

**CLEVELAND
MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**



**ANNUAL
COMPREHENSIVE FINANCIAL REPORT**

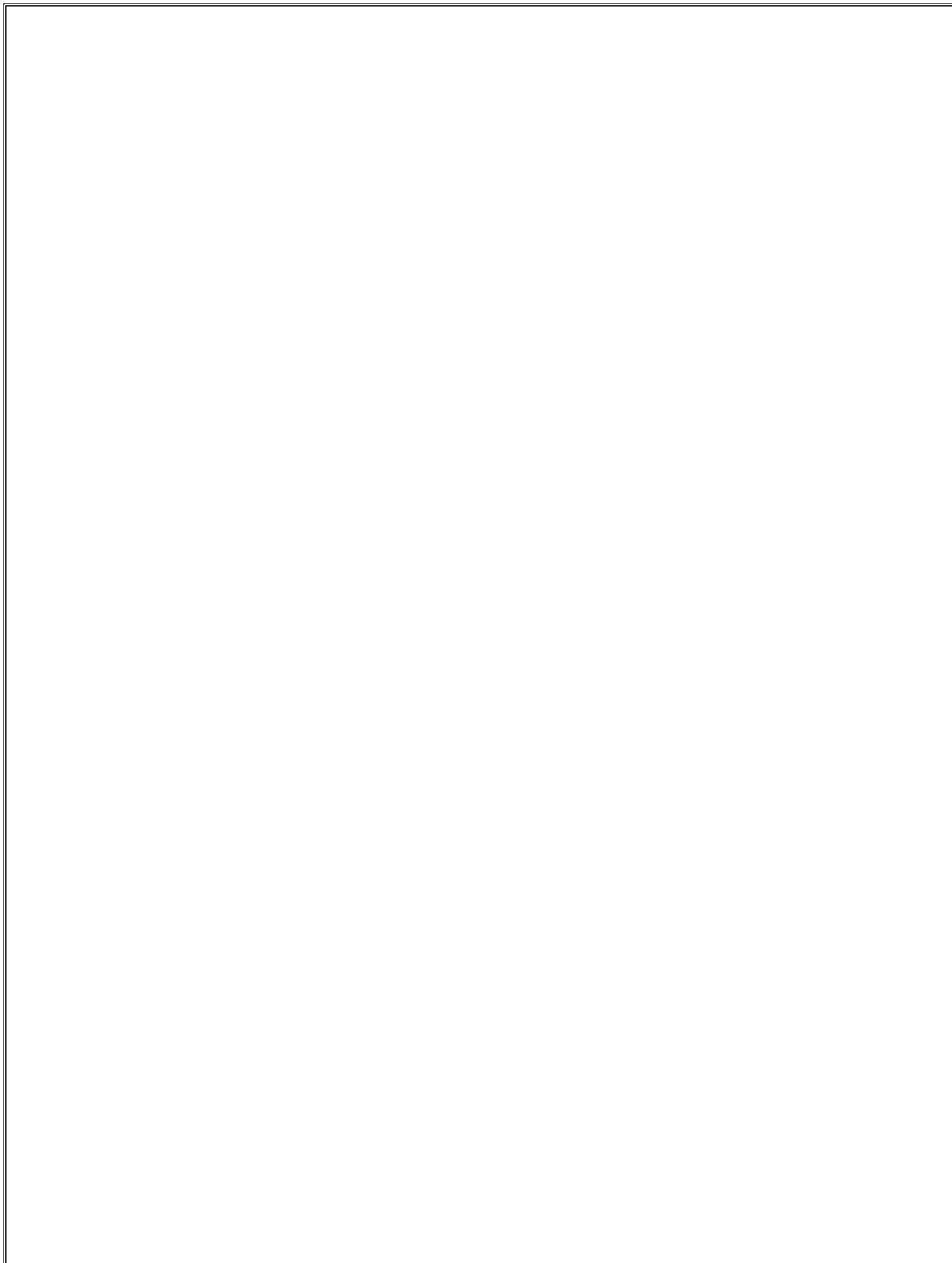
**FOR THE
FISCAL YEAR ENDED JUNE 30, 2021**

ANNUAL
COMPREHENSIVE FINANCIAL REPORT
OF THE
CLEVELAND
MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
FOR THE
FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY
FINANCE DEPARTMENT

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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INTRODUCTORY SECTION



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Chief Executive Officer
Eric S. Gordon

Board of Education

Anne E. Bingham
Board Chair

Robert M. Heard, Sr.
Vice Chair

Louise P. Dempsey, Esq.
Sara Elaquad, J.D.
Jasmine Fryer
Denise W. Link

Nigamanth Sridhar, Ph.D.
Lisa Thomas, Ph.D.
Kathleen C. Valdez, Esq.

Ex Officio Members

Alex Johnson, Ph.D.
Harlan M. Sands, J.D., MBA

May 6, 2022

Members of the Board of Education
and the Citizens of Cleveland, Ohio

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the Cleveland Municipal School District (the “School District”) for the fiscal year ended June 30, 2021. This ACFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental activities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District’s financial affairs. Copies will be made available to taxpayers, financial rating services and other interested parties.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis of the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The School District’s MD&A can be found immediately following the Independent Auditor’s Report.

The School District

The Board of Education and Administration

The Board of Education of the School District (the “Board”) is a political and corporate body charged with the responsibility of managing and controlling the affairs of the School District, and is governed by the general laws of the State of Ohio (the “Ohio Revised Code”). The Board is comprised of nine members who are appointed by the Mayor of the City of Cleveland.

The Chief Executive Officer leads the School District's academic work following the guidance of the Board and aligned with five State performance standards:

1. Vision, Continuous Improvement, and Focus of School District Work: Superintendents establish a vision, expect continuous improvement and develop a focused plan for achieving School District goals.
2. Communication and Collaboration: Superintendents establish processes to communicate and collaborate effectively.
3. Policies and Governance: Superintendents work with the Board of Education to identify, prioritize and set policies and governance procedures that maximize the success of all students.
4. Superintendents lead the creation of instructional systems designed for high student achievement.
5. Superintendents manage and organize the School District's resources (human, fiscal, operational and material) to accomplish School District goals.

The Chief Executive Officer of the School District has the responsibility for hiring, directing and assigning teachers and other employees, assigning the pupils to the proper schools, grades and performing such other duties as determined by the appointed Board. In May of 2011, the Board with the concurrence of the Mayor appointed Eric Gordon as the School District's Chief Executive Officer with a one-year contract effective July 1, 2011 through June 30, 2012. Mr. Gordon's second contract was renewed and expired after three years on June 30, 2015. His third contract was renewed and expired after four years on June 30, 2019. He was unanimously appointed to a fourth contract running through June 30 2023. Prior to being named the Chief Executive Officer, Mr. Gordon served as the School District's Chief Academic Officer since 2007.

The Chief Financial Officer/Treasurer is the chief fiscal officer of the Board and the School District. Under the current administrative structure, the Chief Financial Officer/Treasurer reports to the Chief Executive Officer. On August 1, 2017 the School District formally announced the appointment of Derek Richey as the Chief Financial and Administrative Officer effective August 1, 2017. Derek Richey was the former Executive Director of Budgets and Grants for the School District, and previously served as the Director of Strategic Resource Use for the Metropolitan Nashville Public Schools.

The School District and its Facilities

Of the School District's area of approximately 82 square miles, 81.44 square miles (or 99.32 percent) are in the City of Cleveland. The balance of the School District's area is located in and serves the entire area of the Villages of Newburgh Heights, Linndale and Bratenahl and a small portion of the City of Garfield Heights. The School District is located entirely within Cuyahoga County, and, with the exception of a portion of the City of Cleveland located in the Shaker Heights City School District, its boundaries are generally coterminous with the corporate boundaries of the City of Cleveland.

The School District provides approximately 400,000 Cleveland residents an efficient educational system for the children enrolled in the public schools, whereby each child has access to programs and services that are appropriate to his or her needs. In addition to regular educational programs, the School District offers comprehensive vocational education, special education and bilingual education programs. The School District's specialty schools provide advanced educational programs in fine arts, computer science, healthcare professions, law and municipal professions, business, and technical trades.

In fiscal year 2021, the School District was funded for 33,488 K-12 students according to the state foundation payment system (compared to 34,937 the previous year) in 66 K-8 schools, and 38 senior high schools. Actual enrollment for the fiscal year was 34,510. In addition, classes were provided in four residential school programs. The School District also operated a variety of specialized educational facilities (consisting of gardens, athletic fields, a sheltered workshop and a greenhouse), eight administration facilities (including a central kitchen and two leased sites) and two transportation depots. Recent trend data indicates that the School District has slowed the loss of students and district planning projections flat enrollment for 2022.

The School District has completed its twenty-first year of a massive school facility construction/renovation project, which is described in more detail in the *Management's Discussion and Analysis* section. The project commenced in 2001 to address the condition and age of the existing classroom facilities (which ranged from 25 to 113 years old).

Charter/Community Schools

Beginning in fiscal year 1999, State of Ohio legislation allowed for the creation of charter/community schools. By law the School District receives State Foundation Aid for students attending charter/community schools that are residents of the School District on a per pupil basis. That aid, which includes an imputed local match, is paid out to the charter/community schools for their operations. The number of students attending charter/community schools was 15,405 for fiscal 2021 (compared to 15,306 the previous year), resulting in the payment, from the School District of state aid, of \$125.3 million.

Employee Relations

As of June 30, 2021, the School District had 5,771 full and part-time employees, excluding substitutes, (compared to 5,954 the previous year). The School District paid \$385.6 million in salaries and wages and \$166.5 million for fringe benefits such as employer retirement contributions, health care, life insurance, and certain other benefits.

The School District's certificated administrators and supervisors (such as principals, assistant principals and many central office staff) are not members of any bargaining unit but are represented by the Cleveland Council Administrators and Supervisors; however, many of these individuals are employees on an at-will basis. Teachers and educational specialists, including aides, are represented by the Cleveland Teachers Union ("CTU").

In May 2019, the School District entered into a contract with CTU for a one-year period beginning July 1, 2019 and ending June 30, 2020. That agreement was renewed for the 2020-2021 school year with no changes in compensation or benefits. The contract provided for 1% wage increase effective January 1, 2020 and no increase for the 2020-2021 school year. Beginning in January 2018, CTU members, who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. CTU members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive. The School District negotiated a new contract with the union for the 2021-2022 school year.

Classified employees (secretarial-clerical, custodial, maintenance, transportation and cafeteria staff) of the School District are represented for collective bargaining purposes by different unions, including:

- The International Brotherhood of Teamsters Local 407 (school bus drivers and bus attendants), have entered into a one-year contract with the School District for the period July 1, 2019 through June 30, 2020 with a wage increase of 1% effective January 1, 2020. This agreement was also renewed for the 2020-2021 school year without any changes to wages or benefits. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive. The School District negotiated a new contract with the union for the 2021-2022 school year.
- The City, County, and State Truck Drivers Union Local 244 (truck drivers), now represented by Teamsters Local 436, have entered into a one-year contract with the School District for the period July 1, 2019 through June 30, 2020 with a wage increase of 1% effective January 1, 2020. This agreement was also renewed for the 2020-2021 school year without any changes to wages or benefits. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive. The School District negotiated a new contract with the union for the 2021-2022 school year.
- The National Conference of Fireman and Oilers Local 860 (assistant custodians, laborers, and mechanics), have entered into a one-year contract with the School District for the period July 1, 2019 through June 30, 2020 with a wage increase of 1% effective January 1, 2020. This agreement was also renewed for the 2020-2021 school year without any changes to wages or benefits. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive. The School District negotiated a new contract with the union for the 2021-2022 school year.

- The International Brotherhood of Teamsters Local 436 no longer represents the School District's security officers, who are now represented by the Ohio Patrolmen's Benevolent Association (OPBA) and have entered into a one-year contract with the School District for the period July 1, 2019 through June 30, 2020 with a wage increase of 1% effective January 1, 2020. This agreement was also renewed for the 2020-2021 school year without any changes to wages or benefits. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive. The School District negotiated a new contract with the union for the 2021-2022 school year.
- The Service Employees International Union Local 1199 (clerical, food service and cleaning staff), have entered into a one-year contract with the School District for the period July 1, 2019 through June 30, 2020 with wage a increase of 1% effective January 1, 2020. This agreement was also renewed for the 2020-2021 school year without any changes to wages or benefits. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive. Beginning in January 2018, union members who earn \$27,040 or less, on an annualized basis, will pay 65% of the monthly contribution paid by School District 1199 members, who earn more than \$27,040 on an annualized basis. For those employees whose annualized wage are \$27,040 or less, employee contribution shall be 6.5% of monthly healthcare premium costs capped at \$75 for individual and \$170 for family coverage. If at any time the employee's annualized wages exceed \$23,000, the employees contribution shall be increased to 10% effective the first month after the annualized wages exceed. The School District negotiated a new contract with the union for the 2021-2022 school year.
- The Cleveland Building Trades Council (trades people) and the carpenters union, have entered in to an one-year contract with the School District for the period July 1, 2019 through June 30, 2020 with a wage increase of 1% effective January 1, 2020. This agreement was also renewed for the 2020-2021 school year without any changes to wages or benefits. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive. The School District negotiated a new contract with the union for the 2021-2022 school year.

- The National Conference of Fireman and Oilers Local 777 (custodians) have entered into a one-year contract with the School District for the period July 1, 2020 through June 30, 2021 with a wage increase of 1% effective January 1, 2021. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive. The School District negotiated a new contract with the union for the 2021-2022 school year.

The Reporting Entity

The School District has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," Statement No. 61, "The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34," and Statement No. 39, "Determining Whether Certain Organizations are Component Units." The basic financial statements include all organizations, activities and functions for which the School District is financially accountable.

Excluded from the reporting entity because they are fiscally independent of the School District are the City of Cleveland and the Cleveland Public Library. The City of Cleveland and the Cleveland Public Library are related organizations whose relationships to the School District are described in Note 19 to the basic financial statements. The School District also participates in the Ohio Schools Council, which is a jointly governed organization. In 2001, the School District created the Bond Accountability Commission ("BAC"), which is also a jointly governed organization. These relationships are described in Note 20 to the basic financial statements.

The School District is an independent municipal school district and is not a component unit of another government. A complete discussion of the School District's reporting entity is provided in Note 1 to the basic financial statements.

Economic Condition and Outlook

The School District's primary sources of revenues are from the State of Ohio through the State Foundation program and through the levying of property taxes on real property located within the School District. These two sources combined represent approximately 97 percent of the School District's fiscal year 2021 budget basis General Fund operating revenues. The following discussion provides additional information pertaining to these revenue sources.

Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions generally occur in a new fiscal year. Property taxes include amounts levied against all real and public utility located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years.

A table showing the assessed valuation of property in the School District, subject to ad valorem taxes by the Board for the most recent ten years, is presented in the statistical section.

Fiscal year 2021 property taxes are currently estimated by the Cuyahoga County Fiscal Officer based on a current collection rate of 89.90%, which was the same with for the previous year. The forecast through 2025 assumes a current collection rate of 88.3%. The Ohio Revised Code and Ohio Administrative Code mandate Cuyahoga County to conduct a re-appraisal every six years, an update every three years and annual valuation of improvements based upon building permits received from each city annually. In fiscal year 2019, the most recent re-appraisal valuations, the School District saw an 11% increase for both residential and commercial properties. The next re-appraisal occurred in 2021 for collection in calendar year 2022.

State law grants tax relief to property owners (property tax rollbacks) in the form of a 10% reduction in real property tax bills. In addition, a 2.5% rollback is granted for owner occupied homesteads (total of 12.5%). The State reimburses the School District for the loss of real property taxes as a result of the rollback provisions. HB 66 eliminated the 10% rollback on commercial property; hence the School District will no longer receive a State reimbursement for those dollars, as it will receive those payments directly from commercial property owners. The new law states that the ten percent and two and one-half percent rollbacks will no longer apply to new levies that are enacted after August 31, 2013.

House Bill 66 phases out the tax on the tangible personal property of general businesses, telephone and telecommunications, and railroads. The tax on general business and railroad property was eliminated in 2009, and the tax on telephone and telecommunications property was eliminated in 2011. The tax is phased out by reducing the assessment rate on the property each year. HB 66 makes provision to replace revenue lost due to the phase out of the tangible personal property tax. Businesses are now subject to a commercial activity tax (CAT) that will provide some replacement income to school districts for the lost tangible property revenues.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation implementing a 1980 constitutional amendment classifies real property between (1) residential and agricultural and (2) all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These credits apply to certain voted levies on real property, and do not apply to unvoted tax levies or voted tax levies to pay debt service on general obligation debt.

Additionally, in 1976 the General Assembly passed House Bill 920. This law provides that real property owners receive tax credits equal to any tax increase caused by an increase in value of all real property in taxing districts as a result of reappraisal, update or readjustment. This does not apply to inside non-voted millage, tangible property or new construction. In effect, H.B. 920 removes inflationary revenue growth from the applicable real property by requiring an adjustment to the voted millage rate, thereby resulting in a lower effective millage rate.

Property tax levies and collections for the last ten years are shown in comparative format in the statistical section.

Finally, Cleveland taxpayers approved a renewal of the School District's 15-mill levy and an increase of 5-mills in November 2020 with more than 60% approval. The School District will receive 18.5 mills and will distribute 1.5 mills to partner charter schools.

School Foundation

The State's School Foundation Program is another major source of revenue for the School District's General Fund. The State assists public school districts under a statutory program, which includes direct payments to districts based upon a statutory formula. Such payments are made through the School Foundation Program established by the Ohio Revised Code. School Foundation Program funds distributed to a School District are required to be used for current operating expenses, unless specifically allocated by the State for some other purpose.

As before, foundation payments are calculated twice a month and for each payment a foundation letter is generated, that specifically references that payment and provides detailed information on the formula funding calculation, as well as the distribution of various other funds and transfers by which the foundation calculation is adjusted. In addition to the School Finance Payment Report (SFPR), which contains the foundation calculation details, a Statement of Settlement report is also provided, as before, that summarizes the payment information to school districts based on the SFPR calculation and adjustments as well as additional adjustments and transfers from outside of the foundation formula that are relevant to each payment.

The SFPR is a comprehensive document designed to walk the user through every step of the funding calculation with relative ease by referencing the data and the funding formula provided.

Foundation Funding Components that make up the foundation formula are:

- A. Opportunity Grant
- B. Targeted Assistance
- C. K-3 Literacy Funding
- D. Economic Disadvantaged Funding
- E. Limited English Proficiency Funding
- F. Gifted Education Funding
- G. Transportation Funding
- H. Special Education Additional Funding
- I. Career Tech Educational Funding
- J. Capacity Aid
- K. Graduation Bonus
- L. Third Grade Reading Bonus

For FY 2020 and 2021, the State froze all districts funding at their FY 2019 level. Additionally, the State did add two additional funding components for FY 2020 and 2021 around Student Wellness and Success Funding and Enrollment Growth Supplement Funding. In June 2021, the State approved a new foundation formula that will fundamentally change certain components of the District State Aid. Notable changes that will impact FY22 are the elimination of “pass-through” expense deductions for community (charter) schools and scholarship payments. The new formula also changes the local share calculation and adjusts the base cost on a district-by-district basis based on the needs and demographics of the District.

There can be no assurance concerning future funding levels for or the details of State funding for school districts. As has been the case in the past, funding can also be subject to adjustment during a biennium. As indicated above, the General Assembly has the power to amend the system of State school funding. The School District cannot predict whether, when or in what form any future system of State school funding will be enacted into law.

Local Economy

The City of Cleveland is located on the southern shores of Lake Erie, and is the county seat of Cuyahoga County. The City is included in the Cleveland-Elyria-Mentor, OH Metropolitan Statistical Area (MSA), comprised of Cuyahoga, Lake, Lorain, Geauga, and Medina counties. This MSA is the 34th largest of 366 Metropolitan Areas in the United States, and the 3rd largest Metropolitan Area in the State of Ohio. Founded in 1796, Cleveland quickly established economic strengths in heavy industry, including oil, iron and steel, and combined with its favorable location on major shipping channels soon emerged as the dominant manufacturing and business center of Northeast Ohio. While the City’s economy has shifted more toward health care and financial services, its manufacturing base has assumed a smaller, yet still vital role. Competitive pressures in manufacturing have limited job creation, but the competitive position of Cleveland-based industrial companies has improved.

Cleveland's economic condition draws strength and stability from its evolving role as a focal point of a growing, changing and substantial regional economy. The City is located at the center of one of the nation's heaviest population concentrations. The Cleveland Metropolitan Area is a significant local market, housing 2.1 million people. Cleveland also provides superior links to the global markets. The Cleveland-Cuyahoga Port Authority handles the largest amount of overseas cargo on Lake Erie and includes a Foreign Trade Zone. The City is also well-served with extensive highways, and the Cleveland Hopkins International Airport which is serviced by all major airlines. The re-emergence of downtown Cleveland as a vibrant center for national and regional entertainment and major cultural activities signals a turning point in the City's overall fortunes and is paving the way for further economic expansion that will be significantly more entrepreneurial in scope.

Cleveland was significantly impacted by the COVID Pandemic. As a result of the periodic quarantine measures instituted by local, state and federal government there has been a significant increase in physical vacancy. Many small businesses were forced to close and even larger corporate entities instituted work at home mandates that have continued to curtail the vitality that was recognized to exist in Cleveland Central Business District. Prior to January 2020 there was a recognized economic transition that took place throughout most of the CBD. Patterns of redevelopment were displayed throughout the downtown area. The impact of COVID has created uncertainty as to economic development in Cleveland.

Downtown and Other Economic Development

- In the fall of 2014, ODOT commenced construction on its Opportunity Corridor Project, a three-mile, approximately \$331 million road project that is designed to improve the transportation system and support planned economic development within the City in the areas between I-490/I-77 and University Circle. The project was completed at the end of 2021. The Opportunity Corridor encompasses nearly 1,000 acres on the City's southeast side and is anchored by University Circle and the Cleveland Clinic. In addition to transportation benefits, it is "the community". The Opportunity Corridor Project supports an economic development plan of the City and Greater Cleveland Partnership for the area through enhanced mobility, direct access to freeways and the University Circle area, new frontage for potential development, improved visibility and improved multi-modal access. The City is in the early planning stages of the construction of a new police headquarters in this Opportunity Corridor.
- Investment in the City's educational institutions continues. Cleveland State University opened Washkewicz Hall, its new \$60 million engineering building in December 2017. Cuyahoga Community College has undertaken a major construction and renovation project across all four of its campuses. This includes a \$10 million addition and renovation of its Advanced Technology and Training Center at the Metropolitan Campus downtown. This downtown project broke ground in June 2018 and opened in October of 2019.
- Hemingway Development and University Hospitals purchased a ten-acre brownfield site that the City assembled and cleaned up. University Hospitals is developing another Health Technology Campus to be anchored by University Hospital's 40,000 square foot Rainbow Center for Women and Children, which opened in June 2018. Hemingway is now leasing Link 59, its 60,000 square foot speculative tech center. Dave's Supermarkets opened a new flagship 60,000 square foot grocery store on an adjacent site in February 2019. This provides major retail amenity to the Corridor, as well as the surrounding neighborhoods. A new Hilton Tru hotel opened in the area in 2019.

- In 2014, MetroHealth Medical Center announced its campus transformation project. As part of the multi-year project, MetroHealth opened its \$86 million Critical Care Pavilion in 2016. A 1,500-space parking garage opened in November 2018, with demolition of the old garage completed over the winter. Construction of a new 11-story 270-room hospital began in April 2019 and is scheduled to be completed in 2022. The total cost for all phases of the campus transformation is anticipated to be approximately \$1 billion.
- In 2019, Sherwin Williams Company announced plans to build a new 1 million square foot headquarters downtown and a second research and development facility in the suburbs, replacing its dated existing facility. The headquarters will keep over 3,100 employees in downtown and employment is expected to grow by 400 in the next decade. The projects are both in the early planning stages, with the official groundbreaking in October, 2021. Construction is expected to be completed by 2024.
- The Ohio City neighborhood continues to grow and be a destination for residents and tourists. The neighborhood includes the City-owned West Side Market, the oldest continually operating market in the country, which recently celebrated its 100th anniversary. The West 25th Street Lofts Project created 83 loft style apartments and some rooftop penthouse units, as well as 9,100 square feet of commercial space. The last of the apartments were completed in December 2016. Total project cost was over \$60 million. The area has seen more than \$15 million in new investment to redevelop over 198,000 square feet of vacant or underutilized mixed use space, including historic renovations and some new construction. The Snavelly Group's \$60 million mixed use, mixed income development opened in 2018 and is currently leasing apartments. The success of the Ohio City investments has led to development moving along the retail corridor on Lorain Avenue, with investors buying buildings from West 25th Street to West 50th street with a variety of retail and commercial projects that include microbreweries, a home brewing supplier, an organic grocery store, restaurants and a shuffle board club. Harbor Bay Investments, a Chicago-based developer, has demolished the outdated shopping center across from the West Side Market. The new building will be home to nearly 300 apartments, 40,000 square feet of retail space and also offer underground parking and a green space, with an expected completion in 2022. Many of the buildings are renovating long vacant apartments over the first floor retail space as the Ohio City housing market continues to draw new residents from all income levels looking to be in this walkable, transit-oriented community. MetroHealth recently opened a \$10 million 32,000-square foot facility providing outpatient and express care services to the area. MetroHealth also recently announced plans to construct a dental clinic on another site located in Ohio City.
- Current projects of note in downtown Cleveland. In late 2021, the City Club Apartments at 720 Euclid Avenue in downtown was under construction. The project comprises a 23-story apartment building with 304 units. The Erieview Tower Rehabilitation: Offices, Apartments, and W Hotel is planned to commence in 2022, with full project complete by 2024; hotel portion targeting a completion in 2023. A redevelopment of the existing 40-story office building. The building will include a 210-room W Hotel on the lower eight or nine floors. 227 apartments are planned for floors 17 through 28. The remaining floors in the building above and below the apartments will remain office space, and plans call for a new restaurant on the 38th floor. Also planned for renovation and expansion in 2022 is the Rock & Roll Hall of Fame and Museum through adding 50,000 square feet of programming space and a new band shell overlooking Lake Erie.

- On the east bank of the Flats a relatively new mixed use development will be expanded through the development of Kenect Cleveland, comprising a 7-story building, 229 market-rate residential units, above three parking levels and 10,000 square feet of ground floor retail. While on the near west side (W. 25 & Detroit-Superior Bridge), the Bridgeworks development is planned which comprises a mixed-use project of 230,000 square feet, 18 stories, 130 hotel rooms, and 160-170 apartments. In the Scranton Peninsula immediately southwest of downtown, the Thunderbird project comprises a large 21-acre mixed-use development to include residential, office, retail, and light manufacturing. “The Avian at Thunderbird” was recently completed and involved the renovation of an old warehouse to modern offices. Plans were announced in early 2022 for development of 600 apartments on the southern section of the Peninsula.
- In University Circle, projects under construction include Circle Square at Stokes Blvd. and Chester Avenue which is a five-acre project comprising a 24+ story apartment building called “The Artisan.” There are also plans for a second tower across Stokes Blvd from the first residential tower comprising 298 residential units and 160 hotel rooms, a 13-story, 170,900 square foot office tower at the northeast corner of Stokes Blvd and Euclid Ave., 66,805 square feet of retail as part of the three buildings above, parking garages with 1,525 spaces, and a new, two-story Cleveland Public Library MLK Branch as part of an 11-story apartment building with 207 units. Also under development at the southwest corner of East 105th Street and Cedar Avenue adjacent to the campus of Cleveland Clinic is a six-story, 190,000 square foot building with 196 apartment units, a 40,000 square foot Meijer grocery store, and a three-level 200-space parking garage.

