



Cleveland Municipal School District

Five Year Forecast Financial Report

October, 2016

Table of Contents

	<u>PAGE #</u>
Table of Contents	2
Executive Summary	3
Revenue Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Forecast Compare	22
Five Year Forecast	23

Forecast Purpose/Objectives

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

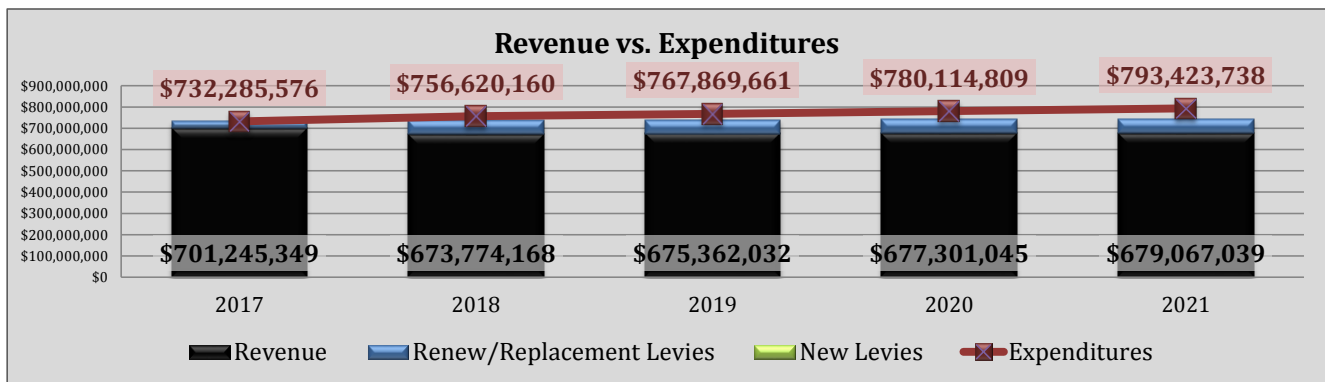
1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412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

Five Year Forecast - Simplified Statement

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	98,886,925	98,916,939	78,360,858	48,551,786	8,963,389
+ Revenue	701,245,349	673,774,168	675,362,032	677,301,045	679,067,039
+ Proposed Renew/Replacement Levies	31,070,242	62,289,911	62,698,558	63,225,367	63,766,046
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(732,285,576)	(756,620,160)	(767,869,661)	(780,114,809)	(793,423,738)
= Revenue Surplus or Deficit	30,014	(20,556,081)	(29,809,071)	(39,588,397)	(50,590,652)
Ending Balance	98,916,939	78,360,858	48,551,786	8,963,389	(41,627,263)
Revenue Surplus or Deficit w/o Levies	(31,040,228)	(82,845,992)	(92,507,629)	(102,813,764)	(114,356,699)
Ending Balance w/o Levies	67,846,697	(14,999,295)	(107,506,924)	(210,320,688)	(324,677,387)

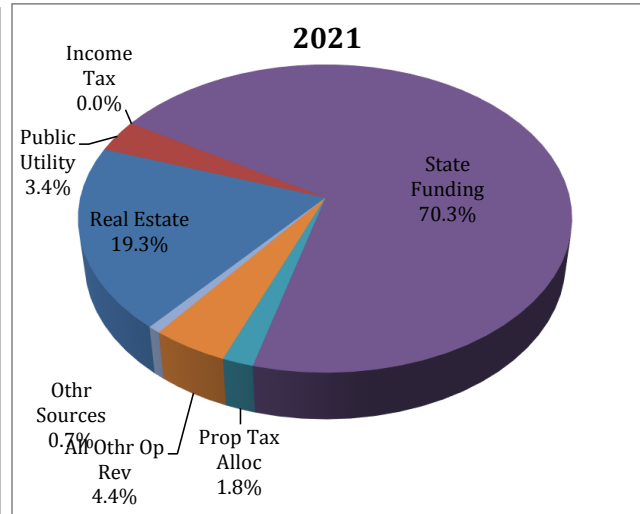
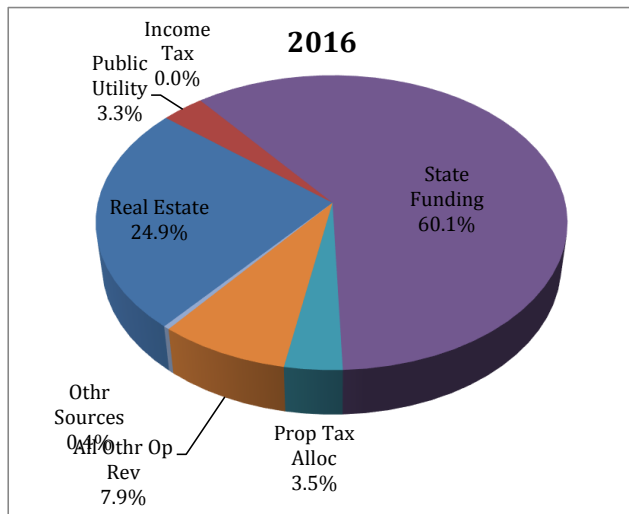
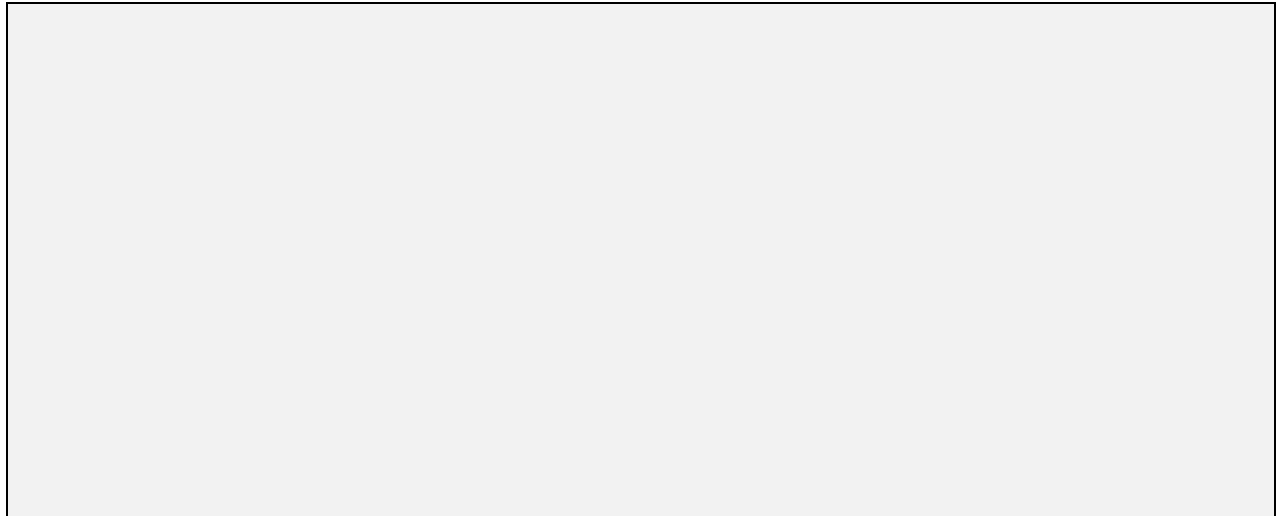
Summary:

Although the district began FY2017 with \$98.9 million in cash, the district is forecasting deficits in fiscal year 2018 if the upcoming November 2016 15 mill renewal levy is not successful. CMSD's levy on the November 2016 ballot is a renewal of Issue 107 from November 2012. This renewal is a 15 mill operating issue and it will not raise taxes. The levy generates approximately \$65 million per year. If renewed the district will continue the reforms and improvements from Mayor Jackson's Cleveland Plan for Transforming Schools. This issue is critical for continued progress in our schools.



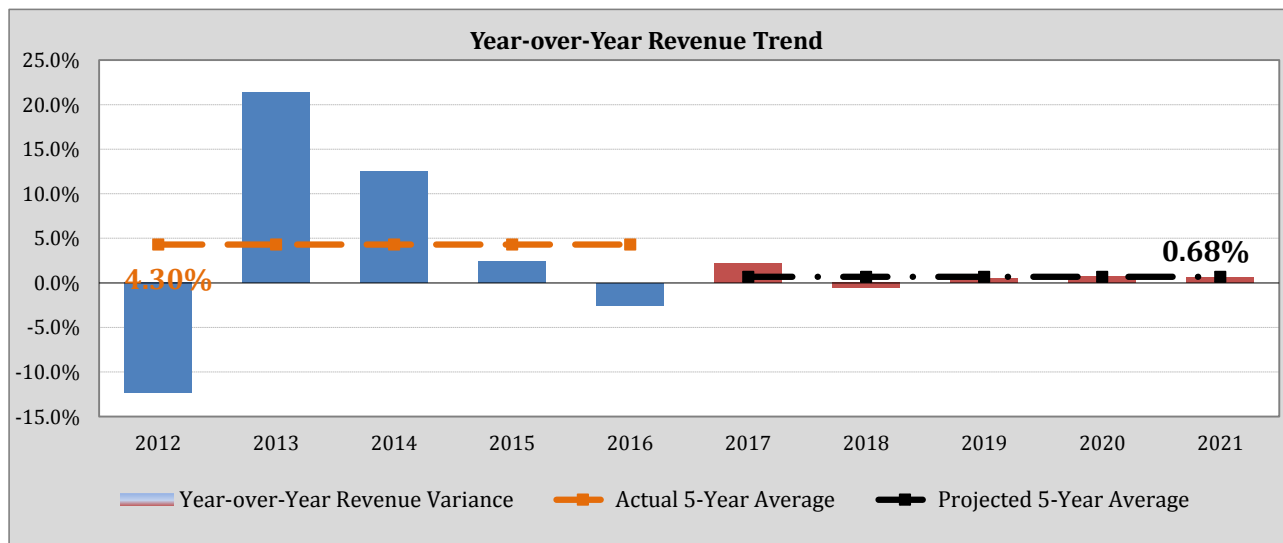
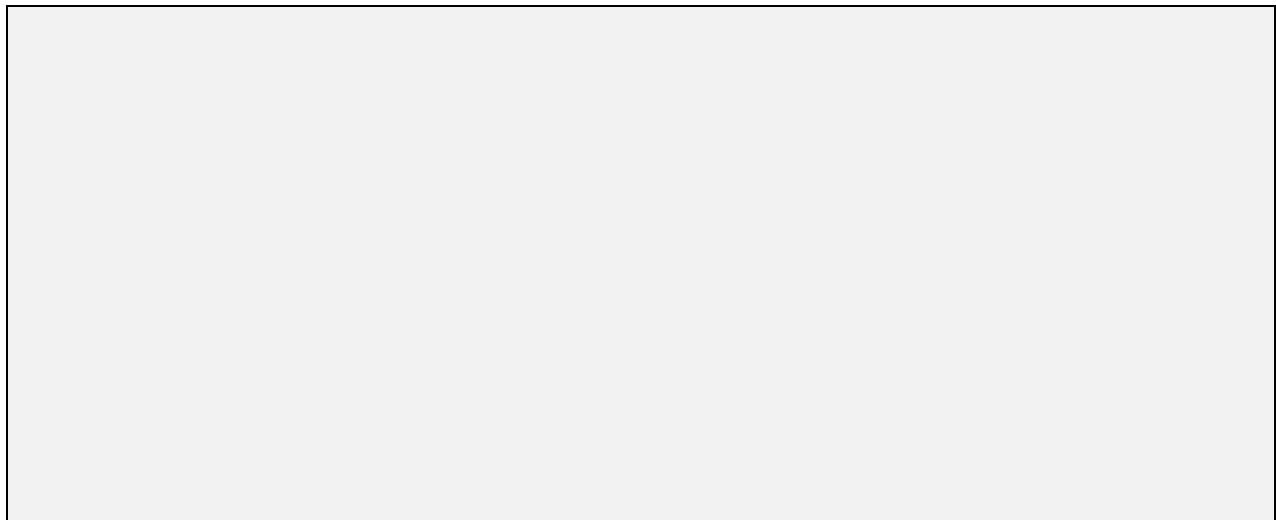
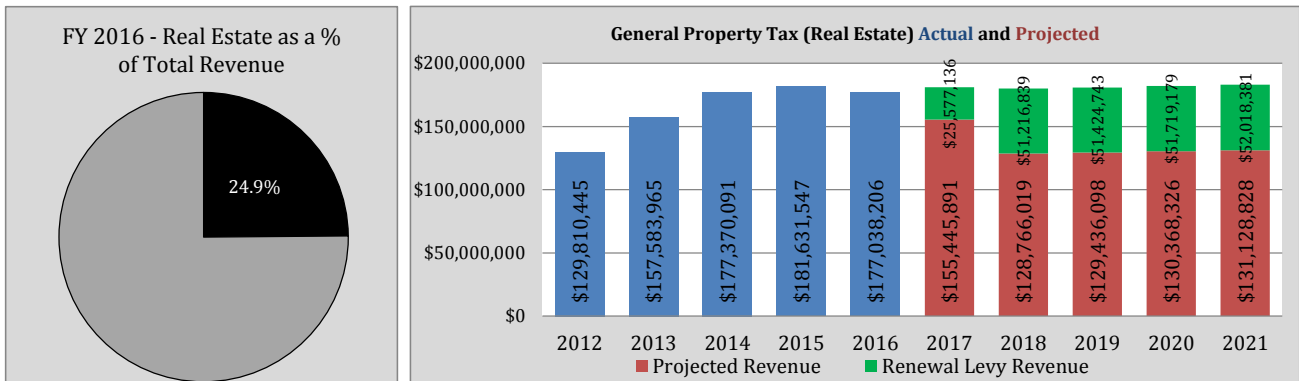
Revenue Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	
		2017	2018	2019	2020	2021	
Revenue:							
1.010-Real Estate	4.30%	2.25%	-0.57%	0.49%	0.68%	0.58%	0.68%
1.020-Public Utility	283.74%	5.10%	4.70%	4.00%	4.00%	4.00%	4.36%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	-1.18%	10.15%	1.56%	0.00%	0.00%	0.00%	2.34%
1.040-Restricted Aid	377.31%	10.73%	-0.84%	0.00%	0.00%	0.00%	1.98%
1.045-Restr Federal SFSF	-74.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-13.80%	-28.71%	1.30%	0.17%	0.34%	0.14%	-5.35%
1.060-All Other Operating	29.82%	-43.27%	-6.25%	0.17%	0.34%	0.33%	-9.74%
1.070-Total Revenue	1.34%	2.48%	0.59%	0.27%	0.34%	0.31%	0.80%
2.070-Total Other Sources	221.06%	109.34%	-10.02%	0.00%	0.00%	0.00%	19.86%
2.080-Total Rev & Other Srcs	1.32%	2.88%	0.51%	0.27%	0.33%	0.31%	0.86%



