Cleveland Municipal School District

Fiscal Year 2026 February

Financial Forecast Report

Prepared By:

Kevin Stockdale, Treasurer/CFO

Cleveland Municipal School District

Table of Contents

Forecast Purpose/Objectives

Ohio Department of Education and Workforce's purposes/objectives for the financial forecast are:

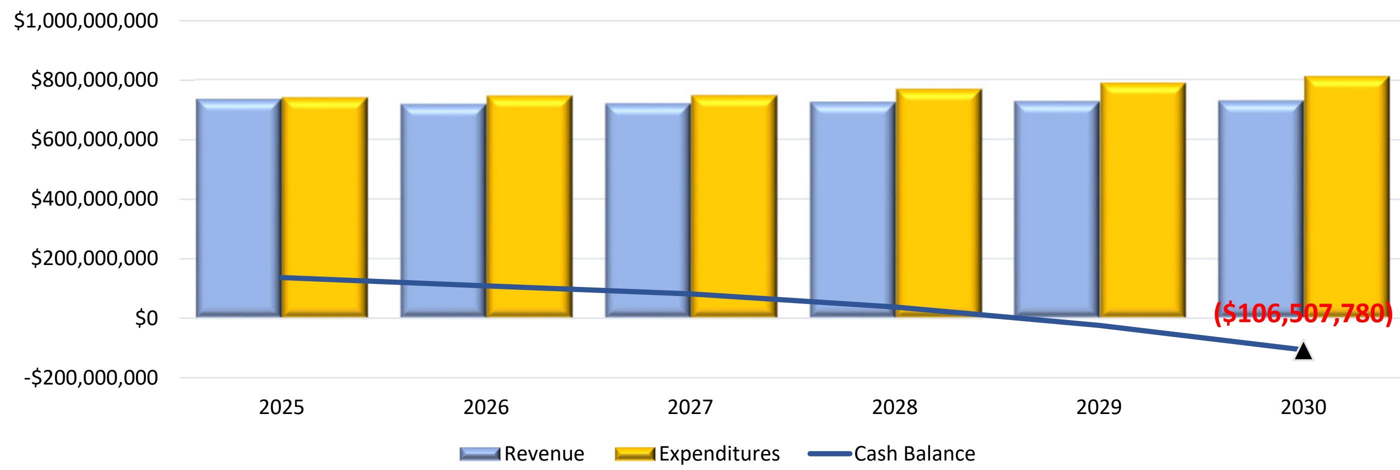
1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 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.

Forecast Summary

Projected Revenue, Expenditures, and Cash Balance



Financial Forecast Summary

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
Beginning Balance (Line 7.010) **Includes Renewal/New Levy Revenue, see Disclosures*	136,682,041	108,692,172	81,926,247	38,143,366	(24,079,735)
+ Revenue	719,295,335	721,523,312	726,383,058	728,884,867	730,911,064
- Expenditures	(747,285,204)	(748,289,236)	(770,165,939)	(791,107,968)	(813,339,108)
= Revenue Surplus or Deficit	(27,989,869)	(26,765,924)	(43,782,881)	(62,223,102)	(82,428,044)
Line 7.020 Ending Balance with Renewal/New Levies	108,692,172	81,926,247	38,143,366	(24,079,735)	(106,507,780)

Financial Summary Notes

Expenditure growth is projected to outpace revenue change. By the end of 2030, the cash balance is projected to decline by a total of $243,189,820 compared to 2025. For fiscal year 2030, expenditures are currently projected to exceed revenue, resulting in a revenue shortfall the final year of the forecast period.

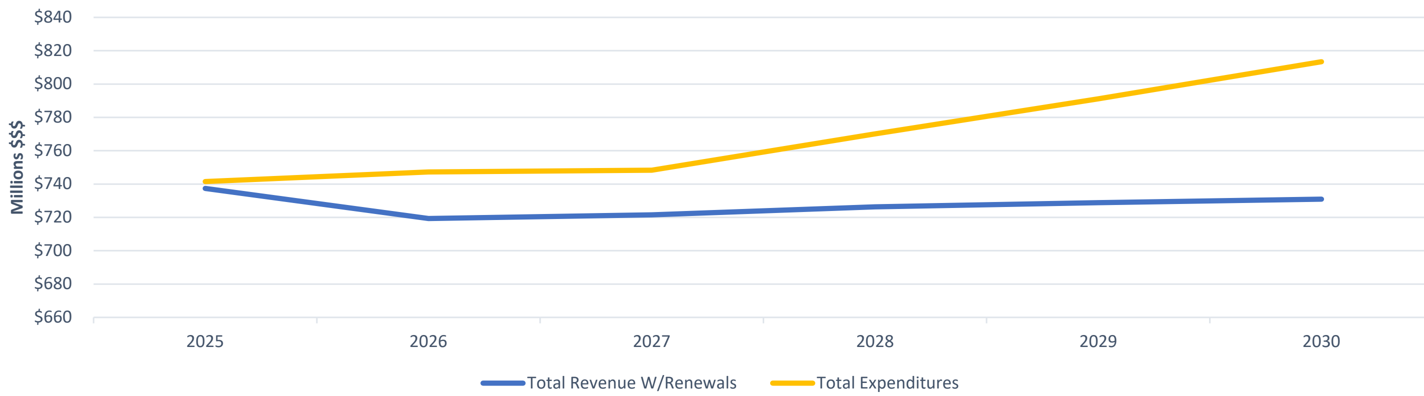
For revenue, projected change is expected to be less than the historical average. Over the past five years, revenue decreased by -0.04% (-$2,664,436 annually). However, it is projected to decrease by -0.17% (-$1,292,975 annually) through fiscal year 2030. Notably, State Funding, is expected to be $26,093,287 more per year compared to history, and is the biggest driver of trend change on the revenue side.

For expenses, projected change is forecasted to increase at a faster pace than the historical trend. Expenditures decreased by 0.08% ($1,875,559 annually) during the past 5-year period, and are projected to increase by 1.87% ($14,369,186 annually) through 2030. The forecast line with the most change on the expense side, Purchased Services, is anticpated to be $28,695,142 more per year in the projected period compared to historical averages.

Disclosure Items:	*2026*	*2027*	*2028*	*2029*	*2030*
Modeled Renewal Levies - Annual Amount	-	-	-	-	-
Modeled New Levies - Annual Amount	-	-	-	-	-
Encumbrances (not subtracted from Cash Balance)	*25,000,000*	*25,000,000*	*25,000,000*	*25,000,000*	*25,000,000*

Forecast Analysis

Revenue Compared to Expenditures

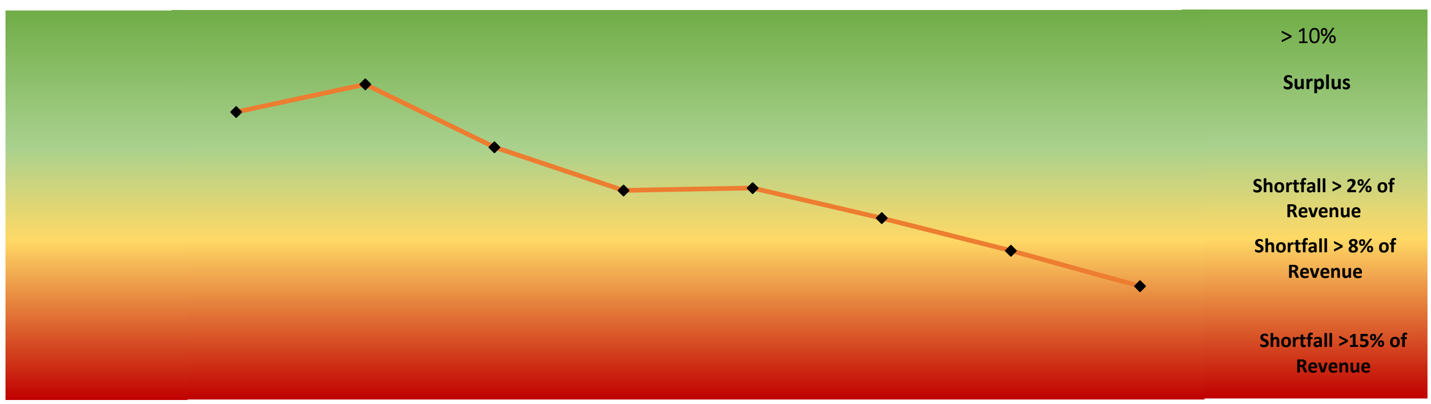


From 2026 to 2030, total revenues are projected to change by -0.17%

Expenditure change is expected to outpace revenue change.

