

Five-Year Forecast

Board of Education (10/8/19)



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Five Year Forecast Requirement

ORC 5705.391 & OAC 3301-92-04

- Required to submit twice annually to the Ohio Department of Education:
 - By November 30th
 - Between April 1st – May 31st (Update)
- The forecast contains two sections:
 - Historical and Projected Financial Data
 - Notes and assumptions
- Serves as a tool to assess the financial health of a district
- Serves as planning tool

The Five Year Forecast

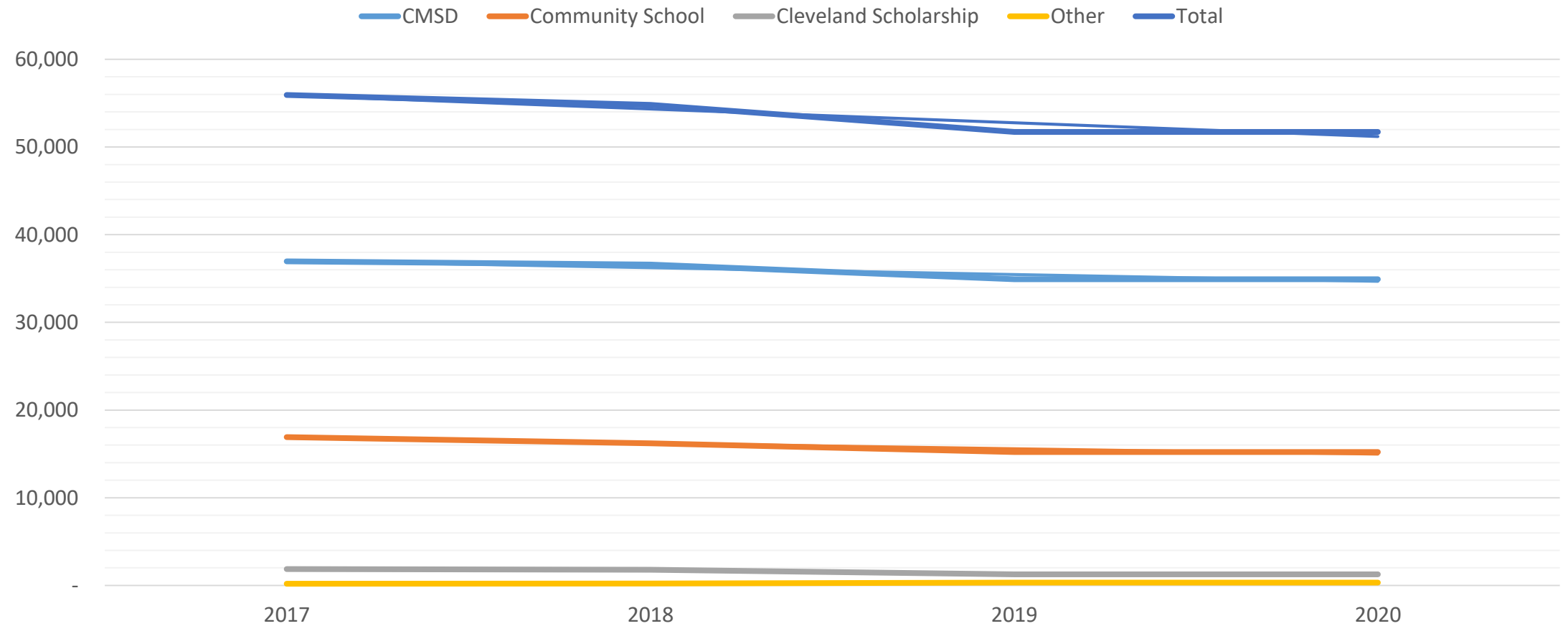
Revenue

Assumptions and Trends

Revenue Inputs & Assumptions

- 61.3% of General Fund Revenue comes from State Foundation Formula
 - The forecast utilizes the current foundation formula, which essentially “freezes” school district funding at FY19 levels for the next two years.
 - The new Student Wellness and Success Funds are not reflected in the forecast because they will not be accounted for in the General Fund.
- 30.3% of General Fund Revenue comes from Local Property Tax
 - Our assessed valuation increased to \$5.3 billion from \$4.8 billion, a 10% increase, as a result of last year’s reappraisal.
 - Our current collection rate is at 88.3%, which is down 0.1% from the April forecast. Residential collections are up, while commercial collections are down.
 - We assume this collections rate through SY23-24.
 - The 4-year, 15-mill levy expires on December 31, 2020; our forecast must assume it is not renewed.

Enrollment Trend



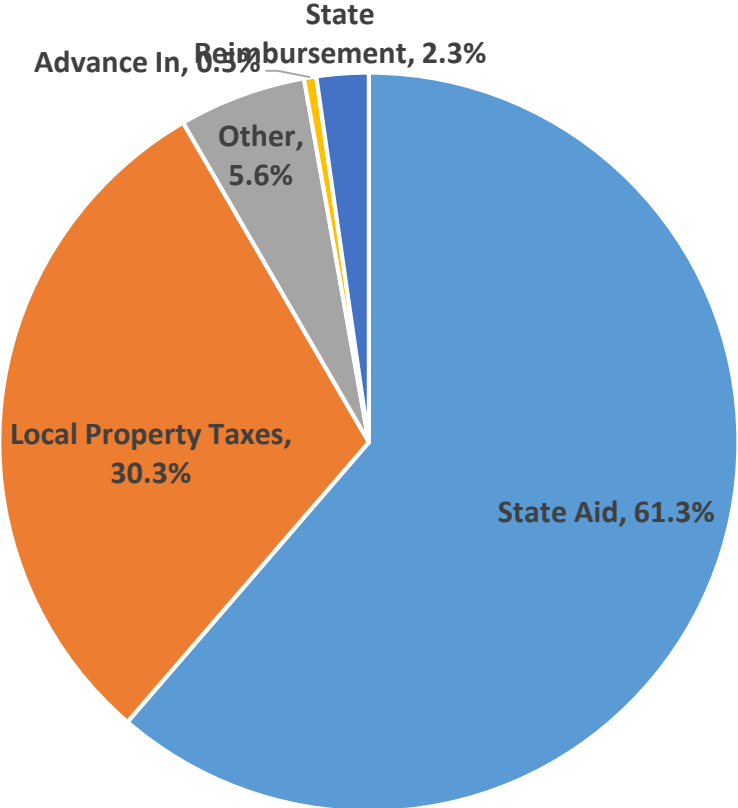
Revenue Inputs & Assumptions

- Enrollment is forecasted at 51,729 student full-time equivalents (FTE)
 - This is based on the final FTEs from June 2019.
 - We will begin receiving updated SY19-20 counts in October and November.

