



CLEVELAND
METROPOLITAN
SCHOOL DISTRICT
Vision to Victory

**FY 2013-2014
FINANCIAL STATUS REPORT
AS OF
September 30, 2013**

Prepared by
FINANCE DEPARTMENT

The primary goal of the Cleveland Municipal School District is to become a premier school district in the United States of America.

CLEVELAND MUNICIPAL SCHOOL DISTRICT

JULY 1, 2013–SEPTEMBER 30, 2013 FINANCIAL STATUS REPORT

Summary

The following spreadsheet shows the revenue and expenditures by month for the General Funds as of September 30, 2013. The total revenues forecasted in the May five year forecast were \$655,862,788. The adopted budget approved by the Board in September was \$692,646,527 plus carryover encumbrances of \$12,951,829 for a total appropriation of \$705,598,356.

	July	August	September	October	November	December
Revenues:						
Property Taxes	\$31,651,422	\$48,273,485	\$0	\$0	\$0	\$0
State Foundation	35,191,520	35,309,934	35,191,519	0	0	0
State Property Allocation	0	0	0	0	0	0
Other	2,818,821	2,445,377	2,707,172	0	0	0
Total Revenues	69,661,763	86,028,796	37,898,691	0	0	0
Expenditures:						
Salaries	23,403,504	30,693,940	23,486,999	0	0	0
Benefits	12,075,492	5,639,866	7,156,838	0	0	0
Purchase Services	14,189,034	17,085,632	18,620,718	0	0	0
Materials and Supplies	170,243	594,158	1,663,753	0	0	0
Capital Outlay	30,516	230,110	54,232	0	0	0
Other Objects	627,813	51,925	136,338	0	0	0
Total Expenditures	50,496,602	54,295,631	51,118,878	0	0	0
Net Change in Cash	19,165,161	31,733,165	(13,220,187)	0	0	0

	January	February	March	April	May	June	Total
Revenues:							
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$79,924,907
State Foundation	0	0	0	0	0	0	105,692,973
State Property Allocation	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	7,971,370
Total Revenues	0	0	0	0	0	0	193,589,250
Expenditures:							
Salaries	0	0	0	0	0	0	77,584,443
Benefits	0	0	0	0	0	0	24,872,196
Purchase Services	0	0	0	0	0	0	49,895,384
Materials and Supplies	0	0	0	0	0	0	2,428,154
Capital Outlay	0	0	0	0	0	0	314,858
Other Objects	0	0	0	0	0	0	816,076
Total Expenditures	0	0	0	0	0	0	155,911,111
Net Change in Cash	0	0	0	0	0	0	37,678,139

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REVENUE

The Cleveland Municipal School District is forecasting **\$655,862,788** in revenue within the General Funds in the 2013-2014 fiscal year as shown on figure 1. As of **September 30, 2013** the District has received revenue in the amount of \$193,589,250. The District will need to collect another \$462,273,538 to reach its target.

Figure 1

FORECASTED REVENUES AND ACTUAL REVENUES

	Fiscal Year 2014 Forecast	Fiscal Year 2014 Actual	Over/ (Under)
Revenues			
Real Property Tax	\$186,922,272	\$79,867,738 (a)	(\$107,054,534)
Personal Property Tax	0	57,169 (a)	57,169
State Foundation	410,536,025	105,692,973 (b)	(304,843,052)
Property Tax Homestead and Rollbacks	17,970,000	0 (c)	(17,970,000)
CAT Tax	13,913,830	0 (c)	(13,913,830)
Interest	450,000	154,290 (c)	(295,710)
Medicaid	2,463,995	38,183 (c)	(2,425,812)
CEAP	1,000,000	0 (c)	(1,000,000)
Advances-In	0	0 (c)	0
Casino Receipts	1,969,844	978,053 (c)	(991,791)
Other Revenues	20,636,822	6,800,844 (c)	(13,835,978)
<i>Total Revenues</i>	<u>\$655,862,788</u>	<u>\$193,589,250</u>	<u>(\$462,273,538)</u>
	ON TARGET		
	AT RISK		

- (a) The District received \$174,589,722 in general real property taxes in FY13 and is forecasting \$186,922,272 in FY14. Through September 30, 2013 the District has received \$79,867,738 in general property taxes.
- (b) The District will receive state funding in FY14 based on HB 59.
- (c) These revenues have been received as anticipated.
- (d) An anticipated payment from an old settlement for Medicaid was not received in FY 13 but will be received in FY 14.

