

OHIO AUDITOR OF STATE KEITH FABER



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December 15, 2023

Cleveland Municipal School District
Cuyahoga County
1111 Superior Avenue E, Suite 1800
Cleveland, Ohio 44114

To Kevin Stockdale, CFO and Warren Morgan, CEO:

On January 24, 2023, our office released the audit report dated January 4, 2023 for the Cleveland Municipal School District, Cuyahoga County, Ohio, for the year ending June 30, 2022. Page 1 of that report presented a Schedule of Expenditures of Federal Awards (the Schedule). Subsequent to issuing that report, we became aware the Schedule omitted expenditures related to the Emergency Connectivity Fund Program, AL #32.009, and the program should have been audited as a major program. The enclosed, revised audit report includes the Emergency Connectivity Fund Program as a major federal program.

Please notify those parties which may have requested a copy of the original report from your office. We will submit your revised report to the Federal Audit Clearinghouse. Please send a copy of this revised report to any pass-through entities to which you were required to submit a copy of your reporting package. If you have any questions or concerns, please contact me at (216) 787-5830. We apologize for any inconvenience.

Sincerely,

KEITH FABER
Auditor of State

A handwritten signature in blue ink that reads "Allen K. Allred".

Allen Allred III, CPA
Chief Auditor, Northeast Region

cc: Board of Education
Audit Committee

Enclosure: Cleveland Municipal School District 2022 Financial Audit Report

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OHIO AUDITOR OF STATE
KEITH FABER



**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2022**

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Cleveland Municipal School District
CUYAHOGA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal ALN Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	1,623,683
School Breakfast Program	10.553	N/A	486,748
Summer Food Service Program For Children	10.559	N/A	34,900
Non-Cash Assistance Subtotal			<u>2,145,331</u>
Cash Assistance:			
COVID-19 National School Lunch Program	10.555	N/A	2,521,397
National School Lunch Program	10.555	N/A	13,148,824
School Breakfast Program	10.553	N/A	4,697,621
Summer Food Service Program For Children	10.559	N/A	336,819
Cash Assistance Subtotal			<u>20,704,661</u>
Total Child Nutrition Cluster			<u>22,849,992</u>
COVID-19 State Pandemic Electronic Benefit Transfer Administrative Grants	10.649	N/A	5,554
Total U.S. Department of Agriculture			<u>22,855,546</u>
U.S. DEPARTMENT OF DEFENSE			
<i>Direct Program</i>			
Junior ROTC -2022	12.000	N/A	294,743
Total U.S. Department of Defense			<u>294,743</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program</i>			
Student Support and Academic Enrichment Program:			
Ensuring a well-rounded education for students of the			
Cleveland Municipal School district through Student-Centered Funding - 2021	84.424E	S424E200003	233,536
Ensuring a well-rounded education for students of the			
Cleveland Municipal School district through Student-Centered Funding - 2022	84.424E	S424E20003-21	432,878
Total Student Support and Academic Enrichment			<u>666,414</u>
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies:			
Title I Grants to Local Educational Agencies - 2021	84.010A	N/A	2,332,421
Title I Grants to Local Educational Agencies - 2022	84.010A	N/A	39,842,097
Total Title I Grants to Local Educational Agencies			<u>42,174,518</u>
Special Education Cluster:			
Special Education Grants to States:			
Catastrophic Aid - 2022	84.027A	N/A	1,005
Special Education Grants to States - 2021	84.027A	N/A	447,931
Special Education Grants to States - 2022	84.027A	N/A	13,090,762
Special Education Grants to States			<u>13,539,698</u>
Special Education Preschool Grants:			
Special Education Preschool Grants - 2021	84.173A	N/A	80,873
Special Education Preschool Grants - 2022	84.173A	N/A	286,170
Total Special Education Preschool Grants			<u>367,043</u>
Total Special Education Cluster			<u>13,906,741</u>
Career and Technical Education - Basic Grants to States:			
Career and Technical Education - Basic Grants to States - 2021	84.048A	N/A	316,547
Career and Technical Education - Basic Grants to States - 2022	84.048A	N/A	1,685,801
Total Career and Technical Education - Basic Grants to States			<u>2,002,348</u>
Education for Homeless Children and Youth:			
Education for Homeless Children and Youth - 2022	84.196A	N/A	346,054
School Improvement Grants:			
School Improvement Grants - 2021	84.377A	N/A	1,140,352