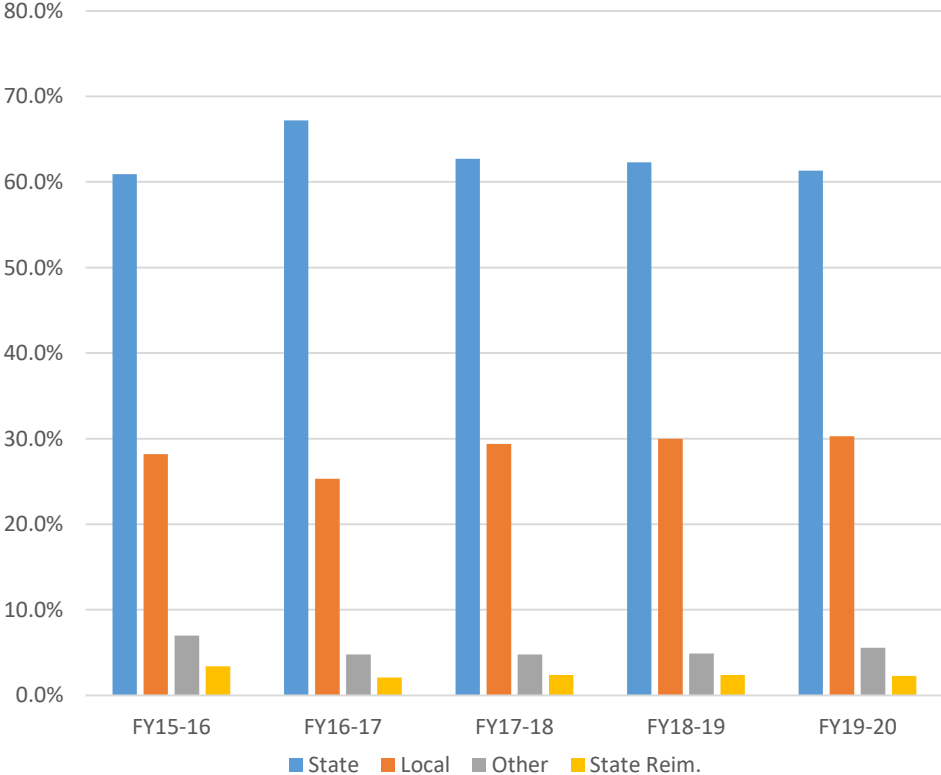
| | April 2019 | Current Forecast | Difference |
|-----------------------|------------|------------------|------------|
| CMUSD | 34,735 | 34,926 | 191 |
| Community School | 15,292 | 15,219 | -73 |
| Cleveland Scholarship | 1,217 | 1,258 | 41 |
| Other | 302 | 326 | 24 |

