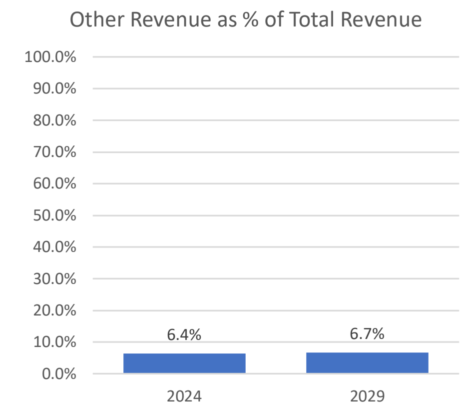
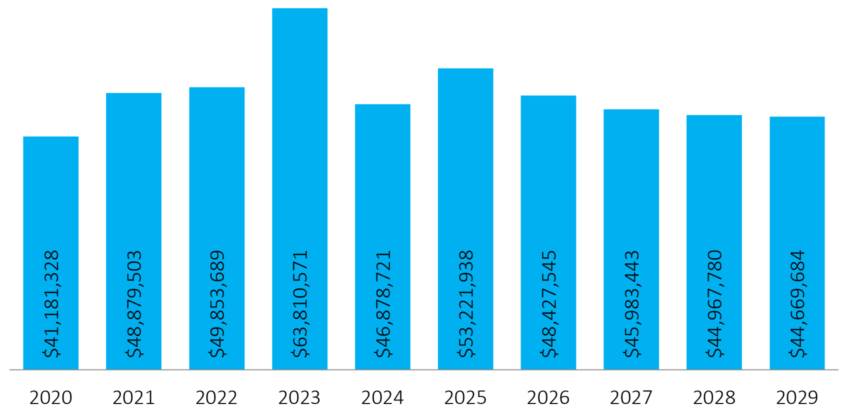
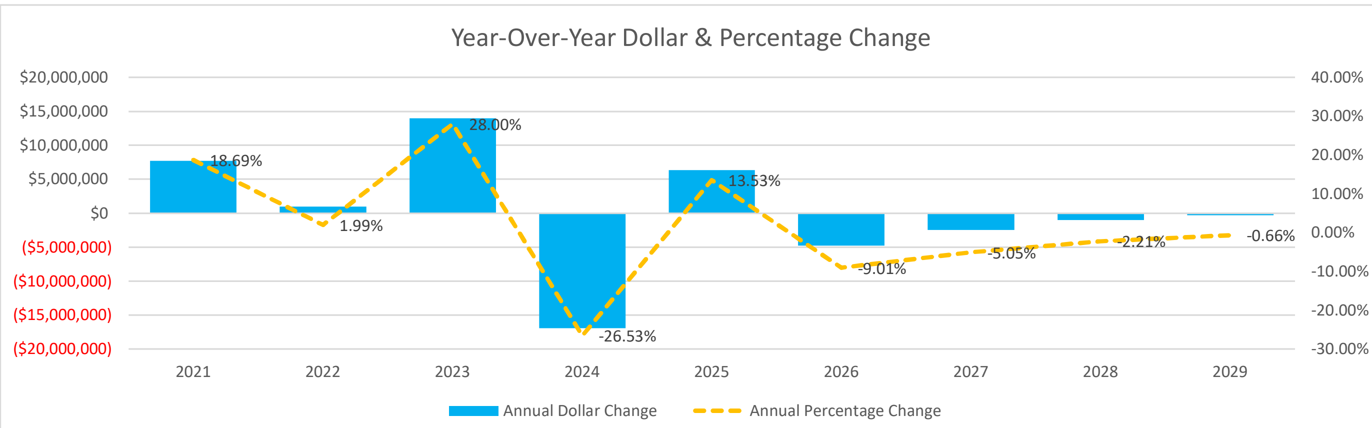
1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.







Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was $1,675,737. The projected average annual change is -$441,807 through FY 2029.

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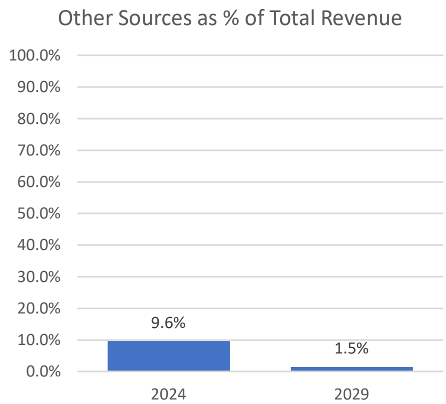
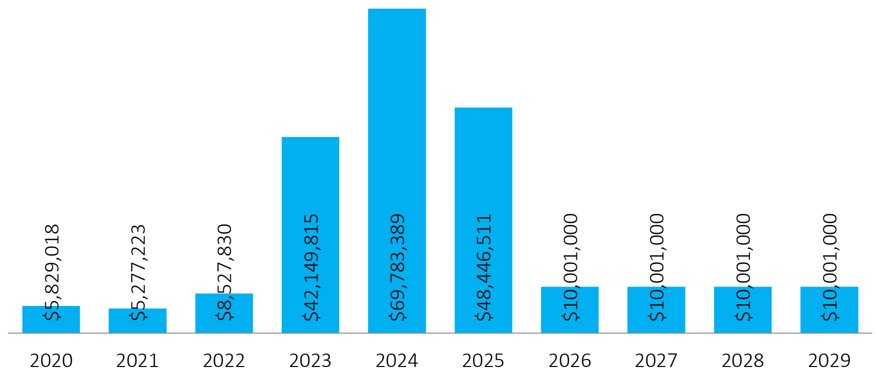
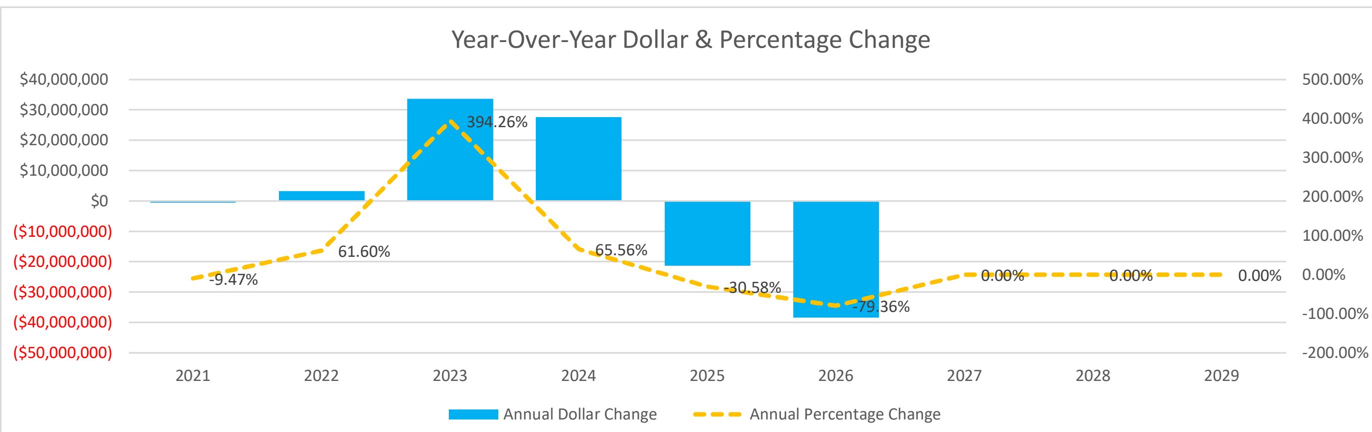
2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.