1.010 - General Property Tax (Real Estate)

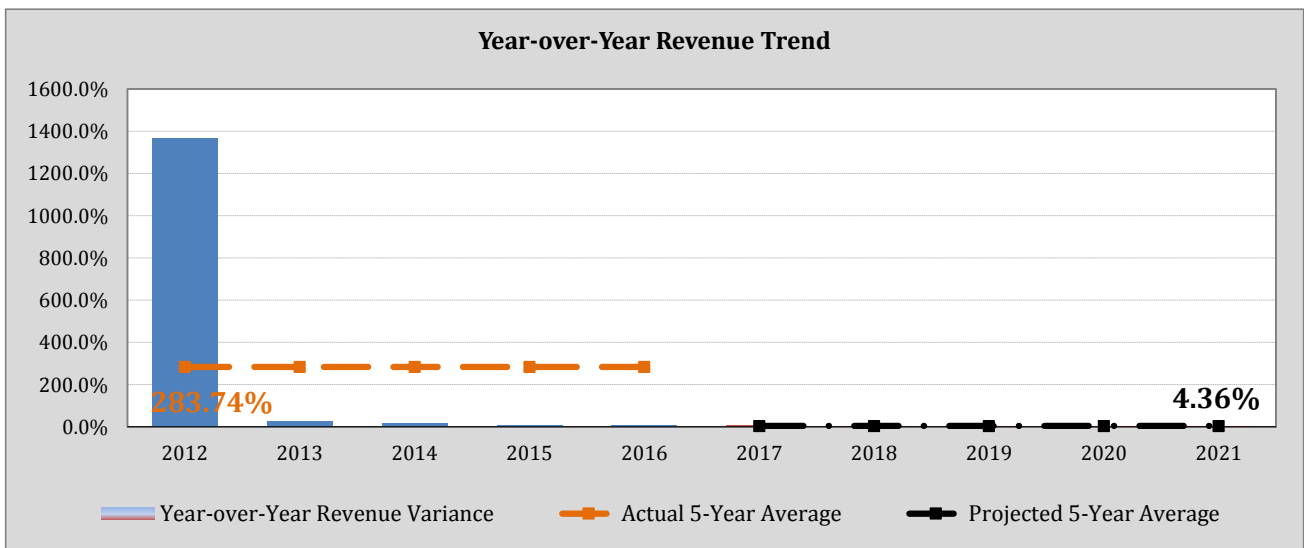
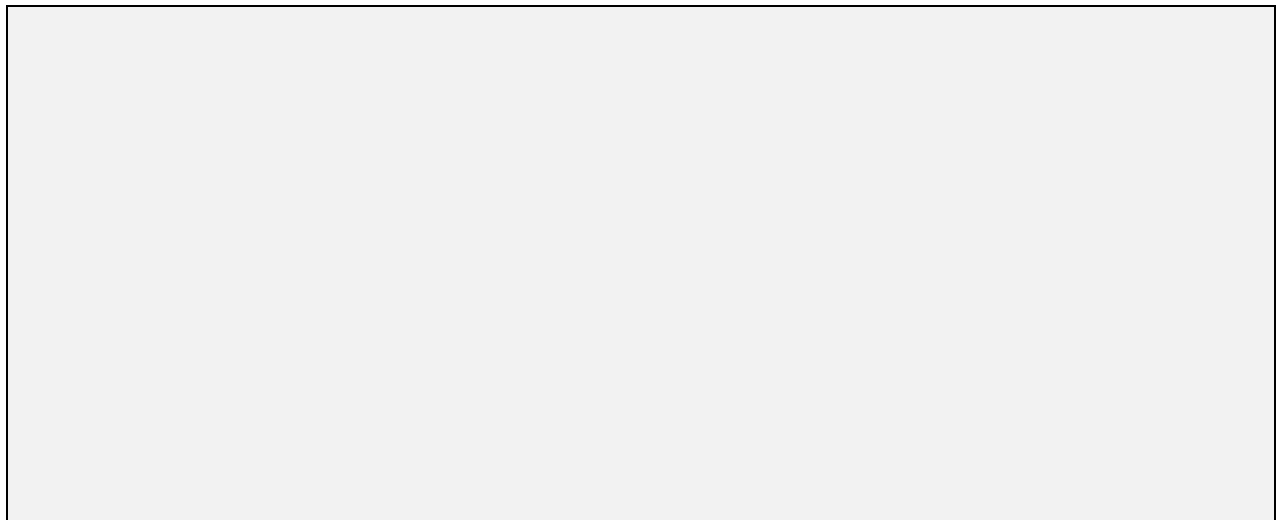
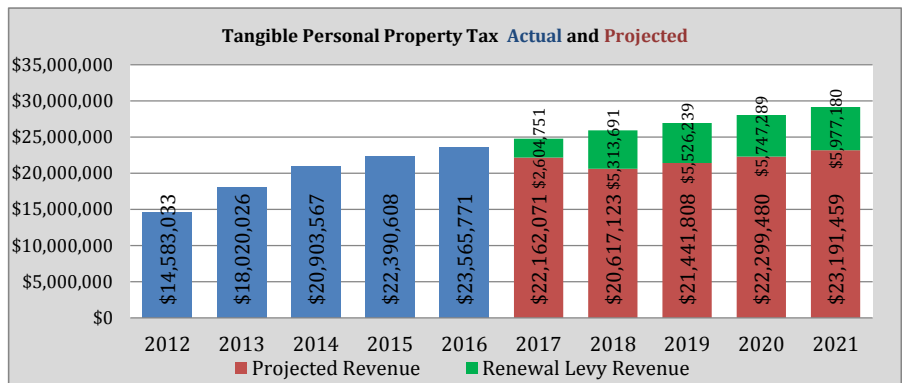
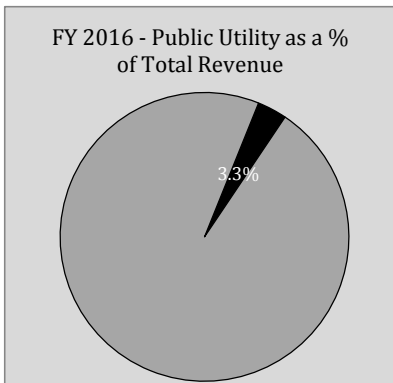
Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

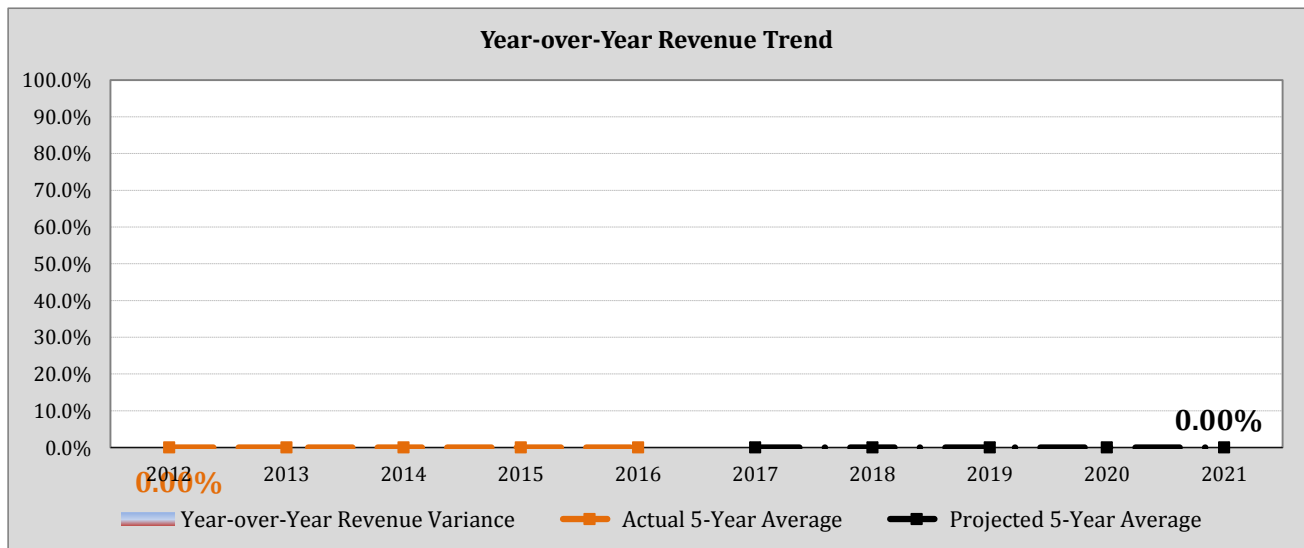
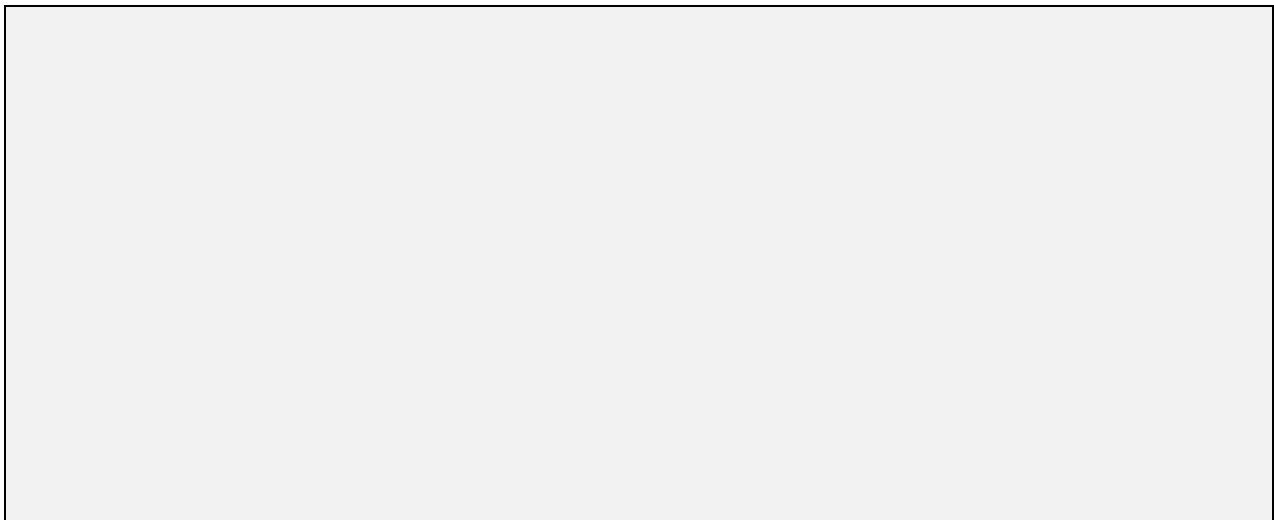
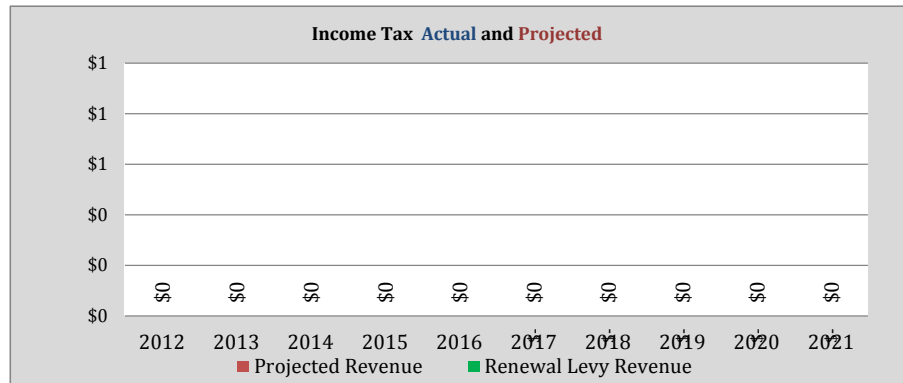
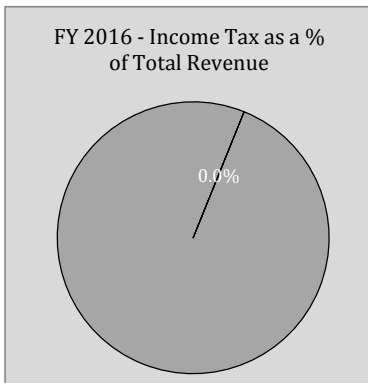
Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