Major Initiatives

The Cleveland Plan (H.B. 525)

In 2012, the Cleveland’s Plan for Transforming Schools set out to ensure every child in Cleveland attends a high-quality school and every neighborhood has a multitude of great schools from which families can choose. Nearly a decade later, The Cleveland Plan has helped drive improvements in student achievement, increased financial support, and catalyzed policy change in support of these goals.

Today, Cleveland is well positioned to continue this upward trend, and the urgency to keep improving education for our city’s children continues. Now is the time to revisit and refresh The Cleveland Plan to reflect a challenging present, a brighter future, and a continued commitment to change. It is also critical to name and consciously address the systemic inequities that negatively affect many children and families in our city. That is why this refreshed Cleveland Plan addresses our city’s urgent educational needs with equity in mind. The box at right outlines a definition of educational equity that underpins this Plan. It is up to our entire community to hold ourselves and each other accountable to the spirit and the letter of our collective definition of educational equity.

With equity at the core, The Cleveland Plan is further guided by a North Star—a declaration of intent for the future:

- All Cleveland public education students will have a high-quality, equitable education in schools that inspire joy in learning.
- All Cleveland students will have access to individualized opportunities that prepare them to participate in society and forge a meaningful path for themselves when they graduate.
- Families will actively participate in continuously improving and evolving their schools to fit their community’s needs.

The refresh of The Cleveland Plan was shepherded by the Cleveland Transformation Alliance (the Alliance), a public-private partnership conceived under HB 525, the 2012 state legislation implementing the original Cleveland Plan. The Alliance is guided by a Board of Directors made up of parents, educators, and business, philanthropic, and civic leaders from throughout Cleveland and across the state who contributed to the refresh of The Cleveland Plan. The Alliance also worked with community partners such as the Neighborhood Leadership Institute to get feedback from community members, families, and educators in public schools across the city. While the Alliance drove the refresh process, it is critical to emphasize that the Alliance is the convening stakeholder, not the authority, for The Cleveland Plan.

The Cleveland Plan has five major components:

- Grow the number of students attending high-quality public district and public charter schools in every neighborhood in Cleveland.
- Ensure all school leaders are empowered with the resources, supports, and authority necessary to equitably meet the needs of their school community.
- Invest and phase in innovative programs and equitable best practices across all public district and public charter schools to help all students thrive from birth through college and career.
- Through the Cleveland Transformation Alliance, ensure fidelity to and equitable community engagement with this plan for all public district and public charter schools in the city.
- Embed organizational and educational equity principles and activities that are replicable and measurable for all public district and public charter schools in the city

The Seven Components of the Portfolio Strategy as Envisioned in *The Cleveland Plan*:

The Portfolio strategy is a performance management model for districts that aim to create dramatic student achievement gains at scale. It centers on creating more high-quality schools regardless of provider, giving schools autonomy over staff and funding, and holding all schools accountable for performance. The Portfolio Strategy is built on 7 key components:

- Good options and choices for all families
- School Autonomy
- Pupil-Based Funding for all schools
- Talent seeking strategy
- Sources of support for schools
- Performance-based accountability for schools
- Extensive public engagement

Say Yes to Education

In January 2019, Cleveland officially became the fourth (and final) Say Yes to Education community-wide chapter in the nation. The goals of the Say Yes Cleveland program are to increase education levels of Cleveland residents; boost and retain population in the city of Cleveland; improve college access for middle- and low-income families in Cleveland; and spur economic growth and expansion in the region. A key differentiator of the Say Yes communitywide strategy— and a reason Cleveland pursued the opportunity — is that it's not just a scholarship program. Its framework calls for all entities serving the community's children to share their data to better address students' individual needs and connect them to additional support services, academic and non-academic, from pre-K through postsecondary graduation.

Some of the highlights of the program are:

- Over the next 25 years, eligible students living in Cleveland and attending School District schools or partnering charter high school will have the opportunity to receive “last dollar” scholarships toward tuition for postsecondary education. The Say Yes scholarships will cover all remaining cost of tuition costs once federal and state aid is used. The scholarship program began with high school graduating class of 2019.
- Students can attend all state colleges and 116 private schools that have joined the Say Yes Compact. These include Ivy League universities and several Ohio schools, including Ashland, Baldwin-Wallace, Case-Western, Denison, Dayton, John Carroll, Kenyon, Notre Dame College, Oberlin, Ohio Northern, Ohio Wesleyan and Wooster.
- Aided by \$15 million in seed money from Say Yes to Education, the School District will accelerate the rollout of critical core services to all School District schools over the next four years, beginning with the 2019-2020 school year.
- Six local entities have agreed to work collaboratively with each other and with Say Yes to Education to provide support services to students: City of Cleveland, Cuyahoga County, the School District, Cleveland Council of Administrators and Supervisors, Cleveland Teachers Union, and Cleveland Public Library.

COVID- 19 Pandemic

In the Spring of 2020, all Ohio schools were closed for in person learning for the remainder of the school year. While the virus was not eradicated, the School District began its 2020-2021 school year in a remote learning environment. The Coronavirus also put on full display of the glaring inequities that scholars, families and our educators have faced for decades around inadequate access to food, affordable childcare, access to technology and reliable high-speed Internet. To combat these inequities, the School District purchased devices and hotspots for scholars to use in a remote learning environment. Additionally, the School District food Service department run meal sites at each of the schools where families can pick up meals on daily or weekly basis.

The School District maintained a remote learning environment until March 2021 and then transitioned to hybrid learning for the rest of the school year with an option for families to remain fully remote or virtual if they chose.

With the aid of more than \$450 million in local, state, and Federal pandemic-relief resources, the School District is poised to make substantial investments to aggressively address lost academic learning time. In addition to direct responses to the spread of COVID-19, the School District will also make investments in the CMSD learning experience to encourage greater attendance, engagement, and joy, which we believe will result in higher academic results for students and our School District in aggregate.

Cleveland Plan Progress

Due to COVID-19, state testing did not occur in the 2019-2020 school year. They were administered in the 2020-2021 school year, but fewer students took them and are generally considered less reliable. That said, following implementation of *The Cleveland Plan*, the School District has achieved the following measurable outcomes:

- Increased enrollment in high-quality preschool from 2,857 seats in 2013 to 4,903 seats in 2019.
- Reversed the trend of declining postsecondary enrollment rates within one year of the launch of Say Yes.
- Increased graduation rates 28.7% since the 2010-2011 school year including achieving graduation rates for Hispanic and African American students that exceed State averages.

- Earned recognition as one of six districts “beating the odds” on the National Assessment of Education Progress (NAEP), frequently referred to as the “nation’s report card”.

Long-Term Financial Planning

The Board of Education has assigned responsibility for annual and long-term financial planning to the Chief Financial Officer/Treasurer. The policies require that the first objective of financial management planning is to provide for the education of the School District’s children. We are expected to use the best available techniques for budget development and management, as well as to engage in strategic, long-term financial planning which attempts to forecast the need for future educational and capital expenditures.

The School District prepares a Five Year Forecast along with assumptions prior to November 30th of each fiscal year and updates this forecast between April 1 and May 31st of each fiscal year.

Relevant Financial Policies

At the beginning of each fiscal year, the School District adopts either a temporary or permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Fiscal Officer of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Fiscal Officer must certify that the School District's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority. Budgets are controlled at the fund level. All purchase order requests must be approved by the appropriate levels of authority and certified by the Chief Financial Officer/Treasurer; necessary funds are then encumbered and purchase orders are released to vendors.

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. In addition, an on-line inquiry system is available for each cost center site.

The School District pursues an aggressive cash management program by expediting the receipt of revenues and prudently investing and depositing available cash in obligations collateralized by instruments issued by the United States Government, governmental agencies, corporations or the State of Ohio or insured by the Federal Deposit Insurance Corporation (FDIC) and/or the Securities Investor Protection Corporation (SIPC).

Protection of the School District’s deposits is provided by the federal deposit insurance corporation and/or by qualified securities pledged by the institution holding the assets. By law, financial intuitions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and other designated third-party trustees of the financial institutions. Also, the School District participates in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Internal Controls

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft or misuse. The internal control structure ensures that accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and county financial assistance, the School District is also responsible for maintaining a rigorous internal control structure that ensures full compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management, external auditors and the internal audit staff of the School District. The School District is required to undergo an annual audit in conformity with the provisions of the Uniform Guidance Title II Subtitle A Chapter 2 Part 200, Section 501. The information related to the Single Audit, including the schedule of federal awards expenditures, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

Acknowledgments

The publication of this report signifies a professionalizing of the School District's financial reporting. It enhances the School District's accountability to the residents of the School District.

The preparation of this report would not have been possible without the assistance and support of the staff of the Financial Reporting's Division of the Finance Department.

Finally, we would like to acknowledge members of the Board who have expressed their interest and support in planning and conducting the financial operations of the School District.

Respectfully submitted,



Derek Richey
Chief Financial Officer

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**BOARD MEMBERS
APPOINTED BY MAYOR OF CITY OF CLEVELAND**

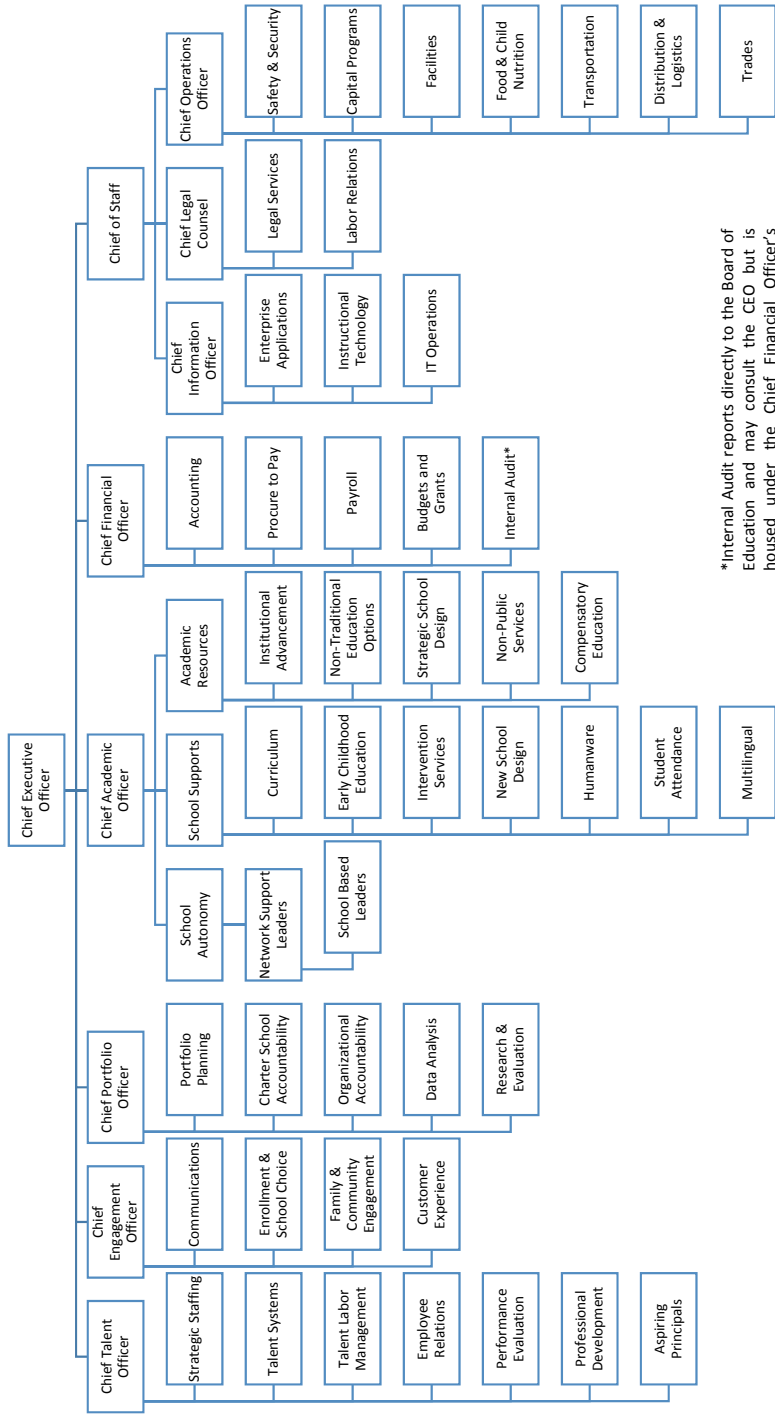
<u>Name</u>	<u>Began Serving as a Board Member</u>	<u>Present Term Expires June 30</u>
Anne E. Bingham, Board Chair	2014	2021
Robert M. Heard, Vice Chair	2004	2021
Louise P. Dempsey, Esq.	1998	2023
Sara Elaquad, J.D.	2019	2023
Jasmine Fryer	2017	2023
Denise Link	2007	2023
Nigamanth Sridhar, Ph.D.	2021	2025
Lisa Thomas, Ph.D.	2011	2021
Kathleen C. Valdez, Esq.	2019	2023
Harlan Sands, JD, MBA, ex-officio Alex Johnson, Ph.D. ex-officio		

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SENIOR APPOINTED OFFICIALS

Eric Gordon	Chief Executive Officer
Lee Buddy Jr.	Chief Engagement Officer
Trent Mosley	Chief Strategic Implementation Officer
Derek Richey	Chief Financial Officer
Curtis Timmons	Chief Information Officer
Patrick Zohn	Chief of Facilities and Operating
Karen Thompson	Chief of Staff
Lori Ward	Chief Talent and Equity Officer
Marcy Shankman	Chief Organizational Learning Officer
Valentina Moxon	Chief Academic Officer
Lisa Farmer-Cole	Chief, Schools
Dennis Hill	Chief of Safety and Security
Tom Ott	Deputy Chief, Communications
Lamont Dodson	Deputy Chief, Safety and Security
Jeffery Allen	Executive Director, Fine Arts
Jobir Andkhoy	Executive Director, Information Technology Service Delivery and Management
Jessica Baldwin	Executive Director, Intervention Services
Anthony Battaglia	Executive Director, Career and College Pathways
Michael Bowen	Executive Director, Accounting, Treasury & Reporting
Shawn Braxton	Executive Director, Learning Technology and Training Services
Christopher Broughton	Executive Director, Data and Organizational Accountability
JacquINETTE Brown	Executive Director, Professional Development
Christopher Burkhardt	Executive Director, Food and Child Nutrition Services
Maria Carlson	Executive Director, Academics
Stephen Christian	Executive Director, Culture and Total Rewards
Nicholas Damico	Executive Director, School Performance
Hollie Dellisanti	Executive Director, Architectural Services
Mary Foraker	Executive Director, Financial Strategy Sourcing Support
Jose Gonzalez	Executive Director, Multilingual Multicultural Education
Heather Grant	Executive Director, Talent Development
Latisha Grimes	Executive Director, Testing, Assessments And Logistics
Mychael Henderson	Executive Director, Financial Operations
Tracy Hill	Executive Director
Melissa Hirsch	Executive Director, Information Technology Strategy Execution and Governance
Larry Johnston	Executive Director, Internal Audit
Gerard Leslie	Executive Director, Alternative Programs
Carol Lockhart	Executive Director, Say Yes to Education
Rick McIntosh	Executive Director, School Choice and Student Enrollment
Joseph Micheller	Executive Director, New School Development
Laura Mulvaney	Executive Director, Strategic Staffing
Elizabeth Nelson	Executive Director, Curriculum
Brian Paisley	Executive Director, Software and Data Solutions
Desiree Powell	Executive Director, Health, Physical Education, Interscholastic Athletics, and Student Activities
Matthew Rado	Executive Director of Charter Schools
Leo Serrano	Executive Director
Melissa Skelly	Executive Director
Audrey Staton-Thompson	Executive Director, Contract Implementation
William Stencil	Executive Director of Humanware
Eric Taylor	Executive Director
Joshua Terchek	Executive Director, Research and Development
Megan Traum	Executive Director, School Quality Review
Nicole Vitale	Executive Director, Early Childhood and Pre-K 12
Allison Walker	Executive Director, Cyber Security and Information Technology Risk Management
Bernetta Wiggins	Executive Director, Integrated Health
Kevin Burtzclaff	Board Attorney and Liaison
Erin Frew	Network Support Leader, High School Network 1
Andrew Koonce	Network Support Leader, K-8 Network 1
Lorenzo Russell	Network Support Leader, High School Network 2
Sonja Clark	Network Support Leader, K-8 Network 2
Allayna Ratliff	Network Support Leader, K-8 Network 3
Paul Hoover	Network Support Leader, K-8 Network 4

Cleveland Municipal School District Organizational Chart



*Internal Audit reports directly to the Board of Education and may consult the CEO but is housed under the Chief Financial Officer's Division for administrative purposes.

FINANCIAL SECTION



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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Cleveland Municipal School District
Cuyahoga County
1111 Superior Avenue E, Suite 1800
Cleveland, Ohio 44114

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Municipal School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Municipal School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. In addition, as discussed in Note 23 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 6, 2022

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

The discussion and analysis of the Cleveland Municipal School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- ❑ Total current and other assets increased by \$46.3 million, net OPEB assets decreased \$0.7 million and capital assets decreased by \$26.3 million, resulting in a net increase in total assets of \$19.3 million in Governmental Activities.
- ❑ Total short-term liabilities increased by \$1.8 million and total long-term liabilities decreased \$2.2 million, resulting in a net decrease in total liabilities of \$0.4 million in Governmental Activities.
- ❑ Total net position increased \$22.9 million in Governmental Activities. General revenues accounted for \$717.4 million in revenue or 73% of all revenues for Governmental Activities. Program specific revenues in the form of charges for services, sales, grants or contributions accounted for \$271.0 million or 27% of total revenues of \$988.4 million.
- ❑ Total program expenses were \$965.5 million in Governmental Activities.
- ❑ Among major funds, the General Fund had \$754.3 million in revenues and \$694.6 million in expenditures and other financing uses. The General Fund's fund balance increased by \$59.7 million.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand The School District as an entire operating entity. The statements begin at a summary level and expand to detailed financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the entire School District, presenting both an aggregate view of the School District's current finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements present how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund and the Debt Service Fund are the most significant governmental funds.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

Reporting the School District on a Government-Wide Basis

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds utilized by the School District to provide programs and activities, the view of the School District as an entity looks at all financial transactions and asks the question, “How did we do financially during 2021?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year’s revenues and expenses regardless of when cash was received or paid.

These two statements report the School District’s net position and changes in those net positions. This change in net position is important because it tells the reader whether the financial position of the School District, as a whole, has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District’s property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, general inflation and other factors.

All of the School District’s programs and services are reported as Governmental Activities in the Statement of Net Position and the Statement of Activities. Governmental Activities consists of functions that are principally supported by taxes and intergovernmental revenues. Such activities include instruction, support services, operation and maintenance of plant, pupil transportation, operation of non-instructional services and extracurricular activities among others for the School District.

Currently, the School District has no Business-Type Activities, which include functions that are intended to recover all or a significant portion of their costs through user fees and charges.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page 15. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for its financial transactions. However, these fund financial statements concentrate on the School District’s most significant funds. The School District’s major governmental funds are the General Fund and the Debt Service Fund.

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Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine the amount of financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds - Proprietary funds have historically operated as enterprise and internal service funds using the same basis of accounting as business-type activities. The School District has no enterprise funds. The internal service fund is used to account for and finance its uninsured risks of loss and associated expenses attributable to deductibles and self-insured retention limits for general liability and property damage claim settlements and judgments. Also, it is used to account for and finance the School District's self-insurance programs for employee medical benefits.

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The School District on a Government-Wide Basis

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2021 compared to June 30, 2020. The net position at June 30, 2020 has been restated as described in Note 3.

Table 1
Net Position
Governmental Activities
(\$ In Millions)

	Governmental Activities		Change
	2021	Restated 2020	
Assets			
Current and Other Assets	\$ 666.9	\$ 620.6	\$ 46.3
Net OPEB Asset	41.5	42.2	(0.7)
Capital Assets	976.1	1,002.4	(26.3)
Total Assets	1,684.5	1,665.2	19.3
Deferred Outflows of Resources			
Pension & OPEB	169.7	184.1	(14.4)
Liabilities			
Current Liabilities	101.9	100.1	1.8
Long-Term Liabilities	310.7	311.8	(1.1)
Net Pension & OPEB Liability	866.7	867.8	(1.1)
Total Liabilities	1,279.3	1,279.7	(0.4)
Deferred Inflows of Resources			
Property Taxes	239.2	279.4	(40.2)
Pension & OPEB	140.9	118.4	22.5
<i>Total Deferred Inflow & Resources</i>	<i>380.1</i>	<i>397.8</i>	<i>(17.7)</i>
Net Position			
Net Investment in Capital Assets	717.4	740.4	(23.0)
Restricted for Debt Service	65.9	60.3	5.6
Restricted for Capital Projects	82.0	92.7	(10.7)
Restricted for Food Services	5.2	5.3	(0.1)
Restricted for Miscellaneous State Grants	8.7	1.5	7.2
Restricted for Educational Special Trust	11.1	7.3	3.8
Restricted for Other Purposes	16.0	2.6	13.4
Unrestricted	(711.5)	(738.2)	26.7
Total Net Position	\$ 194.8	\$ 171.9	\$ 22.9

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The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2021, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset/liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these assets/liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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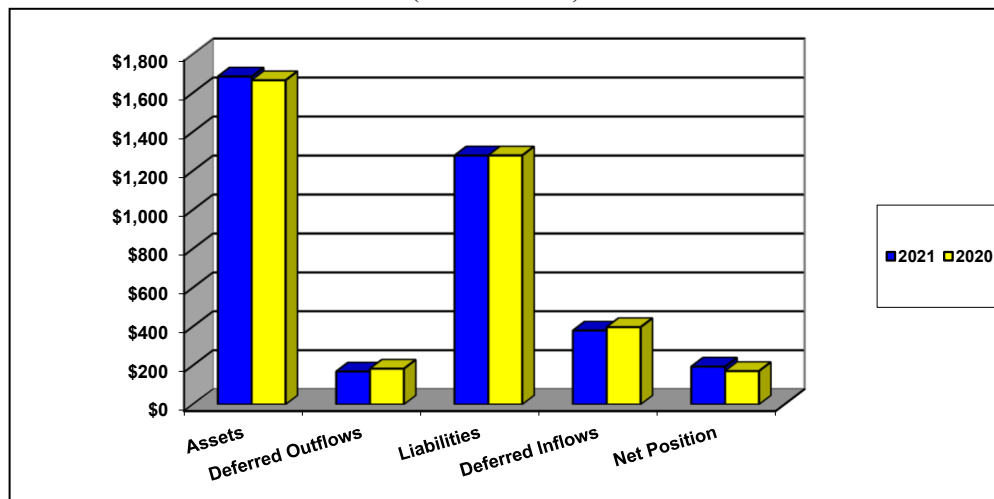
**MANAGEMENT’S DISCUSSION AND ANALYSIS
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The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan’s fiduciary net OPEB position was sufficient to cover the plan’s total OPEB liability resulting in a net OPEB asset for fiscal year 2021 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability reported by the retirement boards. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District’s statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s change in net pension liability and net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

Graph 1
Net Position
Governmental Activities
(\$ In Millions)



**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Current and other assets increased by \$46.3 million and net OPEB asset and capital assets decreased by \$0.7 million and \$26.3 million, respectively, resulting in an overall increase in total assets of \$19.3 million. The increase in current and other assets is mostly attributable to an increase in cash and investments of \$50.1 million due to an increase in revenues in the general fund and an increase of \$23.8 million in intergovernmental receivables related to various grant programs, specifically the Elementary and Secondary School Emergency Relief (ESSER) fund.

Current liabilities increased by \$1.8 million and long-term liabilities (including Pension and OPEB) decreased by \$2.2 million, resulting in an overall decrease in liabilities of \$0.4 million. The increase in current liabilities is due primarily to the increase in accrued wages and benefits payable and intergovernmental payable of \$6.2 million and \$6.2 million, respectively. The net decrease in long-term liabilities is due to the Net Pension and OPEB Liabilities decreasing by \$1.1 million along with debt retirement payments during the year.

There was a significant change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 2 shows the change in net position for fiscal years 2021 and 2020. The net position at June 30, 2020 has been restated as described in Note 3.

Governmental Activities
(\$ In Millions)

	Governmental Activities		Change
	2021	2020	
Revenues			
General Revenues:			
Property Taxes	\$ 294.7	\$ 239.0	\$ 55.7
Investment Income	0.3	3.8	(3.5)
Miscellaneous	17.9	8.1	9.8
Grants and Entitlements	404.5	429.8	(25.3)
Program Revenues:			
Charges for Services	12.6	10.8	1.8
Operating Grants	256.5	166.9	89.6
Capital Grants	1.9	1.8	0.1
Total Revenues	<u>988.4</u>	<u>860.2</u>	<u>128.2</u>
Program Expenses			
Instruction	651.0	611.5	39.5
Support Services:			
Pupil and Instructional Staff	72.5	68.8	3.7
Board of Education, Administration, Fiscal and Business	80.2	76.4	3.8
Operation and Maintenance of Plant	61.8	73.0	(11.2)
Pupil Transportation	23.2	36.8	(13.6)
Central	26.6	24.6	2.0
Operation of Non-Instructional Services	35.0	36.2	(1.2)
Capital Outlay	0.0	3.3	(3.3)
Extracurricular Activities	2.5	4.4	(1.9)
Interest and Fiscal Charges	12.7	13.0	(0.3)
Total Expenses	<u>965.5</u>	<u>948.0</u>	<u>17.5</u>
Transfers	0.0	4.9	(4.9)
Change in Net Position	<u>22.9</u>	<u>(82.9)</u>	<u>105.8</u>
Net Position Beginning of Year - Restated	<u>171.9</u>	<u>254.8</u>	<u>(82.9)</u>
Net Position End of Year	<u>\$ 194.8</u>	<u>\$ 171.9</u>	<u>\$ 22.9</u>

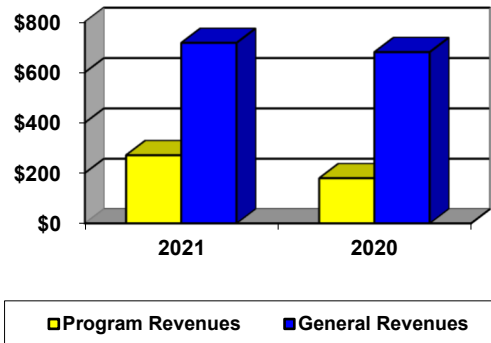
**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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Graph 2
Revenue for Governmental Activities
(\$ In Millions)

	2021	2020
General Revenues	\$ 717.4	\$ 680.7
Program Revenues	271.0	179.5
Total Revenues	\$ 988.4	\$ 860.2

Governmental Activities - Revenue



General Revenues

General revenues for the School District are comprised almost entirely of property tax collections and grants from various sources. Property taxes made up 41.1% and 35.1% and grants made up 56.4% and 63.1% of general revenues for governmental activities for the School District in fiscal years 2021 and 2020, respectively.

The unusual nature of property tax legislation in the State of Ohio creates the need to routinely seek voter approval for increases in operating funds to maintain a constant level of service. As a result of legislation enacted in 1976, the overall revenue generated by a voted millage does not increase as a result of inflation. As an example, a homeowner with a home valued at \$100,000 (assessed value of \$35,000) and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (assessed value of \$70,000) the effective tax rate would become .5 mill and the owner would still pay \$35.00. Because of this taxation methodology, real property tax assessments due to the School District have held steady for the past several years. Collection rates have held steady over the last four years with the School District collecting on average 88.3% on current collections.

The voters of the City of Cleveland approved a new property tax levy in May 2001 (Issue 14). This levy was approved to support the payment of the debt service for bonds issued for the school facility construction/renovation program and to support the ongoing maintenance of those facilities. Collections cannot be used to support the general operations of the School District. The collection on that levy began in January 2002.