(Continued)

Cleveland Municipal School District
CUYAHOGA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal ALN Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (Continued)			
<i>Passed Through Ohio Department of Education: (Continued)</i>			
Student Support and Academic Enrichment Program:	84.424		
Student Support and Academic Enrichment Program - 2021	84.424A	N/A	228,077
Student Support and Academic Enrichment Program - 2022	84.424A	N/A	3,403,438
Total Student Support and Academic Enrichment			3,631,515
English Language Acquisition State Grants:	84.365		
English Language Acquisition State Grants - 2021	84.365A	N/A	88,965
English Language Acquisition State Grants - 2022	84.365A	N/A	509,669
English Language Acquisition State Grants - 2023	84.365A	N/A	8,945
Total English Language Acquisition State Grants			607,579
Supporting Effective Instruction State Grants:	84.367		
Supporting Effective Instruction State Grants - 2021	84.367A	N/A	936,565
Supporting Effective Instruction State Grants - 2022	84.367A	N/A	1,873,927
Total Supporting Effective Instruction State Grants			2,810,492
Comprehensive Literacy Development:	84.371		
Comprehensive Literacy State Development Subgrant - 2021	84.371C	N/A	30,481
Comprehensive Literacy State Development Subgrant - 2022	84.371C	N/A	102,586
Total Comprehensive Literacy Development			133,067
COVID-19 Education Stabilization Fund:	84.425		
COVID-19 Educational Stabilization Fund - ESSER II	84.425D	N/A	78,427,847
COVID-19 Educational Stabilization Fund - ARP ESSER III	84.425D	N/A	30,411,910
COVID-19 RemotEDx OCER Department Match	84.425D	N/A	30,725
COVID-19 Educational Stabilization Fund - ARP Homeless I	84.425W	N/A	183,575
Total COVID-19 Education Stabilization Fund			109,054,057
<i>Passed Through Cleveland State University</i>			
Education Research, Development and Dissemination:	84.305		
Youth Participatory Action Research - 2022	84.305A	200001912	1,224
<i>Passed Through American Institutes for Research</i>			
Education Research, Development and Dissemination:	84.305		
Cleveland Partnership for English Learner Success - 2020	84.305A	0459900002	7,916
Total U.S. Department of Education			176,482,277
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Program:</i>			
Cooperative Agreements to Promote Adolescent Health through			
School-Based HIV/STD Prevention and School-Based Surveillance - 2021	93.079	NU87PS004348	76,453
School-Based HIV/STD Prevention and School-Based Surveillance - 2022	93.079	6-NU87PS004348-04-01	452,684
Total School-Based HIV/STD Prevention and School-Based Surveillance			529,137
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs - 2022	93.566	G-2223-17-0449	141,584
Total U.S. Department of Health and Human Services			670,721
FEDERAL COMMUNICATIONS COMMISSION			
<i>Direct Program:</i>			
Emergency Connectivity Fund	32.009	N/A	9,345,412
Total Federal Communications Commission			9,345,412
Total Expenditures of Federal Awards			209,648,699

The accompanying notes are an integral part of this schedule.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Cleveland Municipal School District (the District's) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District used a 2.94% indirect cost rate as allowed under 2 CFR, Ch I, Ch II, Part 200 *Cost Principles, and Audit Requirements for Federal Awards*.

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program(s) that benefitted from the use of those donated food commodities.

