

Cleveland Municipal School District

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FINANCIAL UPDATE **DECEMBER 31, 2011**

The primary goal of the Cleveland Municipal School District is to become
a premier school district in the United States of America.

Financial Update - Contents

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- **October 2011 Five Year Forecast**

Cleveland Municipal Public Schools

October 2011 Five-Year Forecast

(in millions of dollars)

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	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Beginning Cash Balance	\$82.0	\$50.4	\$13.0	\$33.0	\$7.1	(\$59.0)	(\$144.7)	(\$246.1)
Total Revenues	668.2	662.7	666.4	643.4	611.1	608.3	610.2	613.3
Total Expenses	699.8	700.1	646.4	669.3	677.2	694.0	711.6	729.8
Revenue over Expenses	(31.6)	(37.4)	20.0	(25.9)	(66.1)	(85.7)	(101.4)	(116.5)
Ending Cash Balance	50.4	13.0	33.0	7.1	(59.0)	(144.7)	(246.1)	(362.6)
Encumbrances/ Reserves	7.0	6.5	8.2	7.0	7.0	7.0	7.0	7.0
Unencumbered Balance	\$43.4	\$6.5	\$24.8	\$0.1	(\$66.0)	(\$151.7)	(\$253.1)	(\$369.6)

Cleveland Municipal Public Schools

October 2011 Five-Year Forecast

(in millions of dollars)

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	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Beginning Cash Balance	\$82.0	\$50.4	\$13.0	\$33.0	\$7.1	(\$59.0)	(\$144.7)	(\$246.1)
Total Revenues	668.2	662.7	666.4	643.4	611.1	608.3	610.2	613.3
Total Expenses	699.8	700.1	646.4	669.3	677.2	694.0	711.6	729.8
Revenue over Expenses	(31.6)	(37.4)	20.0	(25.9)	(66.1)	(85.7)	(101.4)	(116.5)
Ending Cash Balance	50.4	13.0	33.0	7.1	(59.0)	(144.7)	(246.1)	(362.6)
Encumbrances/Reserves	7.0	6.5	8.2	7.0	7.0	7.0	7.0	7.0
Unencumbered Balance	\$43.4	\$6.5	\$24.8	\$0.1	(\$66.0)	(\$151.7)	(\$253.1)	(\$369.6)
Permanent Change to Budget					66.0	19.7	15.7	15.1

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October 2011 Five-Year Forecast

(in millions of dollars)

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	FY 2013	FY 2014	FY 2015	FY 2016
Unencumbered Balance	(\$66.0)	(\$151.7)	(\$253.1)	(\$369.6)
Permanent Change to Budget	66.0	19.7	15.7	15.1
75% Permanent - 25% Temporary	66.0	36.2	24.75	21.3
50% Permanent - 50% Temporary	66.0	52.7	42.0	36.2
25% Permanent - 75% Temporary	66.0	69.2	67.6	65.8

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- **Negotiations/Board Actions**

Negotiations/Board Actions

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- A resolution was passed to approve a negotiated agreement between Local 777 and the Board of Education.
- A resolution was passed to approve a negotiated agreement between the Cleveland Teachers Union and the Board of Education.
- A resolution was passed to restore certain programs and personnel.
 - ❑ High School Transportation
 - ❑ Spring sports program and student activities
 - ❑ Regular education preschool program
 - ❑ Principal and assistant principals
- A resolution was passed to recall 12 nurses.
- A resolution was passed to approve a negotiated agreement between Cleveland Building and Construction Trades Council and the Board of Education.
- A resolution was passed to approve a negotiated agreement between the Indiana/Kentucky/Ohio Regional Council of Carpenters and the Board of Education.

Negotiations/Board Actions

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October 2011 Five Year Forecast FY13 Deficit	(65,988,721)
Local 777 Concessions - FY12	328,880
Local 777 Concessions - FY13	424,113
CTU Concessions - FY12	7,773,033
CTU Concessions - FY13	2,719,216
Restore Programs and Personnel - FY12	(3,862,496)
Restore Programs and Personnel - FY13	(4,712,992)
Recall 12 Nurses - FY12	(466,931)
Recall 12 Nurses - FY13	(1,137,008)
Building Trades and Carpenters Concessions - FY12	155,685
Building Trades and Carpenters Concessions - FY13	211,962
Revised FY13 Balance	(64,555,259)

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- **FY12 General Fund Revenue Update**

FY 12 General Fund Revenue Update

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- **State Funding**

- October 2011 - ADM establishes funding from the State of Ohio. The deadline for ADM submission is February 24, 2012.