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The voters of the City of Cleveland approved a new property tax levy in November 2012 (Issue 106), the first operating levy since 1996. This four year levy was approved to support The Cleveland Plan (H.B. 525) that was signed into law in July 2012. Fourteen mills will be allocated to the current expenses of the School District and one mill will be allocated to the current expenses of partnering community schools. The collection on that levy began in January 2013. This tax levy was renewed by the voters in November 2016.

The voters of the City of Cleveland approved a new property tax levy in November 2014 (Issue 4). This levy allowed for an additional property tax to provide funds for the acquisition, construction, enlargement, renovation, and financing of general permanent improvements at a rate not exceeding 0.5 mil for each one dollar of tax valuation. Collections cannot be used to support the general operations of the School District.

The primary source of grant revenue is State general operating aid known as the "Foundation Program Aid". Established by Ohio law and funded by biennial appropriations, the Foundation Program is a statutory program through which the State currently makes direct payments to school districts based upon a statutory formula. Monies distributed to a school district under the existing Foundation Program are required to be used for current operating expenses, unless specifically allocated by the State for some other purpose.

Program Revenues

Operating and capital grants comprise 95.4% of total program revenues of the School District. These grants, obtained mainly from the Federal Government, State of Ohio and the Ohio School Facilities Commission, support specific educational programs and objectives as defined by these agencies as well as the capital programs. The amount available to the School District may vary from year to year depending on amounts made available by these agencies and the needs of the School District.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
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Table 3
Total and Net Cost of Program Services
Governmental Activities
(\$ In Millions)

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Instruction	651.0	\$ 481.1	611.5	\$ 515.7
Support Services:				
Pupil and Instructional Staff	72.5	37.1	68.8	42.8
Board of Education, Administration, Fiscal and Business	80.2	75.9	76.4	65.9
Operation and Maintenance of Plant	61.8	47.9	73.0	65.7
Pupil Transportation	23.2	16.3	36.8	34.1
Central	26.6	22.1	24.6	22.7
Operation of Non-Instructional Services	35.0	0.0	36.2	1.7
Capital Outlay	0.0	0.0	3.3	3.3
Extracurricular Activities	2.5	1.4	4.4	3.6
Interest and Fiscal Charges	12.7	12.7	13.0	13.0
Total Expenses	\$ 965.5	\$ 694.5	\$ 948.0	\$ 768.5

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 above shows, for governmental activities, (services supported by tax revenue and unrestricted State entitlements), the total cost of services and the net cost of services.

The largest Governmental Activities program expense remains instruction, comprising 67.4% of the total cost of services. When combined with pupil and instructional support these categories make up 74.9% of the total cost of services. This make-up is consistent with the general educational objectives of the School District.

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$1,027.4 million and expenditures and other financing uses of \$945.2 million, resulting in a net increase in fund balances of \$82.2 million.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unassigned fund balance of the general fund had a balance of \$41.6 million, while total fund balance increased to a \$56.2 million balance. The increase was caused by an increase in revenues, primarily property taxes, due to a new tax levy and decreases in expenditures. The decreases in expenditures was the result of moving expenditures to the ESSER fund under the CARES Act.

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The fund balance in the Debt Service Fund increased \$7.0 million. The increase in the Debt Service fund was due to revenues exceeding the schedule debt service payments on the School District's debt. The fund balance for Other Governmental Funds increased by \$15.5 million.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for transactions on a cash basis for receipts, disbursements and encumbrances. The General Fund is the most significant fund to be budgeted and is the main operating fund of the School District.

For the General Fund total actual revenues and other financing sources were \$763.4 million, which was \$37.6 million more than the final budget estimate. The School District received slightly more than what was expected in property tax and intergovernmental revenue during the fiscal year.

The final expenditure and other financing uses budget was \$761.6 million. Total actual expenditures and other financing uses was \$712.7 million, or \$48.9 million below the final budget estimates. The School District limited spending during the COVID-19 Pandemic to only emergency purchases and also was able to move expenditures to the ESSER Fund as allowable by the CARES Act.

The General Fund's ending unencumbered cash balance totaled \$74.7 million, which was \$80.0 million more than the final budgeted amount.

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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$976.1 million invested in capital assets net of accumulated depreciation. Table 4 shows June 30, 2021 balances compared to June 30, 2020:

Table 4
Capital Assets
(Net of Depreciation)
(\$ In Millions)

	Governmental Activities		Change
	2021	2020	
Land	\$ 31.6	\$ 31.8	\$ (0.2)
Land Improvements	0.1	0.1	0.0
Buildings and Improvements	918.2	863.0	55.2
Vehicles and Equipment	11.8	12.9	(1.1)
Intangible Assets	0.3	0.3	(0.0)
Construction in Progress	14.1	94.3	(80.2)
Totals	\$ 976.1	\$ 1,002.4	\$ (26.3)

All capital assets, except for land and construction in progress, are reported net of depreciation.

In 2000, a Facilities Assessment Commission was established to review the condition of the School District's facilities. The Commission recommended that a complete renovation program of all School District facilities be undertaken and that a substantial contribution from the State of Ohio (through the Ohio School Facilities Commission) could be included in the proposed construction and renovation plan by participation in the Classroom Facilities Assistance Program (CFAP). Since then, the School District and the Ohio School Facilities Commission have created a Master Facilities Plan, which was revised in 2008 and then again in 2014, that addresses the needs of all buildings in the School District and the unique needs of the School District and its students. The Revised Master Facilities Plan has been approved by the School District's Board, the Ohio School Facilities Commission and the State Controlling Board. The Revised Master Facilities Plan calls for building an additional 22 schools and refurbishing 20 to 23 others. Projects were contingent on voters approving a November 2014 ballot issue that authorized \$200 million in bonds for the construction and a half-mill property tax for maintenance, which was passed. The State will add more than \$2 for every \$1 that the School District contributes to construction. Since 2000, the School District has built 45 schools and fully renovated seven others.

Construction began in 2002 utilizing funding from several sources as described below under ***Debt Administration***. Initial work focused mainly on making every facility warm, safe and dry. Concurrently, new facilities have been constructed and others significantly renovated and others inactivated for student use. See Note 11 to the basic financial statements for additional information on capital assets.

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Debt Administration

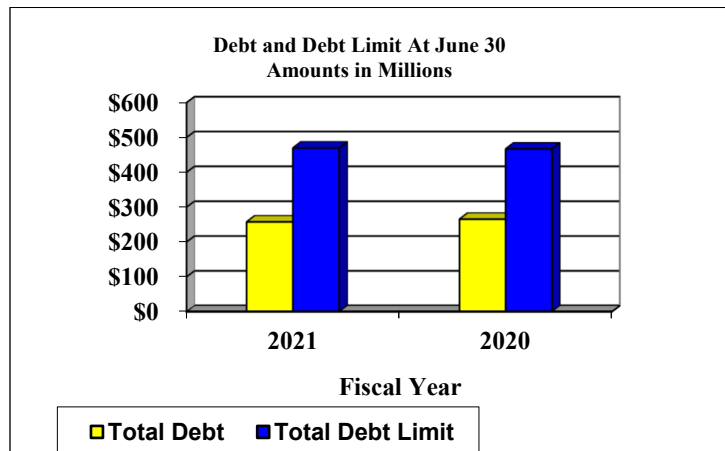
At June 30, 2021, the School District had \$257.9 million in bonds outstanding, \$6.7 million due within one year. Table 5 summarizes bonds and notes outstanding.

Table 5
Outstanding Debt, at Year End
(\$ In Millions)

	Governmental Activities 2021	Governmental Activities 2020
General Obligation Bonds and Notes:		
2010 School Facilities Improvement Bonds	55.0	55.0
2012 School Facilities Improvement Bonds	6.5	8.6
2013 School Facilities Improvement Bonds	24.4	25.4
2015 School Facilities Improvement Bonds	122.8	126.1
2015 Qualified School Construction Bonds	49.2	49.2
Other Long-Term Obligations:		
Lease-Purchase	0.0	1.4
Total	<u>\$ 257.9</u>	<u>\$ 265.7</u>

Graph 3
Debt and Debt Limit
(\$ In Millions)

	2021	2020
Total Debt	\$ 257.9	\$ 265.7
Total Debt Limit	\$ 470.2	\$ 467.4



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In order to undertake the initial stages of planning and to perform some required work on its facilities to make them “warm, safe and dry,” the School District utilized several borrowing/funding sources. One source totaling \$21.3 million, the Qualified Zone Academy Bonds (QZAB), was put in place just before the beginning of the 2002 fiscal year. These bonds were used to support facility renovations at seven specific school sites. Another source, the \$11.5 million H.B. 264 Energy Conservation Notes was used to renovate the environmental controls at school facilities across the School District. In November 2001, the School District issued \$35 million School Facility Bond Anticipation Notes. These Notes represented the first installment of the \$335 million of facility construction/renovation borrowing approved by voters in May 2001.

In October 2002, the School District replaced the short-term School Facility Bond Anticipation Notes with long-term School Facility Bonds. An additional \$40 million of new proceeds was borrowed at that time, representing the second installment of the \$335 million approved borrowing capacity. In July 2004, the School District issued \$125 million of School Improvement Bonds, the third installment. In December 2005, the School District issued \$30 million of School Facility Bond Anticipation Notes, representing the fourth installment of the \$335 million approved borrowing capacity. In March 2007, the School District issued \$30 million of School Facility Bond Anticipation Notes, representing the fifth installment of the \$335 million approved borrowing capacity. In December 2007, the School District issued an additional \$5 million of new proceeds representing the sixth installment of the \$335 million approved borrowing capacity. In December 2008, the School District issued \$15 million of School Improvement Bond Anticipation Notes representing the seventh installment of the \$335 million approved borrowing capacity. In September 2010, the School District issued \$55 million of School Improvement Bond Anticipation notes representing the eighth and final installment of the \$335 million approved borrowing capacity.

In June 2015 the School District issued bonds for the purpose of constructing, renovating, remodeling, enlarging, furnishing, equipping and otherwise improving School District buildings and facilities and acquiring, clearing, equipping and otherwise improving School District building and facility sites in the principal amount of \$200 million to be repaid annually over 35 years, and levy a property tax outside the ten-mill limitation, estimated by the county fiscal officer to average over the bond repayment period 2 mills for each one dollar of tax valuation, which amounts to 20 cents for each one hundred dollars of tax valuation, to pay the annual debt charges on the bonds, and to pay debt charges on any notes issued in anticipation of those bonds.

Due to the School District's participation in the Credit Enhancement Program, Fitch, Moody's and S&P have assigned programmatic ratings of “AA”, “Aa2”, and “AA”, respectively, to the School District's bonds.

The School District applied for underlying ratings from Fitch, S&P and Moody's. As a result of the application process, Fitch assigned an underlying rating of “BBB+” to the bonds, Moody's assigned an underlying rating of “A2” to the bonds, and S&P assigned an underlying rating of “BBB+” to the bonds. The School District's underlying ratings and the ratings with regard to the School District's participation in the Credit Enhancement Program have been published by the respective rating services.

At June 30, 2021, the School District's overall legal debt margin was \$267.0 million, with an unvoted debt margin of \$5.2 million. See Note 17 to the basic financial statements for additional information on all long-term obligations.

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**MANAGEMENT’S DISCUSSION AND ANALYSIS
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Current Issues

In November 2020, the voters of the city of Cleveland approved a ten year 20 mill operating levy. With the passing of the ten-year levy, the School District is projecting a positive unencumbered cash balance through fiscal year 2024. In addition, there are other ongoing issues to be addressed over the next five years as described below.

State Foundation Payments – The 2020-2021 biennium budget was passed in June 2020. During the budget process, there was a concerted effort to restructure the current school funding model under the Cupp-Patterson bill, but it failed to be included in the final budget. The School District will receive the same level of funding for the next two fiscal years as it received in fiscal year 2020 under the guarantee. Given the legislature’s desire to reduce the guarantee base and its desire to provide more equity in school funding, the state funding formula guarantee beyond fiscal year 2021 is uncertain.

Commercial Activity Tax – HB 66 makes provisions to replace some revenue lost due to the phase out of the Tangible Personal Property Tax. Businesses are now subject to a Commercial Activity Tax (CAT) that will provide some replacement income to school districts for lost tangible property revenues.

Homestead Exemption – The recent budget bill (HB 119) included significant property tax reductions for senior citizens. The Homestead Exemption will allow senior citizen homeowners and permanently/totally disabled homeowners, regardless of income, to withhold \$25,000 of market value of their owner occupied home from property taxes. In 2015, individuals who turned 65 in 2014 or who become disabled after January 1, 2013, were be required to have Ohio Qualifying income (\$31,000 or less) in order to receive Homestead Exemption based upon age or disability.

Financial Forecast – The School District is required to adopt a five-year financial forecast of revenues and expenditures each year. A surplus was projected in fiscal years 2022 and beyond. The forecast includes several revenue and expense assumptions based upon recent legislation, historical trends, and future assumptions.

Contacting the School District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Derek Richey, Chief Financial Officer at Cleveland Municipal School District, 1111 Superior Avenue East, Cleveland, Ohio 44114 or by email derek.richey@clevelandmetroschools.org.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 253,111,741
Cash and cash equivalents with fiscal agent	637,268
Receivables:	
Property taxes	357,197,293
Accounts	1,055,903
Intergovernmental	50,101,746
Materials and supplies inventory	4,841,066
Net OPEB asset	41,491,050
Capital assets:	
Nondepreciable capital assets	45,710,096
Depreciable capital assets, net	930,345,975
Capital assets, net	976,056,071
Total assets	1,684,492,138
 Deferred outflows of resources:	
Pension	141,622,967
OPEB	28,081,976
Total deferred outflows of resources	169,704,943
 Liabilities:	
Accounts payable	11,905,542
Contracts payable	75,931
Retainage payable	637,268
Accrued wages and benefits payable	46,470,134
Compensated absences payable	1,050,669
Intergovernmental payable	23,029,344
Accrued interest payable	1,047,745
Claims payable	17,631,890
Long-term liabilities:	
Due within one year	16,609,779
Due in more than one year:	
Net pension liability	796,880,071
Net OPEB liability	69,858,100
Other amounts due in more than one year	294,070,106
Total liabilities	1,279,266,579
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	239,210,208
Pension	45,509,752
OPEB	95,423,224
Total deferred inflows of resources	380,143,184
 Net position:	
Net investment in capital assets	717,442,872
Restricted for:	
Debt service	65,914,202
Capital projects	81,987,018
Classroom facilities maintenance	4,159,729
Food service operations	5,188,757
State funded programs	8,702,122
Federally funded programs	6,673,154
Extracurricular activities	583,157
Partnering community schools	3,618,487
Educational special trust	11,126,508
Other purposes	930,436
Unrestricted (deficit)	(711,539,124)
Total net position	\$ 194,787,318

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:					
Instruction:					
Regular	\$ 385,810,028	\$ 9,719,778	\$ 5,051,377	\$ -	\$ (371,038,873)
Special	217,991,590	2,617,847	103,161,978	-	(112,211,765)
Vocational	4,863,000	-	4,301,606	-	(561,394)
Other	42,330,115	88	45,056,547	-	2,726,520
Support services:					
Pupil	49,665,670	57	18,419,464	-	(31,246,149)
Instructional staff	22,869,943	2,429	16,964,287	-	(5,903,227)
Board of education	282,114	-	-	-	(282,114)
Administration	59,861,039	8,006	2,868,384	-	(56,984,649)
Fiscal	18,845,647	-	1,381,562	-	(17,464,085)
Business	1,184,780	-	1,434	-	(1,183,346)
Operations and maintenance	61,797,443	47,541	11,955,391	1,930,207	(47,864,304)
Pupil transportation	23,153,111	25,633	6,841,015	-	(16,286,463)
Central	26,620,548	164	4,544,680	-	(22,075,704)
Operation of non-instructional services:					
Food service operations	15,439,838	30,189	15,083,342	-	(326,307)
Other non-instructional services	19,593,557	-	19,929,305	-	335,748
Extracurricular activities	2,497,050	130,130	938,806	-	(1,428,114)
Interest and fiscal charges	12,741,703	-	-	-	(12,741,703)
Totals	\$ 965,547,176	\$ 12,581,862	\$ 256,499,178	\$ 1,930,207	(694,535,929)
General revenues:					
Property taxes levied for:					
General purposes					261,905,197
General purposes - partnering schools					6,007,119
Debt service					22,900,599
Capital outlay					2,019,205
Classroom facilities maintenance					1,819,807
Grants and entitlements not restricted to specific programs					404,482,584
Investment earnings					327,073
Miscellaneous					17,944,329
Total general revenues					717,405,913
Change in net position					22,869,984
Net position at beginning of year (restated)					171,917,334
Net position at end of year					\$ 194,787,318

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 66,080,679	\$ 56,570,526	\$ 108,708,839	\$ 231,360,044
Cash and cash equivalents with fiscal agent	-	-	637,268	637,268
Receivables:				
Property taxes	314,628,323	30,243,164	12,325,806	357,197,293
Accounts	1,055,903	-	-	1,055,903
Interfund loans	7,845,000	-	-	7,845,000
Intergovernmental	1,935,089	-	48,166,657	50,101,746
Materials and supplies inventory	1,026,134	-	3,814,932	4,841,066
Due from other funds	18,603,077	-	-	18,603,077
Total assets	<u>\$ 411,174,205</u>	<u>\$ 86,813,690</u>	<u>\$ 173,653,502</u>	<u>\$ 671,641,397</u>
Liabilities:				
Accounts payable	\$ 5,181,845	\$ -	\$ 6,723,697	\$ 11,905,542
Contracts payable	-	-	75,931	75,931
Retainage payable	-	-	637,268	637,268
Accrued wages and benefits payable	36,423,243	-	10,046,891	46,470,134
Compensated absences payable	1,050,669	-	-	1,050,669
Intergovernmental payable	19,926,007	-	3,103,337	23,029,344
Interfund loans payable	-	-	7,845,000	7,845,000
Due to other funds	-	-	18,603,077	18,603,077
Total liabilities	<u>62,581,764</u>	<u>-</u>	<u>47,035,201</u>	<u>109,616,965</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	211,963,344	19,851,743	7,395,121	239,210,208
Delinquent property tax revenue not available	79,815,531	7,672,145	3,126,834	90,614,510
Intergovernmental revenue not available	639,390	-	9,790,381	10,429,771
Miscellaneous revenue not available	-	-	690,443	690,443
Total deferred inflows of resources	<u>292,418,265</u>	<u>27,523,888</u>	<u>21,002,779</u>	<u>340,944,932</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	1,026,134	-	3,814,932	4,841,066
Restricted:				
Debt service	-	59,289,802	-	59,289,802
Capital projects	-	-	77,978,484	77,978,484
Classroom facilities maintenance	-	-	3,489,330	3,489,330
Food service operations	-	-	1,610,166	1,610,166
Non-public schools	-	-	4,320,754	4,320,754
State funded programs	-	-	3,360,671	3,360,671
Federally funded programs	-	-	4,324,647	4,324,647
Extracurricular activities	-	-	582,657	582,657
Partnering community schools	-	-	1,901,624	1,901,624
Educational special trust	-	-	11,126,508	11,126,508
Other purposes	-	-	930,436	930,436
Assigned:				
Student instruction	2,325,546	-	-	2,325,546
Student and staff support	10,833,028	-	-	10,833,028
Extracurricular activities	339,786	-	-	339,786
Operation of non-instructional services	19,239	-	-	19,239
Unassigned (deficit)	<u>41,630,443</u>	<u>-</u>	<u>(7,824,687)</u>	<u>33,805,756</u>
Total fund balances	<u>56,174,176</u>	<u>59,289,802</u>	<u>105,615,522</u>	<u>221,079,500</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 411,174,205</u>	<u>\$ 86,813,690</u>	<u>\$ 173,653,502</u>	<u>\$ 671,641,397</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total governmental fund balances		\$	221,079,500
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			976,056,071
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	90,614,510	
Accounts receivable		690,443	
Intergovernmental receivable		10,429,771	
Total		10,429,771	101,734,724
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position.			4,119,807
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(1,047,745)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		141,622,967	
Deferred inflows - pension		(45,509,752)	
Net pension liability		(796,880,071)	
Deferred outflows - OPEB		28,081,976	
Deferred inflows - OPEB		(95,423,224)	
Net OPEB asset		41,491,050	
Net OPEB liability		(69,858,100)	
Total		(69,858,100)	(796,475,154)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(257,900,000)	
Compensated absences		(48,191,189)	
Worker's compensation claims		(4,588,696)	
Total		(4,588,696)	(310,679,885)
Net position of governmental activities		\$	194,787,318

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 256,452,171	\$ 24,293,894	\$ 10,091,343	\$ 290,837,408
Intergovernmental	467,971,131	2,258,930	190,392,747	660,622,808
Investment earnings	221,795	3,426	109,412	334,633
Tuition and fees	11,660,102	-	-	11,660,102
Extracurricular	3,000	-	171,664	174,664
Rental income	47,511	-	-	47,511
Charges for services	668,916	-	30,169	699,085
Contributions and donations	-	-	8,943,525	8,943,525
Miscellaneous	17,304,939	-	8,574	17,313,513
Total revenues	<u>754,329,565</u>	<u>26,556,250</u>	<u>209,747,434</u>	<u>990,633,249</u>
Expenditures:				
Current:				
Instruction:				
Regular	328,998,644	-	4,760,466	333,759,110
Special	169,016,606	-	40,298,216	209,314,822
Vocational	3,405,747	-	1,199,226	4,604,973
Other	3,348	-	42,324,501	42,327,849
Support services:				
Pupil	28,950,178	-	16,785,629	45,735,807
Instructional staff	9,138,947	-	13,184,090	22,323,037
Board of education	265,867	-	-	265,867
Administration	54,890,106	-	2,725,148	57,615,254
Fiscal	11,573,455	404,024	6,717,154	18,694,633
Business	1,155,764	-	1,426	1,157,190
Operations and maintenance	40,865,243	-	16,615,899	57,481,142
Pupil transportation	18,545,261	-	3,144,062	21,689,323
Central	22,284,196	-	3,876,904	26,161,100
Operation of non-instructional services:				
Food service operations	-	-	15,157,412	15,157,412
Other non-instructional services	1,752,520	-	17,741,353	19,493,873
Extracurricular activities	1,776,014	-	701,943	2,477,957
Facilities acquisition and construction	-	-	10,144,296	10,144,296
Debt service:				
Principal retirement	1,350,746	6,375,000	-	7,725,746
Interest and fiscal charges	11,254	12,732,267	-	12,743,521
Total expenditures	<u>693,983,896</u>	<u>19,511,291</u>	<u>195,377,725</u>	<u>908,872,912</u>
Excess of revenues over expenditures	<u>60,345,669</u>	<u>7,044,959</u>	<u>14,369,709</u>	<u>81,760,337</u>
Other financing sources (uses):				
Sale of capital assets	-	-	489,121	489,121
Transfers in	-	-	36,307,741	36,307,741
Transfers (out)	(600,000)	-	(35,707,741)	(36,307,741)
Total other financing sources (uses)	<u>(600,000)</u>	<u>-</u>	<u>1,089,121</u>	<u>489,121</u>
Net change in fund balances	59,745,669	7,044,959	15,458,830	82,249,458
Fund balances (deficit)				
at beginning of year (restated)	<u>(3,571,493)</u>	<u>52,244,843</u>	<u>90,156,692</u>	<u>138,830,042</u>
Fund balances at end of year	<u>\$ 56,174,176</u>	<u>\$ 59,289,802</u>	<u>\$ 105,615,522</u>	<u>\$ 221,079,500</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$	82,249,458
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 7,235,883	
Current year depreciation	<u>(30,696,753)</u>	
Total		(23,460,870)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(2,921,374)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	7,644,163	
Miscellaneous	(636,913)	
Intergovernmental	<u>(9,223,339)</u>	
Total		(2,216,089)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		7,725,746
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		1,818
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		53,876,717
OPEB		502,924
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension		(93,063,729)
OPEB		2,036,208
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	(5,333,286)	
Worker's compensation claims	<u>(1,306,276)</u>	
Total		(6,639,562)
Internal service funds used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>4,778,737</u>
Change in net position of governmental activities	\$	<u>22,869,984</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 235,711,876	\$ 243,601,166	\$ 249,767,185	\$ 6,166,019
Intergovernmental	432,021,022	446,480,789	469,761,499	23,280,710
Investment earnings	254,441	262,957	276,668	13,711
Tuition and fees	9,748,301	10,074,578	10,599,893	525,315
Extracurricular	2,759	2,851	3,000	149
Rental income	43,694	45,156	47,511	2,355
Charges for services	474,847	490,740	516,329	25,589
Miscellaneous	18,966,529	19,601,339	20,623,406	1,022,067
Total revenues	<u>697,223,469</u>	<u>720,559,576</u>	<u>751,595,491</u>	<u>31,035,915</u>
Expenditures:				
Current:				
Instruction:				
Regular	354,569,916	354,569,916	325,870,359	28,699,557
Special	180,431,284	180,431,284	166,168,330	14,262,954
Vocational	3,905,516	3,905,516	3,621,493	284,023
Support services:				
Pupil	31,316,721	31,316,721	29,069,776	2,246,945
Instructional staff	9,933,430	9,933,430	9,405,124	528,306
Board of education	263,770	263,770	260,616	3,154
Administration	59,016,071	59,016,071	55,878,565	3,137,506
Fiscal	12,485,570	12,485,570	11,637,855	847,715
Business	1,191,293	1,191,293	1,408,913	(217,620)
Operations and maintenance	48,405,292	48,405,292	48,679,554	(274,262)
Pupil transportation	21,499,658	21,499,658	21,436,962	62,696
Central	26,435,546	26,435,546	27,038,709	(603,163)
Operation of non-instructional services				
Other non-instructional services	1,827,170	1,827,170	1,701,629	125,541
Extracurricular activities	1,913,582	1,913,582	2,101,740	(188,158)
Total expenditures	<u>753,194,819</u>	<u>753,194,819</u>	<u>704,279,625</u>	<u>48,915,194</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(55,971,350)</u>	<u>(32,635,243)</u>	<u>47,315,866</u>	<u>79,951,109</u>
Other financing sources (uses):				
Refund of prior year's expenditures	48,471	50,093	52,705	2,612
Transfers (out)	(600,000)	(600,000)	(600,000)	-
Advances in	5,224,518	5,224,518	5,224,518	-
Advances (out)	(7,845,000)	(7,845,000)	(7,845,000)	-
Total other financing sources (uses)	<u>(3,172,011)</u>	<u>(3,170,389)</u>	<u>(3,167,777)</u>	<u>2,612</u>
Net change in fund balance	(59,143,361)	(35,805,632)	44,148,089	79,953,721
Fund balance at beginning of year	15,095,634	15,095,634	15,095,634	-
Prior year encumbrances appropriated	15,505,831	15,505,831	15,505,831	-
Fund balance (deficit) at end of year	<u>\$ (28,541,896)</u>	<u>\$ (5,204,167)</u>	<u>\$ 74,749,554</u>	<u>\$ 79,953,721</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	<u>Governmental Activities - Internal Service Funds</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	<u>\$ 21,751,697</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>17,631,890</u>
Net position:	
Unrestricted	<u><u>\$ 4,119,807</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 111,547,650
Total operating revenues	111,547,650
Operating expenses:	
Claims and claim adjustment expenses	106,768,913
Total operating expenses	106,768,913
Change in net position	4,778,737
Net position at beginning of year	(658,930)
Net position at end of year	\$ 4,119,807

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Cash received from charges for services	\$ 111,547,650
Cash payments for claims and claim adjustment expenses	(106,989,124)
Net cash provided by operating activities	4,558,526
Net change in cash and cash cash equivalents	4,558,526
Cash and cash equivalents at beginning of year	17,193,171
Cash and cash equivalents at end of year	\$ 21,751,697
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 4,778,737
Changes in assets and liabilities:	
Claims payable	(220,211)
Net cash provided by operating activities	\$ 4,558,526

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Note 1 - Description of the School District and Reporting Entity

A. School District and Board of Education

The Board of Education of the School District (the “Board”) is a political and corporate body charged with the responsibility of managing and controlling the affairs of the School District, and is governed by the general laws of the State of Ohio (the “Ohio Revised Code”). The Board is comprised of nine members who were appointed by the Mayor of the City of Cleveland. On November 5, 2002, the voters of Cleveland elected to maintain the current government structure, which gives the Mayor the authority to continue appointing board members.