		FORECASTED				
	2024	2025	2026	2027	2028	2029
Transfers In	-	-	-	-	-	-
Advances In	69,779,839	48,445,511	10,000,000	10,000,000	10,000,000	10,000,000
All Other Financing Sources	3,550	1,000	1,000	1,000	1,000	1,000

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2024 the district receipted $69,779,839 as advances-in and is projecting advances of $48,445,511 in FY 2025. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be $1,000 in FY 2025 and average $1,000 annually through FY 2029.

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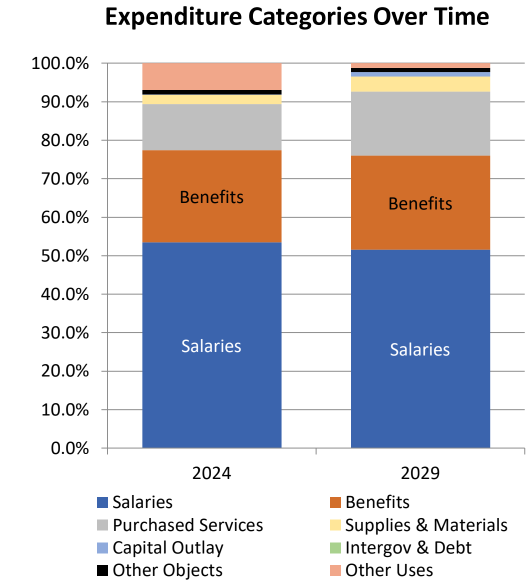
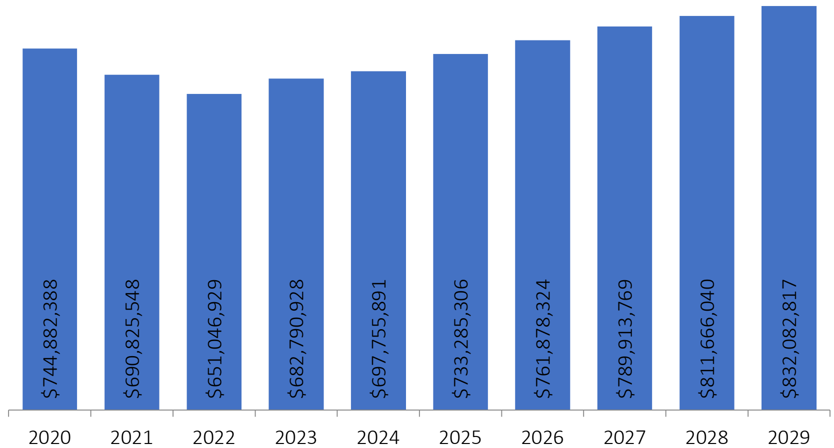
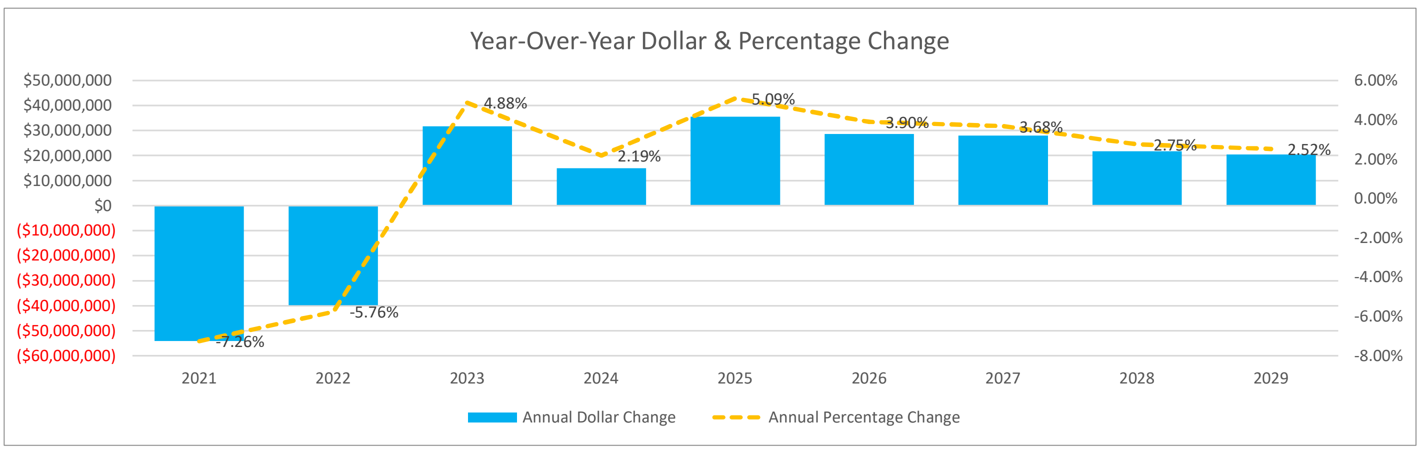
Expenditure Categories and Forecast Year-Over-Year Projected Overview