From 2026 to 2030, total expenses are projected to change by 1.87%

Revenue Surplus/(Shortfall) as a Percentage of Revenue

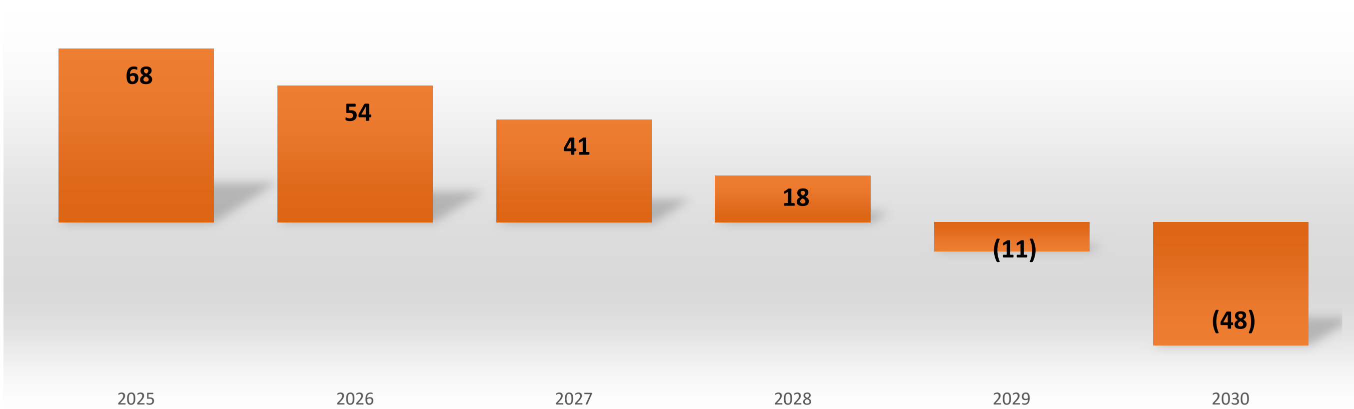


Current Forecast Surplus/(Shortfall)	2024	2025	2026	2027	2028	2029	2030
	4.3%	-.6%	-3.9%	-3.7%	-6.%	-8.5%	-11.3%

The district is trending toward revenue shortfall with the expenditures growing faster than revenue.
A revenue increase of 8.54% is needed to balance the budget in fiscal year 2030, or a $82,428,044 reduction in expenditures.

- The largest contributor to the projected revenue trend is the change in State Funding.
- The expenditure most impacting the changing trend is Purchased Services.

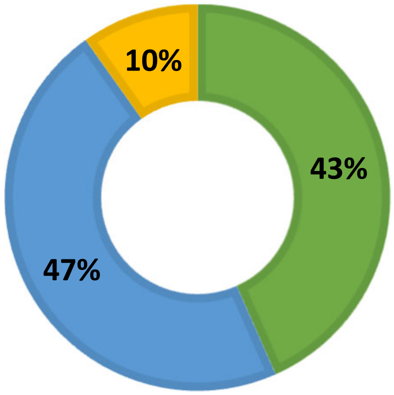
Days Cash on Hand at Fiscal Year-end



**based on 365 days*

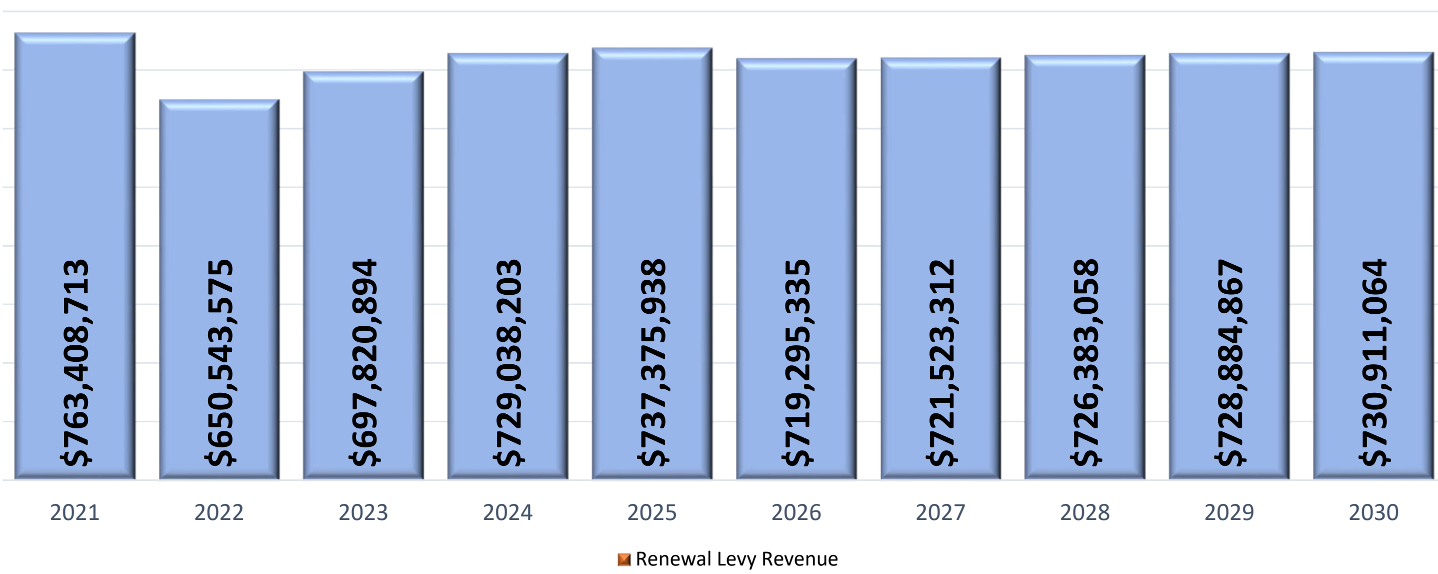
Revenue Overview

Revenue Sources



Local Taxes	
Real Estate Tax	36.67%
Public Utility Tax	6.71%
Income Tax	0.00%
State Sources	
State Funding	37.58%
Restricted Aid	6.74%
State Reimb Prop Tax Cre(	2.46%
All Other Revenue	
Other Revenue	8.12%
Other Sources	1.73%

Annual Revenue Actual + Projected



Historic Revenue Change versus Projected Revenue Change

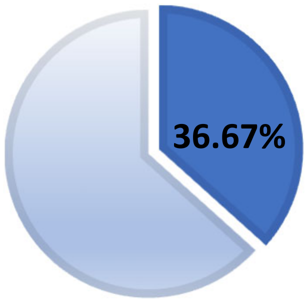
	Historical Average Annual $$ Change	Projected Average Annual $$ Change	Projected Compared to Historical Variance
Real Estate	$7,759,658	$6,667,305	($1,092,354)
Public Utility	$2,910,633	$2,232,830	($677,803)
Income Tax	$0	$0	$0
State Funding	($26,824,433)	($731,146)	$26,093,287
State Reimb Prop Tax Credits	$104,384	$149,715	$45,331
All Othr Op Rev	$4,858,616	($1,919,371)	($6,777,987)
Other Sources	$8,526,704	($7,692,308)	($16,219,012)
Total Average Annual Change	($2,664,436)	($1,292,975)	$1,371,461
	-0.04%	-0.17%	-0.13%

Over the past five years, revenue decreased by -0.04% (-$2,664,436 annually). However, it is projected to decrease by -0.17% (-$1,292,975 annually) through fiscal year 2030. Notably, State Funding, is expected to be $26,093,287 more per year compared to history, and is the biggest driver of trend change on the revenue side.

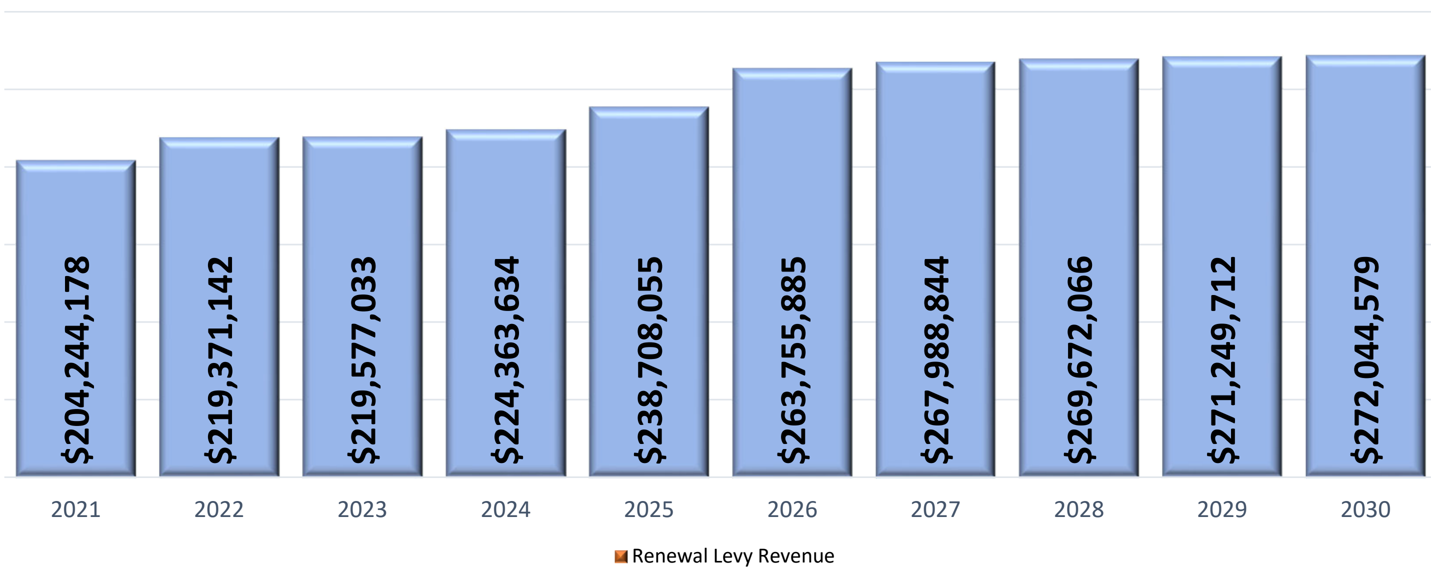
For Comparison:
Expenditure average annual change is projected to be > $14,369,186 On an annual average basis, expenditures are projected to grow faster than revenue.

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).



Real estate property tax revenue accounts for 36.67% of total district general fund revenue.