B. Financial Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, capital projects and student related activities of the School District.

Within the School District boundaries, there are also various non-public schools. Current State legislation provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the Chief Financial Officer of the School District, as directed by the non-public school. The activity of these State monies by the School District is reflected in a special revenue fund for financial reporting purposes.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The Cleveland Public Library and the City of Cleveland have been defined as related organizations and the Ohio Schools Council and the Bond Accountability Commission as jointly governed organizations. These organizations are discussed further in Note 19 and Note 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Cleveland Municipal School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the School District’s accounting policies are described below.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity program is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories of governmental, proprietary, and fiduciary. The School District does not have any fiduciary funds.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The following are the School District's major governmental funds:

General Fund The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

Proprietary Fund Type Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District only has internal service funds.

Internal Service Funds The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The internal service fund is used to account for and finance its uninsured risks of loss and associated expenses attributable to deductibles and self-insured retention limits for general liability and property damage claim settlements and judgments and self-insurance programs for employee medical benefits.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activities.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: advance on property taxes, investment income, the State's share of the classroom facility project, tuition, grants and student fees.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB related liabilities. The deferred outflows or resources related to pension and OPEB are explained in Note 13 and 14.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources included property taxes, pension, OPEB Plans and unavailable revenue. Property Taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net pension. (See Note 13 and 14).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are also reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Data

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Chief Financial Officer/Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the proprietary fund, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" or "Investments" on the financial statements.

The School District utilizes a fiscal agent to hold monies set-aside for debt service payments. Monies are placed with a fiscal agent to ensure adequate payment of debt when it comes due. The balances in these accounts are presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agents".

During fiscal year 2021, investments were limited to STAR Ohio and U.S. Government money market accounts.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

During fiscal year 2021, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statute, interest earnings are allocated to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$221,795 which includes \$123,182 assigned from other School District funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

G. Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category included amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these restraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amount represents intended uses established by the Board of Education or the Chief Financial Officer which has been delegated that authority by the CEO.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for a specific purpose for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consisted of donated and purchased food and materials and supplies held for consumption.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of fifty thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also not capitalized.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Intangible assets identified pursuant to GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, have been classified separately from other assets capitalized by the School District. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	25 years
Buildings and Improvements	25 - 50 years
Vehicles and Equipment	7 - 15 years
Internal Generated Software	5-10 years

Estimated lives for buildings and improvements of schools that will be demolished or inactivated for educational purposes under the current capital facility plan have been adjusted so they are fully depreciated by the anticipated year of demolition or inactivation.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. On the fund financial statements, other receivables related to interfund activity from negative cash balances are classified as “due from other funds” and “due to other funds”. These amounts are eliminated in the governmental activities column of the statement of net position.

L. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/OPEB, and pension/OPEB expense; information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on a five year history of the School District’s actual payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "accrued wages and benefits" in the fund from which the employees who have accumulated leave are paid. The General Fund is typically used to liquidate the compensated absences.

N. Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are reported as another financing source when received.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources and are reported as obligations of the funds. However, claims and judgments and compensated absences, contractually required pension obligations, and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

P. Net Position

Net Position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position for other purposes included resources restricted for non-public schools and community involvement.

The government-wide statement of net position reports \$182,347,570 of restricted net position, none of which is restricted by enabling legislation.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Q. Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Inter-fund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

R. Operating Revenue and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as non-operating.

S. Contribution of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary fund received no contributions of capital during the current fiscal year.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current fiscal year.

U. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

V. Fair Value

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Note 3 – Accountability and Compliance

Change in Accounting Principles

For fiscal year 2021, the School District has implemented GASB Statement No. 84, “*Fiduciary Activities*”. GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and they have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District’s financial statements.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

For fiscal year 2021, the School District has implemented GASB Statement No. 90, “Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61”. GASB Statement No. 90 improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

For fiscal year 2021, the School District has applied GASB Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance.” GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

For fiscal year 2021, the School District has implemented GASB Statement No. 98, “The Annual Comprehensive Financial Report.” GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in general accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the School District.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Restatement of Net Position and Fund Balance

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2020:

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Fund Balance (Deficit) as previously reported	\$ (3,571,493)	\$ 52,244,843	\$ 89,652,194	\$ 138,325,544
GASB Statement No. 84	-	-	504,498	504,498
Restated Fund Balance (Deficit), at June 30, 2020	\$ (3,571,493)	\$ 52,244,843	\$ 90,156,692	\$ 138,830,042

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2020:

	Governmental Activities
Net position as previously reported	\$ 171,412,836
GASB Statement No. 84	504,498
Restated net position at June 30, 2020	\$ 171,917,334

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$0. Also, related to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. At June 30, 2020, agency funds reported assets and liabilities of \$504,498.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Accountability

The following funds had deficit fund balances as of June 30, 2021:

Special Revenue Funds

ESSER	\$ 2,569,754
Title VI-B Special Education	2,036,605
Supporting Effective Instruction	106,765
Miscellaneous Federal Grants	240,751
Other Federal	<u>1,601,871</u>
Total Special Revenue Funds	<u><u>6,555,746</u></u>
Grand Total	<u><u>\$ 6,555,746</u></u>

The deficits in the special revenue funds resulted from the recognition of accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

Compliance

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission.

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As of June 30, 2021, the following School District funds had appropriations that exceeded the amount certified as available by the budget commission:

Fund	Final Amended Certificate	Final Appropriation	Variance
General	\$ 746,113,988	\$746,133,988	\$ (20,000)
Partnering Community Schools	4,249,114	6,878,461	(2,629,347)
Auxiliary Services	9,500,000	10,100,000	(600,000)
Student Wellness and Success	-	12,565,184	(12,565,184)
Other state	800,000	1,398,000	(598,000)
ESSER	-	82,426,925	(82,426,925)
Coronavirus Relief	-	2,751,467	(2,751,467)
Vocational Education	2,000,000	2,392,000	(392,000)
Title I	35,000,000	43,170,627	(8,170,627)
Miscellaneous Federal Grants	800,000	5,500,000	(4,700,000)
Other federal	9,250,000	11,514,710	(2,264,710)
Permanent Improvement	45,726,486	50,707,741	(4,981,255)

The Classroom Facilities Maintenance Fund had expenditures exceeding appropriations of \$106,052 in violation of Ohio Revised Code 5705.41(B).

Note 4 – Fund Balances

Fund balance is classified in five categories (1) Nonspendable, (2) Restricted, (3) Committed, (4) Assigned and (5) Unassigned. Nonspendable fund balances include amounts that are not in spendable form or are legally required to remain intact. Restricted fund balances include amounts that have external restrictions by either grantors, debt covenants, laws or other governments. Committed fund balances include amounts that are committed to a specific purpose by board ordinance. Assigned fund balances include amounts to be used for a specific purpose. Unassigned fund balances include amounts that have not been assigned to any purpose. These amounts are reported on the balance sheet.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

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2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis); and,
5. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the budgetary basis to the GAAP basis statement for the general fund.

Net Change in Fund Balance	
Budget Basis	\$ 44,148,089
Net Adjustment for Revenue Accruals	2,734,074
Net Adjustment for Expenditure Accruals	361,527
Net Adjustment for Other Financing Sources and Uses	2,567,777
Funds Budgeted Elsewhere	(3,770,603)
Adjustment for Encumbrances	13,704,805
GAAP Basis	\$ 59,745,669

Certain funds that are legally budgeted as separate funds are considered part of the general fund on a GAAP basis. This includes the payroll clearing fund.

Note 6 - Deposits and Investments

The School District has chosen to follow State statutes in order to classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Under Ohio statutes and School District investment policy, interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,

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8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Chief Financial Officer/Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation or transfer from the custodian.

Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all School District deposits was \$5,758,170. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," the School District's bank balance was \$13,336,700 at fiscal year-end. Of the bank balance, \$1,227,229 was covered by federal depository insurance, \$10,239,467 was part of the OPCS and \$1,870,004 was uninsured but collateralized with securities held by a pledging financial institution or by its trust department or agent although not in the School District's name.

Custodial credit risk is the risk that, in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio Law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, the School District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although the statutory requirements for deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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Investments

Investments are reported at fair value. The School District’s investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). As of June 30, 2021, the School District had the following investments:

	Maturity
	Less Than One Year
U.S. Government Money Market	\$ 35,969,220
STAR Ohio-Net Asset Value	212,021,619
Total Portfolio	\$ 247,990,839

Interest Rate Risk Ohio Revised Code and School District investment policy limits security purchases to those that mature within five years of the settlement date. School District investment policy also limits commercial paper purchases to issues from companies incorporated in the United States which have assets in excess of \$500 million and whose issues are rated in the highest classification by at least two standard rating services. The commercial paper must mature within 180 days of settlement date and the total holding of commercial paper may not exceed 40 percent of the portfolio, under Ohio Revised Code and School District investment policy. Money market mutual funds must be rated in the highest classification by at least one standard rating service and invest exclusively in eligible securities listed above, under School District investment policy.

Credit Risk The School District’s investments at June 30, 2021 in the U.S. Government Money Market and STAR Ohio were rated AAAM by Standard & Poor’s. The School District has an investment policy to minimize credit risk by diversifying assets by issuer, ensuring that required minimum credit quality ratings exist and maintaining adequate collateralization of certificates of deposits.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The following is the School District’s allocation as of June 30, 2021:

Investments	Percentage of Investments
U.S. Government money market	14.50%
STAR Ohio	85.50%

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Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the school district fiscal year runs from July through June. First half tax collections are received by the school district in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2020, were levied after April 1, 2021 and are collected in 2021 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The amount available as an advance at June 30, 2021 was \$27,372,575, which is comprised of \$22,849,448 in the general fund, \$2,719,276 in the debt service fund, \$257,693 in the permanent improvement fund, \$1,288,465 in the partnering community school fund, and \$257,693 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2020 was \$18,477,031, which is comprised of \$15,249,883 in the general fund, \$1,835,565 in the debt service fund, \$347,896 in the permanent improvement fund, \$695,791 in the partnering community school fund, and \$347,896 in the classroom facilities maintenance special revenue fund.

Accrued property taxes receivable includes real property and public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

On an full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources.

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The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second Half		2021 First Half	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 4,722,560	90.94%	\$ 4,725,624	90.45%
Public Utility Property	470,690	9.06	498,952	9.55
Total	\$ 5,193,250	100.00%	\$ 5,224,576	100.00%
Full voted tax rate per \$1,000 of assessed valuation	\$	79.30	\$	84.30

Note 8 – Tax Abatements

School District property taxes were reduced under Enterprise Zone agreements entered into by an overlapping government – the City of Cleveland. As a result of the agreements, the School District had \$24,314,639 in taxes abated for the tax year 2020/collection year 2021.

Note 9 - Receivables

Receivables at June 30, 2021 consist of taxes, accounts (rent and student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year except delinquent property taxes.

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A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Ohio Department of Education	\$ 11,700
School Employees Retirement System	639,390
The Centers for Families and Children	1,283,999
Promise Academy	689,943
Parma City Schools	500
ESC of Northeast Ohio	23,811
Ohio School Facilities Grant	2,555,763
Miscellaneous State Grants and Subsidies	1,028,115
IDEA Preschool Grant	114,338
Title III	126,700
ESSER	23,154,211
Title VI-B Special Education Grant and Subsidies	1,923,352
Vocational Education Grant and Subsidies	406,246
Title I Grant and Subsidies	15,718,256
Supporting Effective Instruction Grant and Subsidies	1,880,638
Miscellaneous Federal Grants and Subsidies	544,784
	\$ 50,101,746

Note 10 – Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements which are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2021.

B. School Foundation

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. ODE has finalized the impact of enrollment adjustments to the June 30, 2021 foundation funding for the School District. These adjustments were insignificant for the School District.

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C. Litigation

The School District is party to various legal proceedings. The School District is of the opinion that ultimate disposition of all such claims will not have a material effect, if any, on the financial condition of the School District.

Note 11 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 31,814,081	\$ -	\$ (216,307)	\$ 31,597,774
Construction in Progress	94,277,459	7,235,883	(87,401,020)	14,112,322
<i>Total Capital Assets, not being Depreciated</i>	<u>126,091,540</u>	<u>7,235,883</u>	<u>(87,617,327)</u>	<u>45,710,096</u>
<i>Capital Assets, being Depreciated</i>				
Land Improvements	1,523,444	-	-	1,523,444
Buildings and Improvements	1,309,297,038	87,401,020	(8,950,784)	1,387,747,274
Vehicles and Equipment	32,177,111	-	-	32,177,111
Internal Generated Software	5,878,735	-	-	5,878,735
<i>Total Capital Assets, being Depreciated</i>	<u>1,348,876,328</u>	<u>87,401,020</u>	<u>(8,950,784)</u>	<u>1,427,326,564</u>
Less: Accumulated Depreciation:				
Land Improvements	(1,410,284)	(10,969)	-	(1,421,253)
Buildings and Improvements	(446,258,628)	(29,541,111)	6,245,717	(469,554,022)
Vehicles and Equipment	(19,275,840)	(1,144,673)	-	(20,420,513)
Internal Generated Software	(5,584,801)	-	-	(5,584,801)
<i>Total Accumulated Depreciation</i>	<u>(472,529,553)</u>	<u>(30,696,753) *</u>	<u>6,245,717</u>	<u>(496,980,589)</u>
<i>Total Capital Assets, being Depreciated, Net</i>	<u>876,346,775</u>	<u>56,704,267</u>	<u>(2,705,067)</u>	<u>930,345,975</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 1,002,438,315</u>	<u>\$ 63,940,150</u>	<u>\$ (90,322,394)</u>	<u>\$ 976,056,071</u>

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* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 29,353,649
Special	59,385
Support Services:	
Administration	112,558
Operation and Maintenance of Plant	64,684
Pupil Transportation	1,106,477
Total Depreciation Expense	\$ 30,696,753

Construction in progress is composed of the following at June 30, 2021:

	Project Authorization	Expended to June 30, 2021	Committed
Regular Instruction	\$ 133,516,708	\$ 14,112,322	\$ 119,404,386

Note 12 - Risk Management

A. Property and Liability

The School District is exposed to various loss potentials including but not limited to: torts, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The School District insures through commercial insurance companies for the following:

Coverage During Fiscal Year	Aggregate Liability Limits	Self- Insured Retention
Coverage A - School Liability	\$ 12,000,000	\$ 500,000
General Liability		
Automobile Liability		
Law Enforcement Liability		
Nurse' Professional Liability		
Ohio Stop Gap Liability		
Coverage B - Educators Liability	\$ 12,000,000	\$ 500,000
School Leaders Errors & Omissions (includes lawyer professional liability)		
Employment Practices Liability		
Sexual Harassment		
Sexual Misconduct/Abuse		
Employee Benefits Liability		

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Coverage During Fiscal Year	Aggregate Liability	
	Limits	Deductible
Property (Physical Damage) Insurance	\$ 300,000,000	\$ 500,000
Boiler and Machinery	150,000,000	250,000
Commercial Crime Insurance	2,000,000	100,000
Terrorism	10,000,000	25,000
Cyber Risk	5,000,000	100,000
Student Accident	2,000,000	N/A
Medical Malpractice	3,000,000	10,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

Because of the prohibitive cost of commercial insurance, the School District in 1987, established a self-insurance fund (an internal service fund) to account for and finance its uninsured risks of loss (insurance deductibles and/or self-insured retentions) and associated expenses attributing to liability and property damage claim settlements and judgments. Estimates of claims liabilities, based on historical cost information, for incurred claims (including incurred but not reported claims) as calculated by the School District's Risk Management Division for all outstanding unsettled claims total \$1,276,000 as of June 30, 2021, and are recorded in the Liability Self-Insurance internal service fund.

B. Employee Health Benefits

The School District has elected to provide medical and prescription drug benefits through a self insured program utilizing providers Medical Mutual of Ohio, Anthem Blue Cross Blue Shield Insurance, and University Hospitals (UH Choice) companies. The maintenance of these benefits is accounted for in the Employee Benefits Self-Insurance internal service fund. Specific stop loss threshold covered per person is \$400,000 a claim and there is an unlimited maximum, which is in compliance with the Federal Healthcare Reform.

C. Workers' Compensation

The School District participates in the Ohio Bureau of Workers' Compensation (BWC) Retrospective Rating Plan. Under the retrospective rating plan, the School District assumes a portion of the risk in return for a reduction in current premiums. Estimates of claims liabilities based on actuarial methods, for incurred claims as calculated by the BWC for the cumulative retrospective rating period January 1, 2011, through June 30, 2021, including the estimate for incurred but not reported (IBNR) claims totals \$4,588,696.

The self insurance fund is funded from the General Fund, while the workers' compensation claims are charged to the same fund as the respective employee's salaries are charged, utilizing a historical percentage allocation method.

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The claims liability reported at June 30, 2021 for liability and property damage claim settlements and judgments, medical and prescription drug benefits and workers' compensation is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for fiscal years 2020 and 2021 are as follows:

	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2020	\$ 14,781,446	\$ 103,530,602	\$ 100,459,947	\$ 17,852,101
2021	17,852,101	106,768,913	106,989,124	17,631,890

Note 13 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability/Asset

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

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The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

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Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$14,877,377 for fiscal year 2021. Of this amount, \$1,146,654 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

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New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$38,999,340 for fiscal year 2021. Of this amount, \$5,283,183 is reported as intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	3.64428330%	2.54829514%	
Proportion of the net pension liability current measurement date	<u>3.41159960%</u>	<u>2.36080036%</u>	
Change in proportionate share	<u>-0.23268370%</u>	<u>-0.18749478%</u>	
Proportionate share of the net pension liability	\$ 225,650,386	\$ 571,229,685	\$ 796,880,071
Pension expense	\$ 29,489,575	\$ 63,574,094	\$ 93,063,669

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At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 438,312	\$ 1,281,696	\$ 1,720,008
Net difference between projected and actual earnings on pension plan investments	14,324,222	27,778,963	42,103,185
Changes of assumptions	-	30,664,003	30,664,003
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	4,575,409	8,683,645	13,259,054
Contributions subsequent to the measurement date	<u>14,877,377</u>	<u>38,999,340</u>	<u>53,876,717</u>
Total deferred outflows of resources	<u>\$ 34,215,320</u>	<u>\$ 107,407,647</u>	<u>\$ 141,622,967</u>

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 3,652,623	\$ 3,652,623
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>8,421,391</u>	<u>33,435,738</u>	<u>41,857,129</u>
Total deferred inflows of resources	<u>\$ 8,421,391</u>	<u>\$ 37,088,361</u>	<u>\$ 45,509,752</u>

\$53,876,717 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	\$ (736,376)	\$ 14,870,769	\$ 14,134,393
2023	1,197,575	4,524,761	5,722,336
2024	5,970,648	7,668,402	13,639,050
2025	<u>4,484,705</u>	<u>4,256,014</u>	<u>8,740,719</u>
Total	<u>\$ 10,916,552</u>	<u>\$ 31,319,946</u>	<u>\$ 42,236,498</u>

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Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 309,113,474	\$ 225,650,386	\$ 155,623,266

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Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 813,331,624	\$ 571,229,685	\$ 366,068,457

Note 14 - Defined Benefit OPEB Plans

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$502,924.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$502,924 for fiscal year 2021. Of this amount, \$502,924 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	3.42819010%	2.54829514%	
Proportion of the net OPEB liability/asset current measurement date	<u>3.21433870%</u>	<u>2.36080036%</u>	
Change in proportionate share	<u>-0.21385140%</u>	<u>-0.18749478%</u>	
Proportionate share of the net OPEB liability	\$ 69,858,100	\$ -	\$ 69,858,100
Proportionate share of the net OPEB asset	\$ -	\$ (41,491,050)	\$ (41,491,050)
OPEB expense	\$ (212,144)	\$ (1,824,064)	\$ (2,036,208)

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 917,509	\$ 2,658,573	\$ 3,576,082
Net difference between projected and actual earnings on OPEB plan investments	787,140	1,454,122	2,241,262
Changes of assumptions	11,908,376	684,903	12,593,279
Difference between employer contributions and proportionate share of contributions/change in proportionate share	6,532,300	2,636,129	9,168,429
Contributions subsequent to the measurement date	<u>502,924</u>	<u>-</u>	<u>502,924</u>
Total deferred outflows of resources	<u>\$ 20,648,249</u>	<u>\$ 7,433,727</u>	<u>\$ 28,081,976</u>

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	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 35,527,727	\$ 8,264,429	\$ 43,792,156
Changes of assumptions	1,759,561	39,409,558	41,169,119
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>10,200,062</u>	<u>261,887</u>	<u>10,461,949</u>
Total deferred inflows of resources	<u>\$ 47,487,350</u>	<u>\$ 47,935,874</u>	<u>\$ 95,423,224</u>

\$502,924 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (5,503,510)	\$ (10,071,202)	\$ (15,574,712)
2023	(5,446,562)	(9,086,955)	(14,533,517)
2024	(5,455,826)	(8,741,685)	(14,197,511)
2025	(4,851,152)	(8,636,856)	(13,488,008)
2026	(4,169,473)	(1,916,870)	(6,086,343)
Thereafter	<u>(1,915,502)</u>	<u>(2,048,579)</u>	<u>(3,964,081)</u>
Total	<u>\$ (27,342,025)</u>	<u>\$ (40,502,147)</u>	<u>\$ (67,844,172)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020 are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 85,504,578	\$ 69,858,100	\$ 57,419,176
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 55,007,938	\$ 69,858,100	\$ 89,716,566

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Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

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Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 36,099,895	\$ 41,491,050	\$ 46,065,211

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	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 45,781,278	\$ 41,491,050	\$ 36,264,868

Note 15 – Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to thirty days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time for the two years immediately preceding separation and the prorated portion of their earned, but unused vacation leave for the current year, is paid to classified employees upon termination of employment. Teachers do not earn vacation time. School District employees earn sick leave, which, if not taken, accumulates until retirement. Employees may receive payment for up to 30 percent (varying by bargaining group) of accumulated sick leave of varying maximums up to \$30,000.

B. Insurance

The School District provides life insurance to most employees through Consumer Life Insurance in the amount of \$10,000 for each individual contributor employees and \$50,000 for supervisors/managers. The School District also provides medical and prescription drug benefits through CVS/Caremark, dental benefits through MetLife Dental and vision through United Healthcare to all eligible employees.

Note 16 - Set-Asides

The School District is required by State statute to annually set aside, in the general fund, an amount based upon statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District may still establish a budget reserve, if it so chooses; however, the requirement is no longer mandatory. The School District is also required to set aside money for any unspent portions of a bus purchase subsidy received annually from the State.

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The following cash basis information describes the change in fiscal year-end set-aside amounts for capital acquisitions. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of June 30, 2020	\$ -
Current Year Set-Aside Requirement	6,599,442
Current Year Offsets:	
Tax Levy for Permanent Improvement and Classroom Facilities and Maintenance	(4,518,370)
Prior Year Offset from Bond Proceeds	<u>(2,081,072)</u>
Totals	<u>\$ -</u>

During fiscal year 2015, the School District issued a total of \$200,000,000 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to \$0. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$197,792,404 at June 30, 2021.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 17 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2021 were as follows:

	Balance Outstanding 06/30/20	Additions	Deletions	Balance Outstanding 06/30/21	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2010 School Facilities Improvement Bonds	\$ 55,000,000	\$ -	\$ -	\$ 55,000,000	\$ -
2012 School Facilities Improvement Refunding Bonds	8,555,000	-	2,015,000	6,540,000	2,115,000
2013 School Facilities Improvement Refunding Bonds	25,400,000	-	1,045,000	24,355,000	1,095,000
2015 School Facilities Improvement Bonds	126,120,000	-	3,315,000	122,805,000	3,515,000
2015 Qualified School Construction Bond	49,200,000	-	-	49,200,000	-
Total General Obligation Bonds and Notes	264,275,000	-	6,375,000	257,900,000	6,725,000
Net Pension Liability					
STRS	563,540,156	7,689,529	-	571,229,685	-
SERS	218,043,860	7,606,526	-	225,650,386	-
Total Net Pension Liability	781,584,016	15,296,055	-	796,880,071	-
Other Post-Employment Benefits (OPEB)					
SERS	86,211,771	-	16,353,671	69,858,100	-
Total OPEB	86,211,771	-	16,353,671	69,858,100	-
Other Long-Term Obligations:					
Compensated Absences	42,857,903	19,065,736	13,732,450	48,191,189	8,028,185
Workers' Compensation Claims	3,282,420	3,162,870	1,856,594	4,588,696	1,856,594
Direct Borrowing - Lease Obligation	1,350,746	-	1,350,746	-	-
Total Other Long Term Obligations	47,491,069	22,228,606	16,939,790	52,779,885	9,884,779
Total Governmental Activities	\$ 1,179,561,856	\$ 37,524,661	\$ 39,668,461	\$ 1,177,418,056	\$ 16,609,779

On June 10, 2015, the School District issued \$200,000,000 of General Obligation School Improvement Bonds consisting of \$150,800,000 of Tax Exempt School Improvement Bonds, Series 2015A and \$49,200,000 of Federally Taxable Qualified School Construction Bonds, Series 2015B bearing interest at the rate of 2.00% - 5.02% per annum. The premium received on this bond issue was \$9,277,561 and after deducting the bond issuance costs, \$8,500,106 was transferred to the Debt Service Fund. Issue 4, which was approved by voters on November 4, 2014, will allow for construction of 20-22 new schools and the refurbishing of 20-23 schools. This debt will be retired from the Debt Service Fund.

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On January 29, 2013, the School District issued \$45,600,000 of School Improvement Refunding Bonds, Series 2013, at a true interest cost of approximately 3%. Proceeds of this bond issue (including a portion of the original issue premium), together with \$12,000,000 of cash on hand in the School District's debt service fund, for a total of \$63,366,472.36, was deposited in an escrow fund that is being used ultimately to pay principal and interest on \$59,020,000 in aggregate principal amount of certain of the School District's School Improvement Bonds, Series 2004, through June 1, 2014, the date of optional early redemption of those Series 2004 Bonds. As a result, those Series 2004 Bonds were defeased and considered no longer outstanding for purposes of the District's direct debt limitations.

On January 11, 2012, the School District issued \$20,855,000 of School Improvement Refunding Bonds, Series 2012, at a true interest cost of approximately 3%. Proceeds of this bond issue (including a portion of the original issue premium), together with \$8,000,000 of cash on hand in the School District's debt service fund, for a total of \$29,998,078, was deposited in an escrow fund which will be used to pay principal of and interest on \$28,600,000 in aggregate principal amount of certain of the School District's Various Purpose Improvement and Refunding Bonds, Series 2002, through December 1, 2012, the date of optional early redemption of those Series 2002 Bonds. As a result, those Series 2002 Bonds were defeased and considered no longer outstanding for purposes of the District's direct debt limitations.

On December 21, 2010, the School District utilized cash on hand to defease \$14,675,000 principal amount of outstanding 2002 School Facilities Improvement Bonds. The School District placed \$15,848,185 from the debt service fund in an escrow account which was used to pay principal and interest on the defeased bonds. As a result, the bonds are considered defeased and the liability for those bonds was removed from long-term debt. The defeasance will result in a reduction in future debt service of \$25,172,925.

On September 29, 2010, the School District issued \$55,000,000 of School Improvement Bonds, bearing interest at the rate of 5.20% per annum. The series 2010 bond issue is the third long term financing bond issue related to the School District's participation in the Ohio School Facilities Assistance Program. The District made mandatory sinking fund payments to an escrow fund, which is part of the School District's Bond Retirement Fund, held by The Bank of New York Mellon Trust Company, N.A., as escrow agent, in the amount of \$3,016,357 on December 1st of each year starting in 2010, reducing the outstanding principal amount of this series of bonds by that aggregate amount pursuant to Sections 133.01 and 133.04 of the Revised Code.