- **Property Taxes**

- November 2011 - Cuyahoga County held a lien sale. The district will receive \$2.1 million in January from this lien sale.
- December 2011 - The district received notice from Cuyahoga County that the current collection rate for calendar year 2012 was 78.87% and the total collection rate was 85.37%. Cuyahoga County revised the FY12 estimate based on these collection rates.

- **Education Jobs**

- November 2011 - The district received notice that Ed Jobs revenue would be increased.

- **IRS Rebate**

- December 2011 – The district received IRS rebate.

- **Other Revenue**

- Other revenues are trending higher than estimate

State Funding

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	FY11	FY12 Five Year Forecast	FY12 Current Forecast
State Foundation	395,508,076	407,477,151	401,424,164
Additional Aid	8,944,341	8,944,341	8,918,081
State Stabilization	34,101,635	-0-	-0-
Total State Funding *	434,554,052	416,421,492	410,342,245
Charter School Tuition	105,994,729	114,400,000	117,800,000
Net State Funding	328,559,323	302,021,492	292,542,245

- FY12 state funding will be based on the October 2011 Average Daily Membership – ADM for K-12.
- October 2010 ADM (K-12) was 43,691. Forecast was 40,671. Latest estimate is 39,888.
- Community School ADM – 15,969

* Minimum State funding is \$394,144,091

FY 12 General Fund Revenue Update

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Revised FY13 Balance	(64,555,259)
State Foundation	(6,079,247)
General Property Tax	(3,670,000)
Education Jobs	461,441
IRS Rebate FY11	1,826,408
IRS Rebate FY12	2,716,000
IRS Rebate FY13	2,716,000
Other Revenue (TIF Receipts, Tax Refunds)	2,000,000
Revised FY13 Balance	(64,584,657)

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- **FY12 General Fund Expenditure Update**

FY 12 General Fund Expenditure Update

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- **Salaries**
 - Current estimate assumes no change in staffing numbers.
- **Benefits**
 - Health care is on budget. District is self insured. Can be unpredictable.
 - Positive adjustment made by STRS in January 2011.
- **Purchased Services**
 - Charter School Tuition - Current estimate is \$117,800,000 vs. \$114,400,000 budget.
 - Purchased Services trending less than estimate.
- **Transfers**
 - Food Service subsidy trending less than estimate.

FY12 General Fund Expenditure Update

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Revised FY13 Balance	(64,584,657)
Salaries	3,100,000
Benefits	
STRS/SERS	2,800,000
Unemployment Compensation	1,300,000
Separation Pay	(1,300,000)
Purchased Services	
Charter School Tuition	(3,400,000)
Other Purchased Services - (Utilities, Tuition paid to other Districts, Professional Services)	3,500,000
Subsidy to Food Service	2,000,000
Revised FY13 Balance	(56,584,657)

Levy

<u>Mills</u>	Amount <u>to District</u>	Current Collection	
		Rate <u>78.87%</u>	Rate <u>Half Year</u>
1.00	\$ 5,696,934	\$ 4,493,172	\$ 2,246,586
2.00	11,393,868	8,986,344	4,493,172
3.00	17,090,803	13,479,516	6,739,758
4.00	22,787,737	17,972,688	8,986,344
5.00	28,484,671	22,465,860	11,232,930
6.00	34,181,605	26,959,032	13,479,516
7.00	39,878,540	31,452,204	15,726,102
8.00	45,575,474	35,945,376	17,972,688
9.00	51,272,408	40,438,548	20,219,274
9.90	56,399,649	44,482,403	22,241,201
10.00	56,969,342	44,931,720	22,465,860
11.00	62,666,276	49,424,892	24,712,446
12.00	68,363,211	53,918,064	26,959,032
13.00	74,060,145	58,411,236	29,205,618
14.00	79,757,079	62,904,408	31,452,204
15.00	85,454,013	67,397,580	33,698,790

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- **Timeline**

Timeline

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Date	Action
January 12, 2012	FY13 Budget Kickoff Meeting
January 28, 2012	Update Board on Budget
February 2012	Deadline for ADM submission Budget Survey Decisions on Various Options
March 2012	Build Budget
April 2012	Board Votes on Potential Layoffs
May 8, 2012	Present Five Year Forecast Update to Board
May 22, 2012	Board Votes on Five Year Forecast Update
June 2012	Preliminary Budget Numbers for Title I and IDEA
June 12, 2012	Present FY13 Annual Budget to the Board
June 26, 2012	Board Votes on FY13 Annual Budget
July 2012	Board Action Required if November Levy
August	Possible Budget Revisions Based on Revenue Changes

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Financial Update – December 31, 2011

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QUESTIONS

**THE PRIMARY GOAL OF THE CLEVELAND MUNICIPAL SCHOOL DISTRICT IS TO
BECOME A PREMIER SCHOOL DISTRICT IN THE UNITED STATES OF AMERICA.**