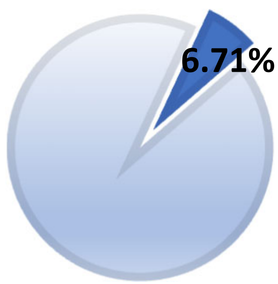
Key Assumptions & Notes

Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class 2 Rate	Change	
2024	7,167,912,060	1,686,940,350	33.26	-	56.39	-	93.7%
2025	7,163,912,060	(4,000,000)	33.36	0.10	56.66	0.27	96.1%
2026	7,168,412,060	4,500,000	33.42	0.06	56.84	0.18	96.1%
2027	7,673,412,060	505,000,000	30.61	(2.80)	56.21	(0.63)	96.1%
2028	7,692,412,060	19,000,000	30.62	0.01	56.21	(0.00)	96.1%
2029	7,711,412,060	19,000,000	30.63	0.01	56.21	(0.00)	96.1%

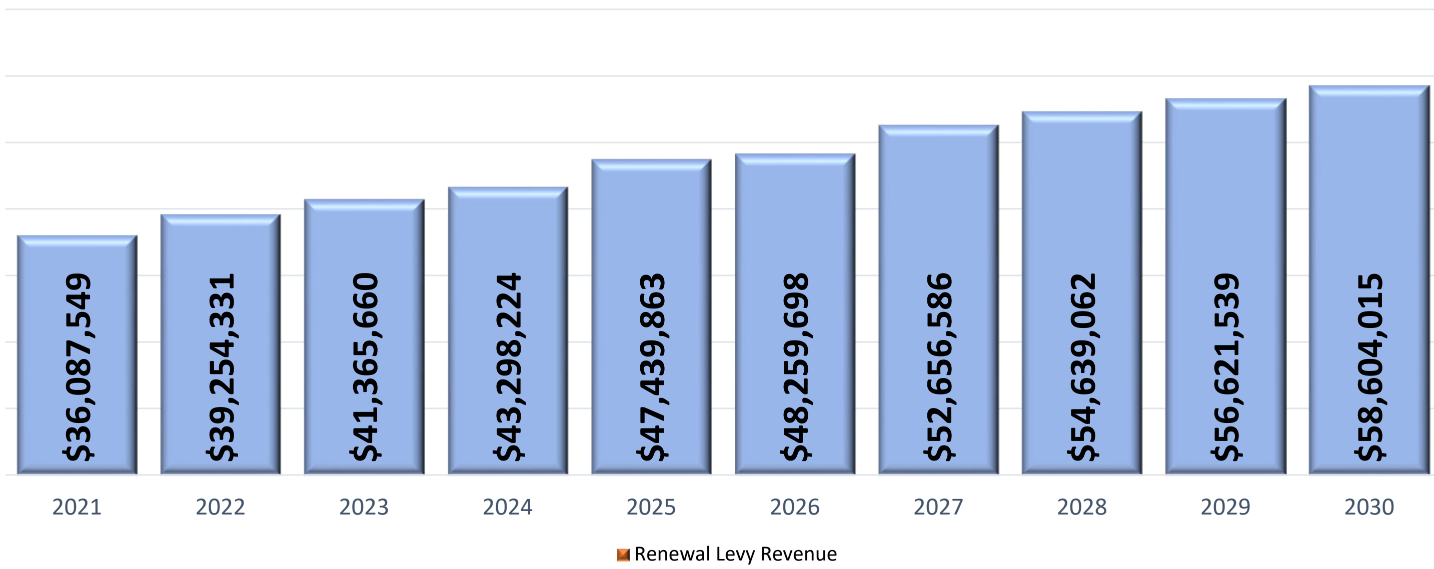
Class I, or residential/agricultural taxes make up approximately 42.47% of the real estate property tax revenue. The Class I tax rate is 33.36 mills in tax year 2025. The projections reflect an average gross collection rate of 96.1% annually through tax year 2029. The revenue changed at an average annual historical rate of 3.65% and is projected to change at an average annual rate of 2.72% through fiscal year 2030.

1.020 - Public Utility Personal Property

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



Public Utility Personal Property tax revenue accounts for 6.71% of total district general fund revenue.



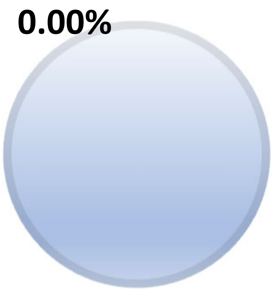
Key Assumptions & Notes

Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2024	625,442,530	51,985,870	86.80	10.10	80.5%
2025	649,442,530	24,000,000	84.80	(2.00)	93.5%
2026	674,442,530	25,000,000	84.80	-	93.5%
2027	699,442,530	25,000,000	84.80	-	93.5%
2028	724,442,530	25,000,000	84.80	-	93.5%
2029	749,442,530	25,000,000	84.80	-	93.5%

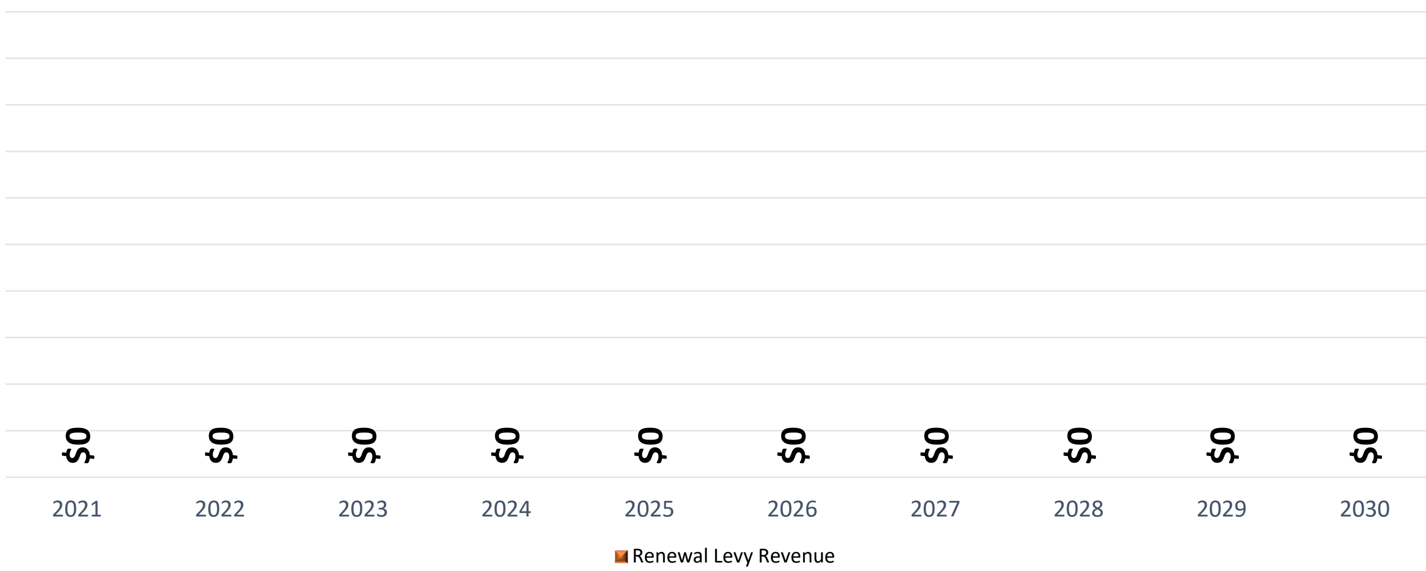
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. The property is taxed at the full voted tax rate which in tax year 2025 is 84.80 mills. The forecast is modeling an average gross collection rate of 93.51%. The revenue changed historically at an average annual dollar amount of $2,910,633 and is projected to change at an average annual dollar amount of $2,232,830 through fiscal year 2030.

1.030 - School District 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 a School District Income Tax levy.

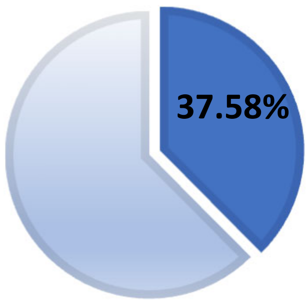


Key Assumptions & Notes

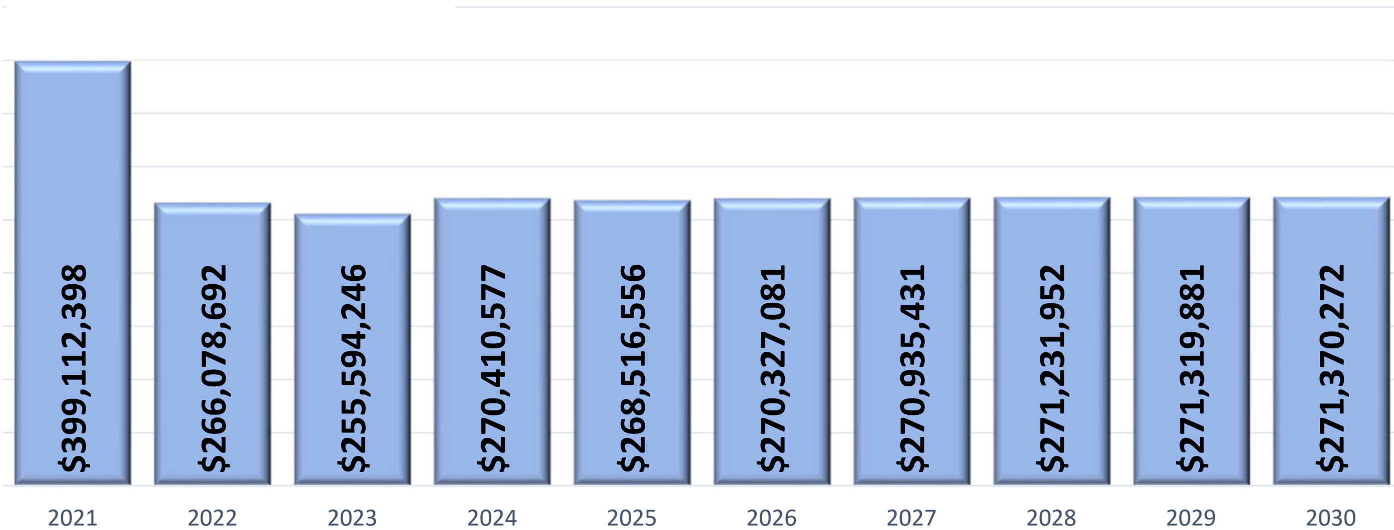
The district does not have an income tax levy.