*Projected % trends include renewal levies

1.030 - Income Tax

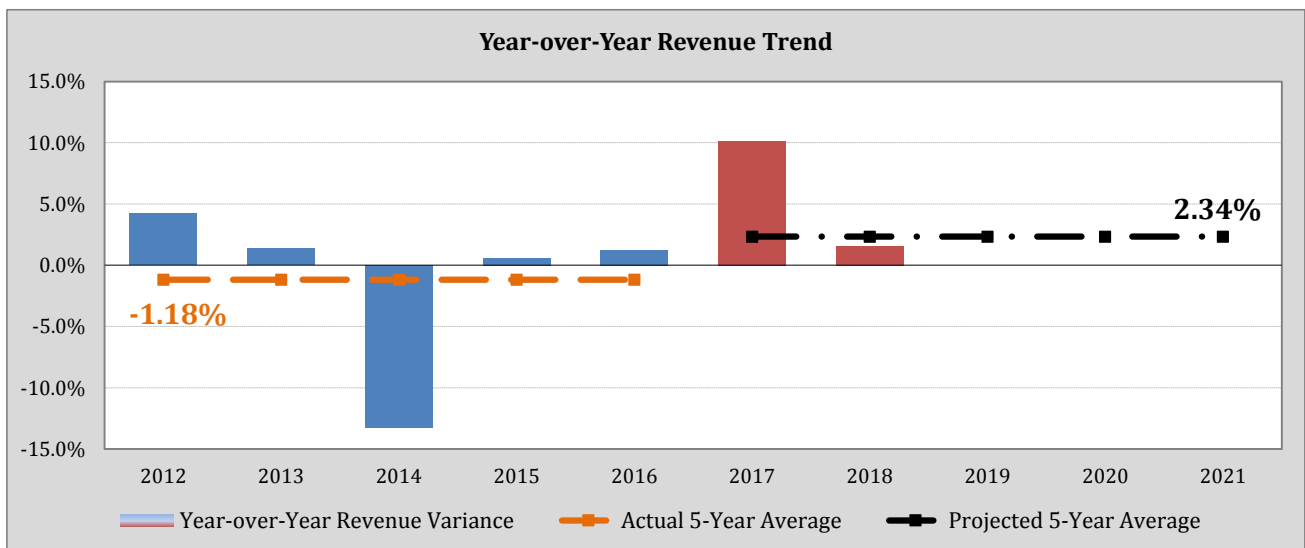
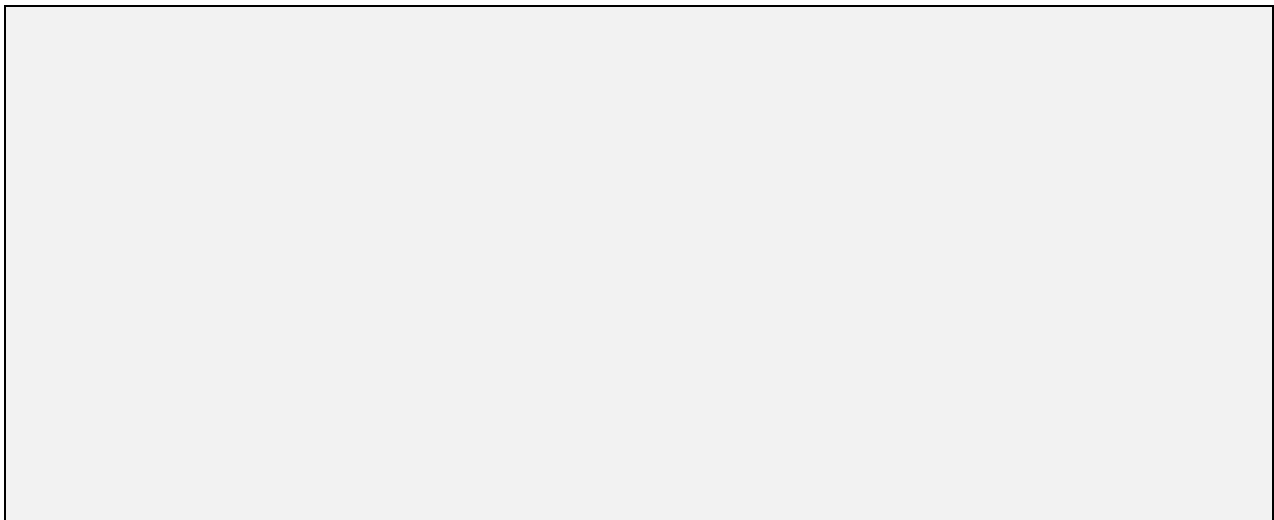
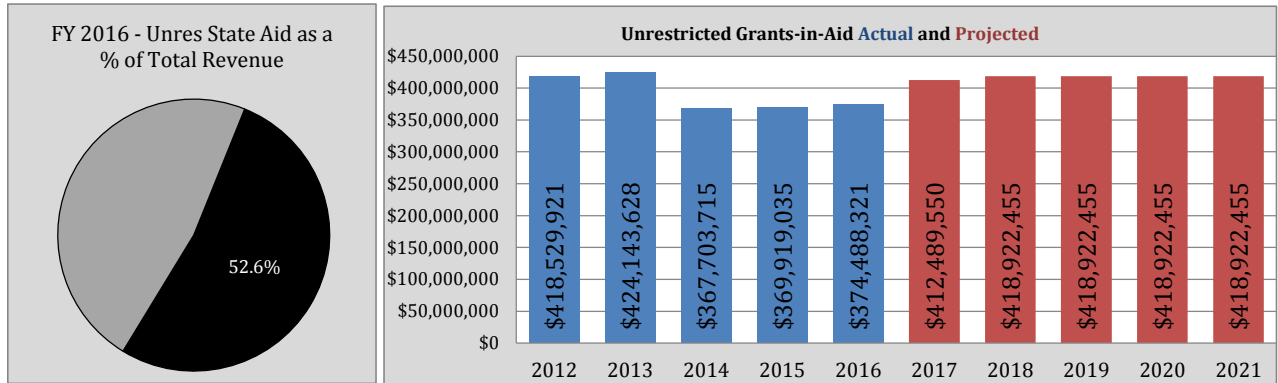
Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



*Projected % trends include renewal levies

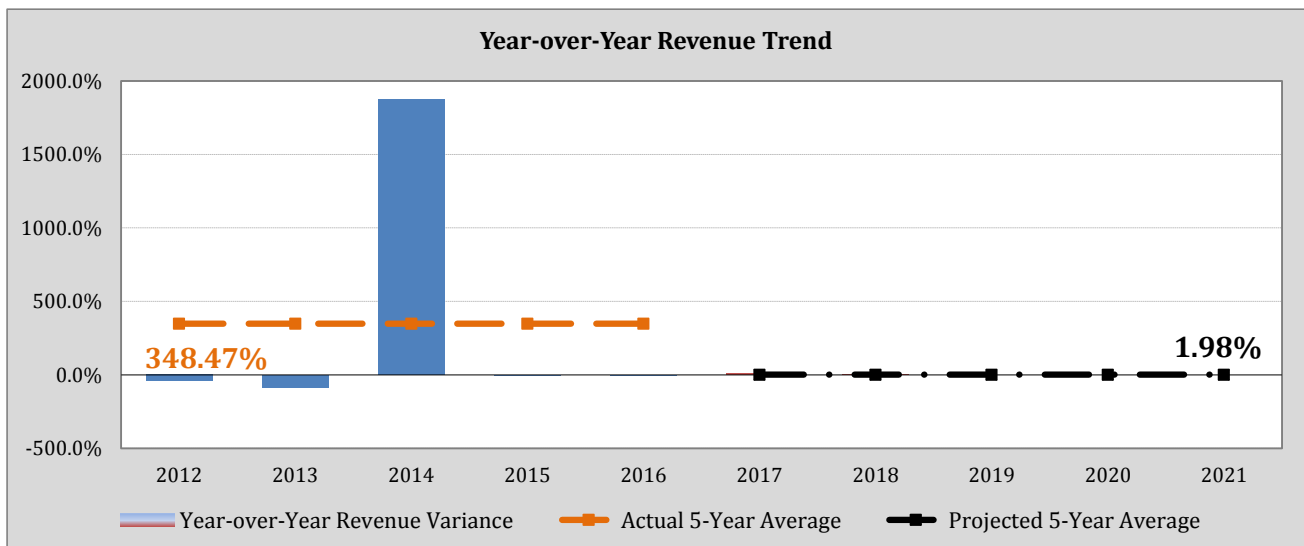
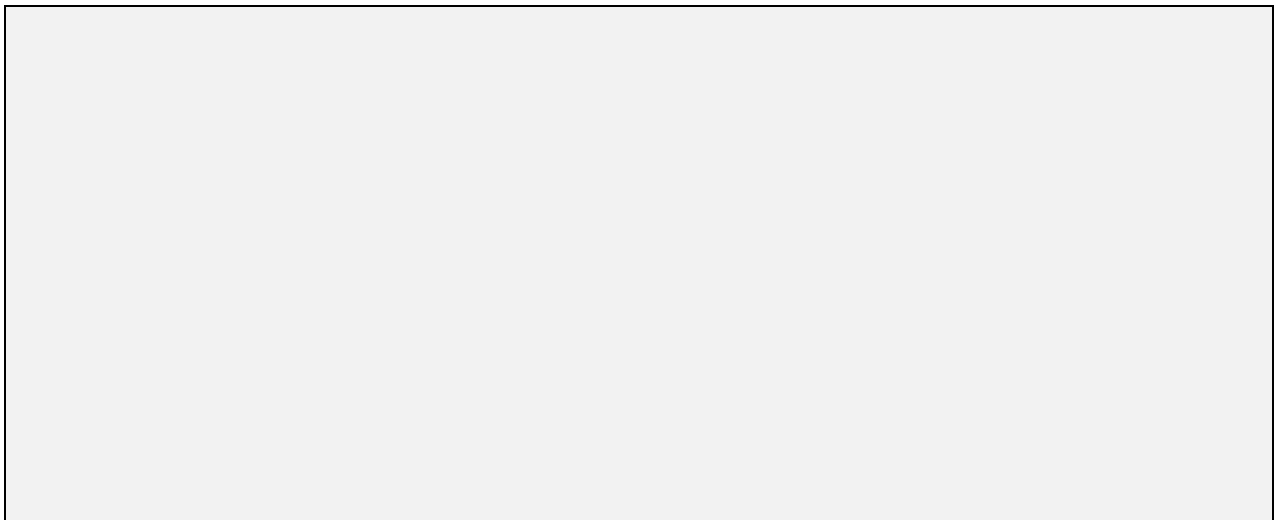
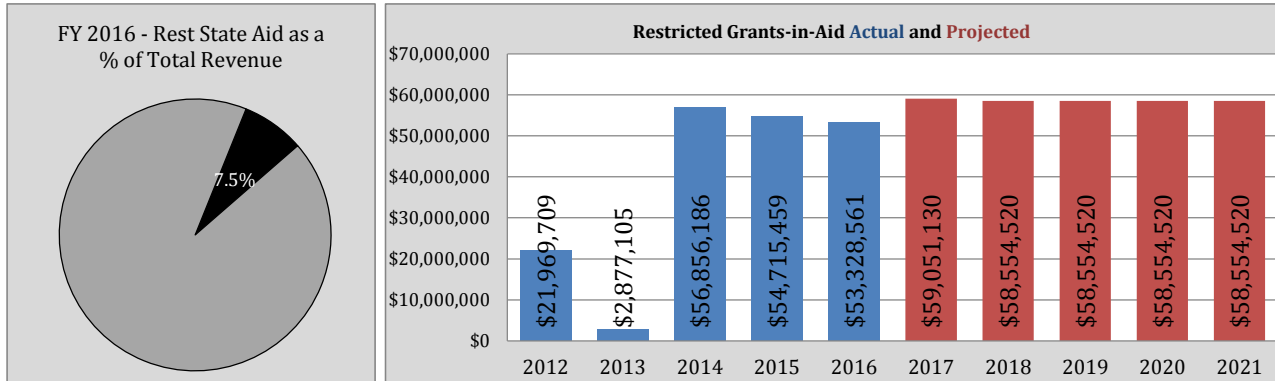
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



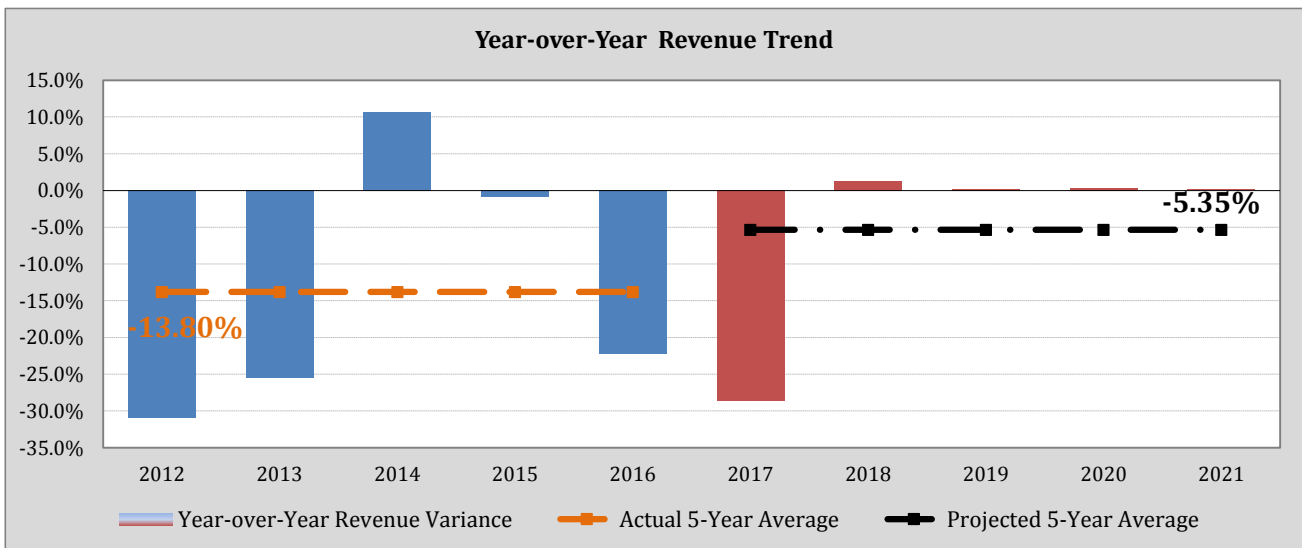
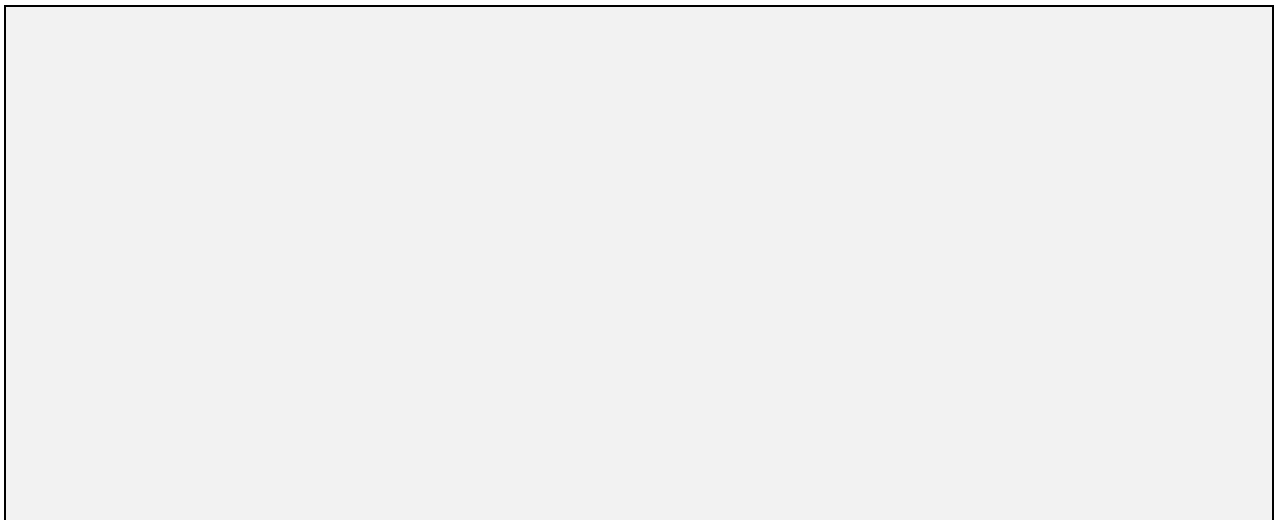
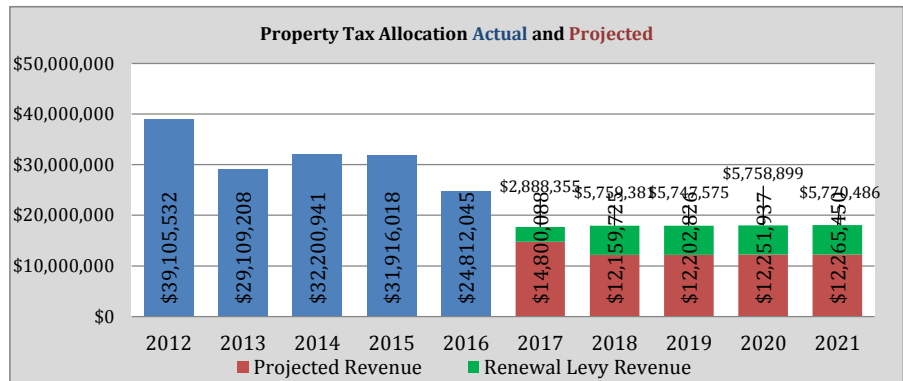
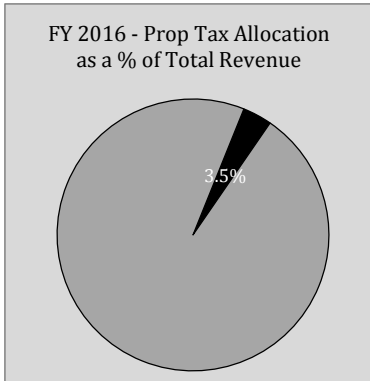
1.040 & 1.045 - Restricted Grants-in-Aid