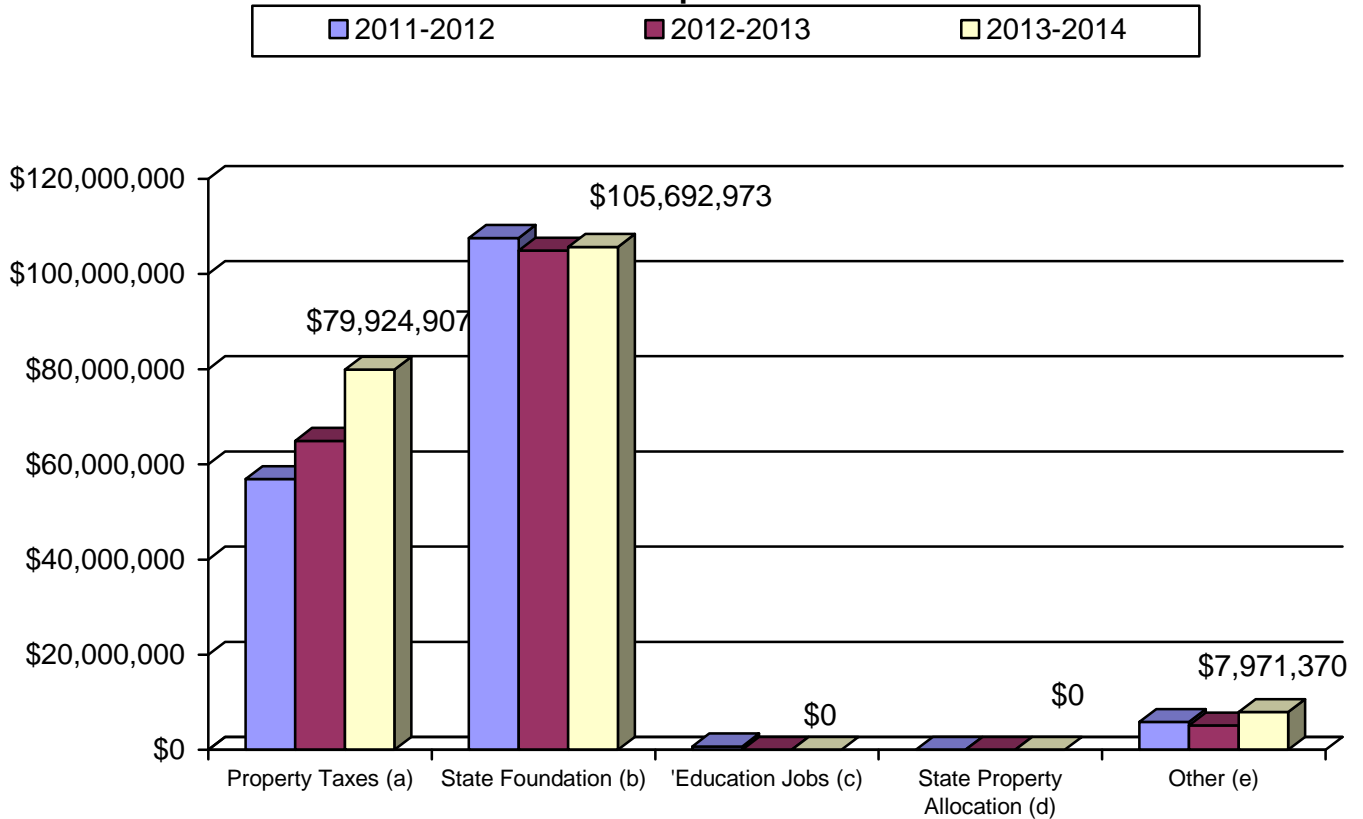
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Figure 2 compares revenue sources to the prior two years as of September 30. The three years of data will be beneficial for trend analysis performed throughout the year.