NOTE F - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022
(Continued)**

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2022 to 2023 programs:

<u>Program Title</u>	<u>ALN Number</u>	<u>Amount Transferred</u>
Title I Grants to Local Educational Agencies	84.010A	3,716,934
Special Education Grants to States	84.027A	2,260,961
COVID 19 Special Education Grants to States	84.027X	2,703,979
Special Education Preschool Grants	84.173A	47,869
COVID 19 Special Education Preschool Grants	84.173X	200,464
English Language Acquisition State Grants	84.365A	285,709
Supporting Effective Instruction State Grants	84.367A	2,424,971
Comprehensive Literacy Development	84.371C	399,343
Student Support and Academic Enrichment Program	84.424A	585,688
COVID 19 Education Stabilization Fund - ESSER II	84.425D	15,663,758
COVID 19 Education Stabilization Fund - ARP	84.425U	232,012,118

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Cleveland Municipal School District
Cuyahoga County
1111 Superior Avenue E, Suite 1800
Cleveland, Ohio 44114

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Municipal School District, Cuyahoga County, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 4, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 4, 2023

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Cleveland Municipal School District
Cuyahoga County
1111 Superior Avenue E, Suite 1800
Cleveland, Ohio 44114

To the Board of Education:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Cleveland Municipal School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Cleveland Municipal School District's major federal programs for the year ended June 30, 2022. Cleveland Municipal School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the Cleveland Municipal School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Cleveland Municipal School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Education Stabilization Fund

As described in finding 2022-001 in the accompanying schedule of findings, the District did not comply with the requirements regarding Special Tests and Provisions – Wage Rate Requirements applicable to its Assistance Listing # 84.425 Education Stabilization Fund major federal program.

Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Subsequent to issuing our Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance dated January 4, 2023, we became aware the schedule of expenditures of federal awards omitted expenditures related to the Emergency Connectivity Fund Program, AL #32.009, and the program should have been audited as a major program. The schedule was revised by management and the Emergency Connectivity Fund Program was audited as a major program,

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2022-001, to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Cleveland Municipal School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated January 4, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to January 4, 2023. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole



Keith Faber
Auditor of State
Columbus, Ohio

January 4, 2023, except for the Emergency Connectivity Fund Program (AL# 32.009) and our Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, described above, which are as of December 15, 2023.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified - AL #84.425 Education Stabilization Fund Unmodified – All other programs
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	AL # 84.425 - Education Stabilization Fund AL #84.048 - Career and Technical Education- Basic Grants to States (Perkins V) AL # 84.424 - Student Support and Academic Enrichment Program AL # 32.009 – Emergency Connectivity Fund Program
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 3,000,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(CONTINUED)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Prevailing Wage Rate Requirement

Finding Number:	2022-001
Assistance Listing Number and Title:	84.425 Education Stabilization Fund
Federal Award Identification Number / Year:	N/A/ 2022
Federal Agency:	U.S. Department of Education
Compliance Requirement:	Special Test and Provisions- Wage Rate Requirements
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	No

NONCOMPLIANCE AND MATERIAL WEAKNESS

2 CFR § 3474.1 provides that the Department of Education (DOE) adopts the Office of Management and Budget (OMB) Guidance in **2 CFR part 200**. Thus, this section gives regulatory effect to the OMB guidance and supplements the guidance as needed for the DOE, except as otherwise noted in that section.

Appendix II to 2 CFR part 200, Paragraph D states that all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following:

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. . .

The District entered into a contract with Panzica Construction Company for installation of kitchen equipment for East Tech Culinary Art Renovation project, in the amount of \$783,659. During fiscal year 2022, the District paid Panzica \$58,207 with Elementary and Secondary School Emergency Relief (ESSER II) Fund monies related to this project. These expenditures included contractor payroll charges for periods prior to June 30, 2022. However, due to the lack of formal controls and procedures, the District did not obtain the certified payroll information until December 12, 2022.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(CONTINUED)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

This weakness resulted in the District being non-compliant with the aforementioned federal codes and could result in future reductions or loss of federal funding.

The District should ensure certified payroll reports are provided weekly by the contractor. The District should obtain the necessary information from the contractor to document compliance with the program requirements and if the contractor failed to comply then they have an obligation under Appendix II to 2 CFR part 200 to report all suspected or reported violations to the Federal awarding agency.

Official's Response:

The District acknowledges it did not obtain certified payroll information from Panzica Construction until December 2022 which was after the Auditor raised the issue with the District. The District will work to ensure compliance with grant terms, in this instance, by assigning compliance responsibility to the Cost Center Manager who negotiates, monitors, and receives invoices, and authorizes payments. Standard prevailing wage contract language will be developed in consultation with General Counsel's Office with the language inserted into future contracts, as appropriate.