1.035 - Unrestricted Grants-in-Aid

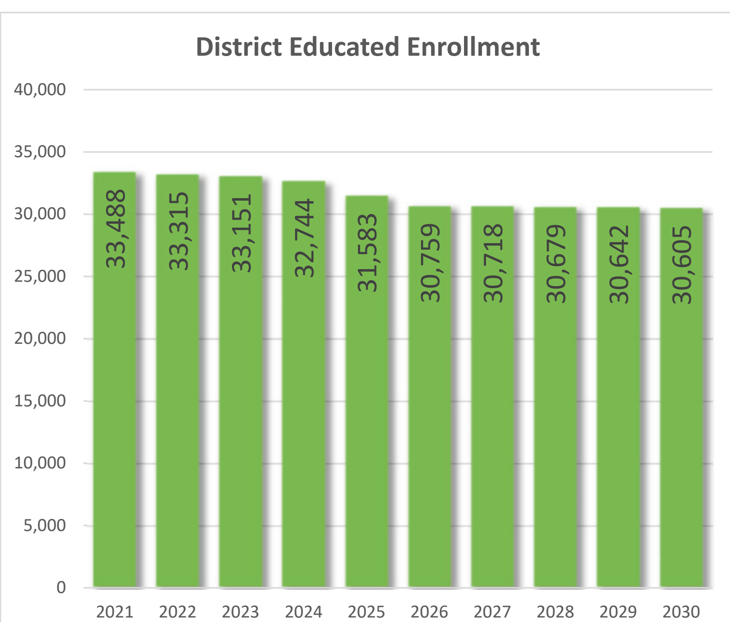
Funds received through the State Foundation Program with no restriction.



Unrestricted State Aid revenue accounts for 37.58% of total district general fund revenue.



Key Assumptions & Notes



Beginning in fiscal year 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.

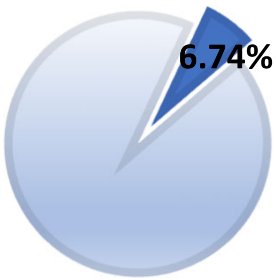
For Cleveland Municipal School District, the calculated Base Cost total is $263,885,125 in 2026.

The State's Share of the calculated Base Cost total is $153,739,295, or $4,998 per pupil.

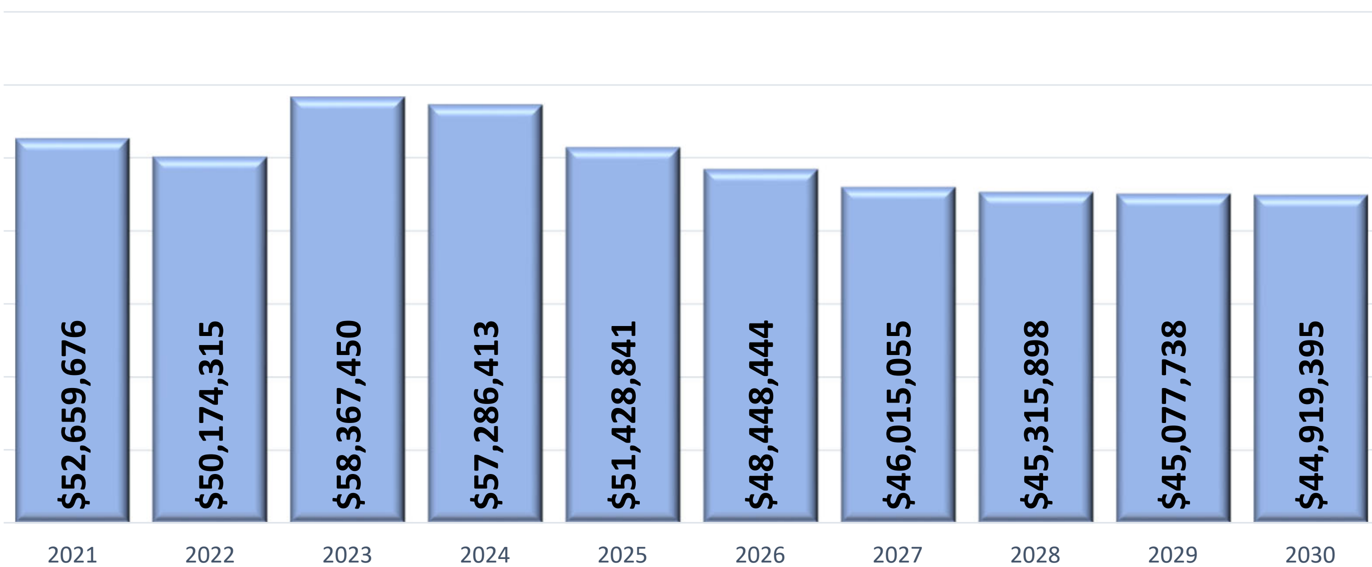
The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts, which impacts the expense side of the forecast.

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 State Aid revenue accounts for 6.74% of total district general fund revenue.

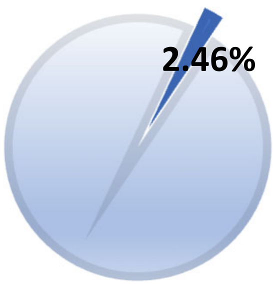


Key Assumptions & Notes

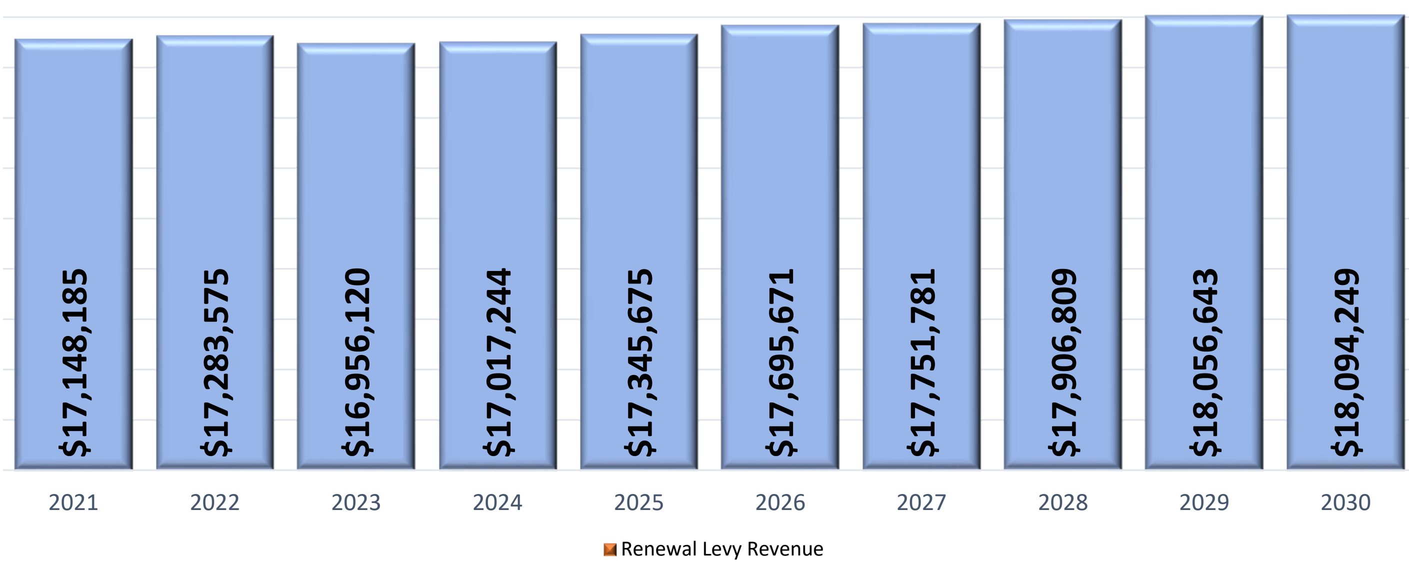
Restricted aid is the portion of state per pupil funding that must be classifed as restricted use. Historically the district's restricted state aid changed annually on average by $418,175 and is projected to change annually on average by -$1,301,889. Restricted funds represent 6.74% of the district's total revenue. Starting in fiscal year 2022, the district's Success & Wellness funding became restricted; the state's share of this funding recorded as restricted is $7,300,536. 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.

1.050 - State Reimbursement Property Tax Credits

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



State Reimbursement of Property Tax Credit revenue accounts for 2.46% of total district general fund revenue.