Revenue Sources

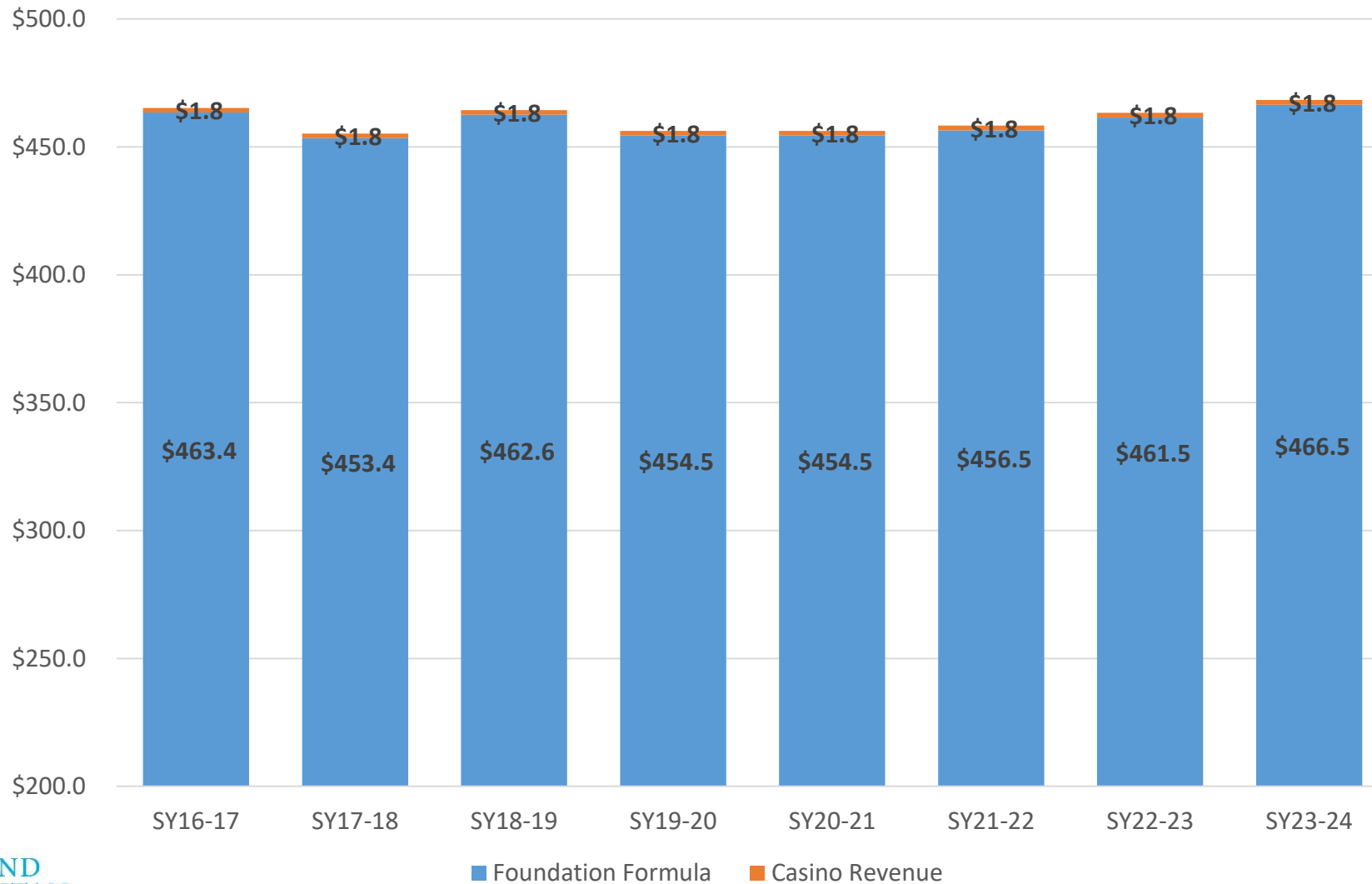
SY19-20 Projected General Fund Revenue



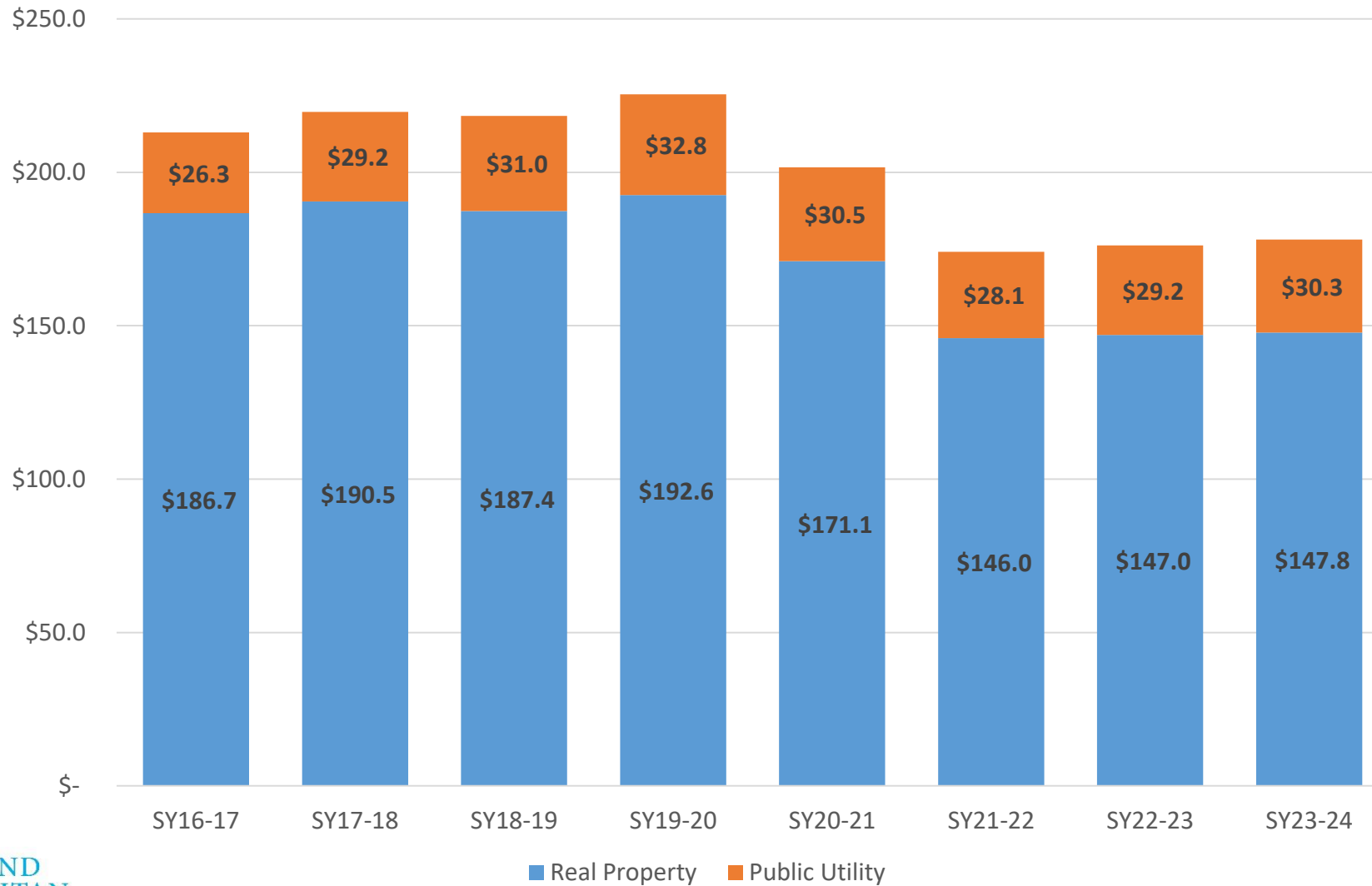
5-Year Trend



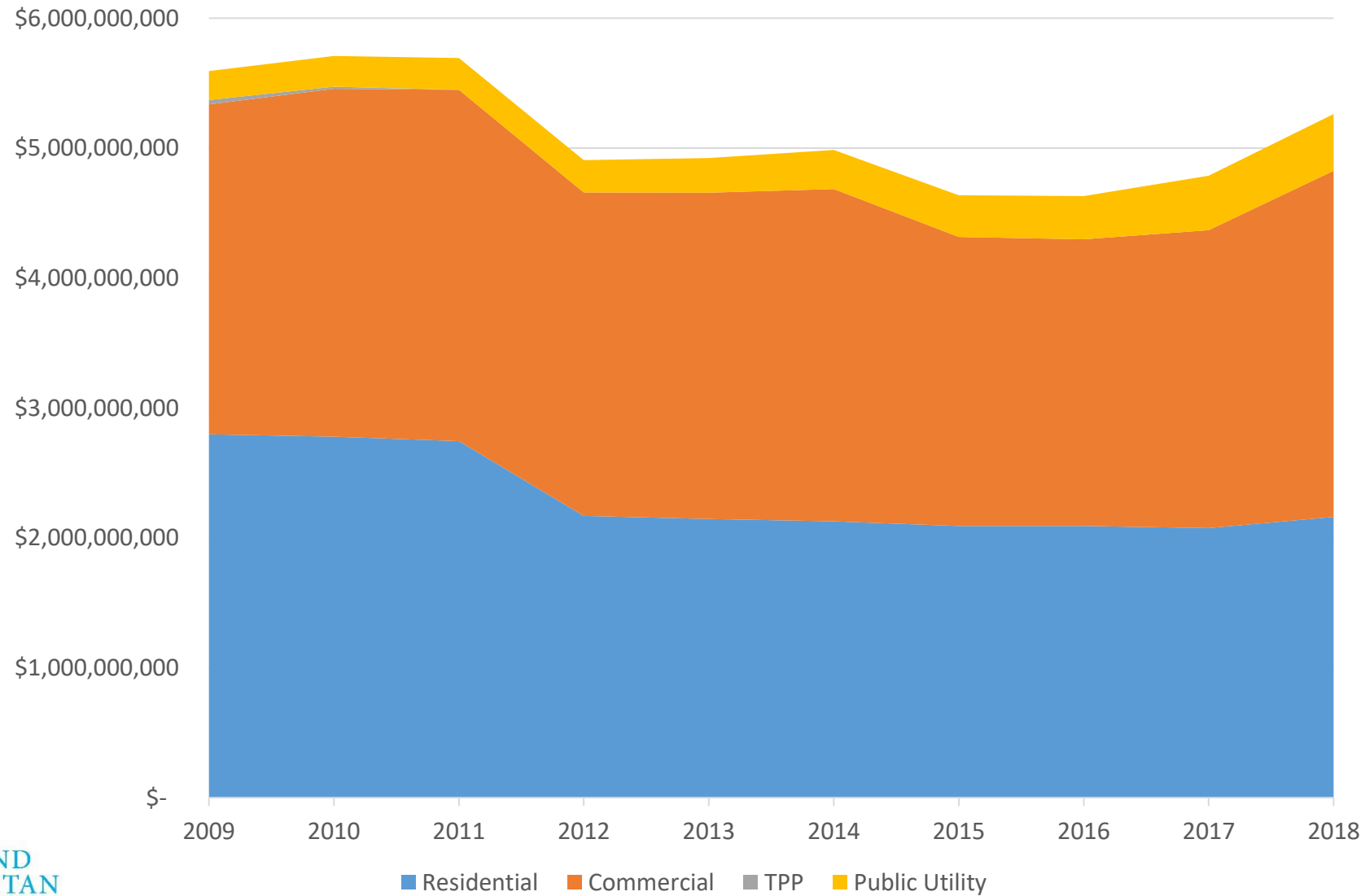
State Aid



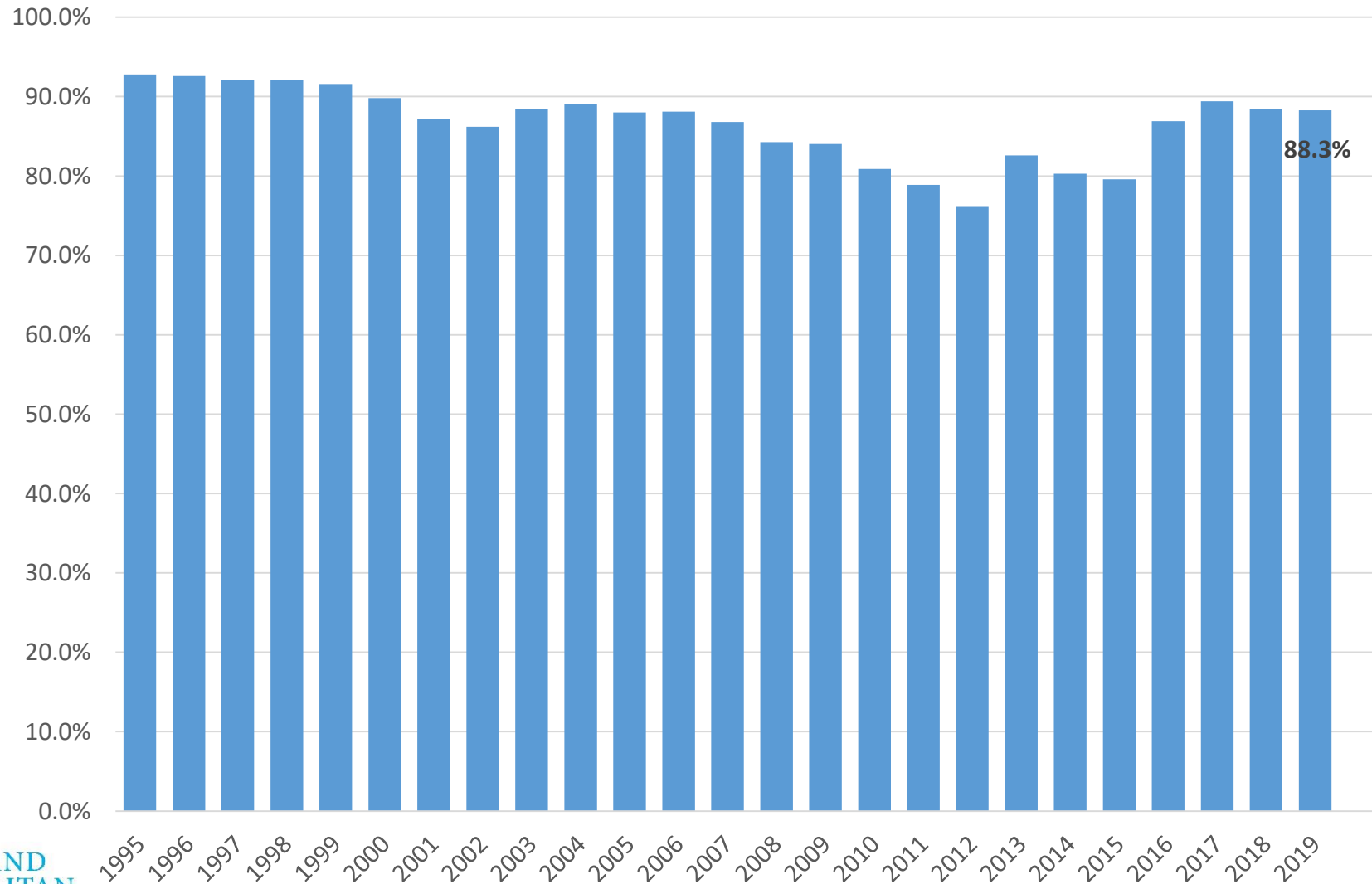
Local Property Tax Revenue



Historic Assessed Valuations



Property Tax Collection Rates



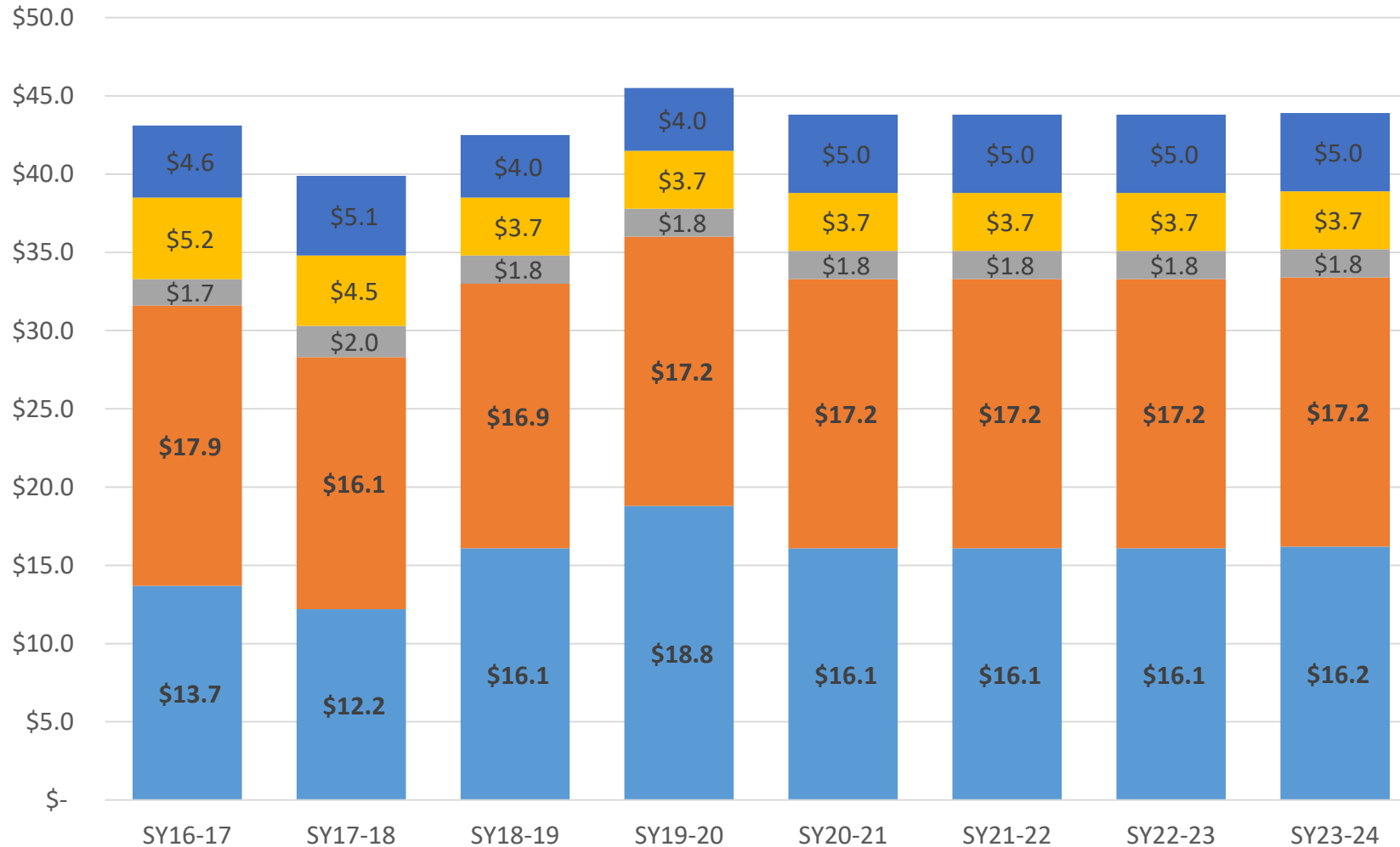
Property Tax Abatement Tracking