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Chief Executive Officer
Eric S. Gordon

Board of Education

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Board Chair

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Vice Chair

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Laura Bloomberg, Ph.D.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
June 30, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness- Financial Report Errors	Corrected	A correcting journal was performed in April 2022, which is reflected on our Fiscal Year 2021 financial statements. In addition, the Finance Department reviewed all Fiscal Year 2022 property tax entries to ensure they were posted correctly.

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CORRECTIVE ACTION PLAN
2 CFR 200.511(c)
June 30, 2022

Finding Number:	2022-001
Planned Corrective Action:	The District acknowledges it did not obtain certified payroll information from Panzica Construction until December 2022 which was after the Auditor raised the issue with the District. The District will work to ensure compliance with grant terms, in this instance, by assigning compliance responsibility to the Cost Center Manager who negotiates, monitors, and receives invoices, and authorizes payments. Standard prevailing wage contract language will be developed in consultation with General Counsel's Office with the language inserted into future contracts, as appropriate.
Anticipated Completion Date:	06/30/23
Responsible Contact Person:	Nathan J. Mortimer, Interim CFO

**CLEVELAND
MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**



**ANNUAL
COMPREHENSIVE FINANCIAL REPORT**

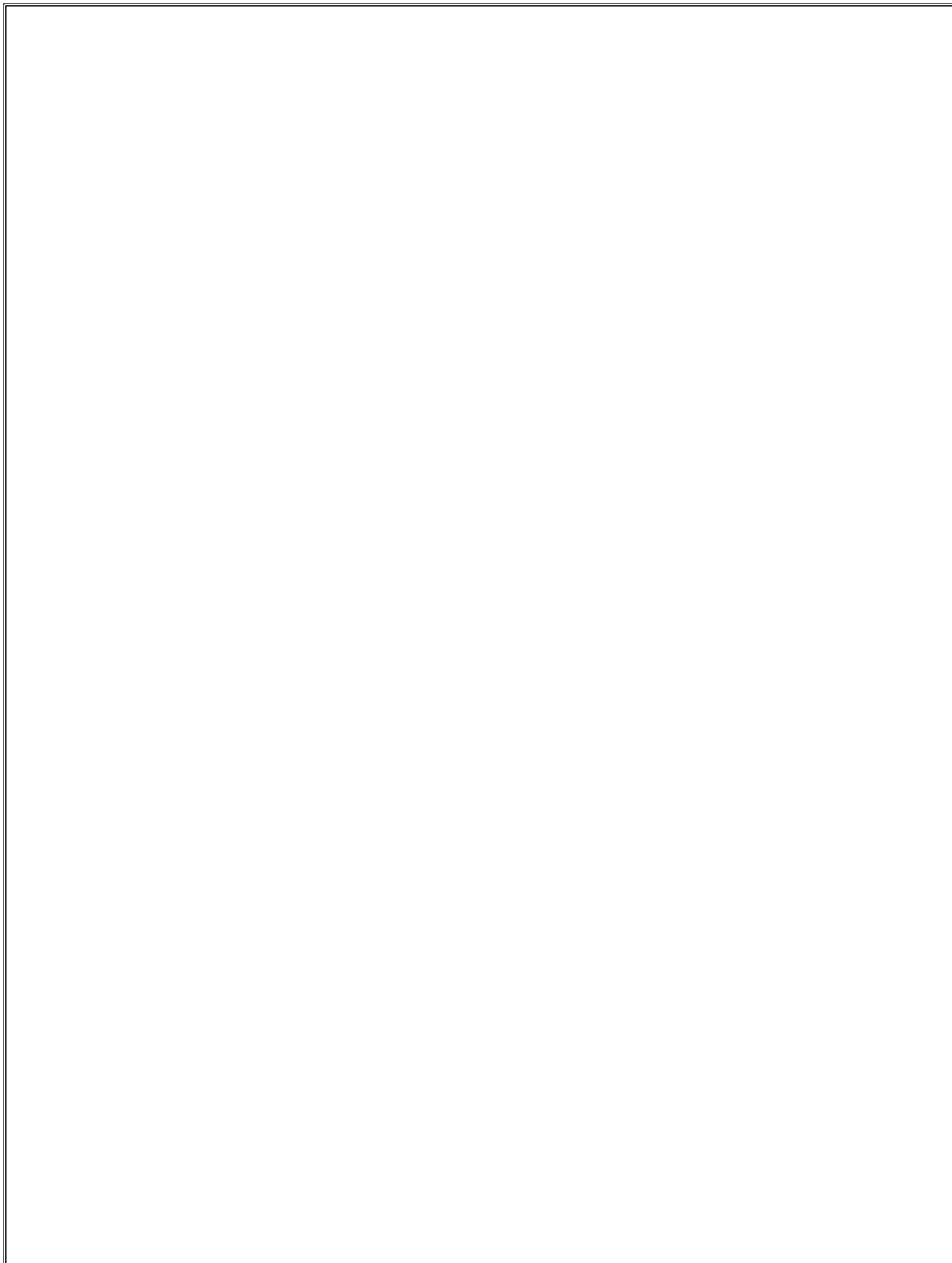
**FOR THE
FISCAL YEAR ENDED JUNE 30, 2022**