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



1.050 - Property Tax Allocation

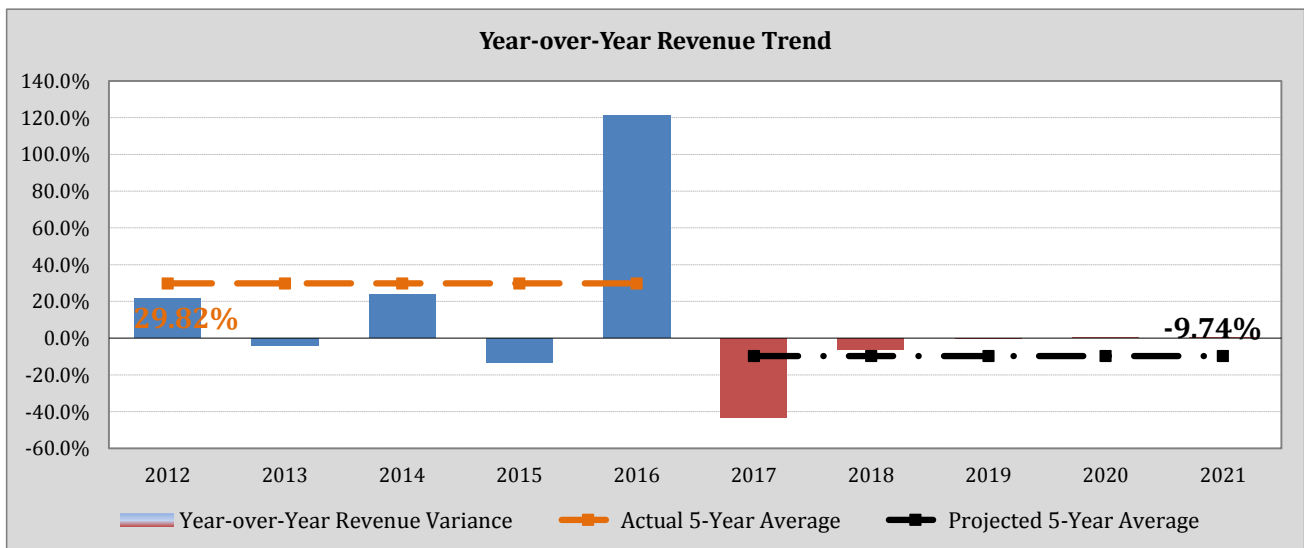
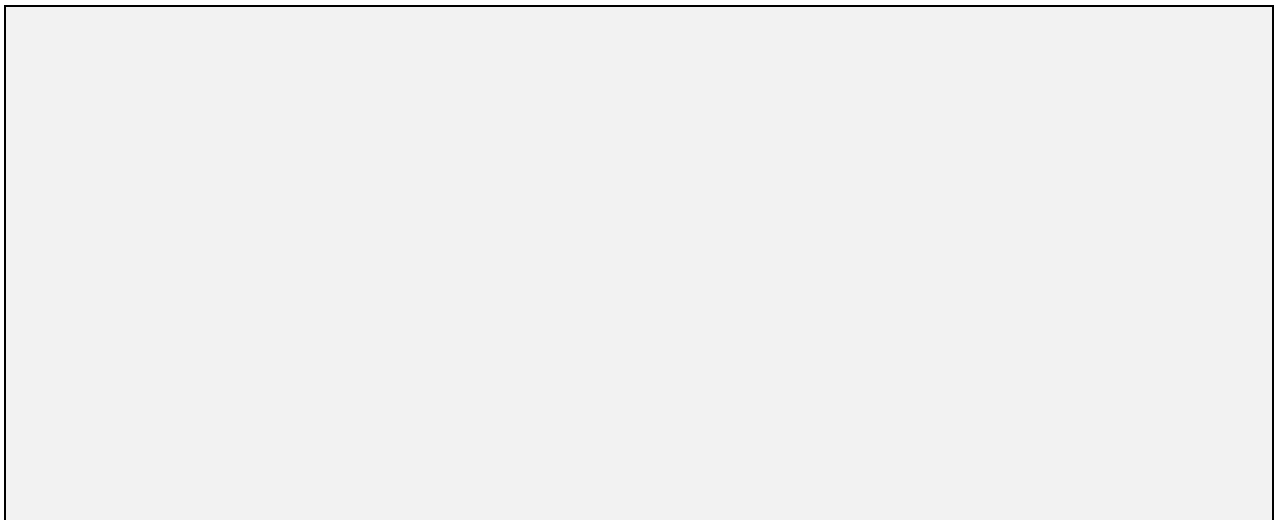
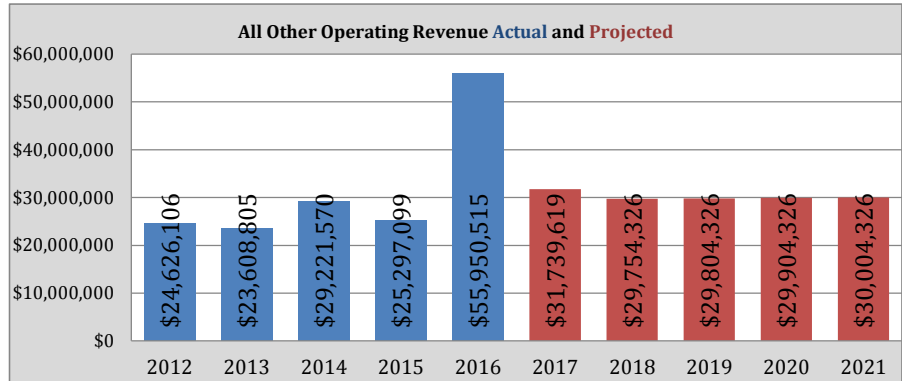
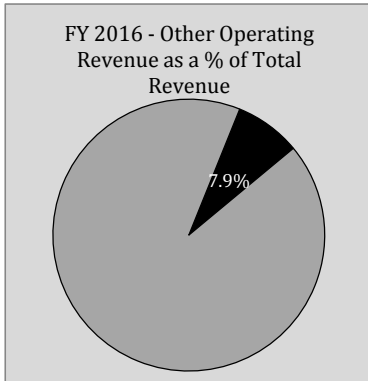
Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



*Projected % trends include renewal levies

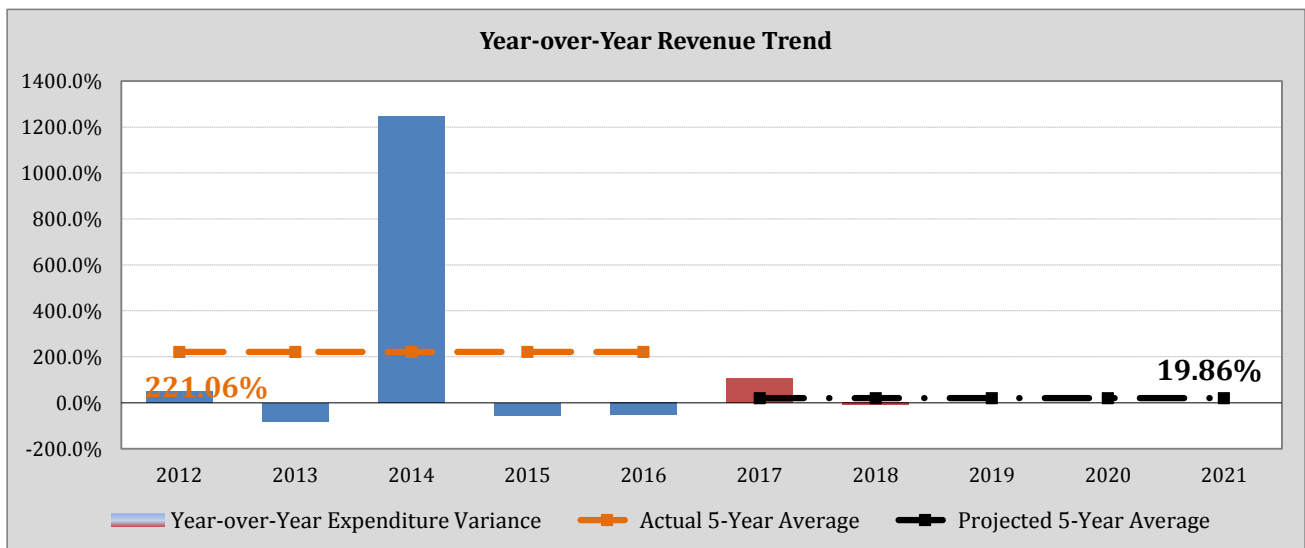
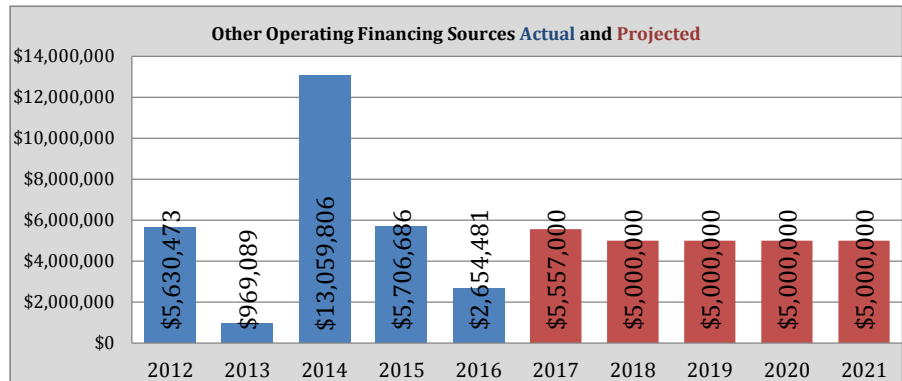
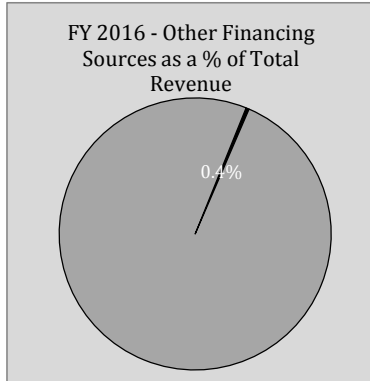
1.060 - All Other Operating Revenues