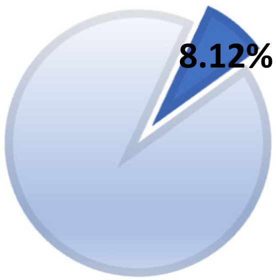


Key Assumptions & Notes

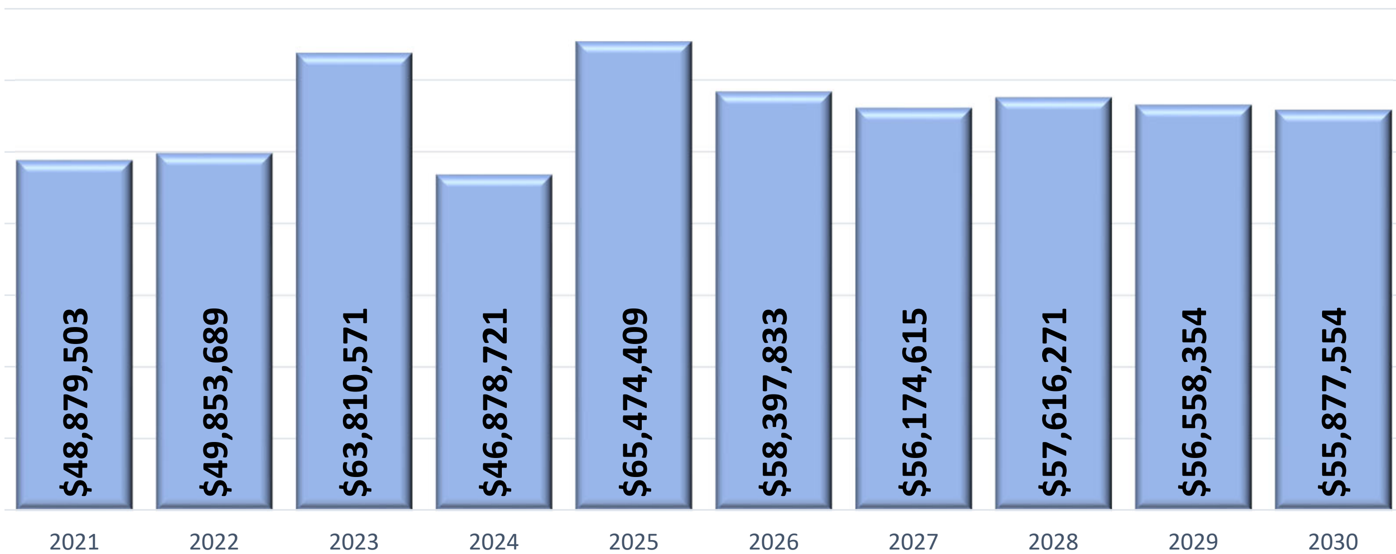
State Reimbursement of Property Tax Credits primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions to their tax bill. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In fiscal year 2026, approximately 8.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 3.7% will be reimbursed in the form of qualifying homestead exemption credits.

1.060 - All Other Operating Revenues

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



All Other Revenue accounts for 8.12% of total district general fund revenue.

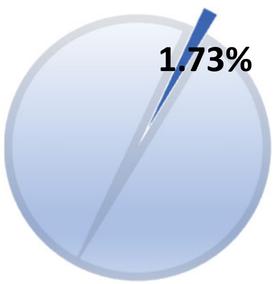


Key Assumptions & Notes

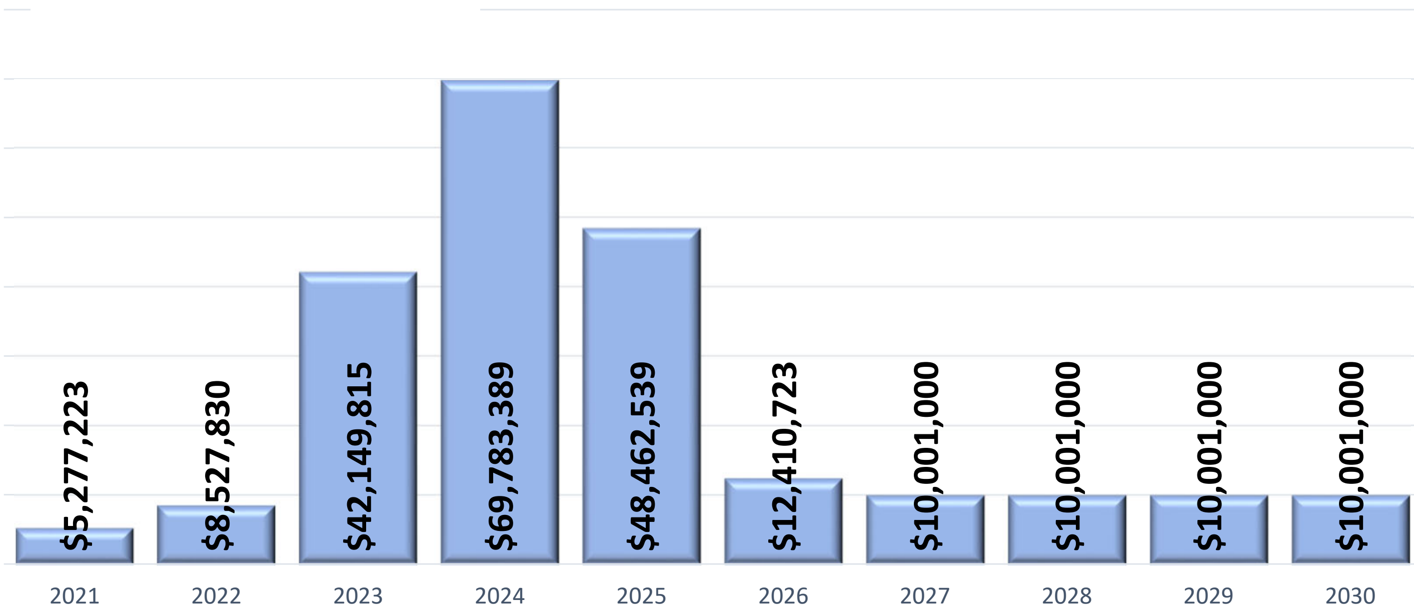
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was $4,858,616. The projected average annual change is -$1,919,371 through fiscal year 2030.

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.



Other Sources of revenue accounts for 1.73% of total district general fund revenue.



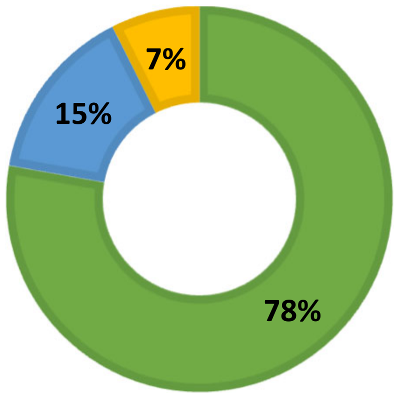
Key Assumptions & Notes

		FORECASTED				
	2025	2026	2027	2028	2029	2030
Transfers In	-	-	-	-	-	-
Advances In	48,445,511	12,409,723	10,000,000	10,000,000	10,000,000	10,000,000
All Other Financing Sources	17,028	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 2025 the district receipted $48,445,511 as advances-in and is projecting advances of $12,409,723 in fiscal year 2026. 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 2026 and average $1,000 annually through 2030.

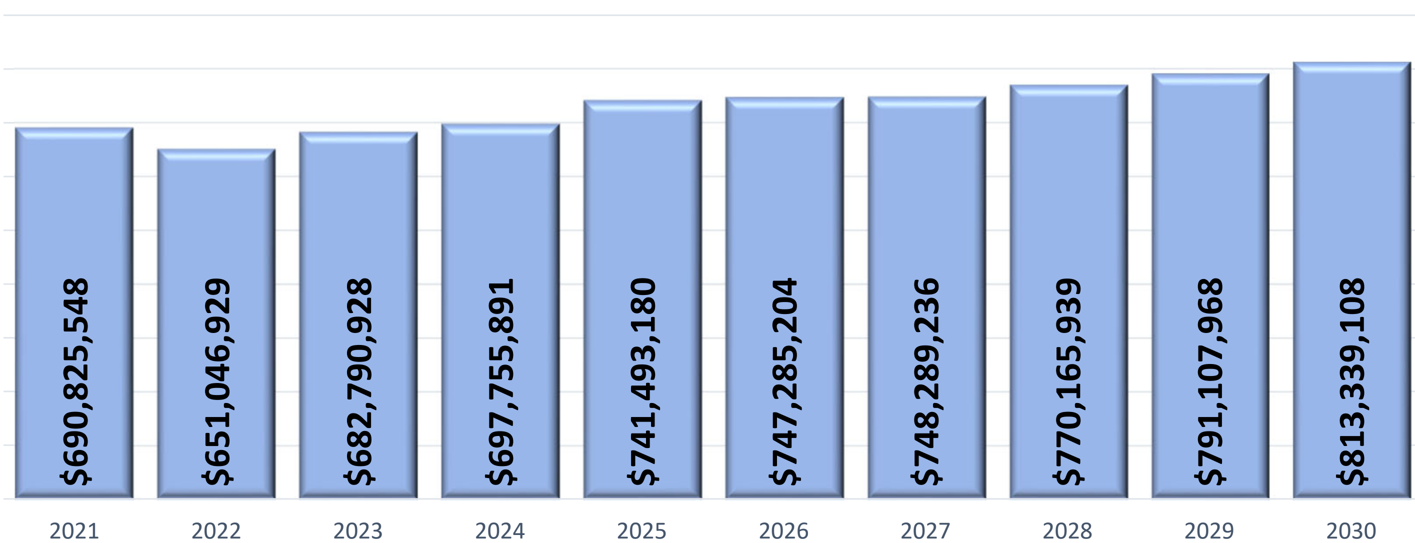
Expenditure Overview

Expenditure Categories



Personnel Costs	
Salaries	53.44%
Benefits	24.35%
Purchased Services	14.79%
All Other Expenditures	
Supplies, Capital, Debt, Other Obj	6.09%
Other Uses	1.34%

Annual Expenditures Actual + Projected



Historic Expenditures Change versus Projected Expenditures Change

	Historical Average Annual $$ Change	Projected Average Annual $$ Change	Projected Compared to Historical Variance
Salaries	$12,929,245	($45,442)	($12,974,686)
Benefits	$5,878,881	$11,173,189	$5,294,308
Purchased Services	($26,137,071)	$2,558,071	$28,695,142
Supplies & Materials	$1,730,330	$2,382,535	$652,205
Capital Outlay	$1,192,791	($810,901)	($2,003,693)
Intergov & Debt	$0	$0	($0)
Other Objects	$1,293,224	($406,322)	($1,699,546)
Other Uses	$1,237,041	($481,945)	($1,718,985)
Total Average Annual Change	($1,875,559)	$14,369,186	$16,244,744
	-0.08%	1.87%	1.96%

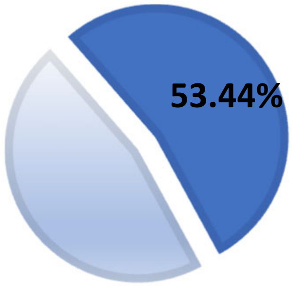
Expenditures decreased by 0.08% ($1,875,559 annually) during the past 5-year period, and are projected to increase by 1.87% ($14,369,186 annually) through 2030. The forecast line with the most change on the expense side, Purchased Services, is anticpated to be $28,695,142 more per year in the projected period compared to historical averages.