ANNUAL
COMPREHENSIVE FINANCIAL REPORT
OF THE
CLEVELAND
MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
FOR THE
FISCAL YEAR ENDED JUNE 30, 2022

PREPARED BY
FINANCE DEPARTMENT

NATHAN MORTIMER
INTERIM CHIEF FINANCIAL OFFICER

111 Superior Avenue E. Cleveland, Ohio 44114



**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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CUYAHOGA COUNTY, OHIO**

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

ANNUAL COMPREHENSIVE FINANCIAL REPORT
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INTRODUCTORY SECTION



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Nathan J. Mortimer, CPA
Finance Department

Chief Executive Officer
Eric S. Gordon

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Lisa Thomas, Ph.D.
Kathleen C. Valdez, Esq.

Ex Officio Members
Michael A. Baston, Ed.D., J.D.
Laura Bloomberg, Ph.D.

January 4, 2023

Members of the Board of Education
and the Citizens of Cleveland, Ohio

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the Cleveland Municipal School District (the “School District”) for the fiscal year ended June 30, 2022. This ACFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental activities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District’s financial affairs. Copies will be made available to taxpayers, financial rating services and other interested parties.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis of the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The School District’s MD&A can be found immediately following the Independent Auditor’s Report.

The School District

The Board of Education and Administration

The Board of Education of the School District (the “Board”) is a political and corporate body charged with the responsibility of managing and controlling the affairs of the School District, and is governed by the general laws of the State of Ohio (the “Ohio Revised Code”). The Board is comprised of nine members who are appointed by the Mayor of the City of Cleveland.

The Chief Executive Officer leads the School District's academic work following the guidance of the Board and aligned with five State performance standards:

1. Vision, Continuous Improvement, and Focus of School District Work: Superintendents establish a vision, expect continuous improvement and develop a focused plan for achieving School District goals.
2. Communication and Collaboration: Superintendents establish processes to communicate and collaborate effectively.
3. Policies and Governance: Superintendents work with the Board of Education to identify, prioritize and set policies and governance procedures that maximize the success of all students.
4. Superintendents lead the creation of instructional systems designed for high student achievement.
5. Superintendents manage and organize the School District's resources (human, fiscal, operational and material) to accomplish School District goals.

The Chief Executive Officer (CEO) of the School District is its most senior employee and has the responsibility for hiring, directing, and assigning teachers and other employees, assigning the pupils to the proper schools, grades, and performing such other duties as determined by the Board of Education.

During May 2011, the Board with the concurrence of the Mayor appointed Eric Gordon as the School District's CEO. He has continuously served in that capacity since; however, during the fall 2022, CEO Gordon informed the Board, Mayor, and broader community of his intention to depart the School District at the conclusion of the school year. The School Board has begun a national search for the School District's next CEO. CEO Gordon previously served as the School District's Chief Academic Officer.