Figure 2

Cleveland Municipal School District - Revenues by Category As of September 30



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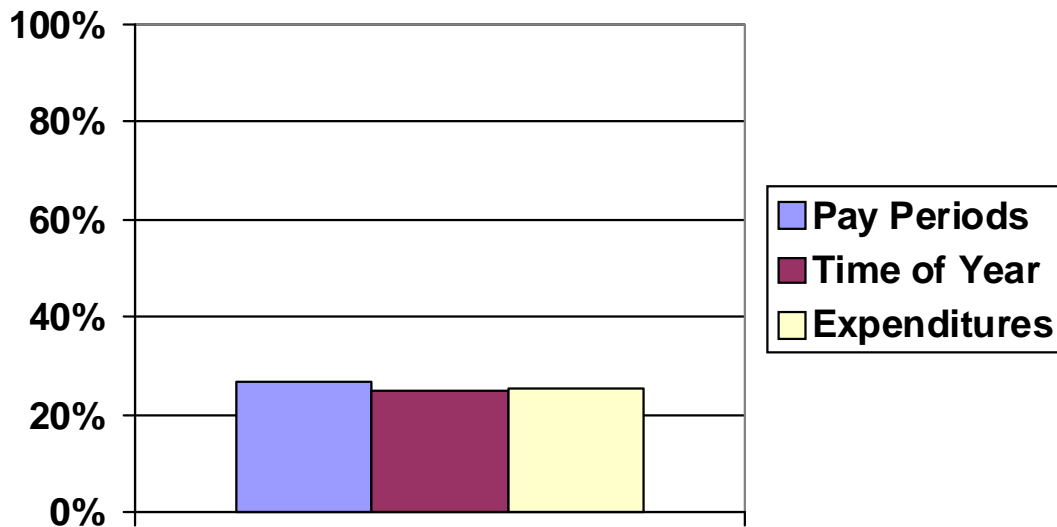
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EXPENDITURES

The fiscal year 2014 adopted General Fund budget for the District is \$692.6 million. This budget, coupled with carryover encumbrances of \$13.0 million, resulted in a \$705.6 million General Funds appropriation for FY 2014. The following information is a financial update of the status of this appropriation through September 30, 2013.

Through September 30, 2013 the District has expended \$155.9 million and has outstanding encumbrances of \$22.1 million. This total of \$178.0 million reflects 25.23% of the District's total appropriation (see Exhibit A). A statistical spending range for the District is based on two analyses: first, time elapsed is three months or 25.00% of the fiscal year has passed. Secondly, seven of twenty-six (7/26), or 26.92% of the total pay periods have passed. Figure 1 illustrates these points.

Figure 3



Overall, the District's encumbrance/expenditure level through September is on target based on the above analysis. As an examination of the categories of expenditures is performed, cyclical variances are noted between categories which relate specifically to school opening activities. Figure 3 compares the various expenditure categories to the expected level and to the prior two years. The three years of data will be beneficial for trend analysis performed throughout the year.