For Comparison:

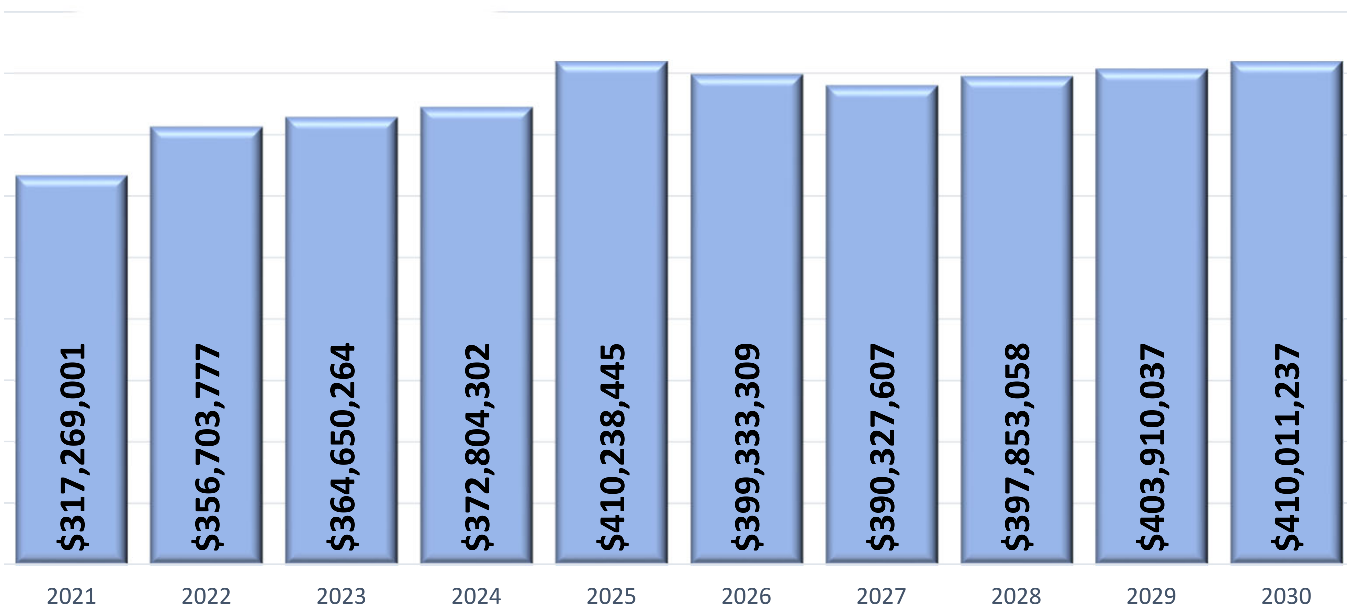
Revenue average annual change is projected to be > ($1,292,975) On an annual average basis, revenues are projected to contract while expenditures grows

3.010 - Personnel Services

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



Salaries account for 53.44% of the district's total general fund spending.

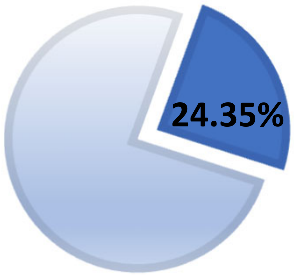


Key Assumptions & Notes

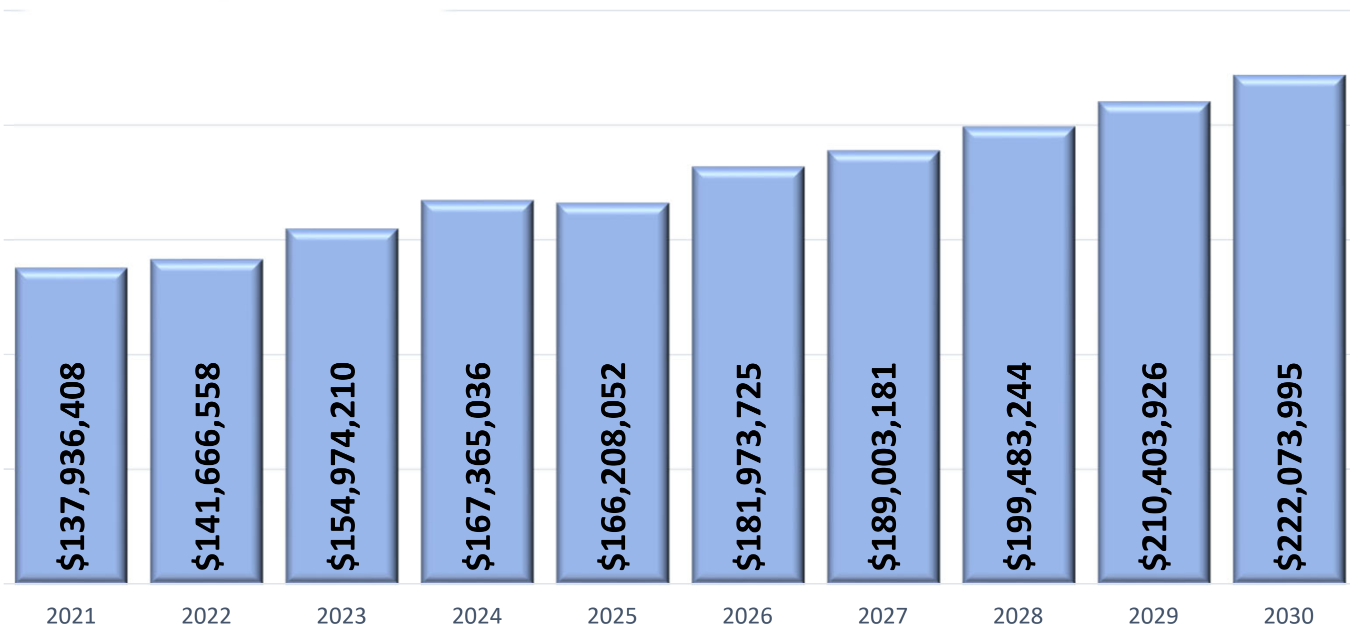
Salaries represent 53.44% of total expenditures and increased at a historical average annual rate of 3.75% (or $12,929,245). This category of expenditure is projected to grow at an annual average rate of 0.01% (or -$45,442) through fiscal year 2030. The projected average annual rate of change is 3.74% less than the five year historical annual average.

3.020 - Employees' Benefits

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



Benefits account for 24.35% of the district's total general fund spending.

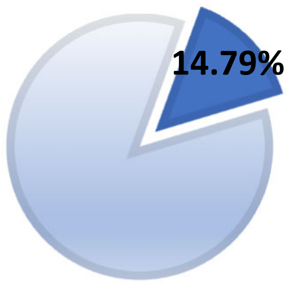


Key Assumptions & Notes

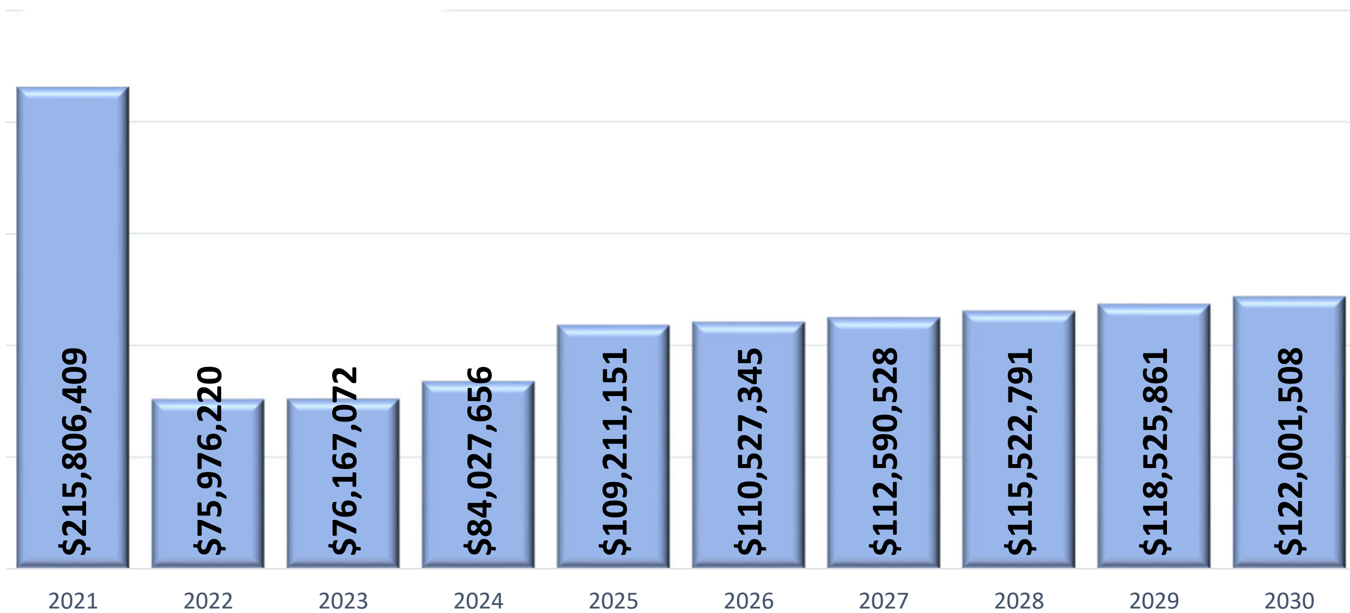
Benefits represent 24.35% of total expenditures and increased at a historical average annual rate of 4.04%. This category of expenditure is projected to grow at an annual average rate of 5.98% through fiscal year 2030. The projected average annual rate of change is 1.94% more than the five year historical annual average.