Cleveland Municipal School District Abatement Impact on District

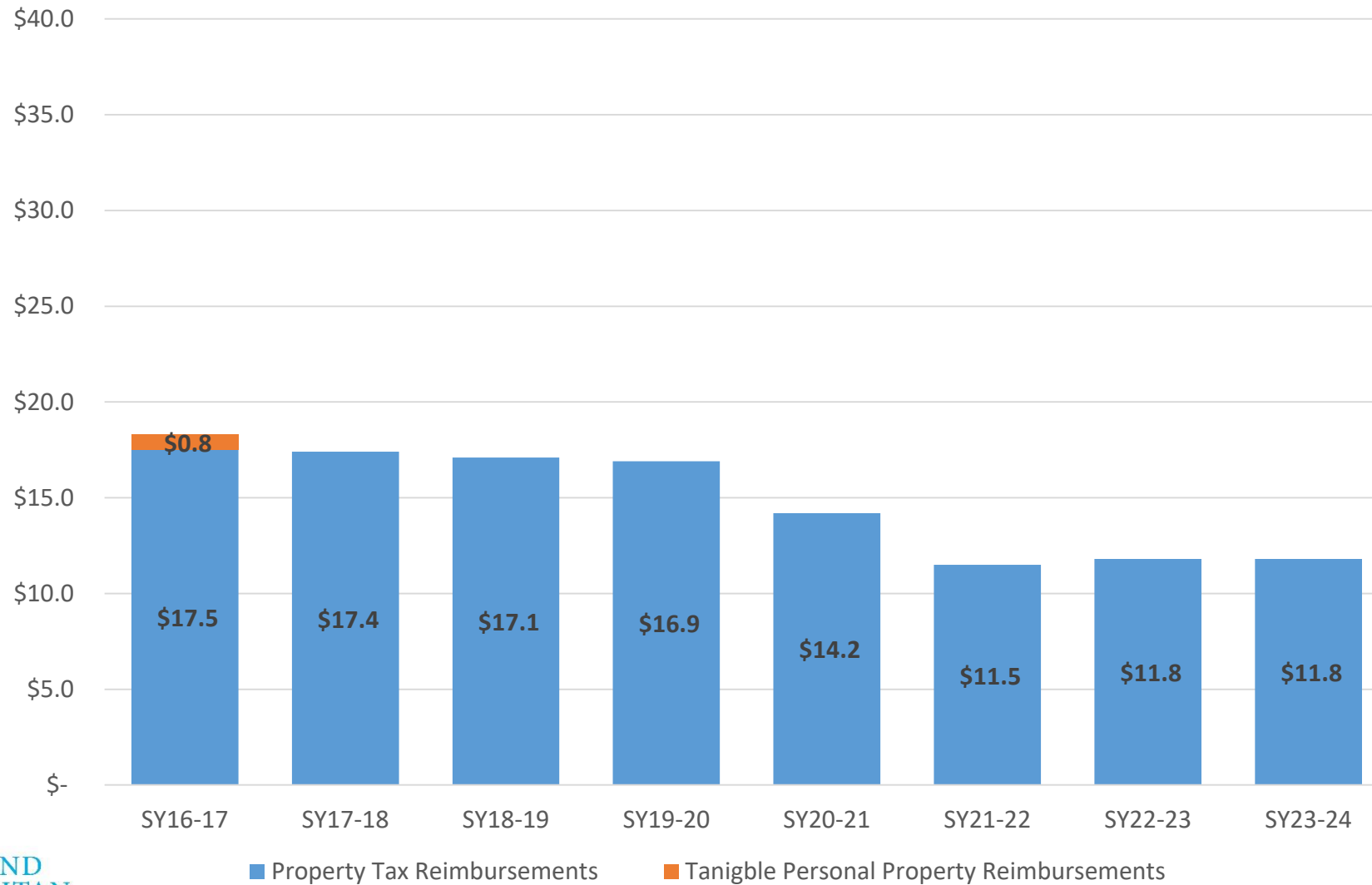
| Calendar Year | Type | Abated Value | Additional Tax Receipts |
|---------------|-------------|--------------------|-------------------------|
| 2019 | Commercial | 20,165,400 | 394,601 |
| | Residential | 67,178,100 | 977,403 |
| | | <u>87,343,500</u> | <u>1,372,004</u> |
| 2020 | Commercial | 23,227,600 | 454,523 |
| | Residential | 60,406,400 | 878,879 |
| | | <u>83,634,000</u> | <u>1,333,402</u> |
| 2021 | Commercial | 18,162,200 | 355,402 |
| | Residential | 115,057,400 | 1,674,020 |
| | | <u>133,219,600</u> | <u>2,029,422</u> |
| 2022 | Commercial | 18,355,600 | 359,187 |
| | Residential | 75,987,100 | 1,105,569 |
| | | <u>94,342,700</u> | <u>1,464,756</u> |
| 2023 | Commercial | 11,710,900 | 229,162 |
| | Residential | 29,419,200 | 428,033 |
| | | <u>41,130,100</u> | <u>657,195</u> |