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Figure 4

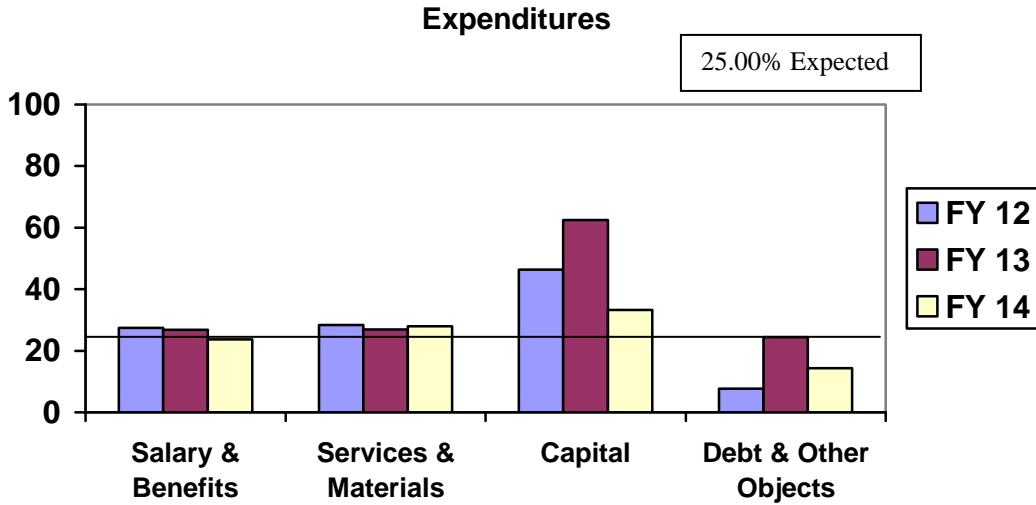
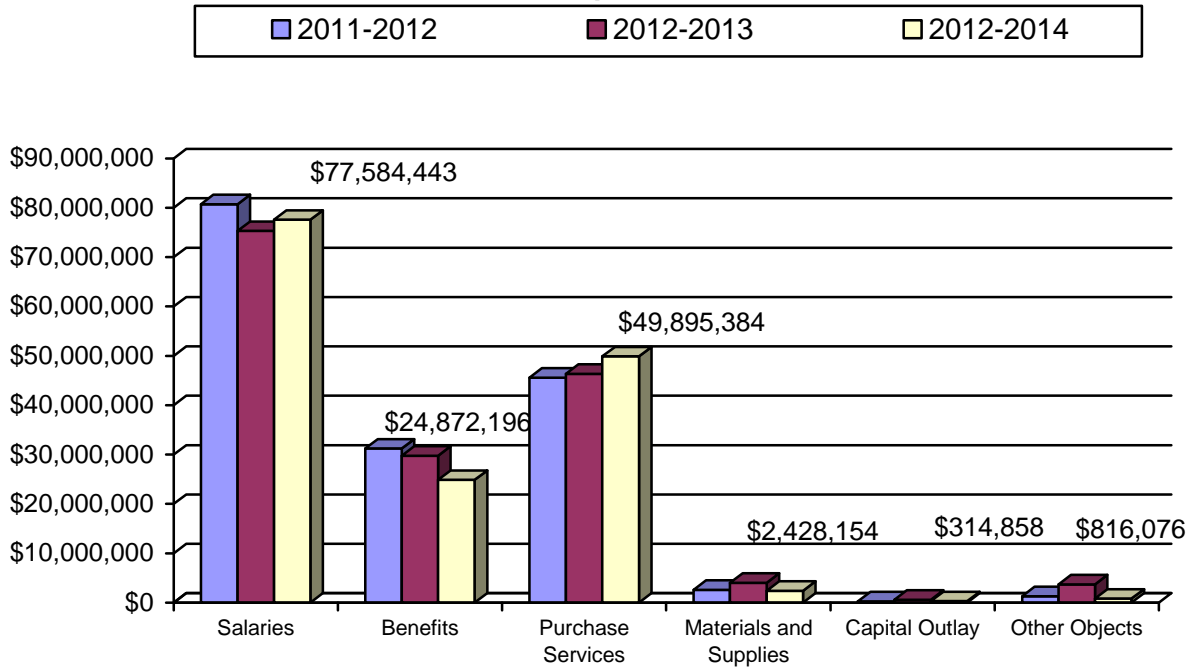


Figure 5

**Cleveland Municipal School District - Expenditures by Category
As of September 30**



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As Figure 4 and 5 illustrates, overall salaries and fringe benefits are slightly above the target for this time of year. Salaries are slightly higher than last year for this time of year which is primarily due to the negotiated salary increases and the restoration of 193 teacher positions associated with the levy passage. We will continue to closely monitor this area the remainder of the fiscal year. Salaries averaged \$11.7 million in September which is higher than the \$10.4 million average in August. Fringe benefits are slightly lower than last year for this time of year which is primarily due to an accounting entry that was not completed until November. Health care costs are forecasted to increase 7.3% in FY 14 from FY 13.

The current year Purchased Services and Materials categories indicate a 27.99% encumbrance/expenditure level for September. This encumbrance/expenditure rate is mainly attributable to school opening costs (mainly textbooks). In addition many of the annual maintenance contracts are encumbered at the beginning of the fiscal year and then are spent down during the year. This is consistent with prior years and the cyclical nature of school operations.

The Capital encumbrance/expenditure level, whose budget comprises only .35% of the total General Fund budget, indicates a 33.29% encumbrance/expenditure level for September. This encumbrance/expenditure rate is mainly attributable to school opening costs. It should be noted that the vast majority of on-going construction projects are accounted for in other funds and therefore not reflected in the encumbrances/expenditures above.

Finally, the debt service and other objects category of encumbrance/expenditures, which mainly reflects the payment of principal and interest for the energy conservation notes and QZAB notes, treasurer and auditor fees, and the transfer of monies to other District funds (as required by State regulations), is as expected as of September 30, 2013. Debt payments occur in July and April while the transfer of monies to other District funds will occur in June.

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CASH BALANCES

The cash balance as of September 30, 2013 is \$106,105,795. The unencumbered balance as of September 30, 2013 is \$82,193,883. See Figure 6 for details.

Figure 6

	FY 2014
Beginning Cash Balance	\$68,107,438
Total Revenues	193,589,250
Total Expenses	155,911,111
Revenue over Expenses	37,678,139
Total Payables	320,218
Ending Cash Balance	106,105,795
Encumbrances/Reserves	23,911,912
Unencumbered Balance	<u>\$82,193,883</u>