The Chief Financial Officer/Treasurer (CFO) is the most senior fiscal officer of the School District. Under the School District's structure, the CFO reports to the CEO. In August 2017, the School District appointed Derek Richey as the CFO. Derek Richey formerly served as the School District's Executive Director of Budgets and Grants, and previously served as the Director of Strategic Resource Use for the Metropolitan Nashville Public Schools.

In anticipation of Derek Richey's departure, the School District hired Nathan Mortimer as its interim CFO during June 2022. Nathan Mortimer will serve as Interim CFO until the School District hires its permanent CFO. Nathan Mortimer was formerly the Vice President for Finance and Administration/CFO of the University of Akron and he previously served as Assistant Chief Deputy Auditor of the Office of the Ohio Auditor of State.

The School District and its Facilities

Of the School District's area of approximately 82 square miles, 81.44 square miles (or 99.32 percent) are in the City of Cleveland. The balance of the School District's area is located in and serves the entire area of the Villages of Newburgh Heights, Linndale and Bratenahl and a small portion of the City of Garfield Heights. The School District is located entirely within Cuyahoga County, and, with the exception of a portion of the City of Cleveland located in the Shaker Heights City School District, its boundaries are generally coterminous with the corporate boundaries of the City of Cleveland.

The School District provides approximately 400,000 Cleveland residents an efficient educational system for the children enrolled in the public schools, whereby each child has access to programs and services that are appropriate to his or her needs. In addition to regular educational programs, the School District offers comprehensive vocational education, special education and bilingual education programs. The School District's specialty schools provide advanced educational programs in fine arts, computer science, healthcare professions, law and municipal professions, business, and technical trades.

In fiscal year 2022, the School District was funded for 33,626 K-12 students according to the state foundation payment system (compared to 33,488 the previous year) in 66 K-8 schools, and 38 senior high schools. Actual enrollment for the fiscal year was 33,315. In addition, classes were provided in four residential school programs. The School District also operated a variety of specialized educational facilities (consisting of gardens, athletic fields, a sheltered workshop and a greenhouse), eight administration facilities (including a central kitchen and two leased sites) and two transportation depots. Recent trend data indicates that the School District has slowed the loss of students and district planning projects flat enrollment for 2023.

The School District has completed its twenty-first year of a massive school facility construction/renovation project, which is described in more detail in the *Management's Discussion and Analysis* section. The project commenced in 2001 to address the condition and age of the existing classroom facilities (which ranged from 25 to 113 years old).

Charter/Community Schools

Beginning in fiscal year 1999, State of Ohio legislation allowed for the creation of charter/community schools. By law the School District receives State Foundation Aid for students attending charter/community schools that are residents of the School District on a per pupil basis. That aid, which includes an imputed local match, is paid out to the charter/community schools for their operations. The number of students attending charter/community schools was 14,865 for fiscal 2022 (compared to 15,405 the previous year). These schools now receive direct payment of state aid.

Employee Relations

As of June 30, 2022, the School District had 5,903 full and part-time employees, excluding substitutes, (compared to 5,771 the previous year). The School District paid \$385.6 million in salaries and wages and \$166.5 million for fringe benefits such as employer retirement contributions, health care, life insurance, and certain other benefits.

The School District's administrators and supervisors (such as principals, assistant principals and some central office staff) are not members of a bargaining unit but are represented by the Cleveland Council Administrators and Supervisors. School-based Administrators are employed through board-approved contracts and are renewed at established intervals. Central office administrators and supervisors are employed through At-Will Contracts. Qualifying civil service positions are designated by the District and maintained in accordance with applicable Civil Service regulations. Teachers and educational specialists, including aides, are represented by the Cleveland Teachers Union ("CTU").

Collective bargaining agreements negotiated between the District and bargaining groups included wage increases and healthcare benefit provisions. While wage increases were distinctive between bargaining groups, the healthcare contributions and plan design were uniformly agreed upon, with exception of a lower contribution plan for SEIU 1199 members who earned less than \$27,040 annually. Beginning in January 2022, CMSD employees who participate in the wellness incentive program paid monthly healthcare premium costs of \$85 for individual and \$190 for family coverage (Medical Mutual and Anthem plans). Employees who did not participate in the wellness incentive paid up to 10% of the COBRA cost of the health insurance. Employees also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive.

