

CLEVELAND METROPOLITAN SCHOOL DISTRICT



General Fund Five-Year Financial Forecast

As of September 30, 2022



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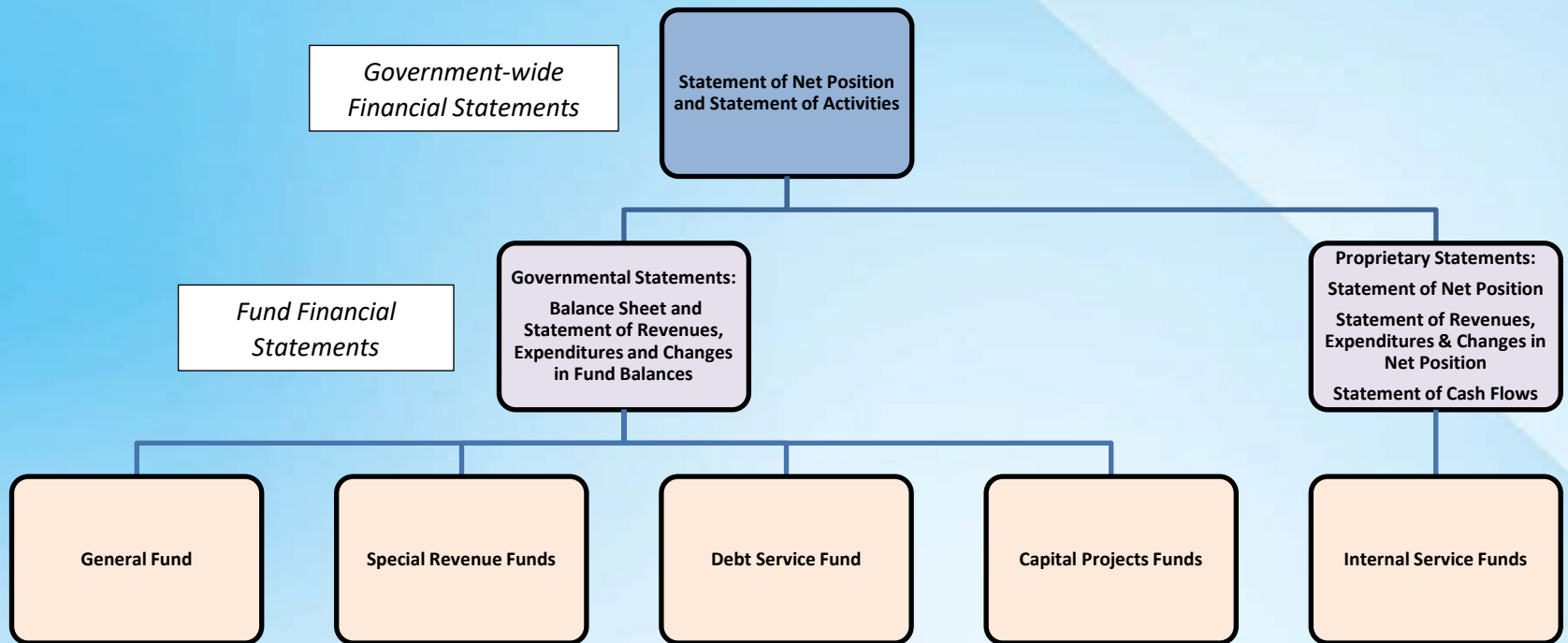
Context

- Required to submit twice annually to the Ohio Department of Education:
 - Initial Financial Forecast due by November 30
 - 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.
- 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	\$681.6	\$647.3	\$649.1	\$651.0	\$648.3
Total Expenditures	\$651.0	\$624.6	\$707.0	\$757.8	\$775.1	\$793.1
Net Revenues Excess Shortfall	(\$0.50)	\$57.0	(\$59.7)	(\$108.7)	(\$124.1)	(\$144.8)
Ending Fund Cash Balance	\$94.5	\$151.1	\$91.8	(\$16.9)	(\$141.0)	(\$285.7)
Encumbrances	\$17.2	\$16.0	\$16.0	\$16.0	\$16.0	\$16.0
Unencumbered Fund Cash Balance	\$77.3	\$135.5	\$75.8	(\$32.9)	(\$157.0)	(\$301.8)

Note: See Supporting Notes and Assumptions

Notes and Assumptions

	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	20%	9/30/2024
Total	\$463.4M		

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.

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 \$29M of non-capital and capital spend currently paid by pandemic relief funds will continue once those grants expire and will become the responsibility of the general fund.

DISCUSSION