3.030 - Purchased Services

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



Purchased Services account for 14.79% of the district's total general fund spending.

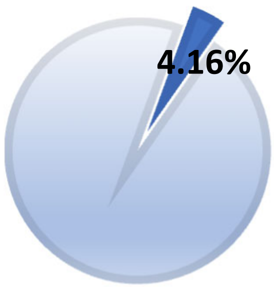


Key Assumptions & Notes

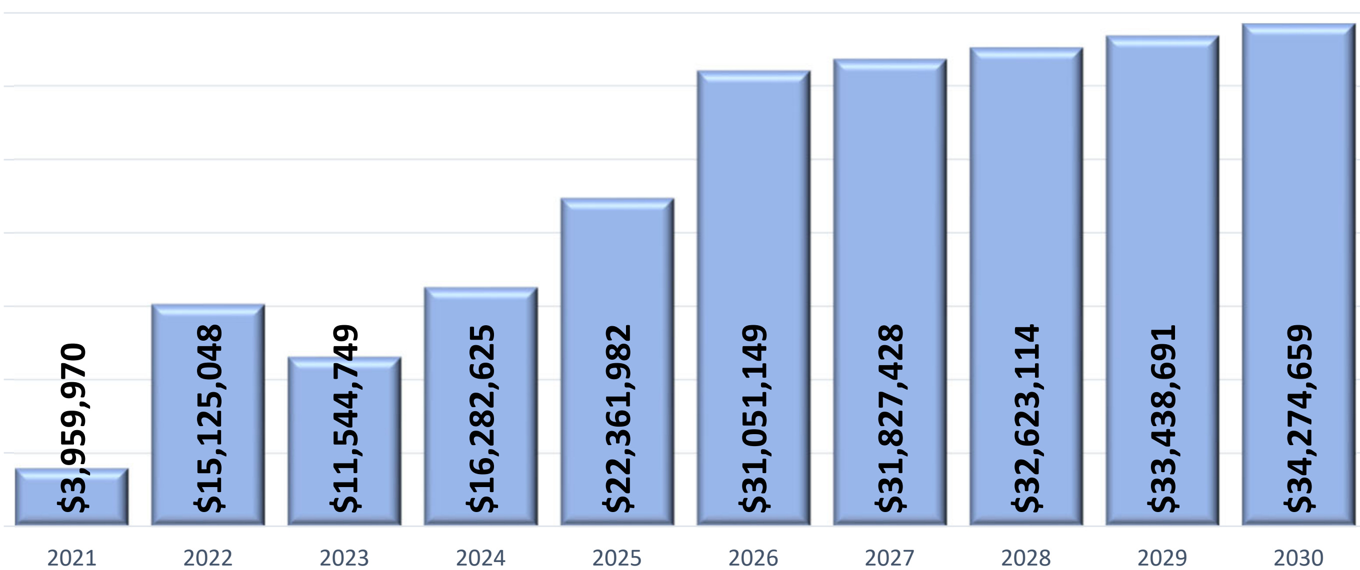
Purchased Services represent 14.79% of total expenditures and decreased at a historical average annual rate of 6.86%. This category of expenditure is projected to grow at an annual average rate of 2.24% through fiscal year 2030. Starting in 2022, the Fair School Funding Plan (State Funding) only accounted for district educated enrollment, thereby reducing district tuition costs for open enrollment 'out,' community schools, STEM, and scholarship students. This change resulted in lower district costs, but also less per pupil state revenue since per pupil funding is now paid directly by the state to the district students attend.

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 and Materials account for 4.16% of the district's total general fund spending.

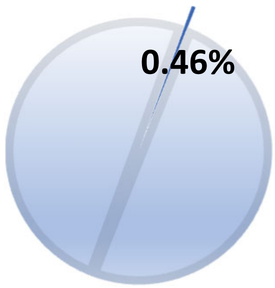


Key Assumptions & Notes

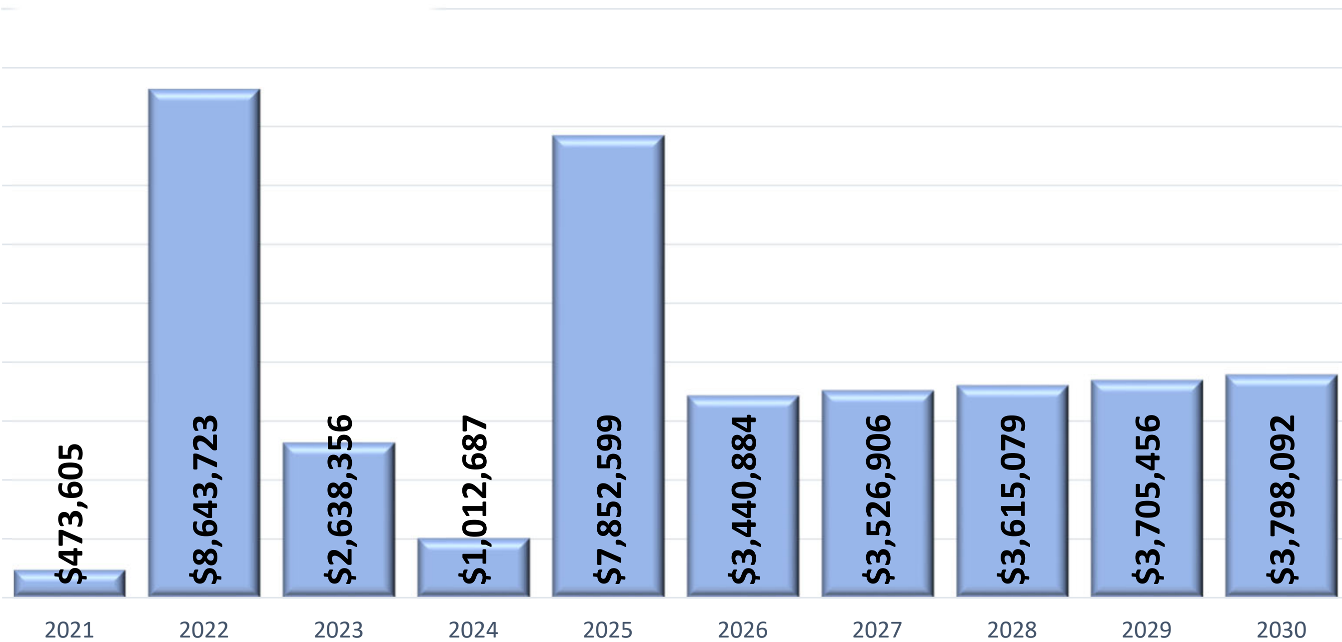
Supplies & Materials represent 4.16% of total expenditures and increased at a historical average annual rate of 53.11%. This category of expenditure is projected to grow at an annual average rate of 9.77% through fiscal year 2030. The projected average annual rate of change is 43.34% less than the five year historical annual average.

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 account for 0.46% of the district's total general fund spending.

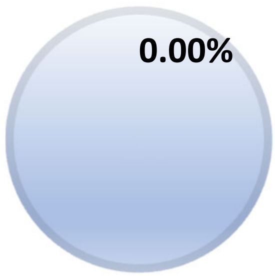


Key Assumptions & Notes

Capital Outlay represent 0.46% of total expenditures and increased at a historical average annual amount of $1,192,791. This category of expenditure is projected to decrease at an annual average rate of $810,901 through 2030. The projected average annual change is less than the five year historical annual average.

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.



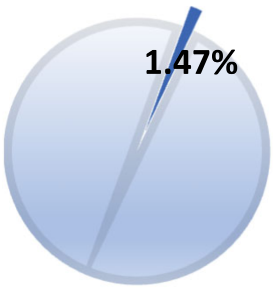
Intergovernmental and Debt account for 0.00% of the district's total general fund spending.