Compensated absences and workers' compensation costs will be paid from the fund from which the employee is paid which, for the School District, is primarily the general fund.

The School District's overall legal debt margin was \$266,952,629 with an unvoted debt margin of \$5,224,576 at June 30, 2021.

The School District is subject to federal arbitrage regulations. As of June 30, 2021 the School District has not accrued any liability.

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Principal and interest requirements to retire general obligation debt outstanding at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 6,725,000	\$ 12,453,332	\$ 19,178,332
2023	7,035,000	12,161,631	19,196,631
2024	7,375,000	11,831,294	19,206,294
2025	7,775,000	11,525,756	19,300,756
2026	8,380,000	11,164,131	19,544,131
2027 - 2031	96,245,000	35,713,155	131,958,155
2032 - 2036	22,665,000	25,749,139	48,414,139
2037 - 2041	53,570,000	22,169,684	75,739,684
2042 - 2046	24,405,000	7,993,432	32,398,432
2047 - 2050	23,725,000	2,092,312	25,817,312
Total	\$ 257,900,000	\$ 152,853,866	\$ 410,753,866

In fiscal year 2014, the School District entered into an agreement to lease 225 buses. The cost of this lease was \$19,068,000. This agreement is, in substance, a lease purchase (capital lease) and is classified as a long-term lease obligation in the financial statements. \$17,929,613 was added to vehicles and equipment. In the event of default, as defined by the lease agreement, the amounts payable by the School District may become due. If payments are not made, the lessor may retake possession of the buses and hold the School District liable for amounts payable. At June 30, 2021, there were no further obligations outstanding.

Note 18 – Interfund Transfers and Balances

A. Transfers

Transfers made during the year ended June 30, 2021 were as follows:

Transfers To	Transfers Out		Totals
	General	Non-Major: Permanent Improvement	
Non-Major Governmental Funds:			
Classroom Facilities Fund	\$ -	\$35,707,741	\$ 35,707,741
Other Local Grants Fund	600,000	-	600,000
Totals	\$ 600,000	\$35,707,741	\$ 36,307,741

The purpose of the transfer from the General Fund to the Other Local Grants Fund was to fund future liabilities that might occur in that fund.

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The purpose of the transfer from the Permanent Improvement Fund to the Classroom Facilities Fund was to fund capital projects.

B. Interfund Balances

1. Interfund balances at June 30, 2021, consist of the following individual fund interfund loans receivables and payables:

Interfund Loans Payable	Interfund Loans Receivable
	General
Non-Major Governmental Funds:	
Other State	\$ 10,000
ESSER	3,850,000
Title VI-B Special Education	1,950,000
Vocational Education	100,000
Miscellaneous Federal Grants	135,000
Other Federal	1,800,000
	\$ 7,845,000
Totals	

The interfund loans receivable and payable are due to the timing of the receipt of grant monies by the nonmajor funds. The School District expects to receive the grant monies and repay the advance within the next fiscal year. Interfund loans receivable/payable are eliminated on the government-wide statements.

2. Due to/from other funds consisted of the following at June 30, 2021, as reported on the fund statements:

Interfund Loans Payable	Due From Other Funds
	General
Non-Major Governmental Funds:	
Other Local	\$ 727,356
Partnering Community Schools	1,147,317
ESSER	14,799,504
Title VI-B Special Education	776,119
Vocational Education	39,777
Miscellaneous Federal Grants	319,793
Other Federal	793,211
	\$ 18,603,077
Totals	

The primary purpose of the amount due to the general fund from the nonmajor governmental fund was to eliminate negative cash balances. The amount will be repaid once cash is received.

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Amounts due to/from between governmental funds are eliminated on the government-wide statements.

Note 19 - Related Organizations

A. Cleveland Public Library

The Cleveland Public Library (Library) is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. A Board of Trustees appointed by the Cleveland Municipal School District Board of Education governs the Library.

The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and issues all tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Business Director of the Cleveland Public Library at 325 Superior Avenue, NE, Cleveland, Ohio 44114.

B. City of Cleveland

In November 1998, the Mayor of the City of Cleveland was given appointment authority for the School District. As approved by the State legislature, the Ohio Revised Code provided for the Mayor to appoint a Chief Executive Officer who was to be approved by the Board. The Board is comprised of nine members who were appointed by the Mayor from a pool of candidates presented to the Mayor by an independent nominating panel. The City of Cleveland's accountability for the School District does not extend beyond appointment authority and therefore the School District is considered to be a related organization rather than a component unit of the City of Cleveland. A copy of the City of Cleveland's Annual Comprehensive Financial Report can be obtained from the Finance Director of the City of Cleveland at 601 Lakeside Avenue, Cleveland, Ohio 44114.

Note 20 - Jointly Governed Organizations

A. Ohio Schools' Council Association

The Ohio Schools Council (Council) is a jointly governed organization among various school districts in northern Ohio. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year.

The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite #10, Independence, Ohio 44131.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

B. Bond Accountability Commission

The Bond Accountability Commission (BAC) is an independent nonprofit agency that monitors the Cleveland Municipal School District’s construction and renovation program and the spending of Issue 14 tax money approved by voters in May 2001.

As a commission created by the Board, the BAC is a “public body” subject to the Ohio Sunshine Law as set forth in Section 121.22 of the Ohio Revised Code, and shall conduct its business in accordance with the provisions of the Sunshine Law, including, but not limited to, establishing a reasonable method of notifying the public of the time, place and purpose of its meetings, and preparing, filing and maintaining minutes of its meetings. Other than the Board directing the Chief Executive Officer to secure initial external funding in the amount of \$200,000, the Board does not assume any ongoing financial interest or responsibility for the BAC and, as a result, is considered a jointly governed organization. In fiscal year 2018, the School District extended the contract with the BAC for three years in the amount of \$309,588 that covered fiscal years 2018, 2019, and 2020. The School District did not enter into a new contract with the BAC for fiscal year 2021 but had funds remaining from the previous contract that were allocated to fiscal year 2021’s services. Annual reports can be obtained by contacting Laura Chalker, Administrator Bond Accountability Commission c/o Cuyahoga Community College, 2900 Community College Avenue MBA, Room 221, Cleveland, Ohio 44115.

Note 21 – Construction and Other Significant Commitments

Projects	Committed Amount	Amount Paid	Remaining on Commitment
Segment 1	\$ 218,634,102	\$ 218,634,102	\$ -
Segment 2	99,998,886	99,998,886	-
Segment 3	132,209,511	132,209,511	-
Segment 4	135,924,569	135,924,569	-
Segment 5	194,273,777	194,232,040	41,737
Segment 6	32,942,565	30,637,762	2,304,803
Segment 7	204,115,531	200,834,693	3,280,838
Local Funding Initiatives	229,480,515	228,080,938	1,399,577
Total	\$ 1,247,579,456	\$ 1,240,552,501	\$ 7,026,955

Segment 1 consisted of the warm, safe, dry and security updates to all buildings in addition to the construction of five buildings and renovation of three buildings. Segment 2, 3, 4, 5, 6 and 7 consisted of the construction of forty-three buildings, the renovation of five buildings and the demolishing of twenty-four buildings. Local Funding Initiatives consisted of various projects throughout the School District.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Note 22 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the fiscal year were as follows:

<i>Governmental:</i>	
General Fund	\$ 13,517,599
Other Governmental Funds	45,017,345
Total Governmental	<u>\$ 58,534,944</u>

Note 23 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. The School District’s investment portfolio and the pension and other employee benefits plan in which the School District participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 24 – Subsequent Event

For fiscal year 2022, School District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$161,108,316 in revenues and expenditures/expenses related to these programs. Also, during fiscal year 2021, the School District reported \$7,396,524 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each School District. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's proportion of the net pension liability	3.41159960%	3.64428330%	3.20954640%	3.39209950%
School District's proportionate share of the net pension liability	\$ 225,650,386	\$ 218,043,860	\$ 183,816,667	\$ 202,670,452
School District's covered payroll	\$ 119,997,656	\$ 122,404,852	\$ 100,300,222	\$ 121,042,457
School District's proportionate share of the net pension liability as a percentage of its covered payroll	188.05%	178.13%	183.27%	167.44%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
3.28691765%	3.19451700%	3.02406900%	3.02406900%
\$ 240,517,797	\$ 182,282,237	\$ 153,046,411	\$ 179,831,678
\$ 96,357,436	\$ 94,913,384	\$ 87,603,918	\$ 82,710,748
249.61%	192.05%	174.70%	217.42%
62.98%	69.16%	71.70%	65.52%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's proportion of the net pension liability	2.36080036%	2.54829514%	2.52819162%	2.43498990%
School District's proportionate share of the net pension liability	\$ 571,229,685	\$ 563,540,156	\$ 555,892,572	\$ 578,437,070
School District's covered payroll	\$ 270,656,157	\$ 293,811,314	\$ 294,089,321	\$ 259,652,429
School District's proportionate share of the net pension liability as a percentage of its covered payroll	211.05%	191.80%	189.02%	222.77%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
2.42079156%	2.49956532%	2.57306004%	2.57306004%
\$ 810,311,904	\$ 690,806,743	\$ 625,857,249	\$ 745,517,166
\$ 253,700,519	\$ 264,163,707	\$ 264,526,215	\$ 257,756,744
319.40%	261.51%	236.60%	289.23%
66.80%	72.10%	74.70%	69.30%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 14,877,377	\$ 16,799,671	\$ 16,524,655	\$ 13,540,530
Contributions in relation to the contractually required contribution	<u>(14,877,377)</u>	<u>(16,799,671)</u>	<u>(16,524,655)</u>	<u>(13,540,530)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 106,266,979	\$ 119,997,650	\$ 122,404,852	\$ 100,300,222
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 16,945,944	\$ 7,475,192	\$ 12,509,584	\$ 12,141,903	\$ 11,447,168	\$ 11,818,410
<u>(16,945,944)</u>	<u>(7,475,192)</u>	<u>(12,509,584)</u>	<u>(12,141,903)</u>	<u>(11,447,168)</u>	<u>(11,818,410)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 121,042,457	\$ 53,394,229	\$ 94,913,384	\$ 87,603,918	\$ 82,710,751	\$ 87,869,219
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 38,999,340	\$ 37,891,862	\$ 41,133,584	\$ 41,172,505
Contributions in relation to the contractually required contribution	<u>(38,999,340)</u>	<u>(37,891,862)</u>	<u>(41,133,584)</u>	<u>(41,172,505)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 278,566,714	\$ 270,656,157	\$ 293,811,314	\$ 294,089,321
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 36,351,340	\$ 35,518,073	\$ 36,982,919	\$ 34,388,408	\$ 33,508,377	\$ 37,477,345
<u>(36,351,340)</u>	<u>(35,518,073)</u>	<u>(36,982,919)</u>	<u>(34,388,408)</u>	<u>(33,508,377)</u>	<u>(37,477,345)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 259,652,429	\$ 253,700,521	\$ 264,163,707	\$ 264,526,215	\$ 257,756,746	\$ 288,287,269
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	3.21433870%	3.42819010%	3.05970770%	3.23236710%	3.16413311%
School District's proportionate share of the net OPEB liability	\$ 69,858,100	\$ 86,211,771	\$ 84,884,557	\$ 86,748,240	\$ 90,189,498
School District's covered payroll	\$ 119,997,650	\$ 122,404,852	\$ 100,300,222	\$ 121,042,457	\$ 53,394,229
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	58.22%	70.43%	84.63%	71.67%	168.91%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability/asset	2.36080036%	2.54829514%	2.52819162%	2.43498990%	2.42079156%
School District's proportionate share of the net OPEB liability/(asset)	\$ (41,491,050)	\$ (42,205,883)	\$ (40,625,461)	\$ 95,004,321	\$ 129,464,562
School District's covered payroll	\$ 270,656,157	\$ 293,811,314	\$ 294,089,321	\$ 259,652,429	\$ 253,700,519
School District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	15.33%	14.36%	13.81%	36.59%	51.03%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 502,924	\$ 523,658	\$ 1,268,133	\$ 1,282,343
Contributions in relation to the contractually required contribution	<u>(502,924)</u>	<u>(523,658)</u>	<u>(1,268,133)</u>	<u>(1,282,343)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 106,266,979	\$ 119,997,650	\$ 122,404,852	\$ 100,300,222
Contributions as a percentage of covered payroll	0.47%	0.44%	1.04%	1.28%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 791,147	\$ 888,656	\$ 778,290	\$ 142,159	\$ 133,572	\$ 486,789
<u>(791,147)</u>	<u>(888,656)</u>	<u>(778,290)</u>	<u>(142,159)</u>	<u>(133,572)</u>	<u>(486,789)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 121,042,457	\$ 53,394,229	\$ 94,913,384	\$ 87,603,918	\$ 82,710,751	\$ 87,869,219
0.65%	1.66%	0.82%	0.16%	0.16%	0.55%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 278,566,714	\$ 270,656,157	\$ 293,811,314	\$ 294,089,321
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 2,645,262	\$ 2,577,567	\$ 2,882,873
-	-	-	(2,645,262)	(2,577,567)	(2,882,873)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 259,652,429	\$ 253,700,521	\$ 264,163,707	\$ 264,526,215	\$ 257,756,746	\$ 288,287,269
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2021.

(Continued)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to - 6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

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COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

Major Funds

General

The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Property taxes	\$ 22,587,373	\$ 23,410,183	\$ 822,810
Investment earnings	3,306	3,426	120
Intergovernmental	2,179,534	2,258,930	79,396
Total revenues	<u>24,770,213</u>	<u>25,672,539</u>	<u>902,326</u>
Expenditures:			
Current:			
Support services:			
Fiscal	476,265	404,024	72,241
Debt service:			
Principal	7,514,879	6,375,000	1,139,879
Interest and fiscal charges	15,008,856	12,732,267	2,276,589
Total expenditures	<u>23,000,000</u>	<u>19,511,291</u>	<u>3,488,709</u>
Net change in fund balance	1,770,213	6,161,248	4,391,035
Fund balance at beginning of year	<u>50,409,278</u>	<u>50,409,278</u>	-
Fund balance at end of year	<u>\$ 52,179,491</u>	<u>\$ 56,570,526</u>	<u>\$ 4,391,035</u>

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 30,792,616	\$ 77,916,223	\$ 108,708,839
Cash and cash equivalents with fiscal agent	-	637,268	637,268
Receivables:			
Property taxes	9,410,454	2,915,352	12,325,806
Intergovernmental	45,610,894	2,555,763	48,166,657
Materials and supplies inventory	3,814,932	-	3,814,932
Total assets	<u>\$ 89,628,896</u>	<u>\$ 84,024,606</u>	<u>\$ 173,653,502</u>
Liabilities:			
Accounts payable	\$ 6,641,636	\$ 82,061	\$ 6,723,697
Contracts payable	-	75,931	75,931
Retainage payable	-	637,268	637,268
Accrued wages and benefits payable	10,019,015	27,876	10,046,891
Intergovernmental payable	3,093,773	9,564	3,103,337
Interfund loans payable	7,845,000	-	7,845,000
Due to other funds	18,603,077	-	18,603,077
Total liabilities	<u>46,202,501</u>	<u>832,700</u>	<u>47,035,201</u>
Deferred inflows of resources:			
Property taxes levied for the next year	5,477,034	1,918,087	7,395,121
Delinquent property tax revenue not available	2,387,262	739,572	3,126,834
Intergovernmental revenue not available	7,234,618	2,555,763	9,790,381
Miscellaneous revenue not available	690,443	-	690,443
Total deferred inflows of resources	<u>15,789,357</u>	<u>5,213,422</u>	<u>21,002,779</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	3,814,932	-	3,814,932
Restricted:			
Capital projects	-	77,978,484	77,978,484
Classroom facilities maintenance	3,489,330	-	3,489,330
Food service operations	1,610,166	-	1,610,166
Non-public schools	4,320,754	-	4,320,754
State funded programs	3,360,671	-	3,360,671
Federally funded programs	4,324,647	-	4,324,647
Extracurricular programs	582,657	-	582,657
Partnering community schools	1,901,624	-	1,901,624
Educational special trust	11,126,508	-	11,126,508
Other purposes	930,436	-	930,436
Unassigned (deficit)	<u>(7,824,687)</u>	<u>-</u>	<u>(7,824,687)</u>
Total fund balances	<u>27,637,038</u>	<u>77,978,484</u>	<u>105,615,522</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 89,628,896</u>	<u>\$ 84,024,606</u>	<u>\$ 173,653,502</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ 7,972,271	\$ 2,119,072	\$ 10,091,343
Intergovernmental	179,714,618	10,678,129	190,392,747
Investment earnings	7,560	101,852	109,412
Extracurricular	171,664	-	171,664
Charges for services	30,169	-	30,169
Contributions and donations	8,943,525	-	8,943,525
Miscellaneous	8,574	-	8,574
Total revenues	<u>196,848,381</u>	<u>12,899,053</u>	<u>209,747,434</u>
Expenditures:			
Current:			
Instruction:			
Regular	4,760,466	-	4,760,466
Special	40,298,216	-	40,298,216
Vocational	1,199,226	-	1,199,226
Other	42,324,501	-	42,324,501
Support services:			
Pupil	16,785,629	-	16,785,629
Instructional staff	13,184,090	-	13,184,090
Administration	2,725,148	-	2,725,148
Fiscal	6,531,169	185,985	6,717,154
Business	1,426	-	1,426
Operations and maintenance	16,131,086	484,813	16,615,899
Pupil transportation	3,144,062	-	3,144,062
Central	3,876,904	-	3,876,904
Operation of non-instructional services:			
Food service operations	15,157,412	-	15,157,412
Other non-instructional services	17,741,353	-	17,741,353
Extracurricular activities	701,943	-	701,943
Facilities acquisition and construction	-	10,144,296	10,144,296
Total expenditures	<u>184,562,631</u>	<u>10,815,094</u>	<u>195,377,725</u>
Excess of revenues over expenditures	<u>12,285,750</u>	<u>2,083,959</u>	<u>14,369,709</u>
Other financing sources:			
Sale of capital assets	-	489,121	489,121
Transfers in	600,000	35,707,741	36,307,741
Transfers out	-	(35,707,741)	(35,707,741)
Total other financing sources	<u>600,000</u>	<u>489,121</u>	<u>1,089,121</u>
Net change in fund balances	12,885,750	2,573,080	15,458,830
Fund balances			
at beginning of year	<u>14,751,288</u>	<u>75,405,404</u>	<u>90,156,692</u>
Fund balances at end of year	<u>\$ 27,637,038</u>	<u>\$ 77,978,484</u>	<u>\$ 105,615,522</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

Nonmajor Special Revenue Funds

The special revenue funds are established to account for proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The term proceeds of specific sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. A description of the School District's special revenue funds follows:

Food Service

This fund is used to record financial transactions related to food service operations.

Educational Special Trust

This fund accounts for monies received from private individuals, companies, and foundations for specified activities for purposes. This fund also accounts for monies being placed from the general fund for Qualified Zone Academy Bonds into an escrow account held by a trustee in order to repay the obligation at maturity.

Classroom Facilities Maintenance

This fund is used to account for the proceeds of a levy for the maintenance of facilities.

Partnering Community School

This fund reflects resources that belong to the Community Schools that partner with the School District.

Other Local Funds

This fund accounts for all activity in other local funds including Public School Support, Other Grants, and District Managed Activity.

Student Managed Activities

This fund accounts for those student activity programs that have student participation in the activity and have student management of the programs.

Auxiliary Services

This fund accounts for monies which provide services and materials to pupils attending non-public schools within the School District.

Student Wellness and Success

This fund accounts for State funds to help districts and schools support their students' academic achievement through mental health counseling, wrap-around services, mentoring and after-school programs.

Miscellaneous State Grants

This fund is used to account for various monies received from State agencies which are not classified elsewhere including all money for students who resides in the School District but are enrolled in a community school.

Other State Funds

This fund accounts for all activity in other State funds including Management Information Systems, Public School Preschool, Data Communications for School Buildings, Interactive Video Distance Learning, Vocational Education Enhancement, and Alternative Schools.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

Nonmajor Special Revenue Funds (Continued)

Elementary and Secondary School Emergency Relief (ESSER) Fund

This fund accounts for Federal monies used to assist schools and districts as a result of the coronavirus (COVID-19) pandemic. Funds can support any allowable activity under existing federal funds (Title I, Individuals with Disabilities Act (IDEA), Perkins, etc.), expenses directly related to the pandemic, as well as "other activities that are necessary to maintain the operation of continuity of services.

Coronavirus Relief Fund

This fund accounts for grants received from the federal government to provide emergency relief to school districts related to the COVID-19 pandemic.

Title VI-B Grant

This fund accounts for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Vocational Education Fund

This fund accounts for revenues used in the development of vocational education programs in the following categories; secondary, post-secondary, adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, construction of educational schools, ancillary services, research, advisory committees and work-study projects, including sex equity grants.

Title I Grant

This fund accounts for federal funds expended for services provided to meet special educational needs of educationally deprived children.

Supporting Effective Instruction Grant

Funding for professional development and other programs to ensure teachers meet high quality standards. This fund also accounts for monies used to hire additional classroom teachers in elementary grades, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants

This fund accounts for various monies received through State agencies from the Federal Government or directly from the Federal Government which are not required to be in a separate fund.

Other Federal Funds

This fund accounts for all activity in other Federal funds including School Maintenance and Operational Assistance, Title II Technology, Title I Subsidiary A, Title I Subsidiary G, Nutrition Education Training Program, Bilingual Education Program, Transition for Refugee Children, and IDEA Preschool Grant for the Handicapped.

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	<u>Food Service</u>	<u>Educational Special Trust</u>	<u>Classroom Facilities Maintenance</u>	<u>Partnering Community Schools</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,277,737	\$ 11,484,680	\$ 3,375,492	\$ 1,760,476
Receivables:				
Property taxes	-	-	2,642,676	6,767,778
Intergovernmental	-	-	-	-
Materials and supplies inventory	3,814,932	-	-	-
Total assets	<u>\$ 6,092,669</u>	<u>\$ 11,484,680</u>	<u>\$ 6,018,168</u>	<u>\$ 8,528,254</u>
Liabilities:				
Accounts payable	\$ 117,547	\$ 302,780	\$ 143,855	\$ -
Accrued wages and benefits payable	315,661	39,773	-	-
Intergovernmental payable	234,363	15,619	-	-
Interfund loans payable	-	-	-	-
Due to other funds	-	-	-	1,147,317
Total liabilities	<u>667,571</u>	<u>358,172</u>	<u>143,855</u>	<u>1,147,317</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	-	1,714,584	3,762,450
Delinquent property tax revenue not available	-	-	670,399	1,716,863
Intergovernmental revenue not available	-	-	-	-
Miscellaneous revenue not available	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>2,384,983</u>	<u>5,479,313</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	3,814,932	-	-	-
Restricted:				
Classroom facilities maintenance	-	-	3,489,330	-
Food service operations	1,610,166	-	-	-
Non-public schools	-	-	-	-
State funded programs	-	-	-	-
Federally funded programs	-	-	-	-
Extracurricular activities	-	-	-	-
Partnering community schools	-	-	-	1,901,624
Educational special trust	-	11,126,508	-	-
Other purposes	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	<u>5,425,098</u>	<u>11,126,508</u>	<u>3,489,330</u>	<u>1,901,624</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 6,092,669</u>	<u>\$ 11,484,680</u>	<u>\$ 6,018,168</u>	<u>\$ 8,528,254</u>

<u>Other Local</u>	<u>Student Managed Activities</u>	<u>Auxiliary Services</u>	<u>Student Wellness and Success</u>	<u>Miscellaneous State Grants</u>	<u>Other State Grants</u>
\$ 1,025,468	\$ 487,625	\$ 4,981,365	\$ 2,141,590	\$ 840,136	\$ 588,150
-	-	-	-	-	-
690,443	-	-	-	1,008,584	19,531
-	-	-	-	-	-
<u>\$ 1,715,911</u>	<u>\$ 487,625</u>	<u>\$ 4,981,365</u>	<u>\$ 2,141,590</u>	<u>\$ 1,848,720</u>	<u>\$ 607,681</u>
\$ -	\$ -	\$ 447,368	\$ 40,060	\$ -	\$ -
-	-	142,170	119,782	2,833	5,397
-	-	71,073	41,415	1,396	1,466
-	-	-	-	-	10,000
727,356	-	-	-	-	-
<u>727,356</u>	<u>-</u>	<u>660,611</u>	<u>201,257</u>	<u>4,229</u>	<u>16,863</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,008,584	19,531
690,443	-	-	-	-	-
<u>690,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,008,584</u>	<u>19,531</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,320,754	-	-	-
-	-	-	1,940,333	835,907	584,431
-	-	-	-	-	-
95,032	487,625	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
930,436	-	-	-	-	-
(727,356)	-	-	-	-	(13,144)
<u>298,112</u>	<u>487,625</u>	<u>4,320,754</u>	<u>1,940,333</u>	<u>835,907</u>	<u>571,287</u>
<u>\$ 1,715,911</u>	<u>\$ 487,625</u>	<u>\$ 4,981,365</u>	<u>\$ 2,141,590</u>	<u>\$ 1,848,720</u>	<u>\$ 607,681</u>

(Continued)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2021

	<u>Elementary and Secondary School Emergency</u>	<u>Title VI-B</u>	<u>Vocational Education</u>	<u>Title I Grant</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,096,571
Receivables:				
Property taxes	-	-	-	-
Intergovernmental	23,154,211	1,923,352	406,246	13,692,813
Materials and supplies inventory	-	-	-	-
Total assets	<u>\$ 23,154,211</u>	<u>\$ 1,923,352</u>	<u>\$ 406,246</u>	<u>\$ 14,789,384</u>
Liabilities:				
Accounts payable	\$ 3,896,490	\$ 75,288	\$ 24,882	\$ 648,824
Accrued wages and benefits payable	386,334	622,989	13,601	6,924,677
Intergovernmental payable	205,835	333,871	6,525	1,836,022
Interfund loans payable	3,850,000	1,950,000	100,000	-
Due to other funds	14,799,504	776,119	39,777	-
Total liabilities	<u>23,138,163</u>	<u>3,758,267</u>	<u>184,785</u>	<u>9,409,523</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available	-	-	-	-
Intergovernmental revenue not available	2,585,802	201,690	92,522	1,712,594
Miscellaneous revenue not available	-	-	-	-
Total deferred inflows of resources	<u>2,585,802</u>	<u>201,690</u>	<u>92,522</u>	<u>1,712,594</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	-	-
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	-	-	-	-
Non-public schools	-	-	-	-
State funded programs	-	-	-	-
Federally funded programs	-	-	128,939	3,667,267
Extracurricular activities	-	-	-	-
Partnering community schools	-	-	-	-
Educational special trust	-	-	-	-
Other purposes	-	-	-	-
Unassigned (deficit)	(2,569,754)	(2,036,605)	-	-
Total fund balances (deficit)	<u>(2,569,754)</u>	<u>(2,036,605)</u>	<u>128,939</u>	<u>3,667,267</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 23,154,211</u>	<u>\$ 1,923,352</u>	<u>\$ 406,246</u>	<u>\$ 14,789,384</u>