4-Year Historical Actual Average Annual Dollar Change
Compared to 5-Year Projected

	Historical Average Annual $$ Change	Projected Average Annual $$ Change	Projected Compared to Historical Variance
Salaries	(56,507)	11,220,424	$11,276,931
Benefits	$6,526,282	$7,241,422	$715,139
Purchased Services	($33,172,144)	$10,904,563	$44,076,707
Supplies & Materials	($1,435,770)	$3,193,421	$4,629,191
Capital Outlay	($627,205)	$1,697,751	$2,324,955
Intergov & Debt	$0	$0	($0)
Other Objects	($56,935)	$296,906	$353,841
Other Uses	$8,889,102	($7,689,102)	($16,578,204)
Total Average Annual Change	($19,933,175)	$26,865,385	$46,798,561
	-2.51%	3.85%	6.36%

Total expenditures decreased -2.51% or -$19,933,175 annually during the past 4-Year period and is projected to increase 3.85% or $26,865,385 annually through FY2029. Purchased Services has the largest projected average annual variance compared to the historical average at $44,076,707.

Note: Revenue average annual change is projected to be > ($12,289,792) On an annual average basis, revenue are projected to contract while expenditures grows

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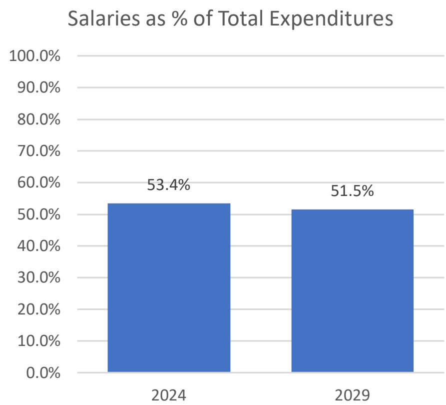
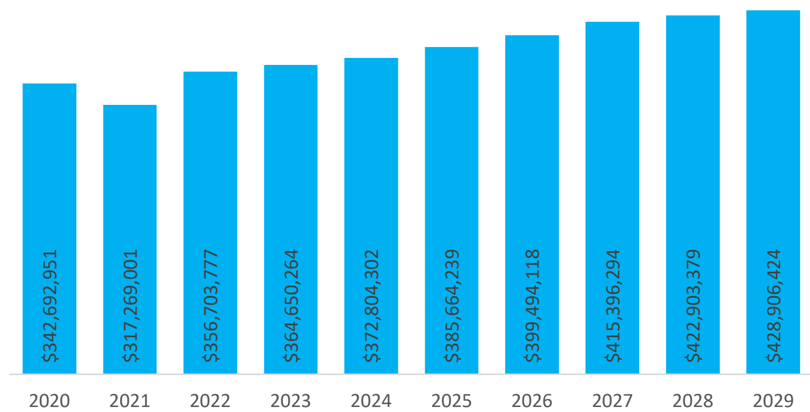
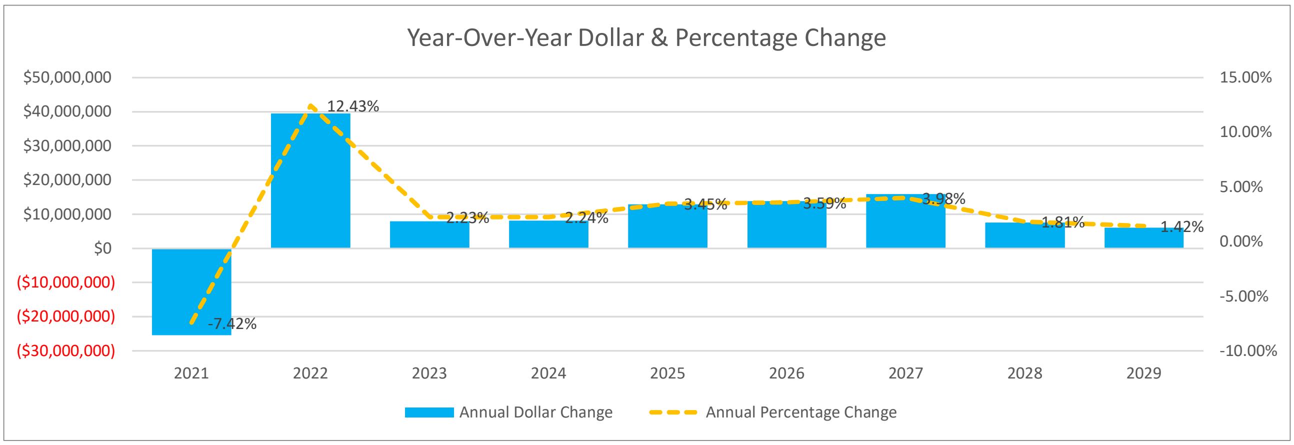
3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.







Salaries represent 53.43% of total expenditures and increased at a historical average annual rate of 0.27% or -$56,507. This category of expenditure is projected to grow at an annual average rate of 2.85% or $11,220,424 through FY 2029. The projected average annual rate of change is 2.58% more than the five year historical annual average.