| Calendar Year | Type | Abated Value | Additional Tax Receipts |
|---------------|-------------|-------------------|-------------------------|
| 2024 | Commercial | 10,550,800 | 206,460 |
| | Residential | 11,305,200 | 164,484 |
| | | <u>21,856,000</u> | <u>370,944</u> |
| 2025 | Commercial | 16,546,400 | 323,784 |
| | Residential | 10,944,300 | 159,233 |
| | | <u>27,490,700</u> | <u>483,017</u> |
| 2026 | Commercial | 4,428,700 | 86,662 |
| | Residential | 16,087,200 | 234,060 |
| | | <u>20,515,900</u> | <u>320,722</u> |
| 2027 | Commercial | 1,234,105 | 17,955 |
| | Residential | 8,365,700 | 121,716 |
| | | <u>9,599,805</u> | <u>139,671</u> |
| 2028 | Commercial | - | - |
| | Residential | 8,633,927 | 125,615 |
| | | <u>8,633,927</u> | <u>125,615</u> |

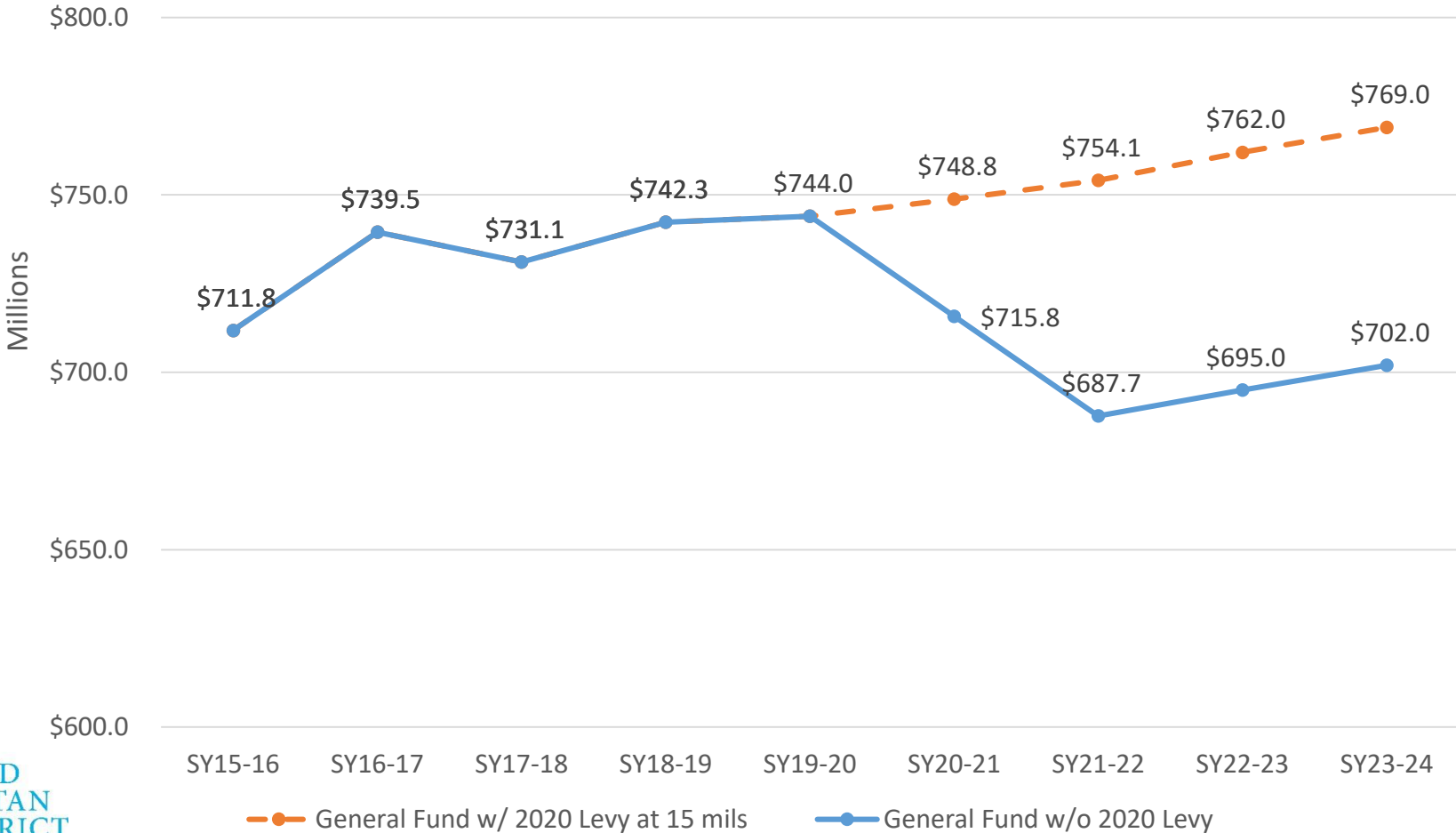
Other Sources & Advances



State Reimbursements



Revenue Forecast – General Fund

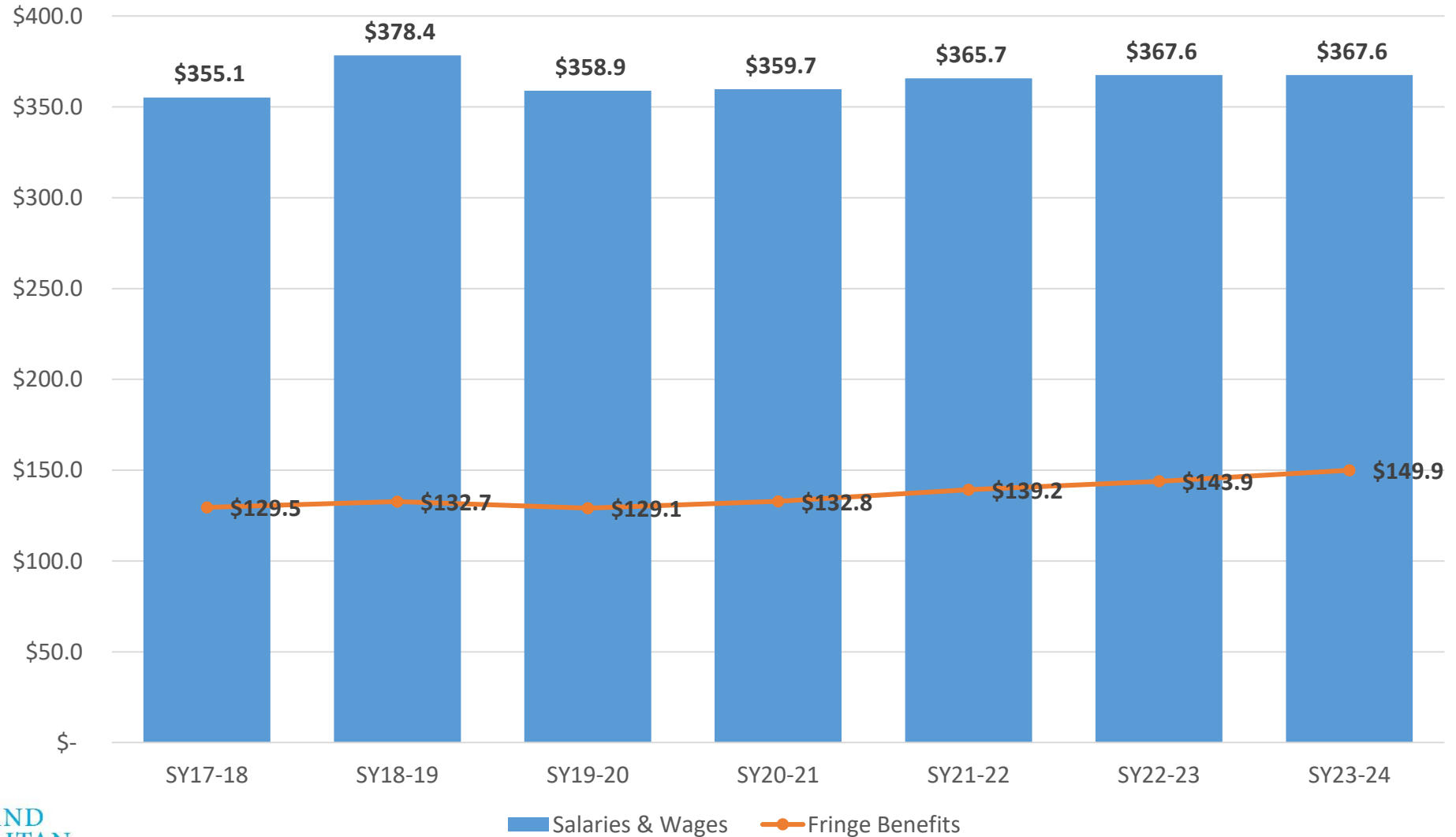


Expenditures

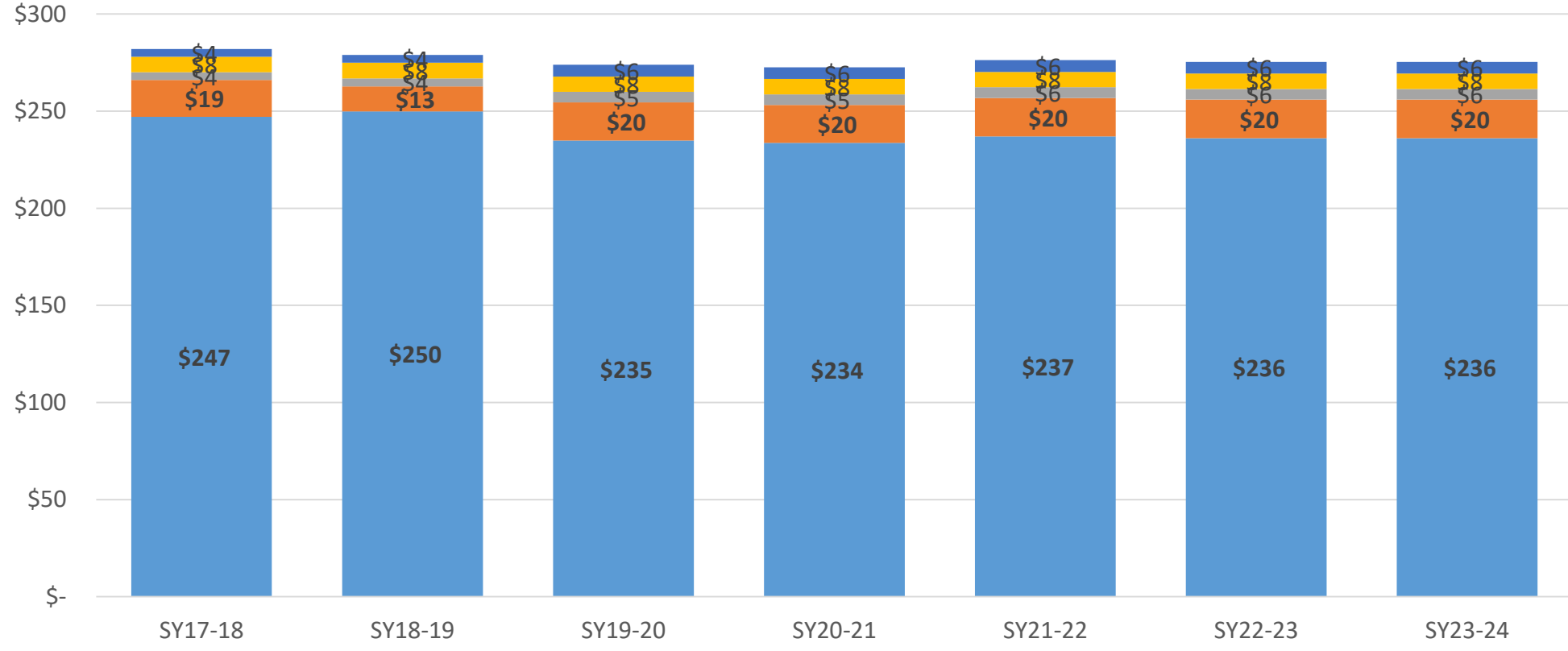
Expenditure Inputs & Assumptions

- Salaries & Benefits
