General Fund Five-Year Financial Forecast
As of September 30, 2022
Contents

• Context
• Fund Structure
• Summarized Five-Year Financial Forecast
• Notes and Assumptions
• Discussion
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

- **Government-wide Financial Statements**
  - Statement of Net Position and Statement of Activities

- **Fund Financial Statements**
  - Governmental Statements: Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

- **Proprietary Statements:**
  - Statement of Net Position
  - Statement of Revenues, Expenditures & Changes in Net Position
  - Statement of Cash Flows

- **General Fund**
- **Special Revenue Funds**
- **Debt Service Fund**
- **Capital Projects Funds**
- **Internal Service Funds**
## Summarized Five-Year Financial Forecast

<table>
<thead>
<tr>
<th></th>
<th>FY21-22</th>
<th>FY22-23</th>
<th>FY23-24</th>
<th>FY24-25</th>
<th>FY25-26</th>
<th>FY26-27</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$650.5</td>
<td>$681.6</td>
<td>$647.3</td>
<td>$649.1</td>
<td>$651.0</td>
<td>$648.3</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$651.0</td>
<td>$624.6</td>
<td>$707.0</td>
<td>$757.8</td>
<td>$775.1</td>
<td>$793.1</td>
</tr>
<tr>
<td><strong>Net Revenues Excess Shortfall</strong></td>
<td>($0.50)</td>
<td>$57.0</td>
<td>($59.7)</td>
<td>($108.7)</td>
<td>($124.1)</td>
<td>($144.8)</td>
</tr>
<tr>
<td><strong>Ending Fund Cash Balance</strong></td>
<td>$94.5</td>
<td>$151.1</td>
<td>$91.8</td>
<td>($16.9)</td>
<td>($141.0)</td>
<td>($285.7)</td>
</tr>
<tr>
<td><strong>Encumbrances</strong></td>
<td>$17.2</td>
<td>$16.0</td>
<td>$16.0</td>
<td>$16.0</td>
<td>$16.0</td>
<td>$16.0</td>
</tr>
<tr>
<td><strong>Unencumbered Fund Cash Balance</strong></td>
<td>$77.3</td>
<td>$135.5</td>
<td>$75.8</td>
<td>($32.9)</td>
<td>($157.0)</td>
<td>($301.8)</td>
</tr>
</tbody>
</table>

Note: See Supporting Notes and Assumptions
Notes and Assumptions

<table>
<thead>
<tr>
<th></th>
<th>CMSD’s Allocation</th>
<th>% Spent / Encumbered</th>
<th>Spend By Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARES</td>
<td>$26.9M</td>
<td>100%</td>
<td>9/30/2022</td>
</tr>
<tr>
<td>CRF</td>
<td>$2.6M</td>
<td>100%</td>
<td>12/31/2022</td>
</tr>
<tr>
<td>ESSER</td>
<td>$131.5M</td>
<td>100%</td>
<td>9/30/2023</td>
</tr>
<tr>
<td>ARP</td>
<td>$302.4M</td>
<td>20%</td>
<td>9/30/2024</td>
</tr>
<tr>
<td>Total</td>
<td>$463.4M</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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