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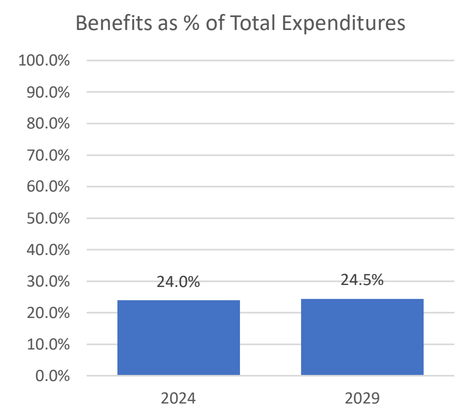
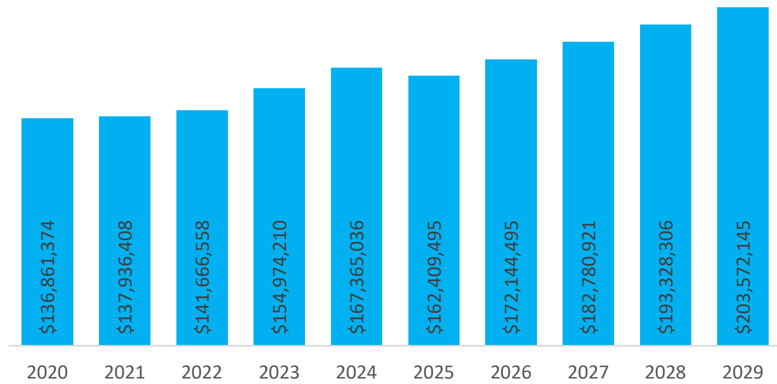
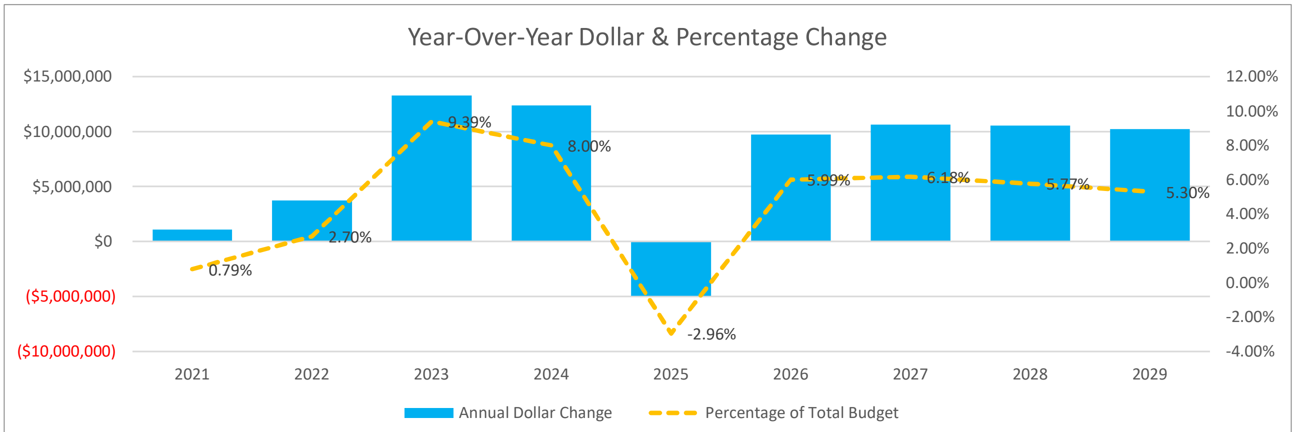
3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.







Benefits represent 23.99% of total expenditures and increased at a historical average annual rate of 4.49% This category of expenditure is projected to grow at an annual average rate of 4.06% through FY 2029. The projected average annual rate of change is -0.44% less than the five year historical annual average.

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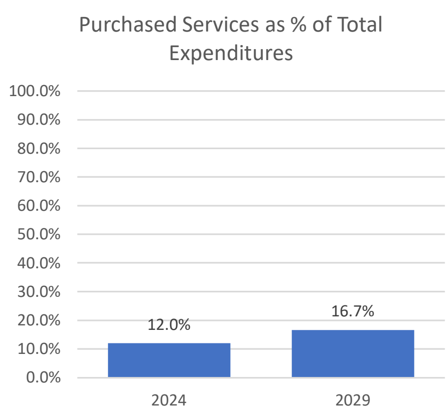
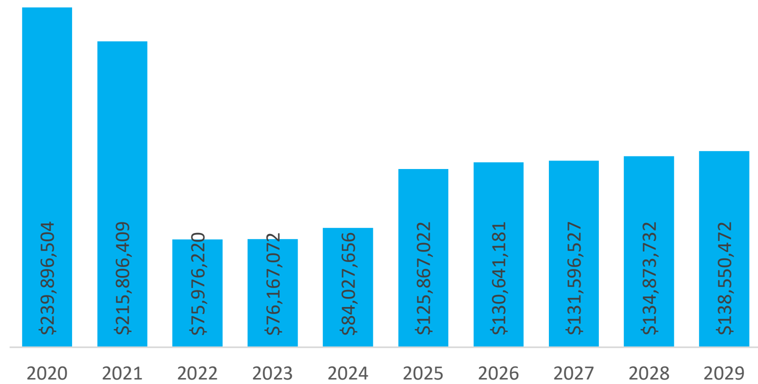
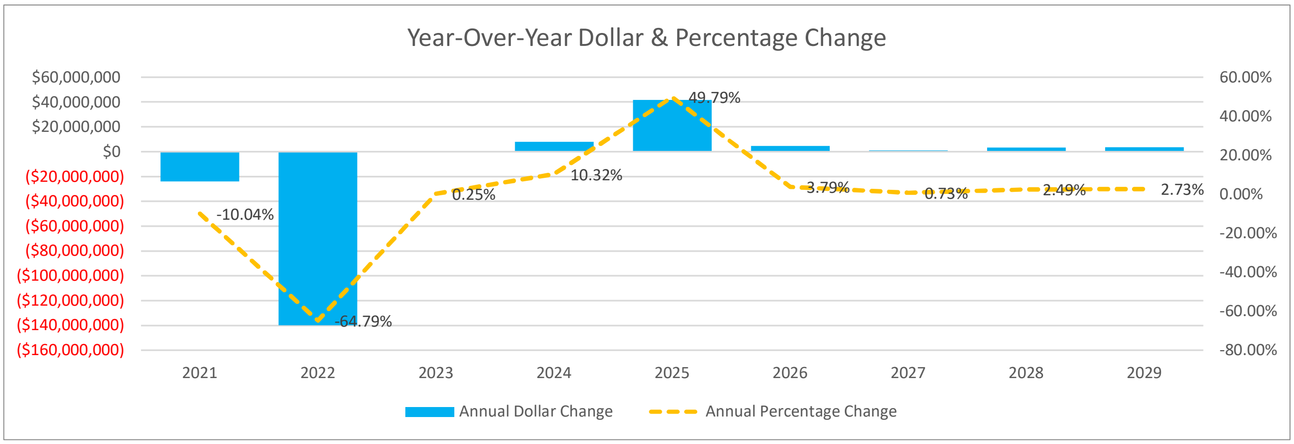
3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.