 - Per recently bargained contracts, the forecast reflects a 1% across-the-board salary increase effective with the 1st pay of the 2nd semester in SY19-20 as well as estimates for step increases and other incentive pay.
 - The forecast projects an annual 7.5% increase in healthcare costs.
- Other Notes
 - The forecast reflects a reduction in expenditures of approximately \$28 million from SY18-19 to SY19-20.
 - The forecast reflects a \$5.9 million increase in the Cleveland Scholarship program in each year.
 - The forecast reflects reduced expenses \$8.9 million and \$12.8 million in SY19-20 and SY20-21, respectively, due to shifting eligible expenses to the Student Wellness & Success Funds account.
 - Those expenses are assumed to return to the General Fund in SY21-22.
 - The forecast reflects declining bus lease payments in SY19-20 and SY20-21. The final payment is in SY21.
 - The forecast reflects slight annual increases in tuition and pass-through expenses for out-of district placements.

Personnel Expenditures

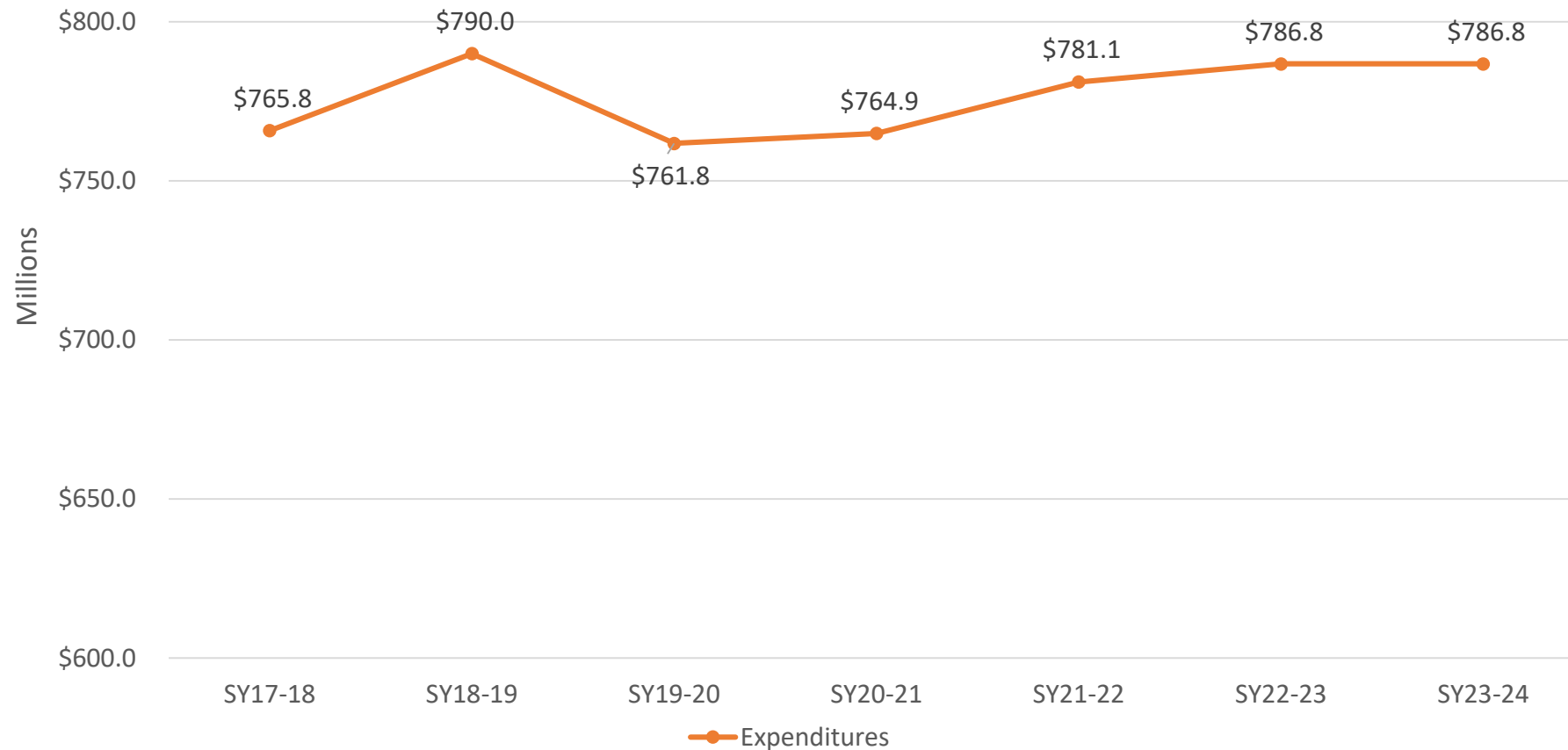


Non-Personnel Expenditures



- Advances / Transfers
 - Other Uses
 - Equipment
 - Supplies & Materials
 - Purchased Services