<u>Supporting Effective Instruction</u>	<u>Miscellaneous Federal Grants</u>	<u>Other Federal Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 121,217	\$ -	\$ 612,109	\$ 30,792,616
-	-	-	9,410,454
1,880,638	544,784	2,290,292	45,610,894
-	-	-	3,814,932
<u>\$ 2,001,855</u>	<u>\$ 544,784</u>	<u>\$ 2,902,401</u>	<u>\$ 89,628,896</u>
\$ -	\$ 218,495	\$ 726,047	\$ 6,641,636
1,267,314	31,427	147,057	10,019,015
273,523	12,098	60,567	3,093,773
-	135,000	1,800,000	7,845,000
-	319,793	793,211	18,603,077
<u>1,540,837</u>	<u>716,813</u>	<u>3,526,882</u>	<u>46,202,501</u>
-	-	-	5,477,034
-	-	-	2,387,262
567,783	68,722	977,390	7,234,618
-	-	-	690,443
<u>567,783</u>	<u>68,722</u>	<u>977,390</u>	<u>15,789,357</u>
-	-	-	3,814,932
-	-	-	3,489,330
-	-	-	1,610,166
-	-	-	4,320,754
-	-	-	3,360,671
-	-	528,441	4,324,647
-	-	-	582,657
-	-	-	1,901,624
-	-	-	11,126,508
-	-	-	930,436
(106,765)	(240,751)	(2,130,312)	(7,824,687)
<u>(106,765)</u>	<u>(240,751)</u>	<u>(1,601,871)</u>	<u>27,637,038</u>
<u>\$ 2,001,855</u>	<u>\$ 544,784</u>	<u>\$ 2,902,401</u>	<u>\$ 89,628,896</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Food Service</u>	<u>Educational Special Trust</u>	<u>Classroom Facilities Maintenance</u>	<u>Partnering Community Schools</u>
Revenues:				
Property taxes	\$ -	30,382	\$ 1,972,755	\$ 5,969,134
Intergovernmental	10,031,483	3,380	2,113,746	400,412
Investment earnings	59	-	-	-
Extracurricular	-	1,000	-	-
Charges for services	30,169	-	-	-
Contributions and donations	-	8,943,525	-	-
Miscellaneous	1,060	7,514	-	-
Total revenues	<u>10,062,771</u>	<u>8,985,801</u>	<u>4,086,501</u>	<u>6,369,546</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	234,630	-	-
Special	-	91,879	-	-
Vocational	-	-	-	-
Other	-	459,164	-	-
Support services:				
Pupil	-	297,622	-	-
Instructional staff	-	2,391,654	-	-
Administration	-	50,952	-	-
Fiscal	-	2	-	5,222,120
Business	-	-	-	-
Operations and maintenance	-	157,526	4,381,489	-
Pupil transportation	-	21,900	-	-
Central	-	854,570	-	-
Operation of non-instructional services:				
Food service operations	10,199,928	105,708	-	-
Other non-instructional services	-	2,100	-	-
Extracurricular activities	-	546,683	-	-
Total expenditures	<u>10,199,928</u>	<u>5,214,390</u>	<u>4,381,489</u>	<u>5,222,120</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(137,157)</u>	<u>3,771,411</u>	<u>(294,988)</u>	<u>1,147,426</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(137,157)	3,771,411	(294,988)	1,147,426
Fund balances (deficit) at beginning of year	<u>5,562,255</u>	<u>7,355,097</u>	<u>3,784,318</u>	<u>754,198</u>
Fund balances (deficit) at end of year	<u>\$ 5,425,098</u>	<u>\$ 11,126,508</u>	<u>\$ 3,489,330</u>	<u>\$ 1,901,624</u>

<u>Other Local</u>	<u>Student Managed Activities</u>	<u>Auxiliary Services</u>	<u>Student Wellness and Success</u>	<u>Miscellaneous State Grants</u>	<u>Other State Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	9,030,094	12,577,828	807,060	1,142,771
-	-	7,501	-	-	-
102,419	68,245	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>102,419</u>	<u>68,245</u>	<u>9,037,595</u>	<u>12,577,828</u>	<u>807,060</u>	<u>1,142,771</u>
9,797	8,322	-	-	125,497	245
-	-	-	-	-	-
-	-	-	-	113,482	11,374
-	-	-	1,207,143	1,007,422	-
-	-	79,677	9,128,805	49,519	-
650	-	-	151,331	5,000	434,786
2,569	262	-	613,590	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	108,948	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	7,442,350	-	-	-
78,712	76,534	-	-	-	-
<u>91,728</u>	<u>85,118</u>	<u>7,522,027</u>	<u>11,100,869</u>	<u>1,409,868</u>	<u>446,405</u>
<u>10,691</u>	<u>(16,873)</u>	<u>1,515,568</u>	<u>1,476,959</u>	<u>(602,808)</u>	<u>696,366</u>
600,000	-	-	-	-	-
<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
610,691	(16,873)	1,515,568	1,476,959	(602,808)	696,366
(312,579)	504,498	2,805,186	463,374	1,438,715	(125,079)
<u>\$ 298,112</u>	<u>\$ 487,625</u>	<u>\$ 4,320,754</u>	<u>\$ 1,940,333</u>	<u>\$ 835,907</u>	<u>\$ 571,287</u>

(Continued)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Elementary and Secondary School Emergency</u>	<u>Coronavirus Relief</u>	<u>Title VI-B</u>	<u>Vocational Education</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	56,486,606	2,746,151	15,629,180	1,666,983
Investment earnings	-	-	-	-
Extracurricular	-	-	-	-
Charges for services	-	-	-	-
Contributions and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>56,486,606</u>	<u>2,746,151</u>	<u>15,629,180</u>	<u>1,666,983</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,252,199	-	-	-
Special	100,356	-	11,824,377	-
Vocational	-	-	12,890	1,061,480
Other	25,322,870	2,746,151	-	-
Support services:				
Pupil	2,205,744	-	1,871,671	-
Instructional staff	1,607,591	-	1,087,453	320,527
Administration	88,904	-	1,226,743	62,338
Fiscal	258,853	-	169,386	-
Business	1,426	-	-	-
Operations and maintenance	11,483,123	-	-	-
Pupil transportation	3,117,163	-	-	-
Central	2,846,709	-	-	-
Operation of non-instructional services:				
Food service operations	4,752,815	-	-	-
Other non-instructional services	3,688,635	-	397,692	-
Extracurricular activities	14	-	-	-
Total expenditures	<u>58,726,402</u>	<u>2,746,151</u>	<u>16,590,212</u>	<u>1,444,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,239,796)</u>	<u>-</u>	<u>(961,032)</u>	<u>222,638</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(2,239,796)	-	(961,032)	222,638
Fund balances (deficit) at beginning of year	<u>(329,958)</u>	<u>-</u>	<u>(1,075,573)</u>	<u>(93,699)</u>
Fund balances (deficit) at end of year	<u>\$ (2,569,754)</u>	<u>\$ -</u>	<u>\$ (2,036,605)</u>	<u>\$ 128,939</u>

Title I Grant	Supporting Effective Instruction	Miscellaneous Federal Grants	Other Federal Funds	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 7,972,271
51,684,529	2,834,706	3,535,317	9,024,372	179,714,618
-	-	-	-	7,560
-	-	-	-	171,664
-	-	-	-	30,169
-	-	-	-	8,943,525
-	-	-	-	8,574
<u>51,684,529</u>	<u>2,834,706</u>	<u>3,535,317</u>	<u>9,024,372</u>	<u>196,848,381</u>
537,900	-	591,876	-	4,760,466
27,950,105	-	-	331,499	40,298,216
-	-	-	-	1,199,226
8,071,714	-	849,739	2,660,298	42,324,501
1,672,723	-	1,334,927	144,941	16,785,629
2,126,175	2,201,109	381,740	2,476,074	13,184,090
679,790	-	-	-	2,725,148
568,737	37,754	260,730	13,587	6,531,169
-	-	-	-	1,426
-	-	-	-	16,131,086
4,999	-	-	-	3,144,062
-	165,625	10,000	-	3,876,904
-	-	98,961	-	15,157,412
5,406,275	347,766	359,038	97,497	17,741,353
-	-	-	-	701,943
<u>47,018,418</u>	<u>2,752,254</u>	<u>3,887,011</u>	<u>5,723,896</u>	<u>184,562,631</u>
<u>4,666,111</u>	<u>82,452</u>	<u>(351,694)</u>	<u>3,300,476</u>	<u>12,285,750</u>
-	-	-	-	600,000
-	-	-	-	600,000
4,666,111	82,452	(351,694)	3,300,476	12,885,750
(998,844)	(189,217)	110,943	(4,902,347)	14,751,288
<u>\$ 3,667,267</u>	<u>\$ (106,765)</u>	<u>\$ (240,751)</u>	<u>\$ (1,601,871)</u>	<u>\$ 27,637,038</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 24,405,872	\$ 8,112,430	\$ (16,293,442)
Investment earnings	177	59	(118)
Charges for services	90,762	30,169	(60,593)
Miscellaneous	3,189	1,060	(2,129)
Total revenues	<u>24,500,000</u>	<u>8,143,718</u>	<u>(16,356,282)</u>
Expenditures:			
Current:			
Operation of non-instructional services:			
Food service operations	21,193,579	11,758,391	9,435,188
Total expenditures	<u>21,193,579</u>	<u>11,758,391</u>	<u>9,435,188</u>
Net change in fund balance	3,306,421	(3,614,673)	(6,921,094)
Fund balance at beginning of year	63,060	63,060	-
Prior year encumbrances appropriated	4,193,579	4,193,579	-
Fund balance at end of year	<u>\$ 7,563,060</u>	<u>\$ 641,966</u>	<u>\$ (6,921,094)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EDUCATIONAL SPECIAL TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 25,918	\$ 30,382	\$ 4,464
Intergovernmental	2,883	3,380	497
Extracurricular	853	1,000	147
Contributions and donations	7,963,936	9,335,494	1,371,558
Miscellaneous	6,410	7,514	1,104
Total revenues	<u>8,000,000</u>	<u>9,377,770</u>	<u>1,377,770</u>
Expenditures:			
Current:			
Instruction:			
Regular	397,007	314,172	82,835
Special	110,276	87,267	23,009
Other	661,105	523,166	137,939
Support services:			
Pupil	372,822	295,033	77,789
Instructional staff	4,295,127	3,398,952	896,175
Administration	128,835	101,954	26,881
Fiscal	366	290	76
Operations and maintenance	199,540	157,906	41,634
Pupil transportation	29,342	23,220	6,122
Central	1,257,920	995,456	262,464
Operation of non-instructional services:			
Food service operations	165,288	130,801	34,487
Other non-instructional services	2,754	2,179	575
Extracurricular activities	1,176,706	931,187	245,519
Total expenditures	<u>8,797,088</u>	<u>6,961,583</u>	<u>1,835,505</u>
Net change in fund balance	(797,088)	2,416,187	3,213,275
Fund balance at beginning of year	6,061,274	6,061,274	-
Prior year encumbrances appropriated	1,047,091	1,047,091	-
Fund balance at end of year	<u>\$ 6,311,277</u>	<u>\$ 9,524,552</u>	<u>\$ 3,213,275</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CLASSROOM FACILITIES MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 2,017,085	\$ 2,062,958	\$ 45,873
Intergovernmental	2,066,744	2,113,746	47,002
Total revenues	<u>4,083,829</u>	<u>4,176,704</u>	<u>92,875</u>
Expenditures:			
Current:			
Support Services:			
Operations and maintenance	5,873,237	5,979,289	(106,052)
Total expenditures	<u>5,873,237</u>	<u>5,979,289</u>	<u>(106,052)</u>
Net change in fund balance	(1,789,408)	(1,802,585)	(13,177)
Fund balance at beginning of year	1,770,948	1,770,948	-
Prior year encumbrances appropriated	1,873,237	1,873,237	-
Fund balance at end of year	<u>\$ 1,854,777</u>	<u>\$ 1,841,600</u>	<u>\$ (13,177)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARTNERING COMMUNITY SCHOOLS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 3,954,595	\$ 5,376,460	\$ 1,421,865
Intergovernmental	294,519	400,412	105,893
Total revenues	<u>4,249,114</u>	<u>5,776,872</u>	<u>1,527,758</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	6,878,474	5,222,133	1,656,341
Total expenditures	<u>6,878,474</u>	<u>5,222,133</u>	<u>1,656,341</u>
Net change in fund balance	(2,629,360)	554,739	3,184,099
Fund balance at beginning of year	58,394	58,394	-
Prior year encumbrances appropriated	13	13	-
Fund balance (deficit) at end of year	<u>\$ (2,570,953)</u>	<u>\$ 613,146</u>	<u>\$ 3,184,099</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OTHER LOCAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Extracurricular	\$ 550,000	\$ 102,419	\$ (447,581)
Total revenues	<u>550,000</u>	<u>102,419</u>	<u>(447,581)</u>
Expenditures:			
Current:			
Instruction:			
Regular	104,605	16,926	87,679
Support Services:			
Instructional staff	4,205	650	3,555
Administration	53,111	8,210	44,901
Extracurricular activities	927,757	194,298	733,459
Total expenditures	<u>1,089,678</u>	<u>220,084</u>	<u>869,594</u>
Excess of expenditures over revenues	<u>(539,678)</u>	<u>(117,665)</u>	<u>422,013</u>
Other financing sources:			
Transfers in	-	600,000	600,000
Total other financing sources	<u>-</u>	<u>600,000</u>	<u>600,000</u>
Net change in fund balance	(539,678)	482,335	1,022,013
Fund balance (deficit) at beginning of year	(412,260)	(412,260)	-
Prior year encumbrances appropriated	99,679	99,679	-
Fund balance (deficit) at end of year	<u>\$ (852,259)</u>	<u>\$ 169,754</u>	<u>\$ 1,022,013</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STUDENT MANAGED ACTIVITIES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Extracurricular	\$ 600,000	\$ 68,245	\$ (531,755)
Total revenues	<u>600,000</u>	<u>68,245</u>	<u>(531,755)</u>
Expenditures:			
Current:			
Instruction:			
Regular	128,496	21,283	107,213
Special	1,902	315	1,587
Support Services:			
Administration	1,582	262	1,320
Extracurricular activities	<u>742,354</u>	<u>122,957</u>	<u>619,397</u>
Total expenditures	<u>874,334</u>	<u>144,817</u>	<u>729,517</u>
Net change in fund balance	(274,334)	(76,572)	197,762
Fund balance at beginning of year	430,164	430,164	-
Prior year encumbrances appropriated	74,334	74,334	-
Fund balance at end of year	<u>\$ 230,164</u>	<u>\$ 427,926</u>	<u>\$ 197,762</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AUXILIARY SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 8,492,945	\$ 9,030,094	\$ 537,149
Investment earnings	7,055	7,501	446
Total revenues	<u>8,500,000</u>	<u>9,037,595</u>	<u>537,595</u>
Expenditures:			
Current:			
Support Services:			
Pupil	80,306	73,005	7,301
Operation of non-instructional services	<u>11,835,517</u>	<u>10,759,440</u>	<u>1,076,077</u>
Total expenditures	<u>11,915,823</u>	<u>10,832,445</u>	<u>1,083,378</u>
Net change in fund balance	(3,415,823)	(1,794,850)	1,620,973
Fund balance at beginning of year	1,677,269	1,677,269	-
Prior year encumbrances appropriated	1,815,823	1,815,823	-
Fund balance at end of year	<u>\$ 77,269</u>	<u>\$ 1,698,242</u>	<u>\$ 1,620,973</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STUDENT WELLNESS AND SUCCESS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 12,577,828	\$ 12,577,828
Total revenues	-	12,577,828	12,577,828
Expenditures:			
Current:			
Instruction:			
Other	1,299,645	1,207,143	92,502
Support services:			
Pupil	10,010,089	9,297,621	712,468
Instructional staff	209,421	194,515	14,906
Administration	1,396,029	1,296,667	99,362
Total expenditures	12,915,184	11,995,946	919,238
Net change in fund balance	(12,915,184)	581,882	13,497,066
Fund balance at beginning of year	1,068,297	1,068,297	-
Prior year encumbrances appropriated	350,000	350,000	-
Fund balance (deficit) at end of year	\$ (11,496,887)	\$ 2,000,179	\$ 13,497,066

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS STATE GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,300,000	\$ 877,828	\$ (422,172)
Total revenues	<u>1,300,000</u>	<u>877,828</u>	<u>(422,172)</u>
Expenditures:			
Current:			
Instruction:			
Regular	208,574	137,605	70,969
Vocational	177,767	117,280	60,487
Other	1,681,027	1,109,042	571,985
Support services:			
Pupil	72,942	48,123	24,819
Instructional staff	23,423	15,453	7,970
Operations and maintenance	168,366	111,078	57,288
Extracurricular activities	74	49	25
Total expenditures	<u>2,332,173</u>	<u>1,538,630</u>	<u>793,543</u>
Net change in fund balance	(1,032,173)	(660,802)	371,371
Fund balance at beginning of year	1,100,855	1,100,855	-
Prior year encumbrances appropriated	282,173	282,173	-
Fund balance at end of year	<u>\$ 350,855</u>	<u>\$ 722,226</u>	<u>\$ 371,371</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OTHER STATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 800,000	\$ 1,159,139	\$ 359,139
Total revenues	<u>800,000</u>	<u>1,159,139</u>	<u>359,139</u>
Expenditures:			
Current:			
Instruction:			
Regular	9,477	6,492	2,985
Vocational	14,319	4,511	9,808
Support services:			
Instructional staff	1,355,201	557,901	797,300
Total expenditures	<u>1,378,997</u>	<u>568,904</u>	<u>810,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(578,997)</u>	<u>590,235</u>	<u>1,169,232</u>
Other financing sources (uses):			
Advances in	-	10,000	10,000
Advances out	(26,000)	(26,000)	-
Total other financing sources (uses)	<u>(26,000)</u>	<u>(16,000)</u>	<u>10,000</u>
Net change in fund balance	(604,997)	574,235	1,179,232
Fund balance (deficit) at beginning of year	(25,175)	(25,175)	-
Prior year encumbrances appropriated	6,997	6,997	-
Fund balance (deficit) at end of year	<u>\$ (623,175)</u>	<u>\$ 556,057</u>	<u>\$ 1,179,232</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 37,156,021	\$ 37,156,021
Total revenues	-	37,156,021	37,156,021
Expenditures:			
Current:			
Instruction:			
Regular	3,647,518	3,250,728	396,790
Special	28,240	25,168	3,072
Other	39,898,901	35,558,555	4,340,346
Support services:			
Pupil	2,514,539	2,240,998	273,541
Instructional staff	3,915,803	3,489,828	425,975
Administration	112,790	100,520	12,270
Fiscal	290,686	259,064	31,622
Business	1,600	1,426	174
Operations and maintenance	13,070,268	11,648,437	1,421,831
Pupil transportation	3,392,707	3,023,636	369,071
Central	4,131,958	3,682,469	449,489
Operation of non-instructional services:			
Food service operations	5,332,953	4,752,815	580,138
Other non-instructional services	4,863,126	4,334,098	529,028
Extracurricular activities	1,317	1,174	143
Total expenditures	81,202,406	72,368,916	8,833,490
Excess of expenditures over revenues	(81,202,406)	(35,212,895)	45,989,511
Other financing sources (uses):			
Advances in	-	3,850,000	3,850,000
Advances out	(1,224,518)	(1,224,518)	-
Total other financing sources (uses)	(1,224,518)	2,625,482	3,850,000
Net change in fund balance	(82,426,924)	(32,587,413)	49,839,511
Fund balance (deficit) at beginning of year	(13,306)	(13,306)	-
Fund balance (deficit) at end of year	\$ (82,440,230)	\$ (32,600,719)	\$ 49,839,511

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CORONAVIRUS RELIEF FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 2,746,151	\$ 2,746,151
Total revenues	<u>-</u>	<u>2,746,151</u>	<u>2,746,151</u>
Expenditures:			
Current:			
Instruction:			
Other	2,751,467	2,746,151	5,316
Total expenditures	<u>2,751,467</u>	<u>2,746,151</u>	<u>5,316</u>
Net change in fund balance	(2,751,467)	-	2,751,467
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (2,751,467)</u>	<u>\$ -</u>	<u>\$ 2,751,467</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE VI-B FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 18,050,000	\$ 15,197,071	\$ (2,852,929)
Total revenues	<u>18,050,000</u>	<u>15,197,071</u>	<u>(2,852,929)</u>
Expenditures:			
Current:			
Instruction:			
Special	11,895,274	11,882,253	13,021
Vocational	12,904	12,890	14
Support services:			
Pupil	2,010,062	2,007,862	2,200
Instructional staff	1,197,492	1,196,181	1,311
Administration	1,233,443	1,232,093	1,350
Fiscal	169,572	169,386	186
Operation of non-instructional services	<u>398,128</u>	<u>397,692</u>	<u>436</u>
Total expenditures	<u>16,916,875</u>	<u>16,898,357</u>	<u>18,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,133,125</u>	<u>(1,701,286)</u>	<u>(2,834,411)</u>
Other financing sources:			
Advances in	1,950,000	1,950,000	-
Total other financing sources	<u>1,950,000</u>	<u>1,950,000</u>	<u>-</u>
Net change in fund balance	3,083,125	248,714	(2,834,411)
Fund balance (deficit) at beginning of year	(1,504,390)	(1,504,390)	-
Prior year encumbrances appropriated	166,874	166,874	-
Fund balance (deficit) at end of year	<u>\$ 1,745,609</u>	<u>\$ (1,088,802)</u>	<u>\$ (2,834,411)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
VOCATIONAL EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 1,900,000	\$ 1,511,809	\$ (388,191)
Total revenues	<u>1,900,000</u>	<u>1,511,809</u>	<u>(388,191)</u>
Expenditures:			
Current:			
Instruction:			
Vocational	1,947,353	1,785,287	162,066
Support services:			
Instructional staff	337,363	309,286	28,077
Administration	65,413	59,969	5,444
Total expenditures	<u>2,350,129</u>	<u>2,154,542</u>	<u>195,587</u>
Excess of expenditures over revenues	<u>(450,129)</u>	<u>(642,733)</u>	<u>(192,604)</u>
Other financing sources (uses):			
Advances in	100,000	100,000	-
Advances out	<u>(492,000)</u>	<u>(492,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(392,000)</u>	<u>(392,000)</u>	<u>-</u>
Net change in fund balance	(842,129)	(1,034,733)	(192,604)
Fund balance (deficit) at beginning of year	(202,842)	(202,842)	-
Prior year encumbrances appropriated	450,128	450,128	-
Fund balance (deficit) at end of year	<u>\$ (594,843)</u>	<u>\$ (787,447)</u>	<u>\$ (192,604)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE I FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 35,000,000	\$ 41,618,336	\$ 6,618,336
Total revenues	<u>35,000,000</u>	<u>41,618,336</u>	<u>6,618,336</u>
Expenditures:			
Current:			
Instruction:			
Regular	550,593	537,900	12,693
Special	29,425,280	28,746,905	678,375
Other	4,240,206	4,142,452	97,754
Support services:			
Pupil	1,633,725	1,596,061	37,664
Instructional staff	2,605,740	2,545,667	60,073
Administration	697,849	681,761	16,088
Fiscal	582,158	568,737	13,421
Pupil transportation	5,117	4,999	118
Operation of non-instructional services	5,523,774	5,396,428	127,346
Total expenditures	<u>45,264,442</u>	<u>44,220,910</u>	<u>1,043,532</u>
Net change in fund balance	(10,264,442)	(2,602,574)	7,661,868
Fund balance at beginning of year	318,334	318,334	-
Prior year encumbrances appropriated	2,093,816	2,093,816	-
Fund balance (deficit) at end of year	<u>\$ (7,852,292)</u>	<u>\$ (190,424)</u>	<u>\$ 7,661,868</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SUPPORTING EFFECTIVE INSTRUCTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 5,000,000	\$ 1,938,013	\$ (3,061,987)
Total revenues	<u>5,000,000</u>	<u>1,938,013</u>	<u>(3,061,987)</u>
Expenditures:			
Current:			
Support services:			
Instructional staff	2,310,943	923,763	1,387,180
Fiscal	94,448	37,754	56,694
Central	398,767	159,401	239,366
Operation of non-instructional services	908,569	363,186	545,383
Total expenditures	<u>3,712,727</u>	<u>1,484,104</u>	<u>2,228,623</u>
Net change in fund balance	1,287,273	453,909	(833,364)
Fund balance (deficit) at beginning of year	(594,946)	(594,946)	-
Prior year encumbrances appropriated	12,727	12,727	-
Fund balance (deficit) at end of year	<u>\$ 705,054</u>	<u>\$ (128,310)</u>	<u>\$ (833,364)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS FEDERAL GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 665,000	\$ 3,071,989	\$ 2,406,989
Total revenues	<u>665,000</u>	<u>3,071,989</u>	<u>2,406,989</u>
Expenditures:			
Current:			
Instruction:			
Regular	740,299	606,490	133,809
Other	1,095,831	897,760	198,071
Support services:			
Pupil	1,699,945	1,392,682	307,263
Instructional staff	557,300	456,568	100,732
Fiscal	555,056	454,730	100,326
Central	12,206	10,000	2,206
Operation of non-instructional services:			
Food service operations	120,795	98,961	21,834
Other non-instructional services	517,702	424,128	93,574
Total expenditures	<u>5,299,134</u>	<u>4,341,319</u>	<u>957,815</u>
Excess of expenditures over revenues	<u>(4,634,134)</u>	<u>(1,269,330)</u>	<u>3,364,804</u>
Other financing sources (uses):			
Advances in	135,000	135,000	-
Advances out	(500,000)	(500,000)	-
Total other financing sources (uses)	<u>(365,000)</u>	<u>(365,000)</u>	<u>-</u>
Net change in fund balance	(4,999,134)	(1,634,330)	3,364,804
Fund balance at beginning of year	410,626	410,626	-
Prior year encumbrances appropriated	299,135	299,135	-
Fund balance (deficit) at end of year	<u>\$ (4,289,373)</u>	<u>\$ (924,569)</u>	<u>\$ 3,364,804</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OTHER FEDERAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 7,450,000	\$ 7,128,334	\$ (321,666)
Total revenues	<u>7,450,000</u>	<u>7,128,334</u>	<u>(321,666)</u>
Expenditures:			
Current:			
Instruction:			
Special	818,345	433,987	384,358
Other	5,885,529	6,002,587	(117,058)
Support services:			
Pupil	250,275	142,470	107,805
Instructional staff	2,423,479	2,559,863	(136,384)
Administration	570	554	16
Fiscal	26,077	14,350	11,727
Operations and maintenance	103,607	88,256	15,351
Operation of non-instructional services	42,363	36,816	5,547
Total expenditures	<u>9,550,245</u>	<u>9,278,883</u>	<u>271,362</u>
Excess of expenditures over revenues	<u>(2,100,245)</u>	<u>(2,150,549)</u>	<u>(50,304)</u>
Other financing sources (uses):			
Advances in	1,800,000	1,800,000	-
Advances out	(2,982,000)	(2,982,000)	-
Total other financing sources (uses)	<u>(1,182,000)</u>	<u>(1,182,000)</u>	<u>-</u>
Net change in fund balance	(3,282,245)	(3,332,549)	(50,304)
Fund balance at beginning of year	679,592	679,592	-
Prior year encumbrances appropriated	1,017,535	1,017,535	-
Fund balance (deficit) at end of year	<u>\$ (1,585,118)</u>	<u>\$ (1,635,422)</u>	<u>\$ (50,304)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

Nonmajor Capital Projects Funds

The Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, and for major renovation projects including equipment purchases. The following are descriptions of the School District's nonmajor capital project funds:

Permanent Improvement

This fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements as defined by Ohio Revised Code.