Purchased Services represent 12.04% of total expenditures and decreased at a historical average annual rate of -13.65%. This category of expenditure is projected to grow at an annual average rate of 11.91% through FY 2029 The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revnue since per pupil funding was paid directly by the state to the attending school.

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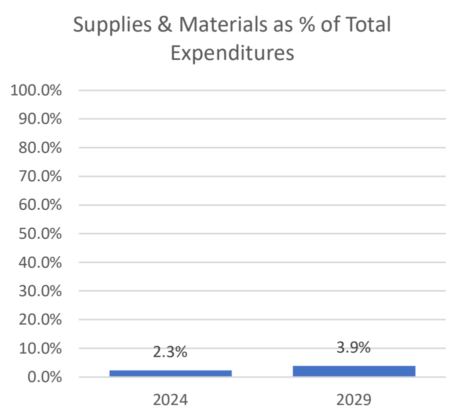
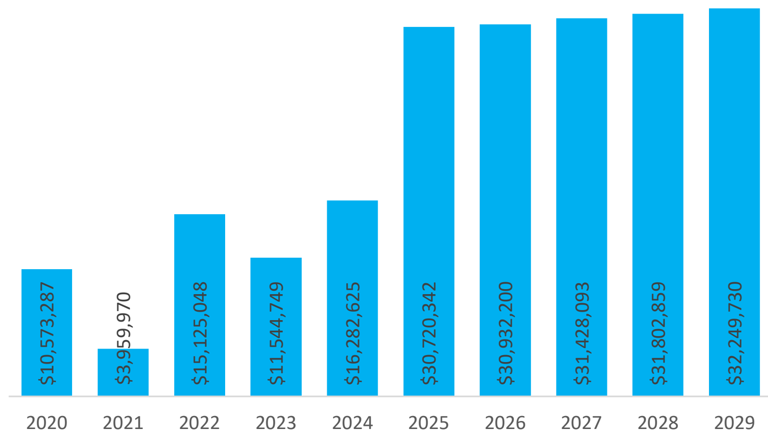
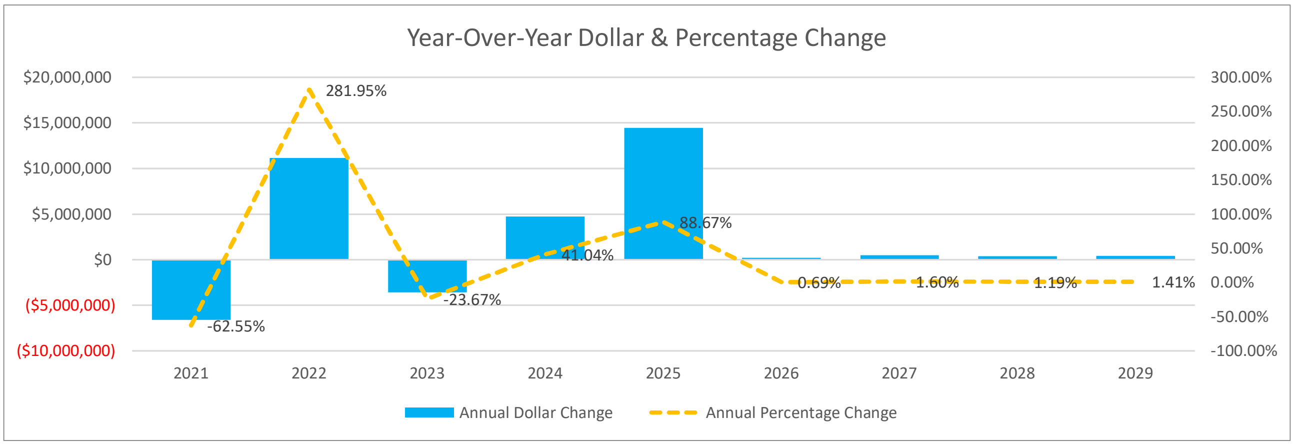
3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.







Supplies & Materials represent 2.33% of total expenditures and increased at a historical average annual rate of 36.37%. This category of expenditure is projected to grow at an annual average rate of 18.71% through FY 2029. The projected average annual rate of change is -17.66% less than the five year historical annual average.