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



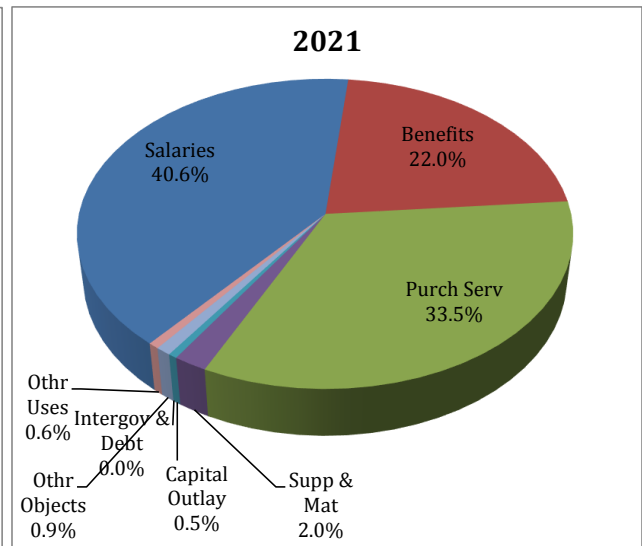
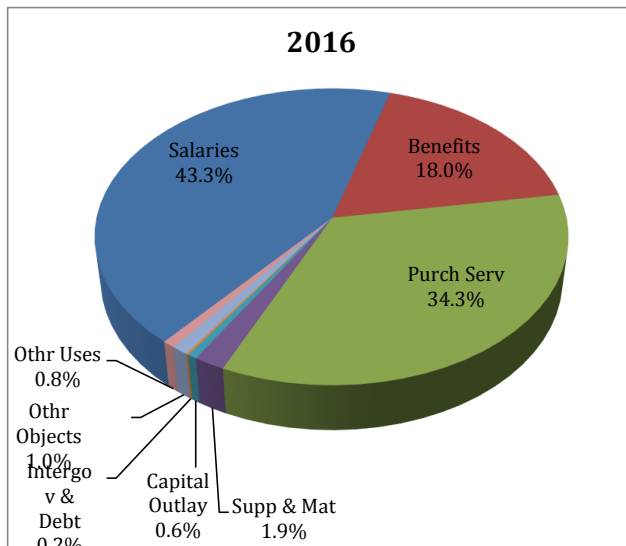
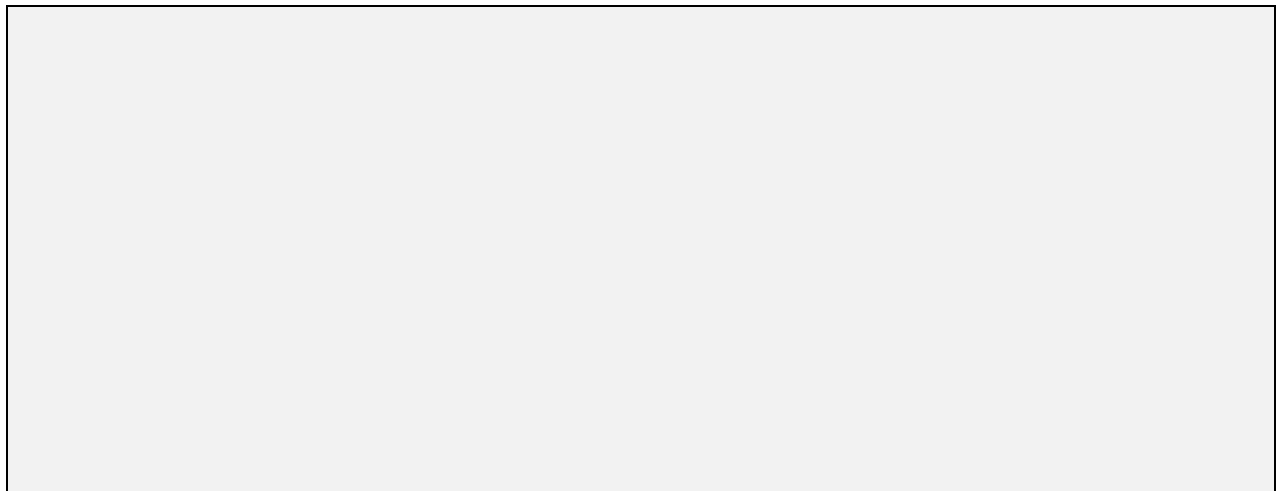
2.070 - Total Other Financing Sources

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



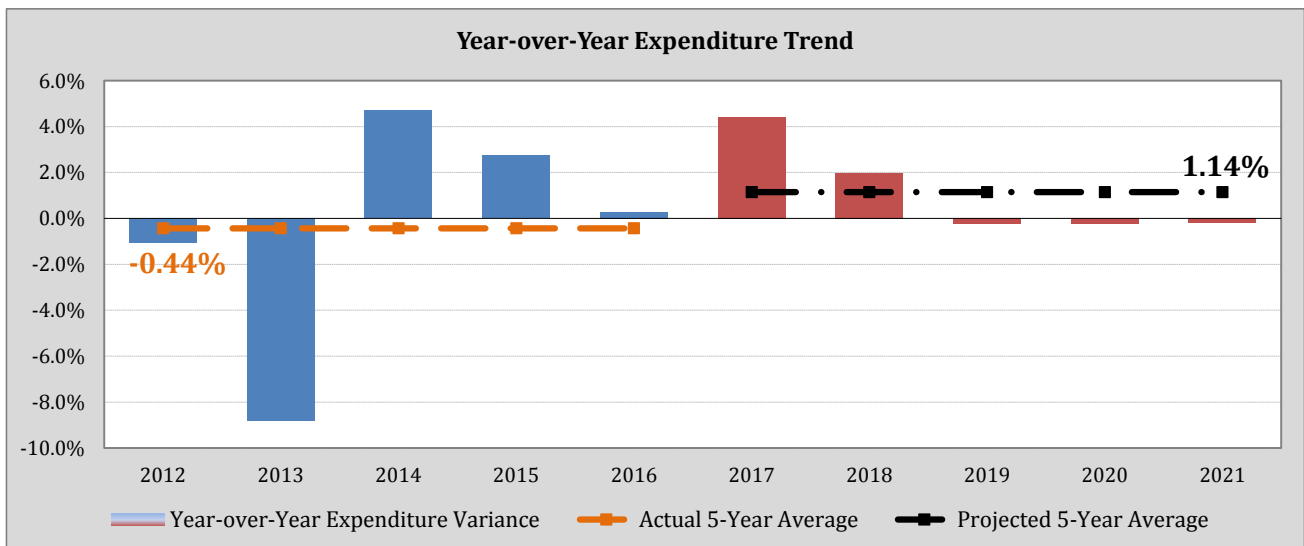
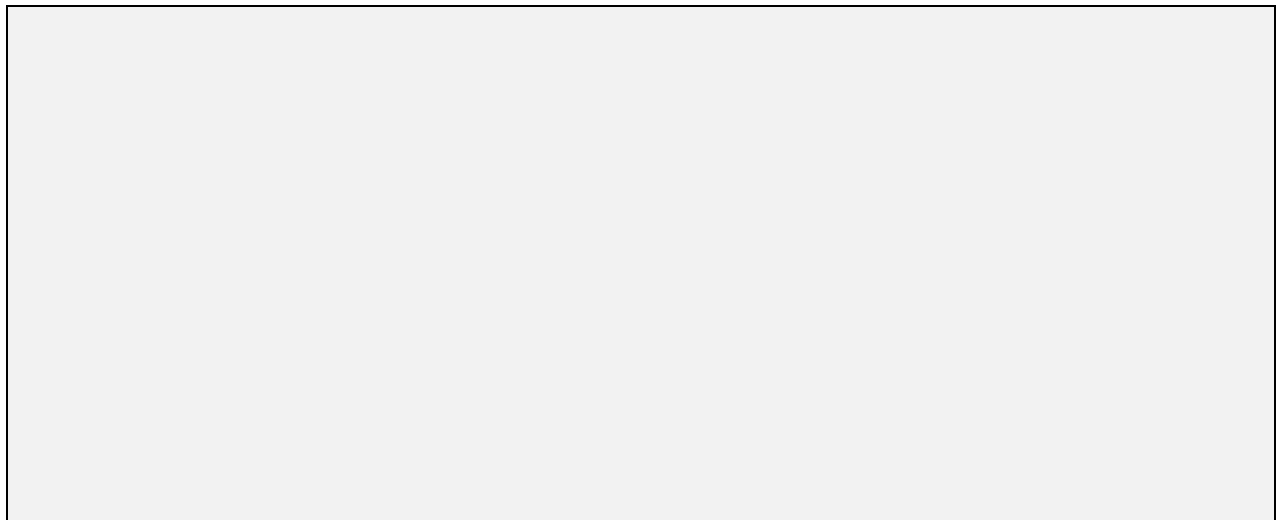
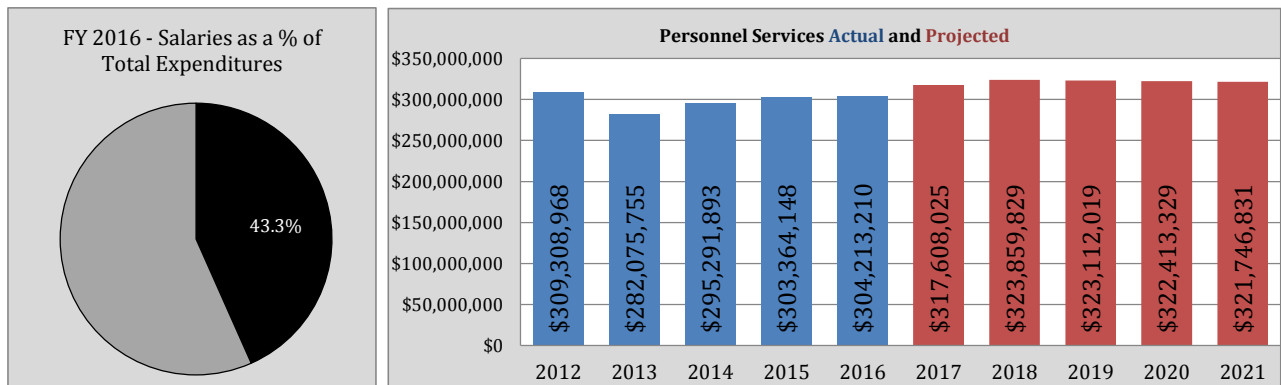
Expenditures Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	
Expenditures:							
3.010-Salaries	-0.44%	4.40%	1.97%	-0.23%	-0.22%	-0.21%	1.14%
3.020-Benefits	1.14%	6.85%	7.90%	6.06%	6.29%	6.51%	6.72%
3.030-Purchased Services	5.55%	3.12%	3.22%	1.18%	1.19%	1.20%	1.99%
3.040-Supplies & Materials	8.01%	12.51%	1.00%	1.00%	1.00%	1.00%	3.30%
3.050-Capital Outlay	60.98%	7.51%	-3.68%	0.00%	0.00%	0.00%	0.76%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	-1.58%	-51.26%	-100.00%	n/a	n/a	n/a	-75.63%
4.300-Other Objects	295.03%	1.25%	0.02%	0.02%	0.02%	0.02%	0.26%
4.500-Total Expenditures	1.92%	4.45%	3.35%	1.50%	1.61%	1.72%	2.52%
5.040-Total Other Uses	7.73%	-10.02%	0.00%	0.00%	0.00%	0.00%	-2.00%
5.050-Total Exp & Other Uses	1.70%	4.34%	3.32%	1.49%	1.59%	1.71%	2.49%



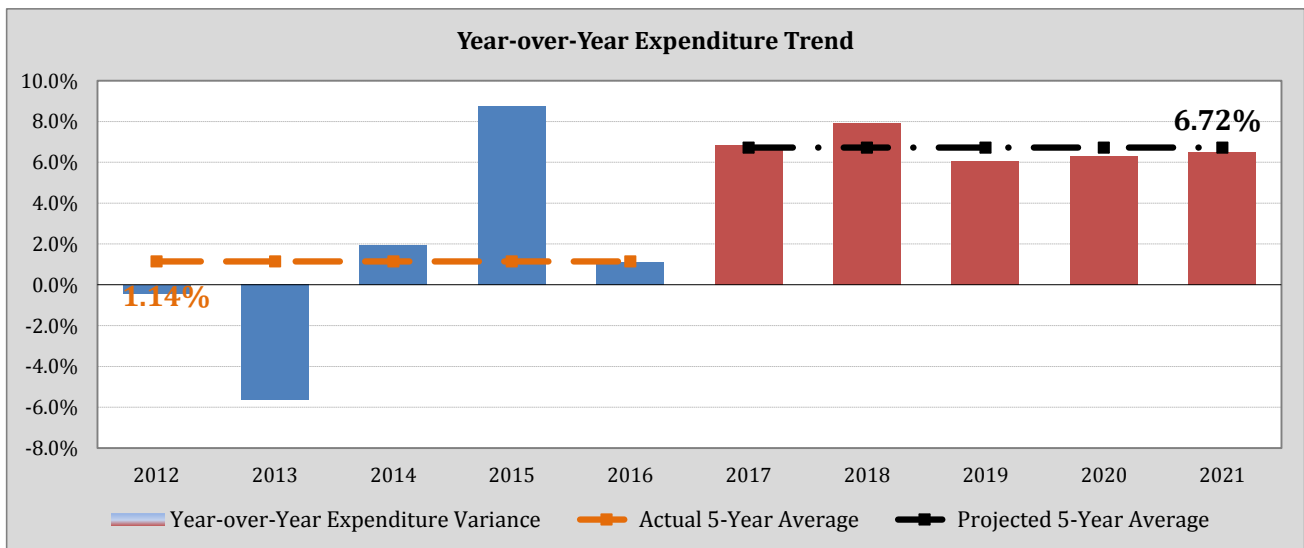
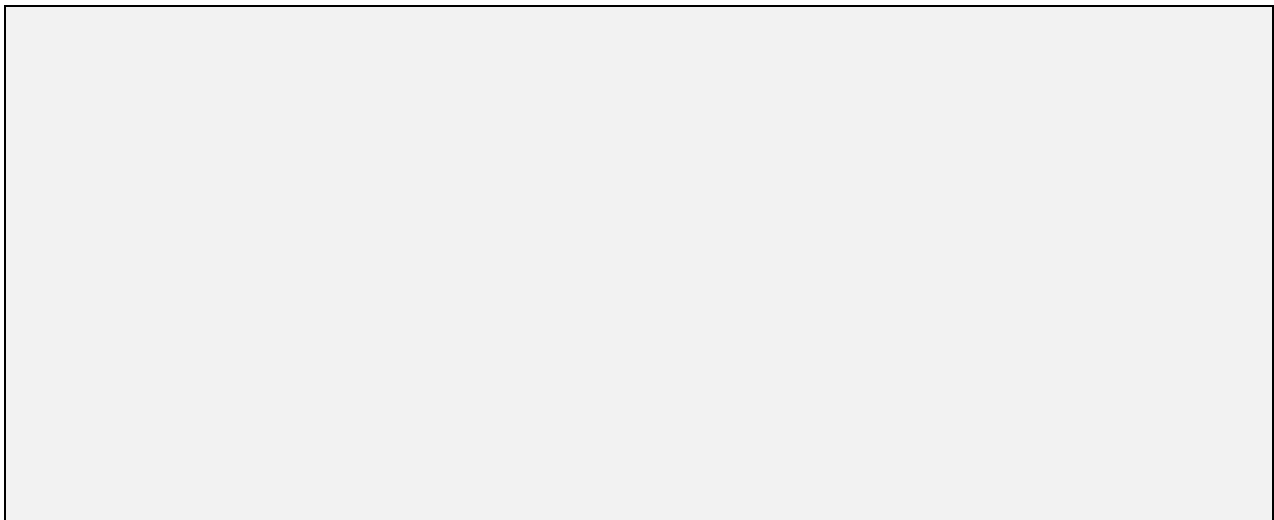
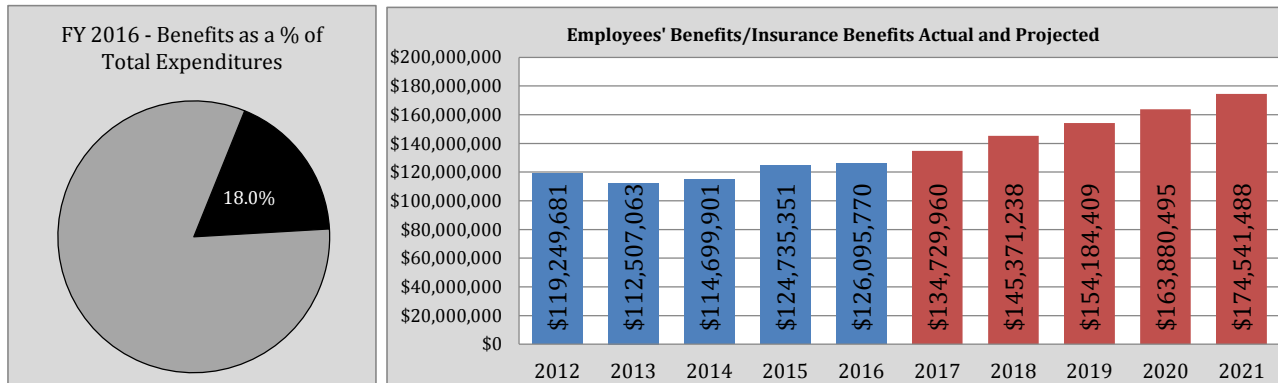
3.010 - Personnel Services