Classroom Facilities

The school facilities capital projects fund accounts for monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Total Nonmajor Capital Projects</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 33,987,410	\$ 43,928,813	\$ 77,916,223
Cash and cash equivalents with fiscal agent	302	636,966	637,268
Receivables:			
Property taxes	2,915,352	-	2,915,352
Intergovernmental	-	2,555,763	2,555,763
Total assets	<u>\$ 36,903,064</u>	<u>\$ 47,121,542</u>	<u>\$ 84,024,606</u>
Liabilities:			
Accounts payable	\$ 82,061	\$ -	\$ 82,061
Contracts payable	75,931	-	75,931
Retainage payable	302	636,966	637,268
Accrued wages payable	27,876	-	27,876
Intergovernmental payable	9,564	-	9,564
Total liabilities	<u>195,734</u>	<u>636,966</u>	<u>832,700</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	1,918,087	-	1,918,087
Delinquent property tax revenue not available	739,572	-	739,572
Intergovernmental revenue not available	-	2,555,763	2,555,763
Total deferred inflows of resources	<u>2,657,659</u>	<u>2,555,763</u>	<u>5,213,422</u>
Fund balances:			
Restricted:			
Capital projects	<u>34,049,671</u>	<u>43,928,813</u>	<u>77,978,484</u>
Total fund balances	<u>34,049,671</u>	<u>43,928,813</u>	<u>77,978,484</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 36,903,064</u>	<u>\$ 47,121,542</u>	<u>\$ 84,024,606</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Total Nonmajor Capital Projects</u>
Revenues:			
Property taxes	\$ 2,119,072	\$ -	\$ 2,119,072
Intergovernmental	62,599	10,615,530	10,678,129
Investment earnings	108,489	(6,637)	101,852
Total revenues	<u>2,290,160</u>	<u>10,608,893</u>	<u>12,899,053</u>
Expenditures:			
Current:			
Support services:			
Fiscal	185,985	-	185,985
Operations and maintenance	484,813	-	484,813
Facilities acquisition and construction	7,357,089	2,787,207	10,144,296
Total expenditures	<u>8,027,887</u>	<u>2,787,207</u>	<u>10,815,094</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,737,727)</u>	<u>7,821,686</u>	<u>2,083,959</u>
Other financing sources (uses):			
Sale of capital assets	489,121	-	489,121
Transfers in	-	35,707,741	35,707,741
Transfers (out)	(35,707,741)	-	(35,707,741)
Total other financing sources (uses)	<u>(35,218,620)</u>	<u>-</u>	<u>489,121</u>
Change in fund balances	(40,956,347)	43,529,427	2,573,080
Fund balances at beginning of year	<u>75,006,018</u>	<u>399,386</u>	<u>75,405,404</u>
Fund balances at end of year	<u>\$ 34,049,671</u>	<u>\$ 43,928,813</u>	<u>\$ 77,978,484</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMANENT IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 2,598,140	\$ 2,209,275	\$ (388,865)
Intergovernmental	73,617	62,599	(11,018)
Investment earnings	127,585	108,489	(19,096)
Total revenues	<u>2,799,342</u>	<u>2,380,363</u>	<u>(418,979)</u>
Expenditures:			
Current:			
Instruction:			
Support services:			
Fiscal	288,987	179,667	109,320
Operations and maintenance	770,542	479,056	291,486
Facilities acquisition and construction	24,308,550	15,112,935	9,195,615
Total expenditures	<u>25,368,079</u>	<u>15,771,658</u>	<u>9,596,421</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,568,737)</u>	<u>(13,391,295)</u>	<u>9,177,442</u>
Other financing sources (uses):			
Transfers out	(35,707,741)	(35,707,741)	-
Proceeds from the sale of capital assets	575,214	489,121	(86,093)
Total other financing sources (uses)	<u>(35,132,527)</u>	<u>(35,218,620)</u>	<u>(86,093)</u>
Net change in fund balance	(57,701,264)	(48,609,915)	9,091,349
Fund balance at beginning of year	65,563,115	65,563,115	-
Prior year encumbrances appropriated	10,368,079	10,368,079	-
Fund balance at end of year	<u>\$ 18,229,930</u>	<u>\$ 27,321,279</u>	<u>\$ 9,091,349</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CLASSROOM FACILITIES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment earnings	\$ 10,000	\$ (6,637)	\$ (16,637)
Intergovernmental	14,282,259	10,615,530	(3,666,729)
Total revenues	<u>14,292,259</u>	<u>10,608,893</u>	<u>(3,683,366)</u>
Expenditures:			
Facilities acquisition and construction	34,256,775	17,871,651	16,385,124
Total expenditures	<u>34,256,775</u>	<u>17,871,651</u>	<u>16,385,124</u>
Excess of expenditures over revenues	<u>(19,964,516)</u>	<u>(7,262,758)</u>	<u>12,701,758</u>
Other financing sources:			
Transfers in	35,707,741	35,707,741	-
Total other financing sources	<u>35,707,741</u>	<u>35,707,741</u>	<u>-</u>
Net change in fund balance	15,743,225	28,444,983	12,701,758
Fund balance (deficit) at beginning of year	(7,700,496)	(7,700,496)	-
Prior year encumbrances appropriated	14,256,775	14,256,775	-
Fund balance at end of year	<u>\$ 22,299,504</u>	<u>\$ 35,001,262</u>	<u>\$ 12,701,758</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

Internal Service Funds

Internal Service Funds are established to account for the providing of goods or services by one department to other departments of the School District on a cost reimbursement basis. The following are the School District's internal service fund types:

Liability Self-Insurance Fund

This fund accounts for the self-insurance of uninsured risks of loss and associated expenses attributable to deductibles and self-insured retention limits for general liability and property damage claim settlements and judgments.

Employee Benefits Self-Insurance Fund

This fund accounts for the medical benefits self-insurance program for employees of the School District. Monthly fees are paid and any balance on hand is held until used.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Liability Self-Insurance	Employee Benefits Self-Insurance	Total Governmental Activities - Internal Service Funds
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 1,815,552	\$ 19,936,145	\$ 21,751,697
Liabilities:			
Current liabilities:			
Claims payable	1,276,000	16,355,890	17,631,890
Net position:			
Unrestricted	\$ 539,552	\$ 3,580,255	\$ 4,119,807

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Liability Self-Insurance	Employee Benefits Self-Insurance	Total Governmental Activities - Internal Service Funds
Operating revenues:			
Charges for services	\$ -	\$ 111,547,650	\$ 111,547,650
Total operating revenues	<u>-</u>	<u>111,547,650</u>	<u>111,547,650</u>
Operating expenses:			
Claims and claims adjustment expenses	(335,887)	107,104,800	106,768,913
Total operating expenses	<u>(335,887)</u>	<u>107,104,800</u>	<u>106,768,913</u>
Operating income/change in net position	<u>335,887</u>	<u>4,442,850</u>	<u>4,778,737</u>
Change in net position	335,887	4,442,850	4,778,737
Net position at beginning of year	<u>203,665</u>	<u>(862,595)</u>	<u>(658,930)</u>
Net position at end of year	<u>\$ 539,552</u>	<u>\$ 3,580,255</u>	<u>\$ 4,119,807</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Liability Self-Insurance	Employee Benefits Self-Insurance	Total Governmental Activities - Internal Service Funds
Cash flows from operating activities:			
Cash received from charges for services	\$ -	\$ 111,547,650	\$ 111,547,650
Cash payments for claims and claim adjustment expenses	(210,288)	(106,778,836)	(106,989,124)
Net cash provided by (used in) operating activities	(210,288)	4,768,814	4,558,526
Net change in cash and cash equivalents	(210,288)	4,768,814	4,558,526
Cash and cash equivalents at beginning of year	2,025,840	15,167,331	17,193,171
Cash and cash equivalents at end of year	\$ 1,815,552	\$ 19,936,145	\$ 21,751,697
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 335,887	\$ 4,442,850	\$ 4,778,737
Changes in assets and liabilities:			
Claims payable	(546,175)	325,964	(220,211)
Net cash provided by (used in) operating activities	\$ (210,288)	\$ 4,768,814	\$ 4,558,526

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LIABILITY SELF-INSURANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenses:			
Current:			
Support services:			
Administration	\$ 1,088,419	\$ 251,282	\$ 837,137
Total expense	<u>1,088,419</u>	<u>251,282</u>	<u>837,137</u>
Excess of expenses over revenues	<u>(1,088,419)</u>	<u>(251,282)</u>	<u>837,137</u>
Other financing sources:			
Transfers in	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Total other financing sources	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Net change in fund equity	(88,419)	(251,282)	(162,863)
Fund equity at beginning of year	1,937,420	1,937,420	-
Prior year encumbrances appropriated	88,419	88,419	-
Fund equity at end of year	<u>\$ 1,937,420</u>	<u>\$ 1,774,557</u>	<u>\$ (162,863)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMPLOYEE BENEFITS SELF-INSURANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ 118,250,000	\$ 111,547,650	\$ (6,702,350)
Total revenues	<u>118,250,000</u>	<u>111,547,650</u>	<u>(6,702,350)</u>
Expenses:			
Current:			
Support services:			
Central	120,400,000	106,778,837	13,621,163
Total expenses	<u>120,400,000</u>	<u>106,778,837</u>	<u>13,621,163</u>
Net change in fund equity	(2,150,000)	4,768,813	6,918,813
Fund equity at beginning of year	<u>15,167,332</u>	<u>15,167,332</u>	<u>-</u>
Fund equity at end of year	<u>\$ 13,017,332</u>	<u>\$ 19,936,145</u>	<u>\$ 6,918,813</u>

STATISTICAL SECTION



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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATISTICAL SECTION

This part of the Cleveland Municipal School District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Table of Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	S2 - S15
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	S16 - S21
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S22 -S26
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.	S27 - S28
Operating Information These schedules contain service and capital asset data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S29 - S34

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. The School District implemented GASB 68 for the fiscal year ended June 30, 2015, implemented GASB 75 for the fiscal year ended June 30, 2018 and GASB 84 for the fiscal year ended June 30, 2021.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
GOVERNMENTAL ACTIVITIES

	<u>2012</u>	<u>2013</u>	<u>2014 (a)</u>	<u>2015</u>
Governmental activities				
Net investment in capital assets	\$ 518,814,295	\$ 558,674,014	\$ 619,248,160	\$ 501,440,286
Restricted for:				
Debt service	51,217,114	42,713,939	49,735,043	51,010,824
Capital projects	278,969,178	184,352,359	84,864,225	222,963,999
Special revenue	58,944,626	47,468,206	47,730,652	18,957,773
Unrestricted (deficit)	<u>73,262,646</u>	<u>113,553,821</u>	<u>(720,669,457)</u>	<u>(754,622,557)</u>
Total Governmental Activities Net Position	<u>\$ 981,207,859</u>	<u>\$ 946,762,339</u>	<u>\$ 80,908,623</u>	<u>\$ 39,750,325</u>

Source: School District financial records.

- (a) GASB 68 was implemented in FY 15 and restated in FY 14
- (b) GASB 75 was implemented in FY 18 and restated in FY 17
- (c) GASB 84 was implemented in FY 21 and restated in FY 20

<u>2016</u>	<u>2017 (b)</u>	<u>2018</u>	<u>2019</u>	<u>2020 (c)</u>	<u>2021</u>
\$ 511,830,184	\$ 536,270,536	\$ 656,511,658	\$ 836,681,681	\$ 740,395,317	\$ 717,442,872
46,540,646	47,607,887	49,731,602	59,662,539	60,260,720	65,914,202
319,958,620	320,528,644	190,674,105	134,683,331	92,674,288	81,987,018
19,575,978	25,968,633	27,927,377	28,581,881	16,813,659	40,982,350
<u>(707,027,575)</u>	<u>(995,142,892)</u>	<u>(705,938,812)</u>	<u>(805,192,740)</u>	<u>(738,226,650)</u>	<u>(711,539,124)</u>
<u>\$ 190,877,853</u>	<u>\$ (64,767,192)</u>	<u>\$ 218,905,930</u>	<u>\$ 254,416,692</u>	<u>\$ 171,917,334</u>	<u>\$ 194,787,318</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
GOVERNMENTAL ACTIVITIES

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 322,367,731	\$ 367,669,653	\$ 381,411,371	\$ 362,037,069
Special	174,228,202	172,023,833	182,682,324	173,593,367
Vocational	11,316,290	12,599,383	11,404,778	8,453,227
Adult/Continuing	-	112,488	620	-
Other	4,493,188	673,778	1,970,489	7,393,303
Support services:				
Pupil	36,216,356	34,197,654	35,833,670	35,790,269
Instructional staff	50,834,523	55,202,905	30,250,022	36,113,336
Board of education	285,033	274,588	264,265	248,308
Administration	41,533,976	46,168,870	43,290,224	42,751,427
Fiscal	12,498,573	12,708,747	12,274,449	16,310,738
Business	1,700,249	2,018,076	1,590,930	1,137,981
Operations and maintenance	55,146,243	59,940,850	62,189,841	64,587,903
Pupil transportation	27,896,118	30,662,826	56,924,644	34,699,642
Central	11,966,119	20,006,680	17,526,350	25,503,536
Operation of non-instructional services	39,718,319	36,951,908	35,846,103	34,670,028
Extracurricular activities	5,857,755	6,990,941	6,510,125	6,649,997
Interest and fiscal charges	9,640,956	11,669,533	93,660	6,984,197
Capital outlay	-	-	-	-
Total governmental activities expenses	<u>805,699,631</u>	<u>869,872,713</u>	<u>880,063,865</u>	<u>856,924,328</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	1,800,754	4,192,551	4,170,473	3,825,172
Special	832,254	1,621,243	1,533,891	1,657,048
Vocational	61,797	111,542	99,620	69,797
Adult/Continuing	-	1,068	5	1,692
Other instructional	28,614	4,590	1,307	-
Support services:				
Pupil	190,315	457,244	467,558	452,849
Instructional staff	144,317	192,966	56,314	472,420
Board of education	1,831	2,692	2,311	2,188
Administration	237,566	547,753	597,459	339,112
Fiscal	68,264	324,446	323,162	351,598
Business	10,921	19,786	13,915	10,029
Operations and maintenance	336,066	656,920	591,810	587,592
Pupil transportation	170,981	270,047	319,926	282,985
Central	75,555	194,889	152,101	221,306
Operation of non-instructional services	15,927	11,351	7,806	184,278
Extracurricular activities	575,250	574,128	618,561	617,323
Total governmental activities charges for services	<u>4,550,412</u>	<u>9,183,216</u>	<u>8,956,219</u>	<u>9,075,389</u>

	2016	2017	2018	2019	2020	2021
\$	355,008,543	\$ 376,444,351	\$ 228,117,128	\$ 357,538,712	\$ 387,038,590	\$ 385,810,028
	172,360,574	181,613,355	115,095,669	179,135,468	207,870,189	217,991,590
	9,056,446	8,667,189	3,097,548	6,464,685	6,136,836	4,863,000
	64,500	384,463	-	-	-	-
	7,948,798	9,134,951	12,731,008	12,965,233	10,482,791	42,330,115
	34,179,013	40,460,547	12,249,740	36,808,211	44,642,558	49,665,670
	32,419,457	32,535,827	26,331,387	28,669,934	24,178,327	22,869,943
	266,498	306,270	42,376	319,466	219,695	282,114
	50,223,299	63,093,132	33,734,900	56,715,552	57,260,727	59,861,039
	16,663,611	12,399,059	13,054,274	19,784,079	17,783,050	18,845,647
	1,375,403	1,503,595	1,251,274	1,408,188	1,126,721	1,184,780
	68,629,253	65,547,856	57,685,305	66,935,137	73,080,026	61,797,443
	35,010,112	34,783,284	34,220,642	40,041,724	36,810,361	23,153,111
	29,503,864	38,152,866	21,149,084	28,980,504	24,571,642	26,620,548
	35,255,055	37,273,100	38,187,653	39,726,831	36,242,280	35,033,395
	6,332,462	5,802,430	5,402,338	5,732,891	4,446,110	2,497,050
	13,212,539	13,549,588	12,291,003	13,232,322	13,012,599	12,741,703
	-	-	-	-	3,258,153	-
	867,509,427	921,651,863	614,641,329	894,458,937	948,160,655	965,547,176
	3,283,143	4,014,946	4,329,229	3,884,344	4,931,484	9,719,778
	1,628,204	1,894,148	1,959,579	1,734,703	2,194,943	2,617,847
	61,803	72,721	45,108	48,799	70,157	-
	510	2,713	-	-	-	-
	4,775	(3,058)	1,796	1,943	228	88
	437,033	267,694	87,714	94,892	464,370	57
	115,213	90,197	75,204	80,748	148,038	2,429
	2,116	3,009	794	859	2,768	-
	779,516	897,805	939,990	599,158	697,724	8,006
	358,888	180,927	152,201	166,060	138,896	-
	10,895	13,893	23,437	25,355	14,117	-
	570,943	692,682	1,175,092	1,120,767	876,759	47,541
	261,455	335,899	611,474	661,320	450,514	25,633
	222,148	375,880	392,949	425,104	304,978	164
	693,540	871,387	249,544	491,974	166,688	30,189
	556,374	617,423	482,208	509,822	378,287	130,130
	8,986,556	10,328,266	10,526,319	9,845,848	10,839,951	12,581,862

(Continued)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

CHANGES IN NET POSITION - (Continued)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
GOVERNMENTAL ACTIVITIES

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating grants and contributions:				
Instruction:				
Regular	\$ 20,734,813	\$ 5,201,595	\$ 38,760,754	\$ 28,622,647
Special	28,181,385	43,030,489	50,997,326	45,079,772
Vocational	1,572,223	1,379,138	1,692,844	1,151,574
Adult/Continuing	-	510	53	-
Other instructional	49,095	168,775	1,809,839	6,442,704
Support services:				
Pupil	6,609,256	6,132,756	7,294,674	6,809,394
Instructional staff	26,649,396	30,471,914	26,469,136	28,316,332
Board of education	1,979	1,247	22,411	19,814
Administration	2,101,662	3,090,526	7,917,347	6,098,758
Fiscal	764,430	717,508	1,885,624	1,312,335
Business	11,804	9,162	134,917	90,807
Operations and maintenance	2,234,494	2,236,816	7,388,942	6,694,034
Pupil transportation	280,450	315,733	3,482,438	2,898,364
Central	151,489	99,632	1,592,966	2,430,507
Operation of non-instructional services	29,413,981	32,517,985	31,407,090	33,223,035
Extracurricular activities	36,928	32,198	505,410	490,802
Total operating grants and contributions	<u>118,793,385</u>	<u>125,405,984</u>	<u>181,361,771</u>	<u>169,680,879</u>
Capital grants and contributions:				
Instruction:				
Regular	43,033,556	2,100,511	3,155,969	13,049,804
Support services:				
Fiscal	-	-	-	-
Operations and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Total capital grants and contributions	<u>43,033,556</u>	<u>2,100,511</u>	<u>3,155,969</u>	<u>13,049,804</u>
Total governmental activities program revenues	<u>166,377,353</u>	<u>136,689,711</u>	<u>193,473,959</u>	<u>191,806,072</u>
Net (Expense)/Revenue				
Governmental activities	<u>\$ (639,322,278)</u>	<u>\$ (733,183,002)</u>	<u>\$ (686,589,906)</u>	<u>\$ (665,118,256)</u>
General Revenues				
Property taxes levied for:				
General purposes	\$ 155,316,742	\$ 200,094,021	\$ 235,958,843	\$ 157,957,030
Debt service	28,235,142	12,635,634	30,404,951	11,786,075
Capital outlay	2,083,420	1,042,267	2,498,740	1,171,067
Capital projects	-	-	-	1,735,036
Grants and entitlements not restricted to specific programs	465,318,126	459,821,084	413,100,316	431,725,749
Investment earnings	1,910,966	1,345,163	2,942,716	1,771,268
Miscellaneous	18,445,756	23,507,563	11,360,311	17,813,733
Total governmental activities	<u>671,310,152</u>	<u>698,445,732</u>	<u>696,265,877</u>	<u>623,959,958</u>
Transfers out	-	-	-	-
Change in Net Position				
Governmental activities	<u>\$ 31,987,874</u>	<u>\$ (34,737,270)</u>	<u>\$ 9,675,971</u>	<u>\$ (41,158,298)</u>

Source: School District financial records.

	2016	2017	2018	2019	2020	2021
\$	27,686,802	\$ 28,914,602	\$ 27,441,716	\$ 25,869,930	\$ 24,571,513	\$ 5,051,377
	48,647,774	45,270,733	41,196,919	39,051,712	53,534,696	103,161,978
	1,961,612	1,588,553	1,007,776	1,565,736	1,367,611	4,301,606
	4,990	125,490	-	-	-	-
	7,868,381	8,172,852	13,333,289	13,586,490	9,300,545	45,056,547
	6,572,417	7,833,549	8,703,757	6,292,205	13,245,969	18,419,464
	21,059,213	24,085,576	21,604,022	16,275,226	12,160,218	16,964,287
	20,685	22,074	5,390	71,348	16,239	-
	7,633,524	7,410,219	8,027,591	6,289,307	6,939,516	2,868,384
	1,768,304	1,952,889	1,308,043	4,006,846	2,578,337	1,381,562
	106,520	101,908	159,146	131,426	65,930	1,434
	7,200,079	4,329,621	7,125,013	6,034,561	4,585,630	11,955,391
	2,709,989	2,549,930	4,679,883	3,836,506	2,165,738	6,841,015
	3,592,550	2,829,392	2,844,995	2,314,282	1,547,509	4,544,680
	35,342,724	33,611,343	38,894,323	42,569,009	34,346,894	35,012,647
	466,759	551,198	942,887	732,393	512,384	938,806
	<u>172,642,323</u>	<u>169,349,929</u>	<u>177,274,750</u>	<u>168,626,977</u>	<u>166,938,729</u>	<u>256,499,178</u>
	119,391,577	-	-	-	-	-
	-	10,421	-	2,587	-	-
	-	1,919,786	-	818,874	1,860,393	1,930,207
	-	1,921,083	10,225,792	-	-	-
	<u>119,391,577</u>	<u>3,851,290</u>	<u>10,225,792</u>	<u>821,461</u>	<u>1,860,393</u>	<u>1,930,207</u>
	<u>301,020,456</u>	<u>183,529,485</u>	<u>198,026,861</u>	<u>179,294,286</u>	<u>179,639,073</u>	<u>271,011,247</u>
\$	<u>(566,488,971)</u>	<u>(738,122,378)</u>	<u>(416,614,468)</u>	<u>(715,164,651)</u>	<u>(768,521,582)</u>	<u>(694,535,929)</u>
\$	246,417,195	\$ 197,120,815	\$ 235,113,848	\$ 254,280,867	\$ 220,405,212	\$ 267,912,316
	22,789,130	17,846,019	21,471,349	26,318,883	16,158,257	22,900,599
	2,947,290	1,655,130	2,359,011	2,547,230	1,170,697	2,019,205
	2,123,398	1,805,373	2,525,832	2,327,090	1,218,523	1,819,807
	431,394,557	411,531,716	423,617,304	446,780,060	429,786,589	404,482,584
	3,434,960	2,846,853	1,778,432	6,074,287	3,778,012	327,073
	8,509,968	14,939,918	11,594,746	15,230,175	8,144,361	17,944,329
	<u>717,616,498</u>	<u>647,745,824</u>	<u>698,460,522</u>	<u>753,558,592</u>	<u>680,661,651</u>	<u>717,405,913</u>
	-	-	1,827,066	(2,883,178)	4,856,076	-
\$	<u>151,127,527</u>	<u>(90,376,554)</u>	<u>283,673,120</u>	<u>35,510,763</u>	<u>(83,003,855)</u>	<u>22,869,984</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:				
Nonspendable	\$ 4,920,465	\$ 6,535,268	\$ 1,036,595	\$ 841,940
Assigned	7,802,251	9,185,899	12,144,755	10,265,807
Unassigned (deficit)	<u>2,456,478</u>	<u>27,814,870</u>	<u>58,129,480</u>	<u>55,156,983</u>
Total general fund	<u>\$ 15,179,194</u>	<u>\$ 43,536,037</u>	<u>\$ 71,310,830</u>	<u>\$ 66,264,730</u>
All Other Governmental Funds:				
Nonspendable	\$ 526,708	\$ 803,066	\$ 789,880	\$ 394,760
Restricted				
Debt service	26,553,552	29,520,664	31,213,000	43,972,211
Capital projects	116,773,664	55,767,865	50,200,775	206,917,876
Special revenue	75,197,128	78,180,740	53,265,187	25,236,675
Unassigned (deficit)	<u>(6,600,746)</u>	<u>(19,869,898)</u>	<u>(15,616,054)</u>	<u>(14,897,662)</u>
Total all other governmental funds	<u>\$ 212,450,306</u>	<u>\$ 144,402,437</u>	<u>\$ 119,852,788</u>	<u>\$ 261,623,860</u>
Total governmental funds	<u>\$ 227,629,500</u>	<u>\$ 187,938,474</u>	<u>\$ 191,163,618</u>	<u>\$ 327,888,590</u>

(a) GASB 84 was implemented in FY 21 and restated in FY 20

Source: School District financial records.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 (a)</u>	<u>2021</u>
\$ 806,615	\$ 936,035	\$ 903,052	\$ 790,228	\$ 997,198	\$ 1,026,134
12,150,076	4,852,598	58,747,739	36,830,649	-	13,517,599
<u>100,011,060</u>	<u>86,012,193</u>	<u>-</u>	<u>(25,405,544)</u>	<u>(4,568,691)</u>	<u>41,630,443</u>
<u>\$ 112,967,751</u>	<u>\$ 91,800,826</u>	<u>\$ 59,650,791</u>	<u>\$ 12,215,333</u>	<u>\$ (3,571,493)</u>	<u>\$ 56,174,176</u>
\$ 372,733	\$ 258,985	\$ 1,519,496	\$ 1,528,116	\$ 1,617,886	\$ 3,814,932
37,721,276	40,209,203	44,565,011	53,315,518	52,244,843	59,289,802
187,937,113	198,032,192	174,726,646	91,284,046	75,405,404	77,978,484
19,950,086	22,914,688	22,239,391	22,394,815	21,160,698	31,646,793
<u>(12,252,343)</u>	<u>(10,197,979)</u>	<u>(8,693,766)</u>	<u>(6,505,390)</u>	<u>(8,027,296)</u>	<u>(7,824,687)</u>
<u>\$ 233,728,865</u>	<u>\$ 251,217,089</u>	<u>\$ 234,356,778</u>	<u>\$ 162,017,105</u>	<u>\$ 142,401,535</u>	<u>\$ 164,905,324</u>
<u>\$ 346,696,616</u>	<u>\$ 343,017,915</u>	<u>\$ 294,007,569</u>	<u>\$ 174,232,438</u>	<u>\$ 138,830,042</u>	<u>\$ 221,079,500</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

GOVERNMENTAL FUNDS REVENUE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues				
Local sources:				
Property taxes	\$ 179,685,485	\$ 211,788,636	\$ 242,555,376	\$ 256,365,424
Investment earnings	1,910,966	1,345,163	2,942,716	1,771,268
Tuition and fees	3,999,330	6,236,352	5,878,768	6,053,782
Extracurricular activities	541,229	512,011	567,220	563,270
Contributions and donations	2,627,175	4,369,374	6,156,679	8,208,426
Sale of personal property	1,374,307	4,838,821	717	6,460,191
Charges for services	-	-	-	287,363
Miscellaneous	17,071,449	15,259,654	13,862,593	4,237,700
Total Local Sources	<u>207,209,941</u>	<u>244,350,011</u>	<u>271,964,069</u>	<u>283,947,424</u>
State and Federal Sources	646,708,097	617,215,410	639,333,984	600,433,083
Total revenues	<u>\$ 853,918,038</u>	<u>\$ 861,565,421</u>	<u>\$ 911,298,053</u>	<u>\$ 884,380,507</u>

Source: School District financial records.