In April 2021, the School District entered into a contract with CTU for a three-year period beginning July 1, 2021 and ending June 30, 2024. The contract provided for 3% wage increase effective July 1, 2021, a 3% wage increase effective July 1, 2022, and a 2% wage increase effective July 1, 2023.

Classified employees (secretarial-clerical, custodial, maintenance, transportation and cafeteria staff) of the School District are represented for collective bargaining purposes by different unions, including:

- The International Brotherhood of Teamsters Local 407 (school bus drivers and bus attendants), have entered into a three-year contract with the School District for the period July 1, 2021 through June 30, 2024. Economically, this agreement provided a wage increase of 3% effective July 1, 2021, 3% effective July 1, 2022, and 2% effective July 1, 2023 and the addition of four (4) additional steps to the Bus Driver salary schedule for extended career progression (previous 4 step schedule, now 8).
- The City, County, and State Truck Drivers Union Local 244 (truck drivers), now represented by Teamsters Local 436, have entered into a three-year contract with the School District for the period July 1, 2021 through June 30, 2024 with wage increases of 3% effective July 1, 2021, 3% effective July 1, 2022, and 2% effective July 1, 2023.
- The National Conference of Fireman and Oilers Local 860 (assistant custodians, laborers, and mechanics), have entered into a three-year contract with the School District for the period July 1, 2021 through June 30, 2024 with wage increases of 3% effective July 1, 2021, 3% effective July 1, 2022, and 2% effective July 1, 2023.
- The International Brotherhood of Teamsters Local 436 no longer represents the School District's security officers, who are now represented by the Ohio Patrolmen's Benevolent Association (OPBA) and have entered into a three-year contract with the School District for the period July 1, 2021 through June 30, 2024. Previously paid within a set Minimum and Maximum range that was progressed through by annual increments of \$0.37 per hour, a formalized Step Schedule was established for 2021-2024 with 8 Steps, increasing the Maximum hourly earnings of employees and also providing higher annual progressions (e.g. \$0.48 per hour). In addition to the establishment of a step schedule, 10-month Security Officers were increased from a 192-day calendar to a minimum of 200-days per year.
- The Service Employees International Union Local 1199 (clerical, food service and cleaning staff), have entered into a three-year contract with the School District for the period July 1, 2021 through June 30, 2024 with wage increases applied to the maximum schedule of earnings of 3% effective July 1, 2021, 3% effective July 1, 2022, and 2% effective July 1, 2023. To establish a living wage minimum of \$15.00 per hour, the District and SEIU agreed to a transition that brought current employees under \$15.00 to that new minimum, or a 3% increase in 2021-22, whichever was greater (with the exception of Lunchroom Attendants and Preschool Monitors). Following this year of transition, employees are to receive a 3% increase effective July 1, 2022 and 2% increase effective July 1, 2023. Beginning in January 2022, union members who earn \$27,040 or less, on an annualized basis, will pay 65% of the monthly contribution paid by School District 1199 members, who earn more than \$27,040 on an annualized basis. For those employees whose annualized wages are \$27,040 or less, employee contribution shall be 6.5% of monthly healthcare premium costs capped at \$75 for individual and \$170 for family coverage.
- The Cleveland Building Trades Council (trades people) and the carpenters union, have entered in to an three-year contract with the School District for the period July 1, 2022 through June 30, 2024 with a wage increase of 3% effective July 1, 2021, 3% effective July 1, 2022, and 2% effective July 1, 2023.
- The National Conference of Fireman and Oilers Local 777 (custodians) have entered into a three-year contract with the School District for the period July 1, 2022 through June 30, 2024 with a wage increase of 3% effective July 1, 2021, 3% effective July 1, 2022, and 2% effective July 1, 2023.

The Reporting Entity

The School District has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," Statement No. 61, "The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34," and Statement No. 39, "Determining Whether Certain Organizations are Component Units." The basic financial statements include all organizations, activities and functions for which the School District is financially accountable.