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



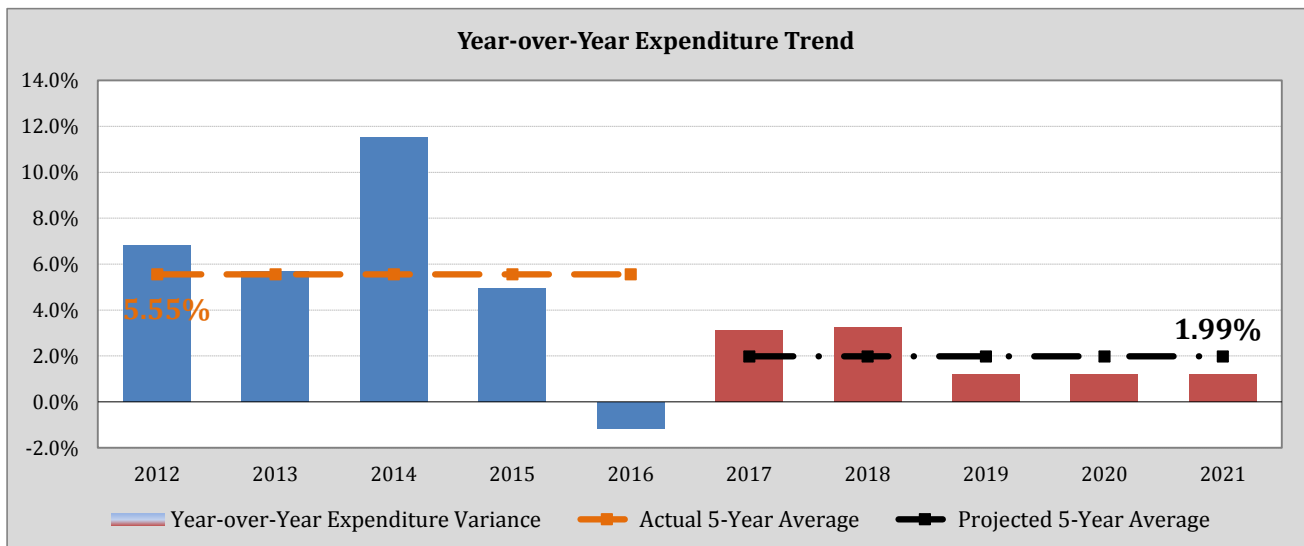
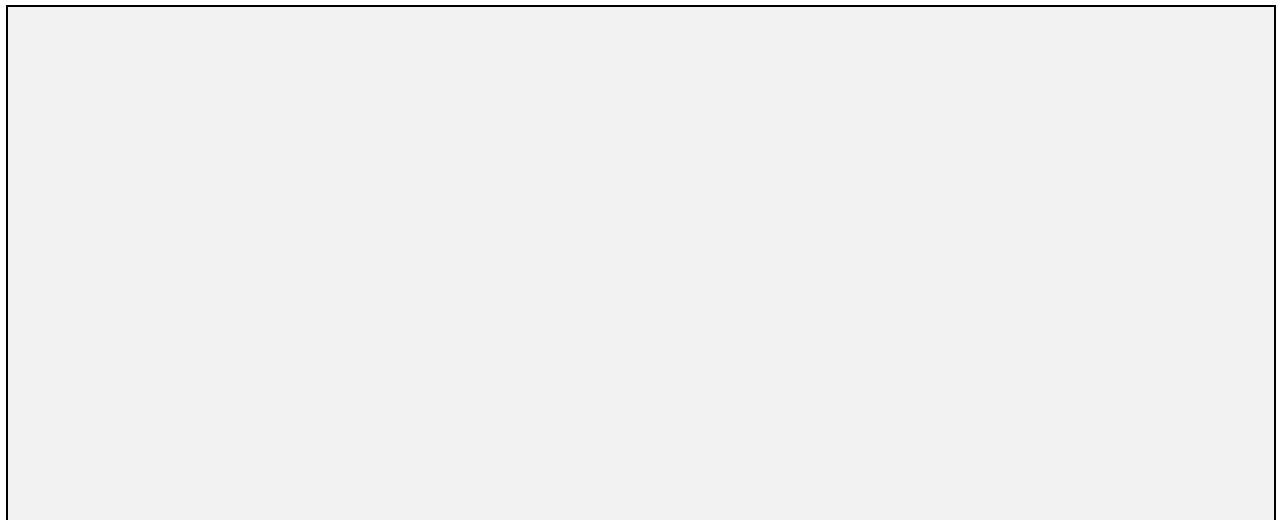
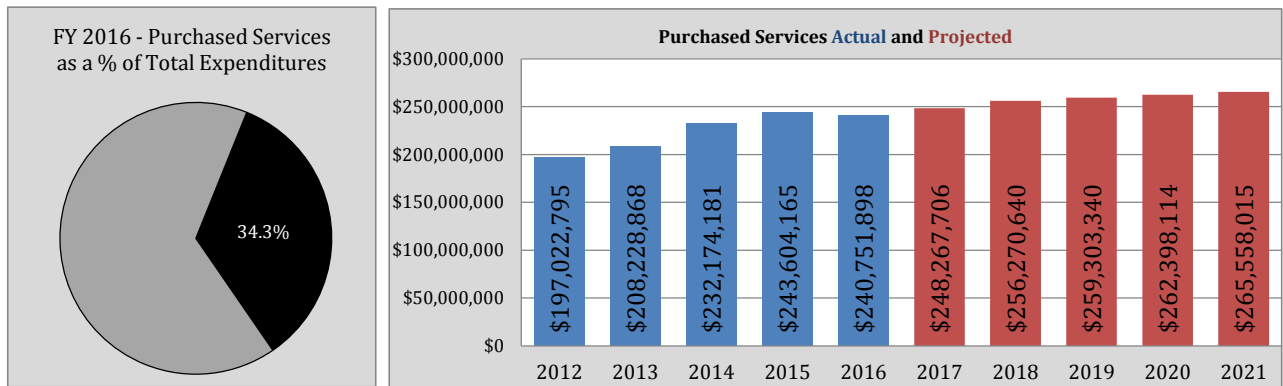
3.020 - Employees' Benefits

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



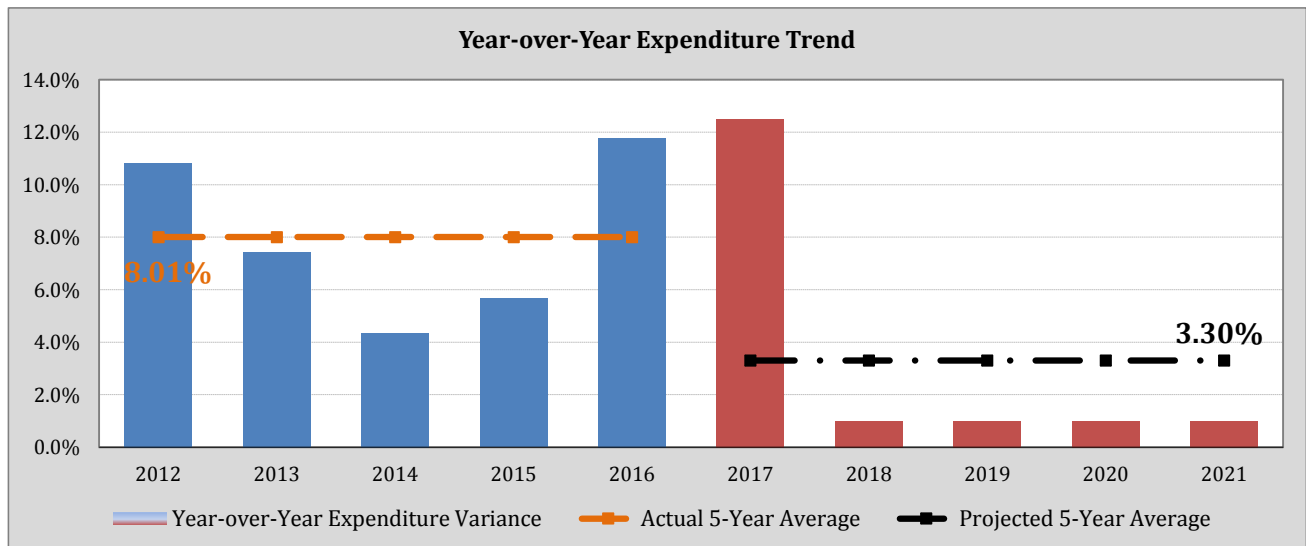
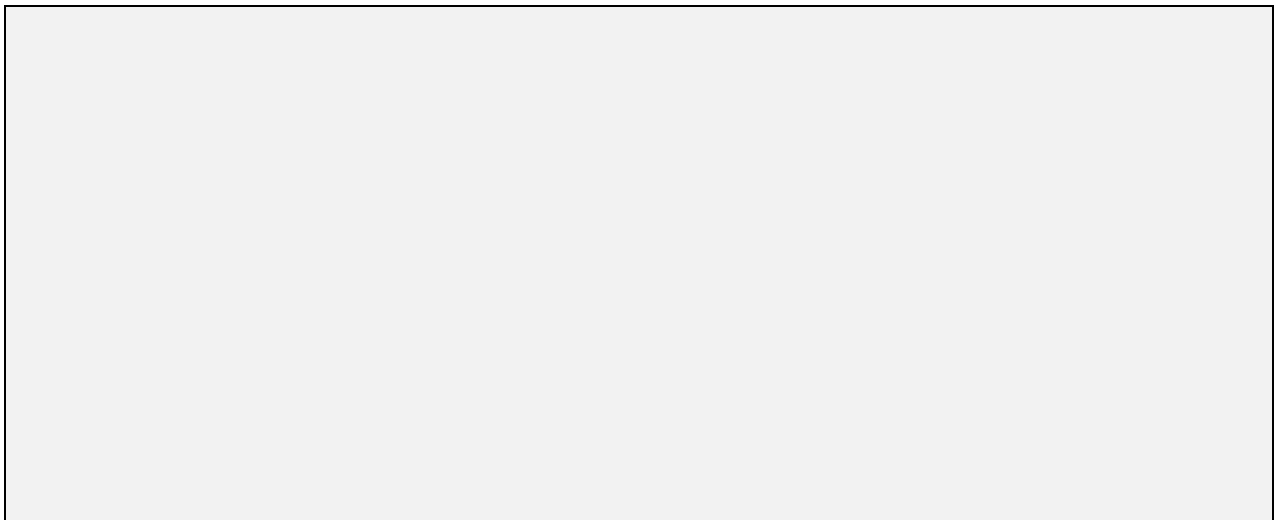
3.030 - Purchased Services