	2016	2017	2018	2019	2020	2021
\$	249,636,203	\$ 232,206,251	\$ 262,495,541	\$ 277,432,161	\$ 245,565,907	\$ 290,837,408
	3,551,112	2,730,701	2,875,062	6,807,401	3,751,702	334,633
	5,474,617	7,224,318	8,255,258	8,619,422	6,492,653	11,660,102
	509,981	565,573	564,163	452,101	348,566	174,664
	9,935,905	8,985,343	7,320,278	4,561,484	5,714,215	8,943,525
	-	263	-	-	-	-
	685,744	860,882	218,225	459,260	150,736	699,085
	10,826,181	15,681,725	12,335,163	14,631,057	13,549,773	17,361,024
	<u>280,619,743</u>	<u>268,255,056</u>	<u>294,063,690</u>	<u>312,962,886</u>	<u>275,573,552</u>	<u>330,010,441</u>
	621,940,419	585,917,465	662,937,614	628,122,494	621,182,193	660,622,808
\$	<u>902,560,162</u>	<u>\$ 854,172,521</u>	<u>\$ 957,001,304</u>	<u>\$ 941,085,380</u>	<u>\$ 896,755,745</u>	<u>\$ 990,633,249</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenditures				
Current:				
Instructional:				
Regular	\$ 296,589,788	\$ 296,652,085	\$ 328,296,064	\$ 335,082,439
Special	174,268,968	171,815,811	182,611,969	177,015,873
Vocational	11,317,046	12,554,974	12,096,694	8,602,736
Adult/Continuing	-	108,929	620	-
Other	4,565,662	883,337	1,974,637	7,543,041
Support services:				
Pupil	36,685,082	36,194,695	34,740,999	35,762,625
Instructional staff	50,661,878	53,789,823	31,412,749	36,799,727
Board of education	274,705	273,980	268,543	254,804
Administration	32,974,897	35,343,239	40,298,245	46,708,964
Fiscal	12,788,220	12,622,530	12,268,155	16,625,868
Business	1,689,243	2,013,062	1,571,515	1,174,319
Operations and maintenance	55,268,800	60,109,673	62,283,307	68,459,149
Pupil transportation	27,339,459	27,477,112	54,625,249	33,667,163
Central	12,018,833	19,762,993	17,449,971	25,793,659
Operation of non-instructional services	37,955,918	37,885,012	35,451,831	34,800,157
Extracurricular activities	5,856,800	6,979,541	6,488,287	6,821,653
Capital outlay	25,129,584	100,952,346	75,299,430	76,490,025
Debt service:				
Principal retirement	37,540,082	2,184,442	15,524,161	41,460,586
Interest and fiscal charges	10,357,440	11,652,099	6,482,113	3,129,494
Issuance costs	-	364,505	177,858	826,655
Total expenditures	<u>\$ 833,282,405</u>	<u>\$ 889,620,188</u>	<u>\$ 919,322,397</u>	<u>\$ 957,018,937</u>
Capital expenditures	\$ 25,787,407	\$ 52,343,089	\$ 99,865,136	\$ 71,296,300
Debt service as a percentage of noncapital expenditures	5.93%	1.70%	2.71%	5.13%

Source: School District financial records.

	2016	2017	2018	2019	2020	2021
\$	324,618,371	\$ 338,992,197	\$ 339,487,720	\$ 352,929,842	\$ 325,168,805	\$ 333,759,110
	172,622,234	175,476,604	191,218,576	199,760,057	211,891,853	209,314,822
	9,061,911	8,289,369	7,327,860	7,293,836	6,342,285	4,604,973
	64,500	384,463	-	-	-	-
	7,948,798	9,124,540	12,872,149	12,965,233	10,474,580	42,327,849
	34,931,451	38,840,456	44,099,186	45,755,347	44,035,270	45,735,807
	32,344,941	32,052,227	30,748,271	30,471,215	23,603,995	22,323,037
	257,321	283,108	256,007	326,564	233,180	265,867
	51,041,593	58,651,736	63,174,115	66,389,362	57,783,579	57,615,254
	16,527,158	12,095,073	15,346,518	20,585,345	17,157,417	18,694,633
	1,325,568	1,395,552	1,629,759	1,403,358	1,173,518	1,157,190
	70,242,266	66,993,138	74,417,192	74,560,006	73,220,004	57,481,142
	30,536,879	30,774,583	37,521,557	40,171,126	35,629,344	21,689,323
	29,169,898	37,076,806	28,302,605	30,791,372	23,860,941	26,161,100
	35,427,070	37,339,474	38,382,727	39,730,683	35,073,609	34,651,285
	6,332,299	5,757,733	5,930,679	5,756,944	4,496,921	2,477,957
	26,687,322	45,068,587	98,739,344	109,974,721	47,255,815	10,144,296
	20,405,143	8,488,640	5,585,000	5,880,000	6,105,000	7,725,746
	13,207,413	13,572,360	13,404,512	13,232,322	13,012,599	12,743,521
	-	-	-	-	-	-
\$	<u>882,752,136</u>	<u>\$ 920,656,646</u>	<u>\$ 1,008,443,777</u>	<u>\$ 1,057,977,333</u>	<u>\$ 936,518,715</u>	<u>\$ 908,872,912</u>
\$	18,739,931	\$ 43,638,438	\$ 94,897,782	\$ 101,905,253	\$ 44,068,118	\$ 7,235,883
	3.89%	2.52%	2.08%	2.00%	2.14%	2.27%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

GOVERNMENTAL FUNDS OTHER FINANCING SOURCES (USES)
AND CHANGES IN FUND BALANCES
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Excess of revenues over (under) expenditures	\$ 20,635,633	\$ (28,054,767)	\$ (8,024,344)	\$ (72,638,430)
Other Financing Sources (Uses)				
Inception of capital lease	-	-	17,943,165	-
General obligation bonds issued	20,855,000	45,600,000	10,525,000	200,000,000
Payment of refunded bond escrow agent	-	(63,366,472)	(16,913,399)	-
Premiums on bonds issued	-	6,130,213	444,722	9,277,561
Sale of capital assets	-	-	-	-
Transfers in	15,596,576	13,469,667	9,320,558	8,679,511
Transfers (out)	(16,390,182)	(13,469,667)	(10,070,558)	(9,179,511)
Total other financing sources (uses)	<u>20,061,394</u>	<u>(11,636,259)</u>	<u>11,249,488</u>	<u>208,777,561</u>
Net change in fund balances	<u>\$ 40,697,027</u>	<u>\$ (39,691,026)</u>	<u>\$ 3,225,144</u>	<u>\$ 136,139,131</u>

Source: School District financial records.

	2016	2017	2018	2019	2020	2021
\$	19,808,026	\$ (66,484,125)	\$ (51,442,473)	\$ (116,891,953)	\$ (39,762,970)	\$ 81,760,337
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	605,061	-	-	489,121
	7,960,673	1,655,767	3,799,964	1,972,898	4,856,076	36,307,741
	(8,960,673)	(6,455,731)	(1,972,898)	(4,856,076)	(1,000,000)	(36,307,741)
	(1,000,000)	(4,799,964)	2,432,127	(2,883,178)	3,856,076	489,121
\$	<u>18,808,026</u>	<u>\$ (71,284,089)</u>	<u>\$ (49,010,346)</u>	<u>\$ (119,775,131)</u>	<u>\$ (35,906,894)</u>	<u>\$ 82,249,458</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN COLLECTION (FISCAL) YEARS
(IN THOUSANDS OF DOLLARS)

Collection Year	Real Property		Tangible Personal Property	
	Assessed Value	Estimated	Assessed Value	Public Utility
		Actual Value		Estimated Actual Value
2012	\$ 5,449,321	\$ 15,569,489	\$ 247,613	\$ 281,378
2013	4,602,210	13,149,171	266,558	302,907
2014	4,601,349	13,146,711	298,603	339,322
2015	4,629,285	13,226,529	318,829	362,306
2016	4,315,725	12,330,643	333,849	379,374
2017	4,297,763	12,279,323	390,044	443,232
2018	4,883,583	13,953,094	439,426	499,348
2019	4,722,561	13,493,031	470,690	534,875
2020	4,722,560	13,493,029	470,690	534,875
2021	4,725,624	13,501,783	498,952	566,991

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax was being phased out beginning in 2006. The listing percentage was 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed.

Source: County Fiscal Officer

Assessed Value	Total		Total Direct Rate
	Estimated Actual Value	Ratio	
\$ 5,696,934	\$ 15,850,867	35.94%	\$ 64.80
4,868,768	13,452,078	36.19%	64.80
4,899,952	13,486,033	36.33%	79.80
4,948,114	13,588,835	36.41%	79.40
4,649,574	12,710,017	36.58%	79.40
4,687,807	12,722,555	36.85%	79.30
5,323,009	14,452,442	36.83%	79.30
5,193,251	14,027,906	37.02%	79.30
5,193,250	14,027,904	37.02%	79.30
5,224,576	14,068,774	37.14%	84.30

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN COLLECTION (FISCAL) YEARS
2012-2021

Tax Year/ Collection Year	Cleveland Municipal School District									
	City of Cleveland	Cuyahoga County	Cleveland Public Library	Total	General Fund	Building Maintenance	Bond Retirement	CMSD Total	Total (1)	
2011/2012	\$ 12.70	\$ 18.30	\$ 6.80	\$ 37.80	\$ 58.20	\$ 0.50	\$ 6.10	\$ 64.80	\$ 102.60	
2012/2013	12.70	18.30	6.80	37.80	73.20	0.50	6.10	79.80	117.60	
2013/2014	12.70	20.03	6.80	39.53	73.20	0.50	6.10	79.80	119.33	
2014/2015	12.70	23.43	6.80	42.93	73.20	1.00	5.20	79.40	122.33	
2015/2016	12.70	14.05	6.80	33.55	73.20	1.00	5.10	79.30	112.85	
2016/2017	12.70	14.05	6.80	33.55	73.20	1.00	5.10	79.30	112.85	
2017/2018	12.70	14.05	6.80	33.55	73.20	1.00	5.10	79.30	112.85	
2018/2019	12.70	14.05	8.80	35.55	73.20	1.00	5.10	79.30	114.85	
2019/2020	12.70	14.05	8.80	35.55	73.20	1.00	4.90	79.10	114.65	
2020/2021	12.70	14.85	8.80	36.35	78.20	1.00	5.10	84.30	120.65	

Source: Cuyahoga County Fiscal Officer

- (1) Amount represents the total for a City of Cleveland resident.
- (2) Certain points of the Villages of Bratenahl, Newburgh Heights and Linnadale and the City of Garfield Heights are within the School District and are subject to the School District's tax.

<u>Village of Bratenahl (2)</u>	<u>Village of Newburgh Heights (2)</u>	<u>Village of Linndale (2)</u>	<u>City of Garfield Heights (2)</u>
\$ 16.00	\$ 23.10	\$ 2.80	\$ 24.30
16.10	23.10	2.80	27.00
16.00	31.80	2.80	27.00
16.00	31.80	2.80	27.20
15.00	31.80	2.80	27.20
15.00	31.80	2.80	29.40
15.00	31.80	2.80	28.06
15.00	31.80	2.80	29.30
15.00	31.80	2.80	28.30
15.00	31.80	2.80	28.50

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

Name of Taxpayer	2020	
	Assessed Value	Percent of Real Property Assessed Value
Cleveland Electric Illuminating Co.	1 \$ 240,499,560	4.60%
East Ohio Gas Co.	2 138,702,460	2.65%
City of Cleveland, Ohio	3 120,048,460	2.30%
American Transmission System	4 115,396,990	2.21%
127 PS Fee Owner, LLC	5 89,097,230	1.71%
Cleveland-Cuyahoga Port Authority	6 73,729,460	1.41%
Hertz Cleveland	7 52,025,630	1.00%
G&I IX 200 Public Square Garage, LLC	8 51,774,150	0.99%
Cleveland Propco II, LLC	9 40,580,310	0.78%
Flats East Office Tower, LLC	10 33,322,580	0.64%
Totals	<u>\$ 955,176,830</u>	<u>18.28%</u>
Total Assessed Valuation	<u>\$ 5,224,576,000</u>	

Name of Taxpayer	2011	
	Assessed Value	Percent of Real Property Assessed Value
Cleveland Clinic Foundation	1 \$ 241,141,560	4.23%
City of Cleveland, Ohio	2 87,469,400	1.54%
Key Center Properties LLC	3 83,619,320	1.47%
Cleveland Financial Associates	4 46,967,070	0.82%
Board of County Commissioners	5 39,698,830	0.70%
City of Cleveland Executive	6 36,508,320	0.64%
National City Bank	7 36,391,080	0.64%
Hub North Point Properties	8 33,309,480	0.58%
ISG Cleveland Inc.	9 26,892,690	0.47%
Optima One Cleveland	10 25,857,270	0.45%
Totals	<u>\$ 657,855,020</u>	<u>11.55%</u>
Total Assessed Valuation	<u>\$ 5,696,934,000</u>	

Source: City of Cleveland 2020 ACFR

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS
AD VALOREM REAL AND TANGIBLE PERSONAL PROPERTY TAXES
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

Collection Year	Current Tax Levy Billed (1)	Current Collection	Percent Collected (1)	Collected Delinquencies	Total Collected	Total Collected As Percent Of Current Tax Levy
2012	\$ 227,945	\$ 173,457	76.10%	\$ 19,090	\$ 192,547	84.47%
2013	286,871	236,946	82.60%	19,192	256,138	89.29%
2014	294,107	236,058	80.26%	19,822	255,880	87.00%
2015	300,289	239,052	79.61%	20,107	259,159	86.30%
2016	279,407	242,941	86.95%	16,304	259,245	92.78%
2017	284,689	254,540	89.41%	16,955	271,495	95.37%
2018	294,196	259,936	88.35%	18,928	278,864	94.79%
2019	292,817	258,534	88.29%	22,421	280,955	95.95%
2020	294,326	268,731	91.30%	18,711	287,442	97.66%
2021	324,116	297,189	91.69%	20,862	318,051	98.13%

Source: Office of the Fiscal Officer, Cuyahoga County, Ohio - Data is presented on a calendar year basis because

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS
2012-2021

Fiscal Year	Estimated Population (1)	Estimated Actual Values	General Obligation Bonded Debt		
			Net General Obligation Bonded Debt (2)	Ratio of General Obligation Bonded Debt to Estimated Actual Value	General Obligation Bonded Debt Per Capita
2012	396,815	\$ 15,850,867,000	\$ 166,883,643	0.01	\$ 421
2013	390,928	13,452,078,000	147,445,305	0.01	377
2014	390,113	13,486,033,000	120,820,000	0.01	310
2015	389,521	13,588,835,000	304,080,000	0.02	781
2016	388,072	12,710,017,000	287,240,000	0.02	740
2017	385,809	12,722,555,000	281,845,000	0.02	731
2018	385,525	14,452,442,000	276,260,000	0.02	717
2019	383,793	14,027,906,000	270,380,000	0.02	704
2020	381,009	14,027,904,000	264,275,000	0.02	694
2021	372,624	14,068,774,000	257,900,000	0.02	692

Sources:

- (1) U.S. Bureau of the Census
- (2) Although the general obligation debt service fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

Other Governmental Activities Debt

Qualified Zone Academy Bonds	Notes	Capital Lease Obligation	Total Debt	Percentage of Personal Income	Per Capita
\$ 21,250,000	\$ 4,518,566	\$ -	\$ 192,652,209	2.98%	485
21,250,000	3,602,652	-	172,297,957	2.62%	441
21,250,000	2,638,491	16,714,894	161,423,385	2.44%	414
-	1,623,542	14,259,257	319,962,799	4.83%	821
-	555,129	11,762,527	299,557,656	4.43%	772
-	-	9,224,016	291,069,016	4.30%	754
-	-	6,643,024	282,903,024	4.08%	734
-	-	4,018,842	274,398,842	3.56%	715
-	-	1,350,746	265,625,746	3.28%	697
-	-	-	257,900,000	3.08%	692

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Value	\$ 5,224,575,860
Debt Limit (9% of assessed value)	470,211,827
Debt Applicable to Limit	<u>203,259,198</u>
Legal Debt Margin	<u><u>\$ 266,952,629</u></u>

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit - 9% of Taxable Valuation	\$ 512,724,060	\$ 438,189,120	\$ 446,125,379	\$ 450,630,496
Total Net Debt Applicable to Limit	<u>138,566,996</u>	<u>115,251,131</u>	<u>107,878,824</u>	<u>287,903,530</u>
Legal Debt Margin	<u><u>\$ 374,157,064</u></u>	<u><u>\$ 322,937,989</u></u>	<u><u>\$ 338,246,555</u></u>	<u><u>\$ 162,726,966</u></u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	27.03%	26.30%	24.18%	63.89%

Source: Office of the County Fiscal Officer, Cuyahoga County, Ohio

Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.
Voted debt margins are determined without reference to applicable monies in the
School District's Debt Service Fund.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 418,461,602	\$ 421,902,602	\$ 430,830,755	\$ 479,070,778	\$ 467,392,596	\$ 470,211,827
<u>268,001,993</u>	<u>259,589,396</u>	<u>251,108,048</u>	<u>242,385,347</u>	<u>233,508,202</u>	<u>203,259,198</u>
<u>\$ 150,459,609</u>	<u>\$ 162,313,206</u>	<u>\$ 179,722,707</u>	<u>\$ 236,685,431</u>	<u>\$ 233,884,394</u>	<u>\$ 266,952,629</u>
64.04%	61.53%	58.28%	50.59%	49.96%	43.23%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2021

Governmental Unit	Gross General Obligation	Percent Applicable to School District (1)	Amount Applicable to School District
Direct:			
Cleveland Municipal School District	\$ 257,900,000	100.00%	\$ 257,900,000
Overlapping:			
Cuyahoga County	266,495,000	16.98%	45,250,851
Brook Park City	4,380,000	5.34%	233,892
Cleveland City	279,400,000	97.96%	273,700,240
Garfield Heights City	6,749,200	5.78%	390,104
Bratenahl Village	2,400,000	100.00%	2,400,000
Newburgh Heights	790,000	100.00%	790,000
Cuyahoga Community College	201,500,000	16.98%	34,214,700
Total overlapping	<u>\$ 761,714,200</u>		<u>\$ 356,979,787</u>
Total direct and overlapping debt	<u>\$ 1,019,614,200</u>		<u>\$ 614,879,787</u>

Source: Ohio Municipal Advisory County (OMAC)

(1) - Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	Population	Personal Income	Per Capita Income	State Unemployment Rate
2012	396,815	\$ 6,468,878,130	\$ 16,302	7.4%
2013	390,928	6,572,281,536	16,812	7.5%
2014	390,113	6,628,800,096	16,992	5.5%
2015	389,521	6,618,740,832	16,992	5.0%
2016	388,072	6,766,423,392	17,436	5.0%
2017	385,809	6,765,932,433	17,537	5.1%
2018	385,525	6,940,606,575	18,003	4.5%
2019	383,793	7,708,482,405	20,085	4.0%
2020	381,009	8,086,154,007	21,223	10.9%
2021	372,624	8,362,427,888	22,442	4.5%

Source: U.S. Bureau of the Census and U.S. Department of Labor Statistics

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2020			2011		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Cleveland Clinic	36,398	1	26.51%	34,000	1	22.99%
University Hospitals	17,481	2	12.73%	13,726	2	9.28%
U.S. Office of Personnel Management	12,335	3	8.98%			
Cuyahoga County	7,586	4	5.53%	7,859	3	5.31%
City of Cleveland	7,006	5	5.10%	7,089	5	4.79%
The MetroHealth System	6,974	6	5.08%	5,558	7	3.76%
Cleveland Metropolitan School District	6,100	7	4.44%			
KeyCorp	4,712	8	3.43%	5,827	6	3.94%
Case Western Reserve University	4,458	9	3.25%	4,620	8	3.12%
Sherwin-Williams Co.	4,257	10	3.10%	3,035	9	2.05%
U.S. Postal Service				7,242	4	4.90%
Lincoln Electric Co.				2,600	10	1.76%
Total	<u>107,307</u>		<u>78.16%</u>	<u>91,556</u>		<u>61.90%</u>
Total Employment within the School District	<u>137,300</u>			<u>147,900</u>		

Source: City of Cleveland 2020 ACFR

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

FULL-TIME EQUIVALENT SCHOOL DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Percentage Change 2012-2021
Educational Staff:											
Regular Education	1,940	1,648	1,742	1,780	1,744	2,060	1,982	1,985	1,985	1,865	-3.87%
Special Education	775	787	718	848	813	868	920	898	898	775	0.00%
Educational Services	14	9	-	-	-	-	-	-	-	-	-100.00%
Other Professional - Educational	27	27	35	29	45	21	15	13	13	54	100.00%
Total Educational	<u>2,756</u>	<u>2,471</u>	<u>2,495</u>	<u>2,657</u>	<u>2,602</u>	<u>2,949</u>	<u>2,917</u>	<u>2,896</u>	<u>2,896</u>	<u>2,694</u>	-2.25%
Student Services:											
Curriculum Specialist	116	124	106	108	66	74	71	37	37	2	-98.28%
Paraprofessional	148	101	153	152	153	163	173	212	212	615	315.54%
Counseling	57	58	52	51	50	48	50	50	50	43	-24.56%
Librarian/Media	47	32	34	29	26	19	21	24	24	25	-46.81%
Remedial Specialist	224	227	247	121	261	-	-	-	-	33	-85.27%
Psychologist	75	75	70	69	68	68	68	78	78	74	-1.33%
Registered Nurse	42	33	39	38	42	55	51	52	52	52	23.81%
Social Work	8	7	6	6	7	7	4	4	4	6	-25.00%
Physical Therapist	8	8	8	8	7	8	9	9	9	9	12.50%
Speech/Language Therapist	72	71	75	75	71	76	80	83	83	81	12.50%
Occ/Mobility Therapist	25	23	25	24	25	32	34	58	58	40	60.00%
Other Professional Services	147	145	135	78	81	67	47	46	46	158	7.48%
Total Student Services	<u>969</u>	<u>904</u>	<u>950</u>	<u>759</u>	<u>857</u>	<u>617</u>	<u>608</u>	<u>653</u>	<u>653</u>	<u>1,138</u>	17.44%
Support Staff:											
Bookkeeping	20	21	16	30	19	32	21	24	24	24	20.00%
Clerical Assignment	220	213	203	201	202	213	195	210	210	180	-18.18%
Teaching Aide	496	500	524	532	537	543	781	710	710	93	-81.25%
Other Office/Clerical	24	20	18	20	27	33	16	19	19	13	-45.83%
Attendance Officer	17	16	16	16	12	10	8	12	12	12	-29.41%
Maintenance	31	34	33	32	37	40	33	40	40	36	16.13%
Custodial	292	279	308	320	323	333	298	334	334	319	9.25%
Food Service/Dietician	4	4	5	4	3	8	6	6	6	116	2800.00%
Guard/Watchman	212	228	225	230	226	193	182	201	201	164	-22.64%
Mechanic/Foreman	50	47	42	47	50	47	40	46	46	44	-12.00%
Vehicle Operating/Dispatch	46	29	31	27	29	113	262	146	146	211	358.70%
Computer Operating/Programming	25	26	25	25	25	22	20	15	15	18	-28.00%
Total Support	<u>1,437</u>	<u>1,417</u>	<u>1,446</u>	<u>1,484</u>	<u>1,490</u>	<u>1,587</u>	<u>1,862</u>	<u>1,763</u>	<u>1,763</u>	<u>1,230</u>	-14.41%
Administrative Staff:											
Administrative Assistant	5	5	7	8	8	10	12	14	14	11	120.00%
Deputy/Associate	20	20	28	25	40	26	21	25	25	37	85.00%
Director	4	4	8	10	5	33	30	31	31	14	250.00%
Principal	115	104	111	113	113	113	108	114	114	107	-6.96%
Assistant Principal	74	71	74	72	81	97	101	84	84	72	-2.70%
Supervisor/Manager	47	42	84	66	92	128	201	211	211	210	346.81%
Coordinator	34	28	47	43	44	81	58	63	63	89	161.76%
Education Administrative Specialist	9	9	8	6	10	6	8	7	7	10	11.11%
Other Official/Administrator	45	44	44	49	59	66	110	93	93	159	253.33%
Total Administrative	<u>353</u>	<u>327</u>	<u>411</u>	<u>392</u>	<u>452</u>	<u>560</u>	<u>649</u>	<u>642</u>	<u>642</u>	<u>709</u>	100.85%
Total Employees	<u>5,515</u>	<u>5,119</u>	<u>5,302</u>	<u>5,292</u>	<u>5,401</u>	<u>5,713</u>	<u>6,036</u>	<u>5,954</u>	<u>5,954</u>	<u>5,771</u>	4.64%

Source: School District records

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

Governmental Activities

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 31,597,774	\$ 31,814,081	\$ 31,814,081	\$ 31,814,081	\$ 31,814,081
Construction in progress	14,112,322	94,277,459	60,006,978	85,500,350	48,949,415
Land improvements	102,191	113,160	50,484	62,034	74,900
Buildings and improvements	918,193,252	863,038,409	859,845,018	761,507,524	731,633,466
Vehicles and Equipment	11,756,598	12,901,271	12,516,009	13,375,915	14,313,962
Internal Generated Software	293,934	293,934	10,092	211,598	553,728
Total Governmental Activities					
Capital Assets, net	<u>\$ 976,056,071</u>	<u>\$ 1,002,438,314</u>	<u>\$ 964,242,662</u>	<u>\$ 892,471,502</u>	<u>\$ 827,339,552</u>

Governmental Activities

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Land	\$ 31,814,081	\$ 31,814,081	\$ 32,608,196	\$ 33,201,164	\$ 33,201,164
Construction in progress	20,645,660	142,447,276	74,627,043	85,382,570	41,906,657
Land improvements	89,084	107,836	172,018	215,005	261,178
Buildings and improvements	742,456,894	629,368,663	652,824,352	605,760,156	628,163,694
Vehicles and Equipment	15,465,625	16,375,276	18,762,051	2,717,499	3,797,466
Internal Generated Software	916,496	1,289,953	1,677,885	3,695,577	4,136,345
Total Governmental Activities					
Capital Assets, net	<u>\$ 811,387,840</u>	<u>\$ 821,403,085</u>	<u>\$ 780,671,545</u>	<u>\$ 730,971,971</u>	<u>\$ 711,466,504</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change
2012	40,758	\$ 600,391,312	\$ 14,731	-5.55%
2013	38,717	604,516,648	15,614	5.99%
2014	37,967	620,202,126	16,335	4.62%
2015	39,083	768,488,105	19,663	20.37%
2016	39,125	686,521,896	17,547	-10.76%
2017	38,952	721,093,583	18,512	5.50%
2018	38,637	762,889,478	19,745	6.66%
2019	37,701	801,921,927	21,271	7.73%
2020	37,158	745,069,321	20,051	-5.73%
2021	34,511	878,259,349	25,449	26.92%

Source: Ohio Department of Education

- (1) Operating expenditures are total expenditures for all governmental funds less debt service, capital outlay, and community school payments.
- (2) Total Program Expenses for all governmental funds less Interest and Fiscal Charges and community school payments.
- (3) Meal percentage includes lunch only

	Expenses (2)	Cost Per Pupil	Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free and Reduced - Paid Meals (3)
\$	636,194,688	15,609	3,517	11.6	81.87%
	688,253,032	17,777	2,853	13.6	100.00%
	696,276,661	18,339	2,469	15.4	100.00%
	706,826,034	18,085	2,825	13.8	100.00%
	718,366,526	18,361	2,803	14.0	100.00%
	775,668,799	19,913	2,826	13.8	100.00%
	474,524,881	12,282	2,448	15.8	100.00%
	754,258,252	20,006	2,476	15.2	100.00%
	810,072,076	21,801	2,434	15.3	100.00%
	952,805,473	27,609	2,491	13.9	100.00%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

TEACHER BASE SALARIES
LAST TEN YEARS
2012-2021

Year	Minimum Salary	Maximum Salary	Statewide Average Salary
2012	\$ 36,740	\$ 77,929	\$ 56,715
2013	37,412	79,353	56,307
2014	42,215	87,631	55,916
2015	42,215	81,760	57,636
2016	42,637	82,578	57,154
2017	43,490	84,230	58,488
2018	44,686	86,546	60,731
2019	45,915	88,926	62,190
2020	46,734	91,612	63,899
2021	46,734	91,612	65,548

Sources: Ohio Department of Education
and School District Labor Agreement