

CLEVELAND METROPOLITAN SCHOOL DISTRICT



General Fund Five-Year Financial Forecast

As of April 20, 2023



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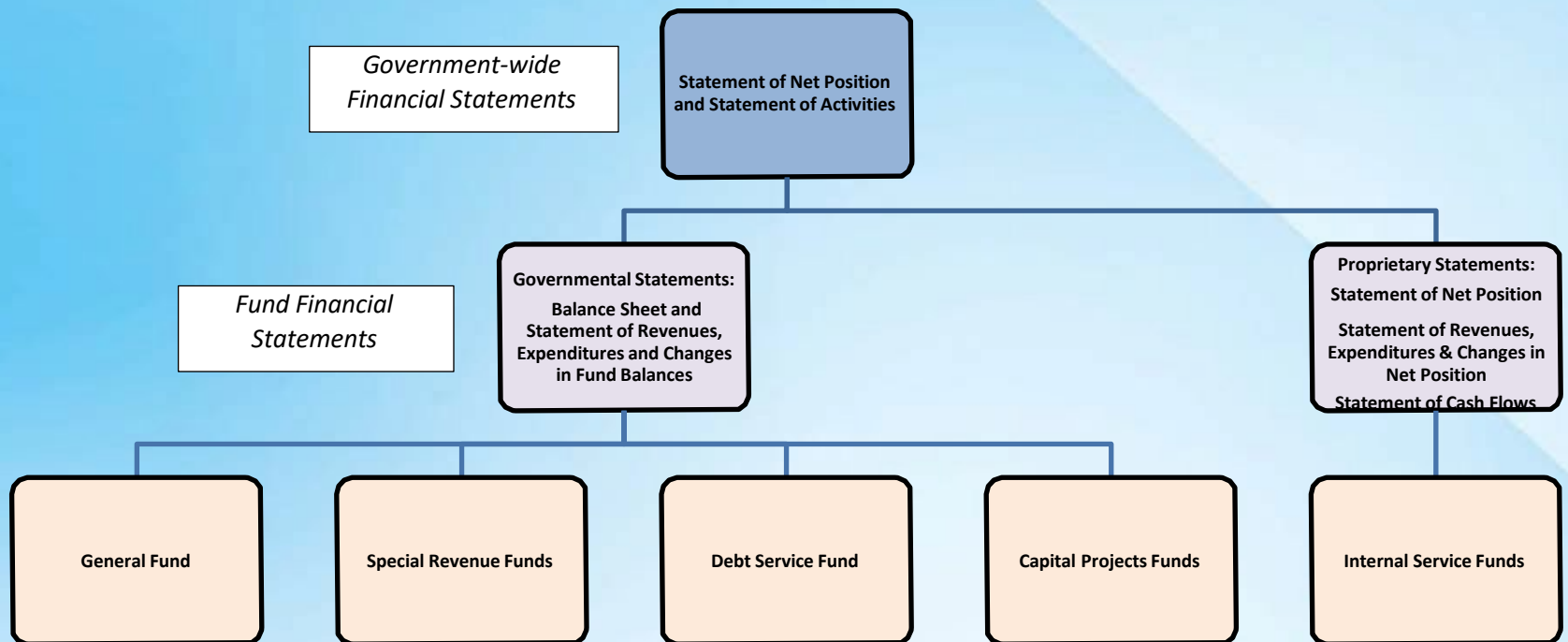
Context

- Generally, required to submit twice annually to the Ohio Department of Education:
 - Initial Financial Forecast due by November 30
 - *An updated Forecast was requested by ODE due to assumption changes and submitted on March 29*
 - Updated Financial Forecast due by May 31
- The Forecast contains two sections:
 - Historical and Projected Financial Data
 - Notes and Assumptions

Context

- Understanding the new State Foundation Formula, which started to be phased in beginning January 2022.
- Addressing the potential impact of State funding base cost update proposed by the Ohio House of Representatives.
- Unpacking the impact of HB126, which reduces our ability to challenge property tax valuations.

Fund and Financial Statement Structure



Summarized Five-Year Financial Forecast

	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
Total Revenues	\$650.5	\$709.5	\$698.9	\$647.4	\$650.2	\$653.0
Total Expenditures	\$651.0	\$665.4	\$707.7	\$758.8	\$776.4	\$794.7
Net Revenues Excess (Shortfall)	(\$0.50)	\$44.1	(\$8.8)	(\$111.4)	(\$126.2)	(\$141.7)
Ending Fund Cash Balance	\$94.5	\$138.6	\$129.8	\$18.4	(\$107.8)	(\$249.5)
Encumbrances	\$16.0	\$16.0	\$16.0	\$16.0	\$16.0	\$16.0
Unencumbered Fund Cash Balance	\$78.5	\$122.6	\$113.8	\$2.4	(\$123.8)	(\$265.5)

Note: See Supporting Notes and Assumptions

Notes and Assumptions

(As of 4-20-2023)

	CMSD's Allocation	% Spent / Encumbered	Spend By Date
CARES	\$26.9M	100%	9/30/2022
CRF	\$2.6M	100%	12/31/2022
ESSER	\$131.5M	100%	9/30/2023
ARP	\$302.4M	57%	9/30/2024
Total	\$463.4M		

Note: The Forecast projects 80% of ARP spent or encumbered by 6-30-2023.

Notes and Assumptions

- Local Property Tax
 - The Forecast reflects current valuations as well as the historical pattern of changes following triennial re-evaluations.
 - The Forecast uses a three-year average collection rate of 89% for current collections and 9% for delinquent collections (as a percent of current collections). The Forecast assumes only marginal increases in property tax revenue over the next five years.
- The State Foundation Formula
 - The Forecast assumes the new Fair School Funding Plan (HB110) in all five years with the proposed phase-in of DPIA and other elements. The Forecast does not include a base cost increase proposed by the Ohio House of Representatives.

Notes and Assumptions

- We continue to invest in the CMSD Experience as part of our pandemic response utilizing Federal grants - Academic, social-emotional, attendance, enrollment, facilities, etc.
- Salaries and Benefits
 - All personnel paid by pandemic relief funds will either return or shift to the general fund as the grants expire.
 - The Forecast reflects bargaining unit wage increases in FY23 (3%) and FY24 (2%) and assumes the same for non bargaining unit employees. Other than step increases, there are no increases contemplated for FY25, FY26, or FY27.
 - The Forecast projects an annual 6.5% increase in healthcare costs.
- Purchased Services, Supplies, and Capital Outlay
 - Approximately \$44.3M of spending currently paid by pandemic relief funds will continue once those grants expire and will become the responsibility of the general fund in FY24.

Impact of Proposed Base Cost Update (Scenario: House Passed Version)

	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
Revenue in Baseline	\$650.5	\$709.5	\$698.9	\$647.4	\$650.2	\$653.0
Revenue with New Base Weight	\$650.5	\$709.5	\$705.6	\$647.5	\$652.1	\$652.9
Increase (Decrease) in Revenue	\$0.0	\$0.0	\$6.7	\$0.1	\$1.9	(\$0.1)
Ending Cash Balance with new Base Weight	\$94.5	\$138.6	\$136.5	\$25.2	(\$99.1)	(\$241.0)
Ending Unencumbered Cash Balance with new Base Weight	\$78.5	\$122.6	\$120.5	\$9.2	(\$115.1)	(\$257.0)

Summarized Five-Year Financial Forecast

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DISCUSSION