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



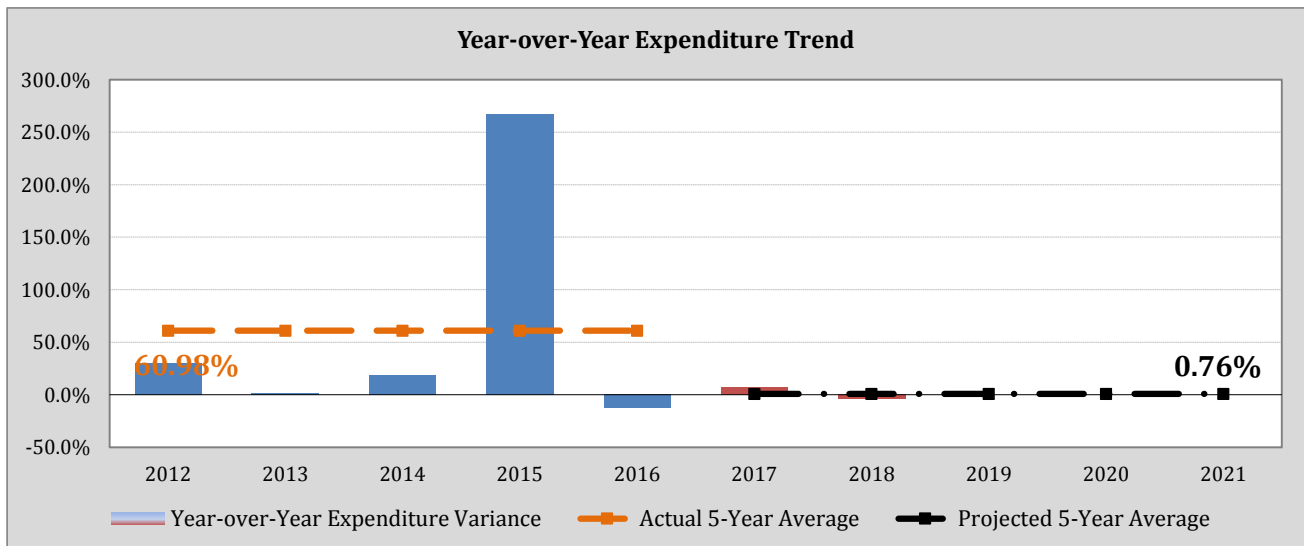
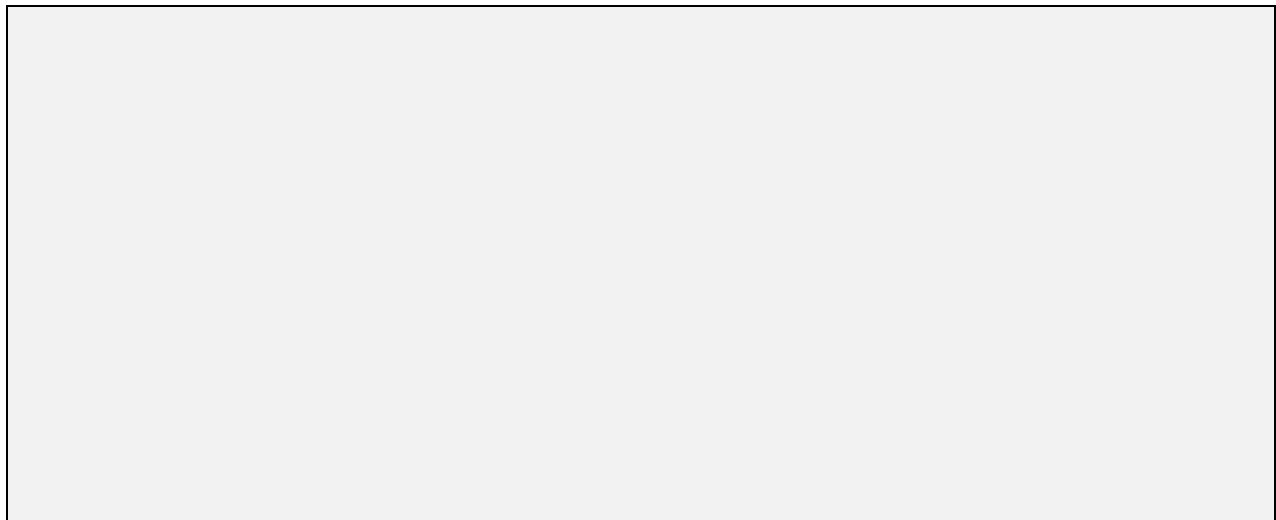
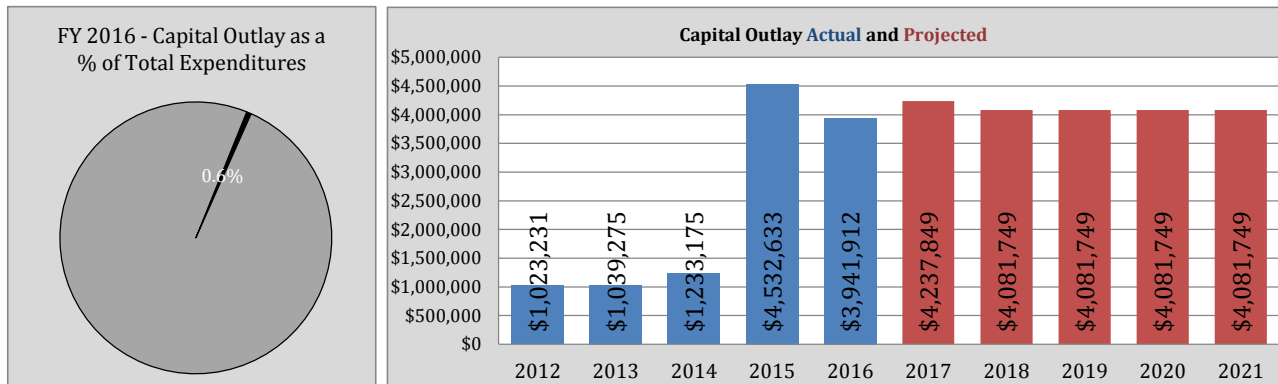
3.040 - Supplies & Materials

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



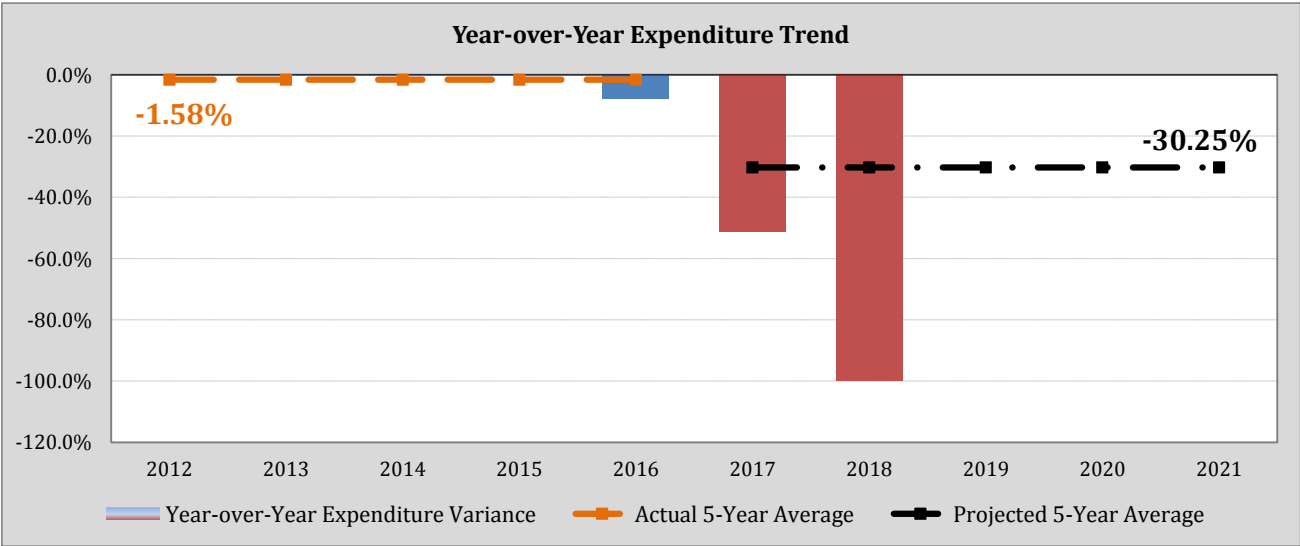
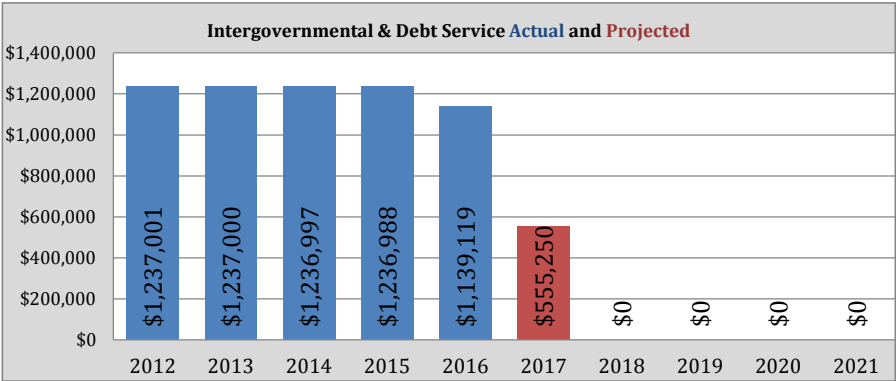
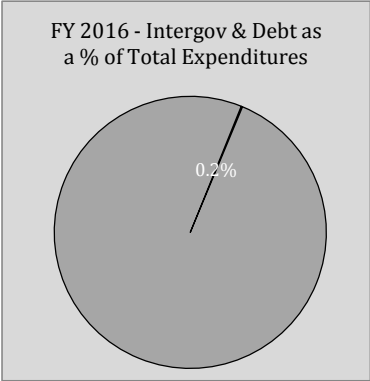
3.050 - Capital Outlay

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



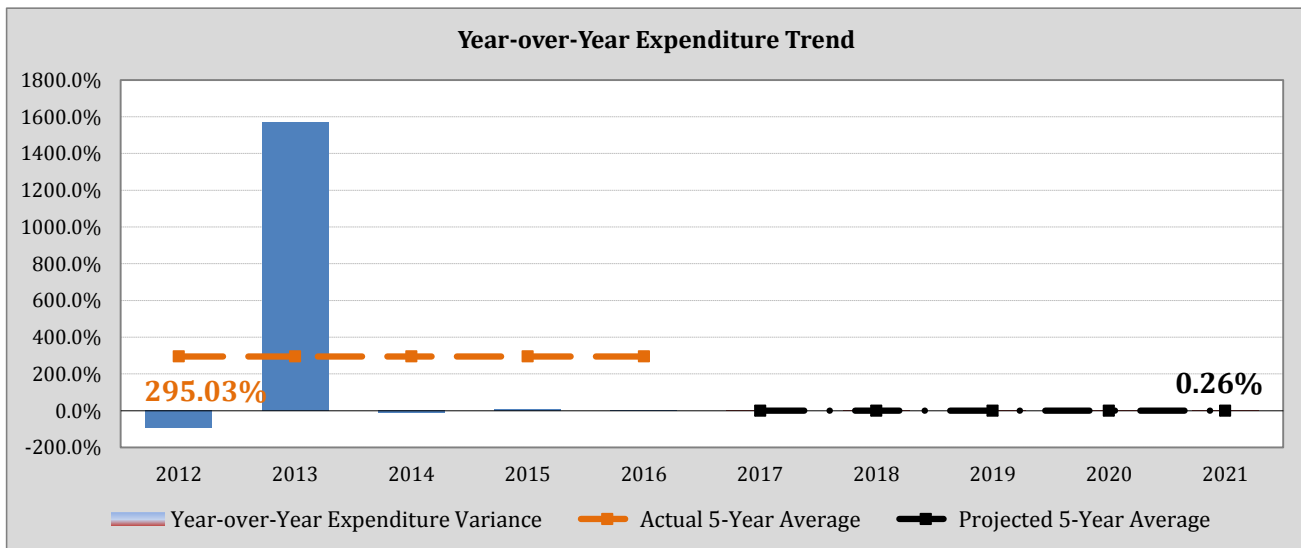
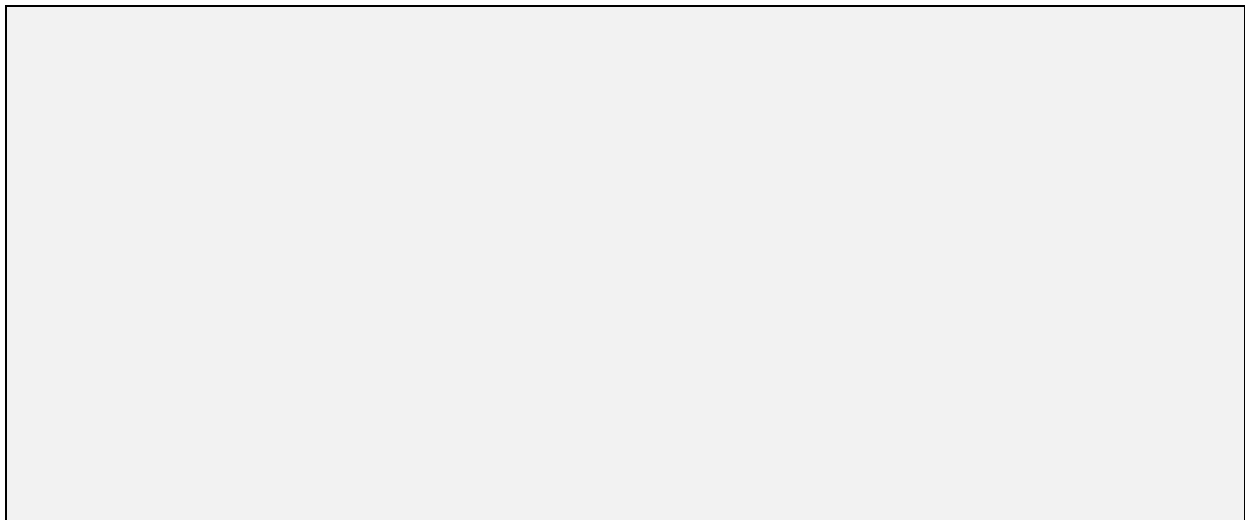
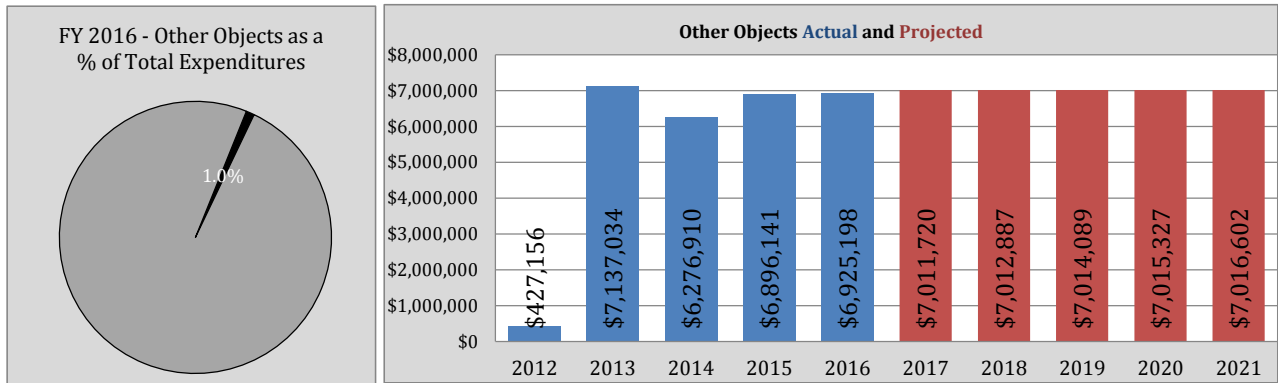
3.060-4.060 - Intergovernmental & Debt