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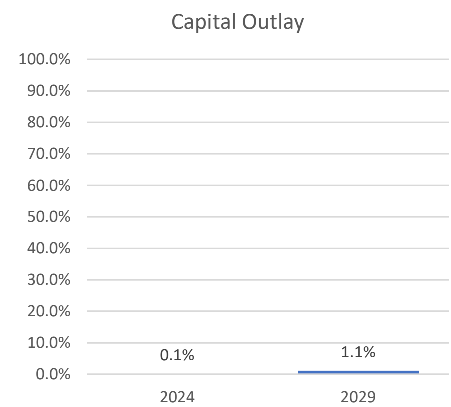
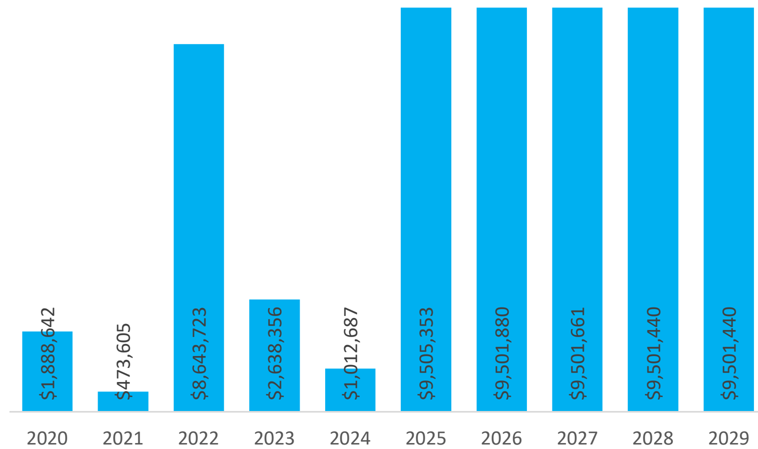
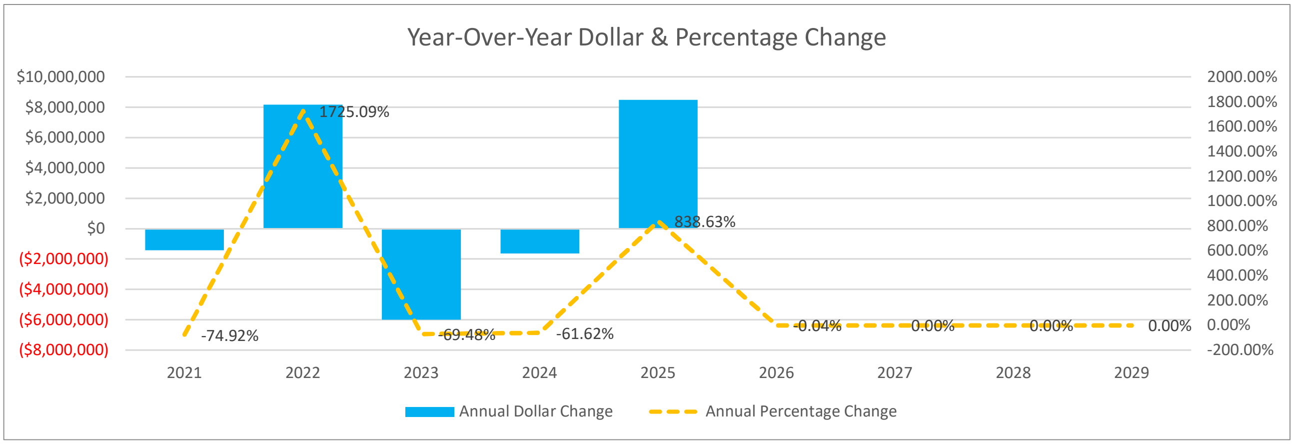
3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.







Capital Outlay represent 0.15% of total expenditures and decreased at a historical average annual amount of -$627,205. This category of expenditure is projected to grow at an annual average rate of $1,697,751 through FY 2029. The projected average annual change is less than the five year historical annual average.

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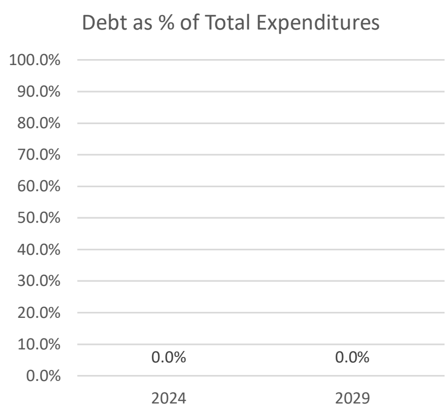
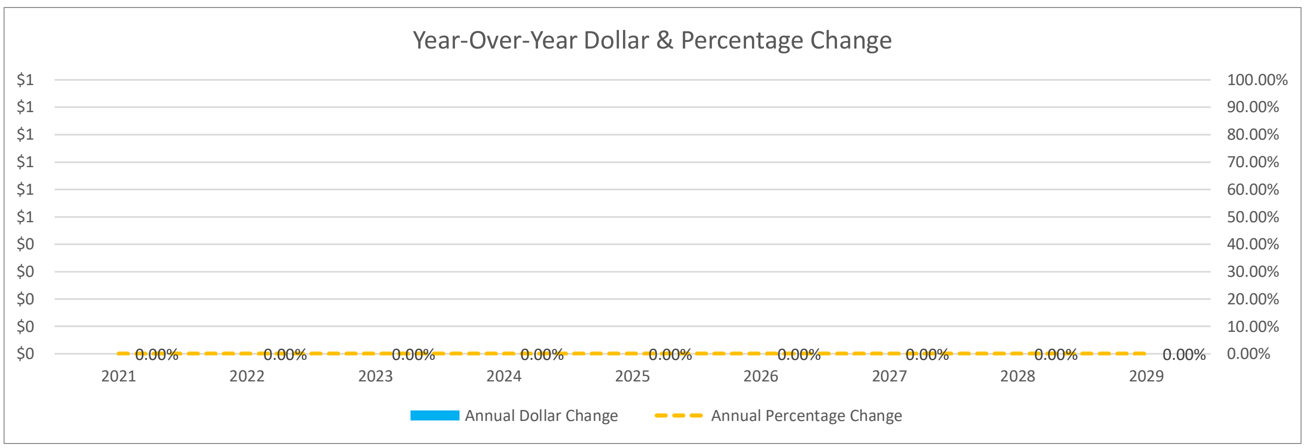
3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.