- Supplies & Materials Equipment Other Uses Advances / Transfers

Expenditure Forecast – General Fund



The Five Year Forecast

Five Year Forecast

| | SY17-18 | SY18-19 | SY19-20 | SY20-21 | SY21-22 | SY22-23 | SY23-24 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Revenue | \$731.1 | \$742.4 | \$744.0 | \$715.7 | \$687.6 | \$695.1 | \$702.0 |
| Total Expenditures | \$765.8 | \$790.0 | \$761.8 | \$764.9 | \$781.1 | \$786.8 | \$792.9 |
| Net Revenue | (\$34.7) | (\$47.6) | (\$17.8) | (\$49.2) | (\$93.5) | (\$91.7) | (\$90.9) |
| Ending Cash Balance | \$85.8 | \$38.2 | \$20.4 | (\$28.8) | (\$122.3) | (\$214.0) | (\$304.9) |
| Encumbrances | \$16.5 | \$17.5 | \$18.0 | \$18.0 | \$18.0 | \$18.0 | \$18.0 |
| Unencumbered Balance | \$69.3 | \$20.7 | \$2.4 | (\$46.8) | (\$140.3) | (\$232.0) | (\$322.9) |

If 2020 levy passes at the current millage and assessed valuation ...

| | | | | | | | |
|-----------------------------|--------|--------|-------|----------|----------|----------|-----------|
| Levy Renewal | | | | \$33.0 | \$66.4 | \$67.0 | \$67.0 |
| Unencumbered Balance | \$69.3 | \$20.7 | \$2.4 | (\$13.8) | (\$73.9) | (\$98.6) | (\$122.5) |