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



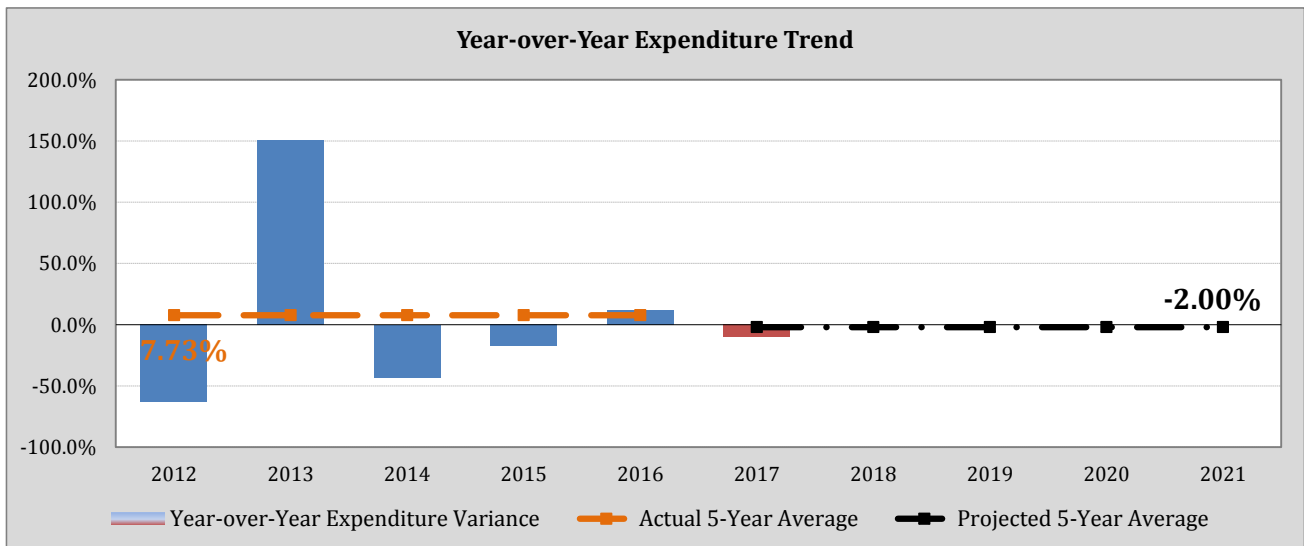
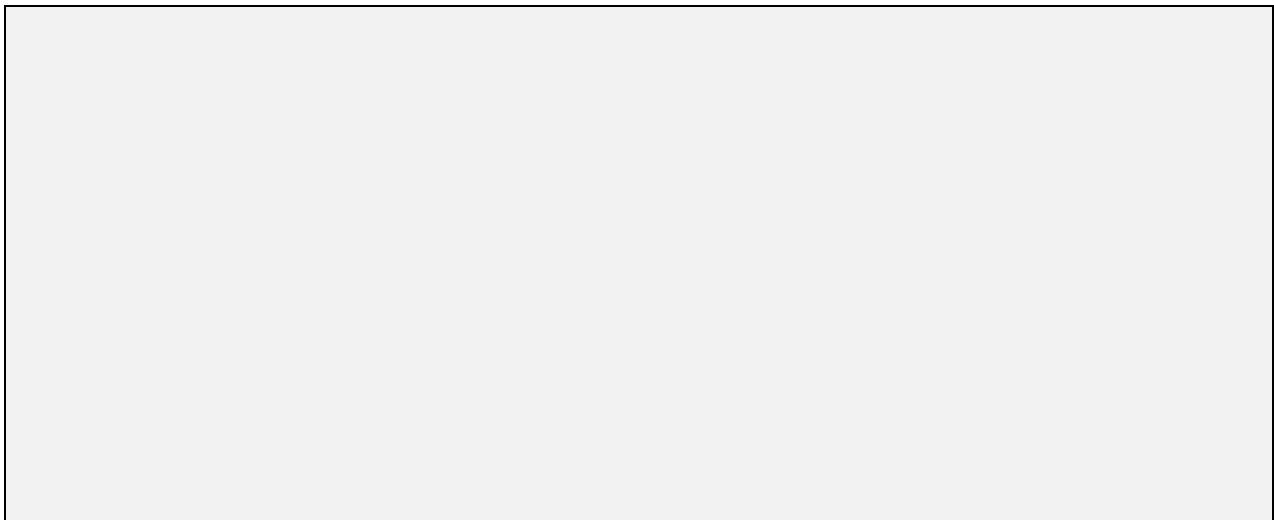
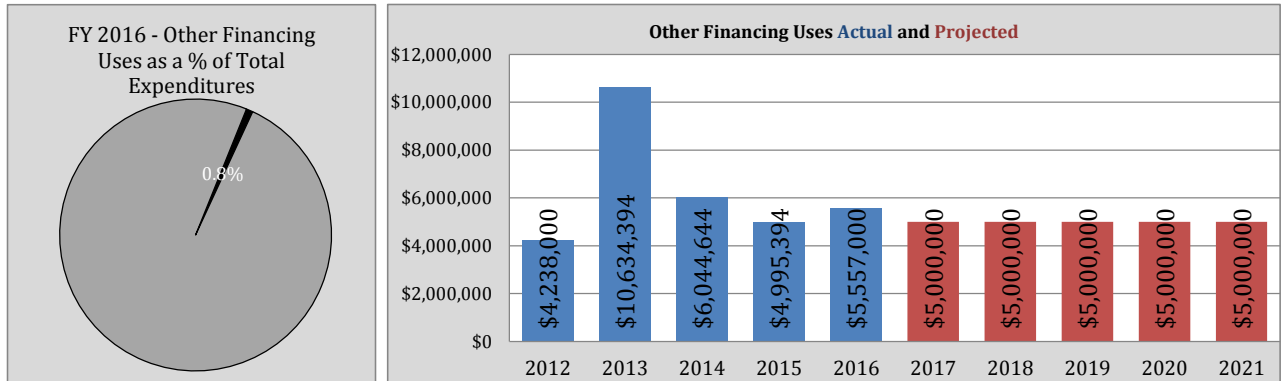
4.300 - Other Objects

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



5.040 - Total Other Financing Uses

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

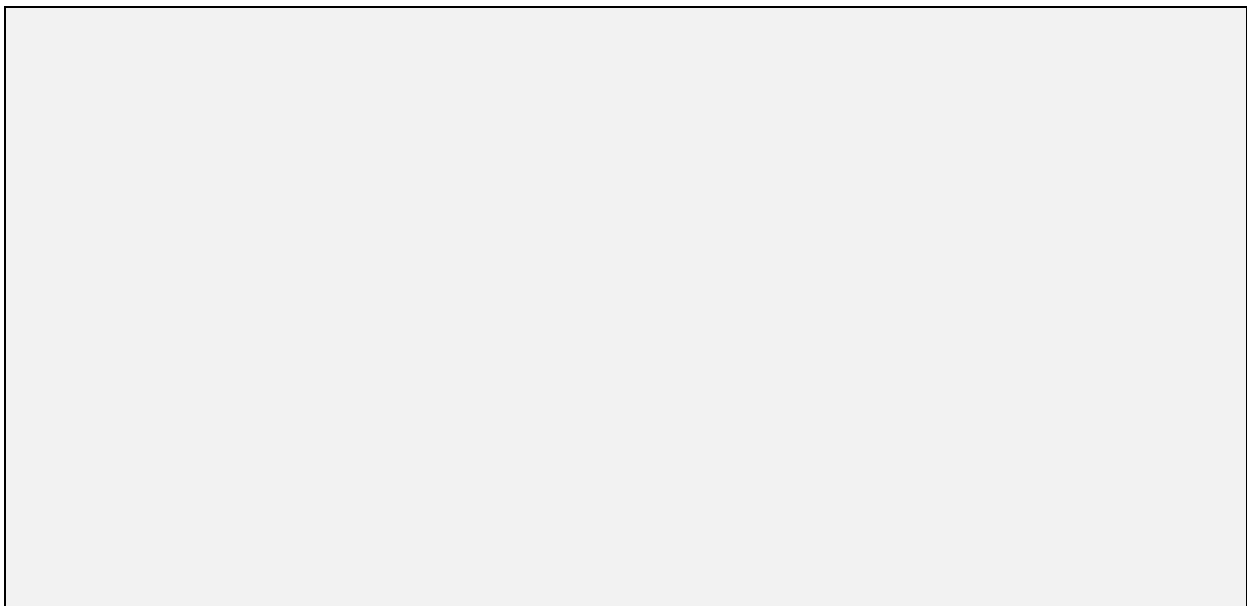


Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers
F.Y. 2017

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
		Forecast Amounts For F.Y. 2017 Prepared on: 05/31/2016	Forecast Amounts For F.Y. 2017 Prepared on: 10/25/2016		
Revenue:					
1	Real Estate & Property Allocation	\$168,511,453	\$170,245,979	\$1,734,526	1.0%
2	Public Utility Personal Property	\$22,122,448	\$22,162,071	\$39,623	0.2%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$440,471,858	\$471,540,680	\$31,068,822	7.1%
5	Other Revenue	\$31,302,052	\$31,739,619	\$437,567	1.4%
6	Other Non Operating Revenue	\$5,000,000	\$5,557,000	\$557,000	11.1%
7	Total Revenue	\$667,407,811	\$701,245,349	\$33,837,538	5.1%
Expenditures:					
8	Salaries	\$318,863,465	\$317,608,025	-\$1,255,440	-0.4%
9	Fringe Benefits	\$136,107,773	\$134,729,960	-\$1,377,813	-1.0%
10	Purchased Services	\$247,824,741	\$248,267,706	\$442,965	0.2%
11	Supplies, Debt, Capital Outlay & Other	\$24,639,794	\$26,679,885	\$2,040,091	8.3%
12	Other Non Operating Expenditures	\$5,000,000	\$5,000,000	\$0	0.0%
13	Total Expenditures	\$732,435,773	\$732,285,576	-\$150,197	0.0%
14	Revenue Over/(Under) Expenditures	-\$65,027,962	-\$31,040,228	\$33,987,734	4.6%*
15	Ending Cash Balance	\$26,611,609	\$67,846,697	\$41,235,088	5.6%*

*Percentage expressed in terms of total expenditures



Cleveland Municipal School District

Fiscal Year:	Actual	FORECASTED				
	2016	2017	2018	2019	2020	2021
Revenue:						
1.010 - General Property Tax (Real Estate)	177,038,206	155,445,891	128,766,019	129,436,098	130,368,326	131,128,828
1.020 - Public Utility Personal Property	23,565,771	22,162,071	20,617,123	21,441,808	22,299,480	23,191,459
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	374,488,321	412,489,550	418,922,455	418,922,455	418,922,455	418,922,455
1.040 - Restricted Grants-in-Aid	53,328,561	59,051,130	58,554,520	58,554,520	58,554,520	58,554,520
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	24,812,045	14,800,088	12,159,725	12,202,826	12,251,937	12,265,450
1.060 - All Other Operating Revenues	55,950,515	31,739,619	29,754,326	29,804,326	29,904,326	30,004,326
1.070 - Total Revenue	709,183,419	695,688,349	668,774,168	670,362,032	672,301,045	674,067,039
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	2,651,000	4,557,000	4,000,000	4,000,000	4,000,000	4,000,000
2.060 - All Other Financing Sources	3,481	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
2.070 - Total Other Financing Sources	2,654,481	5,557,000	5,000,000	5,000,000	5,000,000	5,000,000
2.080 - Total Rev & Other Sources	711,837,900	701,245,349	673,774,168	675,362,032	677,301,045	679,067,039
Expenditures:						
3.010 - Personnel Services	304,213,210	317,608,025	323,859,829	323,112,019	322,413,329	321,746,831
3.020 - Employee Benefits	126,095,770	134,729,960	145,371,238	154,184,409	163,880,495	174,541,488
3.030 - Purchased Services	240,751,898	248,267,706	256,270,640	259,303,340	262,398,114	265,558,015
3.040 - Supplies and Materials	13,221,225	14,875,066	15,023,817	15,174,055	15,325,795	15,479,053
3.050 - Capital Outlay	3,941,912	4,237,849	4,081,749	4,081,749	4,081,749	4,081,749
3.060 - Intergovernmental	-	-	-	-	-	-
Debt Service:						
4.010 - Principal-All Years	1,068,413	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	541,200	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	70,706	14,050	-	-	-	-
4.300 - Other Objects	6,925,198	7,011,720	7,012,887	7,014,089	7,015,327	7,016,602
4.500 - Total Expenditures	696,288,332	727,285,576	751,620,160	762,869,661	775,114,809	788,423,738
Other Financing Uses						
5.010 - Operating Transfers-Out	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5.020 - Advances-Out	4,557,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	5,557,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
5.050 - Total Exp and Other Financing Uses	701,845,332	732,285,576	756,620,160	767,869,661	780,114,809	793,423,738
6.010 - Excess of Rev Over/(Under) Exp	9,992,568	(31,040,228)	(82,845,992)	(92,507,629)	(102,813,764)	(114,356,699)
7.010 - Cash Balance July 1 (No Levies)	88,894,356	98,886,925	67,846,697	(14,999,295)	(107,506,924)	(210,320,688)
7.020 - Cash Balance June 30 (No Levies)	98,886,925	67,846,697	(14,999,295)	(107,506,924)	(210,320,688)	(324,677,387)
8.010 - Estimated Encumbrances June 30	18,784,514	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	80,102,411	51,846,697	(30,999,295)	(123,506,924)	(226,320,688)	(340,677,387)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	31,070,242	62,289,911	62,698,558	63,225,367	63,766,046
11.030 - Cumulative Balance of Levies	-	31,070,242	93,360,153	156,058,710	219,284,077	283,050,124
12.010 - Fund Bal June 30 for Cert of Obligations	80,102,411	82,916,939	62,360,858	32,551,786	(7,036,611)	(57,627,263)
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	80,102,411	82,916,939	62,360,858	32,551,786	(7,036,611)	(57,627,263)