The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

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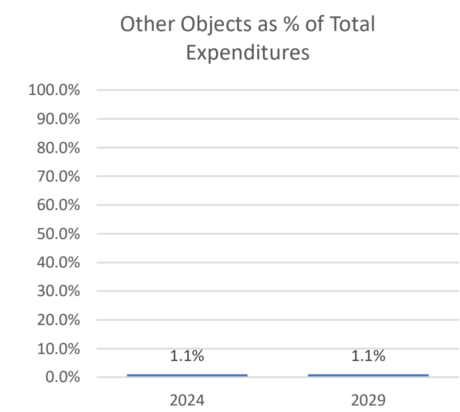
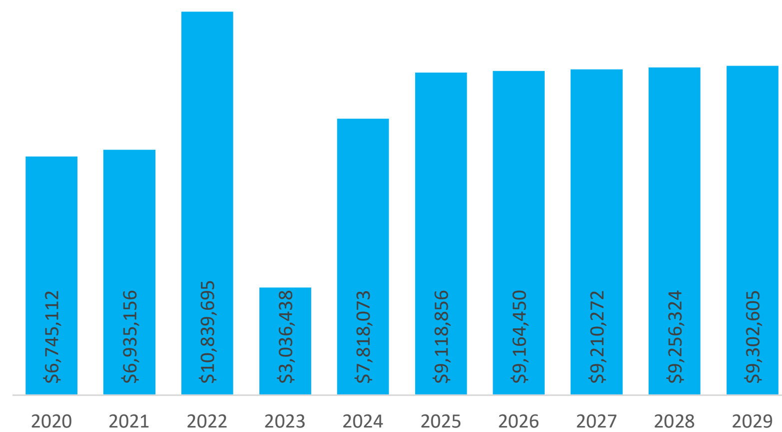
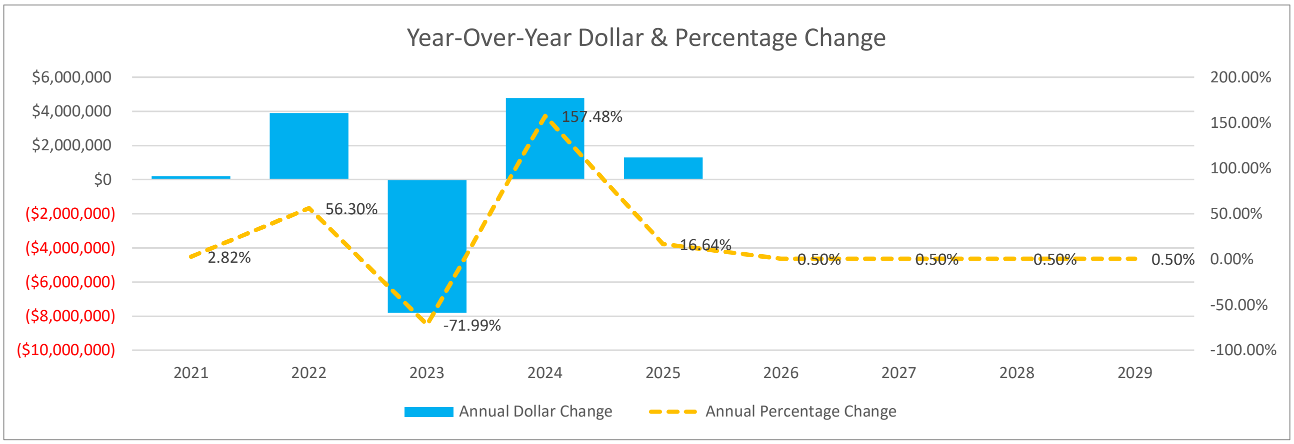
4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.







Other Objects represent 1.12% of total expenditures and increased at a historical average annual rate of 25.57%. This category of expenditure is projected to grow at an annual average rate of 3.73% through FY 2029. The projected average annual rate of change is -21.84% less than the five year historical annual average.

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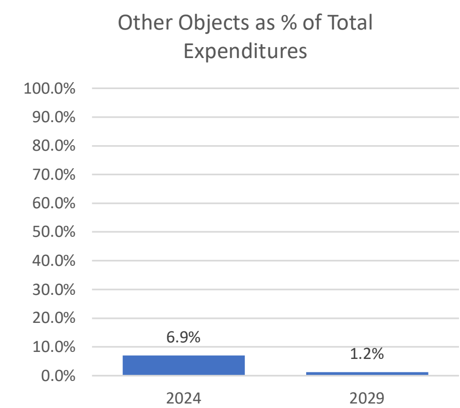
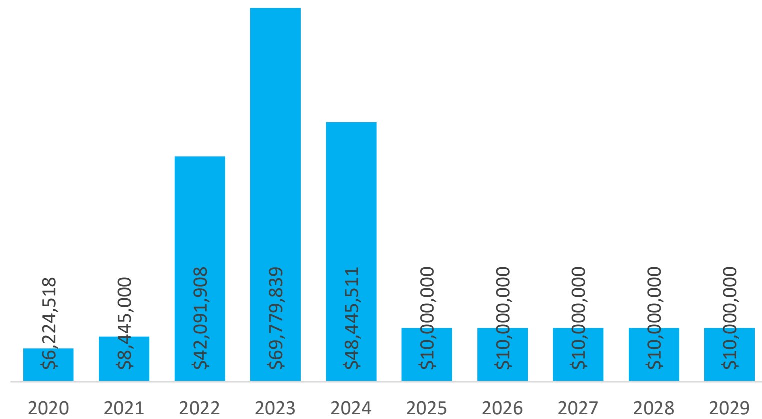
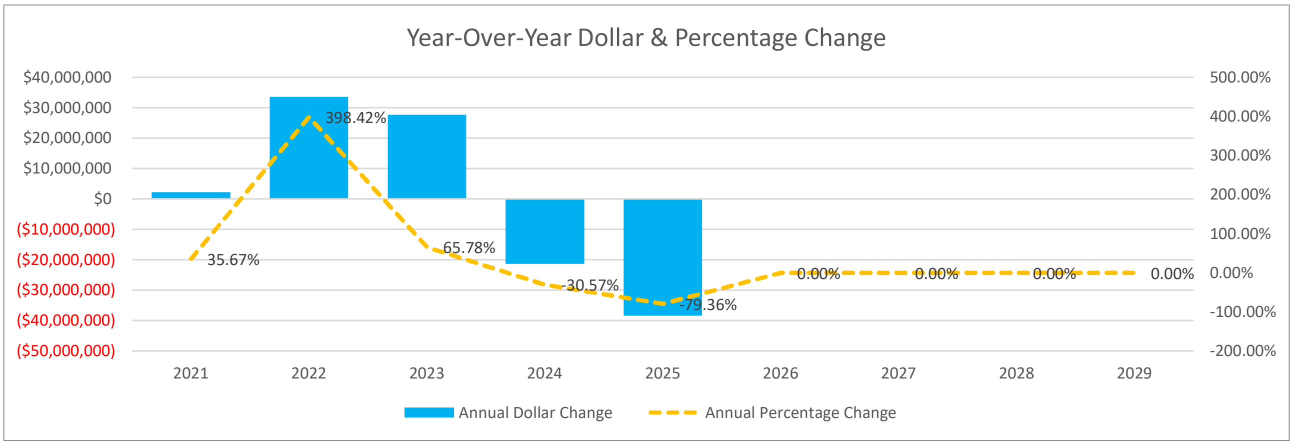
5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.