Key Assumptions & Notes

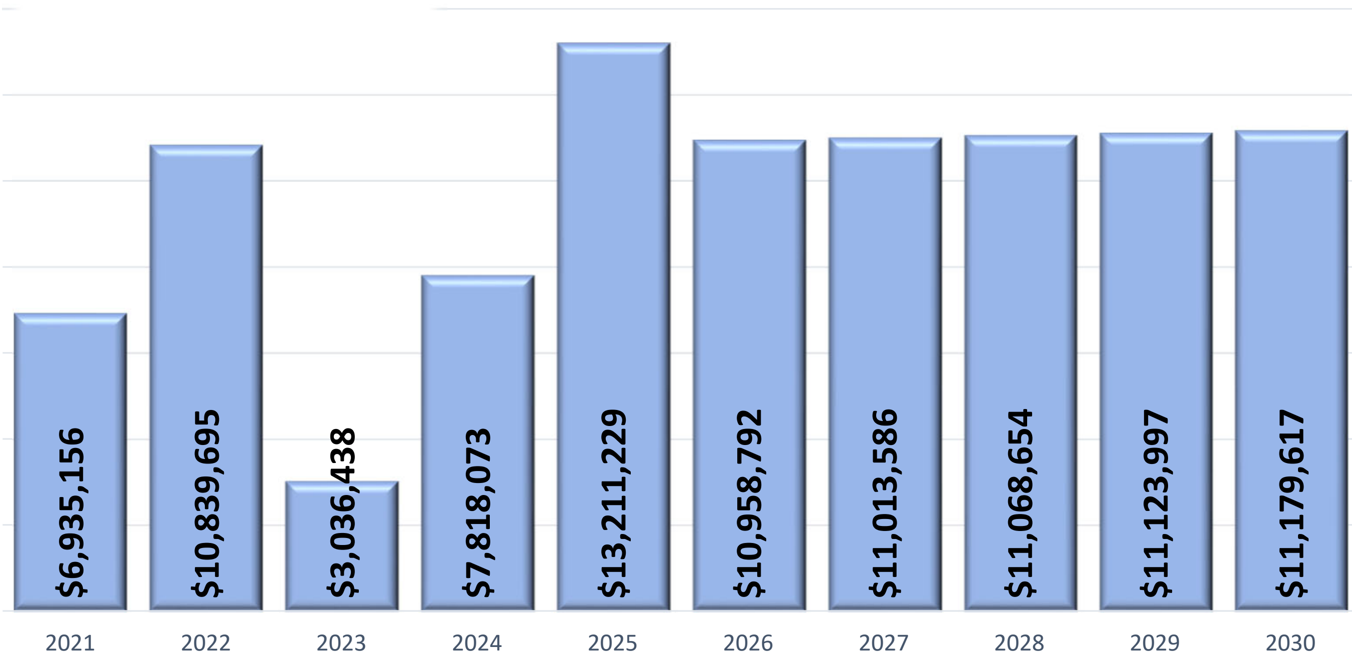
The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

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 account for 1.47% of the district's total general fund spending.

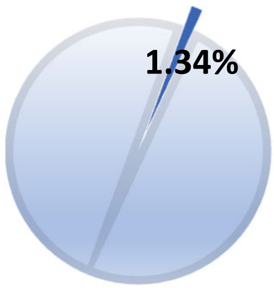


Key Assumptions & Notes

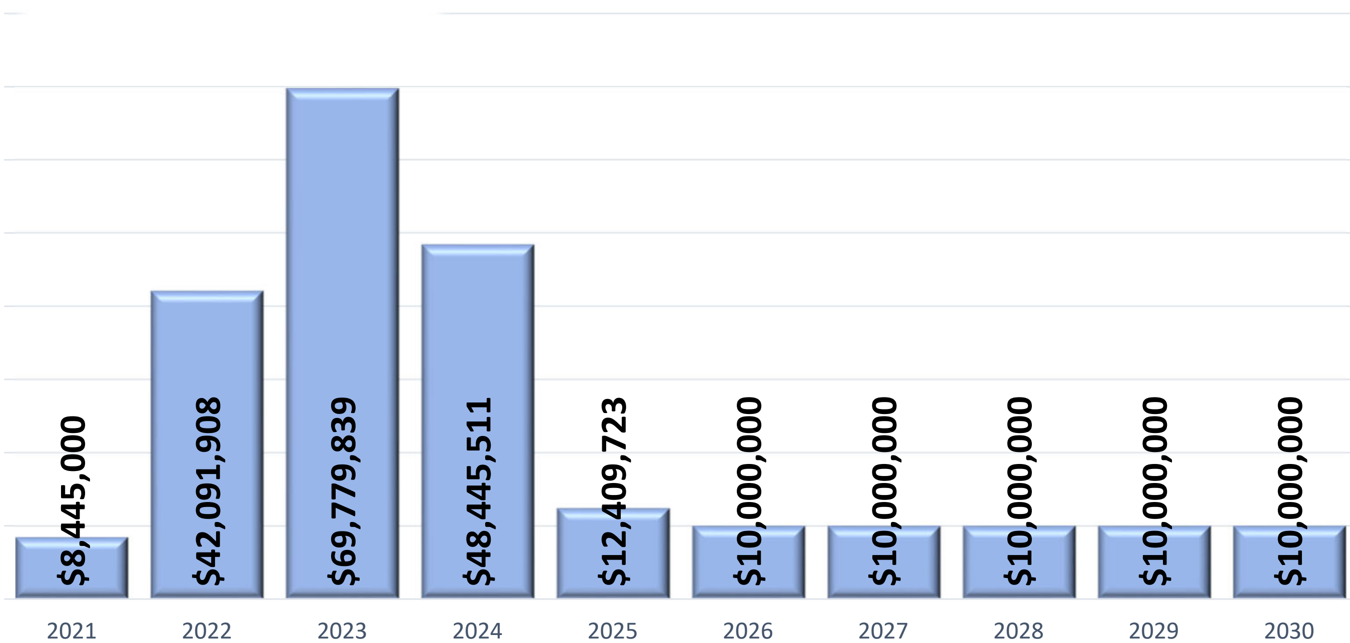
Other Objects represent 1.47% of total expenditures and increased at a historical average annual rate of 42.72%. This category of expenditure is projected to decrease at an annual average rate of 3.01% through fiscal year 2030. The projected average annual rate of change is 45.73% less than the five year historical annual average.

5.040 - Total Other Financing Uses

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



Other Uses account for 1.34% of the district's total general fund spending.



Key Assumptions & Notes

		FORECASTED				
	2025	2026	2027	2028	2029	2030
Transfers Out	-	-	-	-	-	-
Advances Out	12,409,723	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 2025 the district had advances-out and has advances-out forecasted through fiscal year 2030. The district can also move general funds permanently to other funds, and as the schedule above presents, the district has no transfers forecasted through fiscal year 2030. 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.

Cleveland Municipal School District

Five Year Forecast

February Fiscal Year 2026

	Actual	FORECASTED				
Fiscal Year:	2025	2026	2027	2028	2029	2030
Revenue:						
1.010 - General Property Tax (Real Estate)	238,708,055	263,755,885	267,988,844	269,672,066	271,249,712	272,044,579
1.020 - Public Utility Personal Property	47,439,863	48,259,698	52,656,586	54,639,062	56,621,539	58,604,015
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	268,516,556	270,327,081	270,935,431	271,231,952	271,319,881	271,370,272
1.040 - Restricted Grants-in-Aid	51,428,841	48,448,444	46,015,055	45,315,898	45,077,738	44,919,395
1.050 - State Reimb Prop Tax Credits	17,345,675	17,695,671	17,751,781	17,906,809	18,056,643	18,094,249
1.060 - All Other Operating Revenues	65,474,409	58,397,833	56,174,615	57,616,271	56,558,354	55,877,554
1.070 - Total Revenue	688,913,399	706,884,612	711,522,312	716,382,058	718,883,867	720,910,064
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	48,445,511	12,409,723	10,000,000	10,000,000	10,000,000	10,000,000
2.060 - All Other Financing Sources	17,028	1,000	1,000	1,000	1,000	1,000
2.070 - Total Other Financing Sources	48,462,539	12,410,723	10,001,000	10,001,000	10,001,000	10,001,000
2.080 - Total Rev & Other Sources	737,375,938	719,295,335	721,523,312	726,383,058	728,884,867	730,911,064
Expenditures:						
3.010 - Personnel Services	410,238,445	399,333,309	390,327,607	397,853,058	403,910,037	410,011,237
3.020 - Employee Benefits	166,208,052	181,973,725	189,003,181	199,483,244	210,403,926	222,073,995
3.030 - Purchased Services	109,211,151	110,527,345	112,590,528	115,522,791	118,525,861	122,001,508
3.040 - Supplies and Materials	22,361,982	31,051,149	31,827,428	32,623,114	33,438,691	34,274,659
3.050 - Capital Outlay	7,852,599	3,440,884	3,526,906	3,615,079	3,705,456	3,798,092
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	13,211,229	10,958,792	11,013,586	11,068,654	11,123,997	11,179,617
4.500 - Total Expenditures	729,083,458	737,285,204	738,289,236	760,165,939	781,107,968	803,339,108
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	12,409,723	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	12,409,723	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
5.050 - Total Exp and Other Financing Uses	741,493,180	747,285,204	748,289,236	770,165,939	791,107,968	813,339,108
6.010 - Excess of Rev Over/(Under) Exp	(4,117,242)	(27,989,869)	(26,765,924)	(43,782,881)	(62,223,102)	(82,428,044)
7.010 - Cash Balance July 1 (No Levies)	140,799,283	136,682,041	108,692,172	81,926,247	38,143,366	(24,079,735)
7.020 - Cash Balance June 30 (No Levies)	136,682,041	108,692,172	81,926,247	38,143,366	(24,079,735)	(106,507,780)
		Reservations				
8.010 - Estimated Encumbrances June 30	22,988,248	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	113,693,793	83,692,172	56,926,247	13,143,366	(49,079,735)	(131,507,780)
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	113,693,793	83,692,172	56,926,247	13,143,366	(49,079,735)	(131,507,780)
Revenue from New Levies						
13.010 & 13.020 - New Levies		-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	113,693,793	83,692,172	56,926,247	13,143,366	(49,079,735)	(131,507,780)