		FORECASTED				
	2024	2025	2026	2027	2028	2029
Transfers Out	-	-	-	-	-	-
Advances Out	48,445,511	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Other Financing Uses	-	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2024 the district had advances-out and has advances-out forecasted through FY 2029. The district can also move general funds permanently to other funds and as the schedule above presents, the district has no transfers forecasted through FY 2029. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

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Cleveland Municipal School District

Five Year Forecast

	Actual	FORECASTED				
Fiscal Year:	2024	2025	2026	2027	2028	2029
Revenue:						
1.010 - General Property Tax (Real Estate)	224,363,634	225,874,566	228,892,610	229,594,402	231,190,089	232,577,802
1.020 - Public Utility Personal Property	43,298,224	44,870,518	46,673,149	48,552,486	50,470,075	52,387,665
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	270,410,577	269,419,500	273,208,110	266,709,765	268,766,682	268,890,177
1.040 - Restricted Grants-in-Aid	57,286,413	51,394,268	48,568,713	44,703,472	42,600,756	40,554,606
1.050 - State Share-Local Property Taxes	17,017,244	17,615,415	18,102,418	18,153,704	18,333,434	18,508,308
1.060 - All Other Operating Revenues	46,878,721	53,221,938	48,427,545	45,983,443	44,967,780	44,669,684
1.070 - Total Revenue	659,254,814	662,396,205	663,872,545	653,697,272	656,328,816	657,588,242
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	69,779,839	48,445,511	10,000,000	10,000,000	10,000,000	10,000,000
2.060 - All Other Financing Sources	3,550	1,000	1,000	1,000	1,000	1,000
2.070 - Total Other Financing Sources	69,783,389	48,446,511	10,001,000	10,001,000	10,001,000	10,001,000
2.080 - Total Rev & Other Sources	729,038,203	710,842,716	673,873,545	663,698,272	666,329,816	667,589,242
Expenditures:						
3.010 - Personnel Services	372,804,302	385,664,239	399,494,118	415,396,294	422,903,379	428,906,424
3.020 - Employee Benefits	167,365,036	162,409,495	172,144,495	182,780,921	193,328,306	203,572,145
3.030 - Purchased Services	84,027,656	125,867,022	130,641,181	131,596,527	134,873,732	138,550,472
3.040 - Supplies and Materials	16,282,625	30,720,342	30,932,200	31,428,093	31,802,859	32,249,730
3.050 - Capital Outlay	1,012,687	9,505,353	9,501,880	9,501,661	9,501,440	9,501,440
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	7,818,073	9,118,856	9,164,450	9,210,272	9,256,324	9,302,605
4.500 - Total Expenditures	649,310,380	723,285,306	751,878,324	779,913,769	801,666,040	822,082,817
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	48,445,511	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	48,445,511	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
5.050 - Total Exp and Other Financing Uses	697,755,891	733,285,306	761,878,324	789,913,769	811,666,040	832,082,817
6.010 - Excess of Rev Over/(Under) Exp	31,282,312	(22,442,590)	(88,004,779)	(126,215,497)	(145,336,224)	(164,493,575)
7.010 - Cash Balance July 1 (No Levies)	109,516,971	140,799,283	118,356,693	30,351,915	(95,863,582)	(241,199,806)
7.020 - Cash Balance June 30 (No Levies)	140,799,283	118,356,693	30,351,915	(95,863,582)	(241,199,806)	(405,693,381)
		Reservations				
8.010 - Estimated Encumbrances June 30	42,594,341	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	98,204,942	93,356,693	5,351,915	(120,863,582)	(266,199,806)	(430,693,381)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies		-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	98,204,942	93,356,693	5,351,915	(120,863,582)	(266,199,806)	(430,693,381)
Revenue from New Levies						
13.010 & 13.020 - New Levies		24,068,903	48,311,997	48,658,084	48,991,964	49,315,899
13.030 - Cumulative Balance of New Levies	-	24,068,903	72,380,900	121,038,984	170,030,948	219,346,847
15.010 - Unreserved Fund Balance June 30	98,204,942	117,425,596	77,732,815	175,402	(96,168,858)	(211,346,534)

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