Excluded from the reporting entity because they are fiscally independent of the School District are the City of Cleveland and the Cleveland Public Library. The City of Cleveland and the Cleveland Public Library are related organizations whose relationships to the School District are described in Note 19 to the basic financial statements. The School District also participates in the Ohio Schools Council, which is a jointly governed organization. In 2001, the School District created the Bond Accountability Commission ("BAC"), which is also a jointly governed organization. These relationships are described in Note 20 to the basic financial statements.

The School District is an independent municipal school district and is not a component unit of another government. A complete discussion of the School District's reporting entity is provided in Note 1 to the basic financial statements.

Economic Condition and Outlook

The School District's primary sources of revenues are from the State of Ohio through the State Foundation program and through the levying of property taxes on real property located within the School District. These two sources combined represent approximately 97 percent of the School District's fiscal year 2022 budget basis General Fund operating revenues. The following discussion provides additional information pertaining to these revenue sources.

Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions generally occur in a new fiscal year. Property taxes include amounts levied against all real and public utility located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years.

A table showing the assessed valuation of property in the School District, subject to ad valorem taxes by the Board for the most recent ten years, is presented in the statistical section.

Fiscal year 2022 property taxes are currently estimated by the Cuyahoga County Fiscal Officer based on a current collection rate of 89.90%, which was the same with for the previous year. The forecast through 2027 assumes a current collection rate of 88.3%. The Ohio Revised Code and Ohio Administrative Code mandate Cuyahoga County to conduct a re-appraisal every six years, an update every three years and annual valuation of improvements based upon building permits received from each city annually. The most recent re-appraisal occurred in 2021 for collection in calendar year 2022.

State law grants tax relief to property owners (property tax rollbacks) in the form of a 10% reduction in real property tax bills. In addition, a 2.5% rollback is granted for owner occupied homesteads (total of 12.5%). The State reimburses the School District for the loss of real property taxes as a result of the rollback provisions. HB 66 eliminated the 10% rollback on commercial property; hence the School District will no longer receive a State reimbursement for those dollars, as it will receive those payments directly from commercial property owners. The new law states that the ten percent and two and one-half percent rollbacks will no longer apply to new levies that are enacted after August 31, 2013.

House Bill 66 phases out the tax on the tangible personal property of general businesses, telephone and telecommunications, and railroads. The tax on general business and railroad property was eliminated in 2009, and the tax on telephone and telecommunications property was eliminated in 2011. The tax is phased out by reducing the assessment rate on the property each year. HB 66 makes provision to replace revenue lost due to the phase out of the tangible personal property tax. Businesses are now subject to a commercial activity tax (CAT) that will provide some replacement income to school districts for the lost tangible property revenues.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation implementing a 1980 constitutional amendment classifies real property between (1) residential and agricultural and (2) all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These credits apply to certain voted levies on real property, and do not apply to unvoted tax levies or voted tax levies to pay debt service on general obligation debt.

Additionally, in 1976 the General Assembly passed House Bill 920. This law provides that real property owners receive tax credits equal to any tax increase caused by an increase in value of all real property in taxing districts as a result of reappraisal, update or readjustment. This does not apply to inside non-voted millage, tangible property or new construction. In effect, H.B. 920 removes inflationary revenue growth from the applicable real property by requiring an adjustment to the voted millage rate, thereby resulting in a lower effective millage rate.

Property tax levies and collections for the last ten years are shown in comparative format in the statistical section.

Finally, Cleveland taxpayers approved a renewal of the School District's 15-mill levy and an increase of 5-mills in November 2020 with more than 60% approval. The School District will receive 18.5 mills and will distribute 1.5 mills to partner charter schools.

School Foundation

The State's School Foundation Program is another major source of revenue for the School District's General Fund. The State assists public school districts under a statutory program, which includes direct payments to districts based upon a statutory formula. Such payments are made through the School Foundation Program established by the Ohio Revised Code. School Foundation Program funds distributed to a School District are required to be used for current operating expenses, unless specifically allocated by the State for some other purpose.

As before, foundation payments are calculated twice a month and for each payment a foundation letter is generated, that specifically references that payment and provides detailed information on the formula funding calculation, as well as the distribution of various other funds and transfers by which the foundation calculation is adjusted. In addition to the School Finance Payment Report (SFPR), which contains the foundation calculation details, a Statement of Settlement report is also provided, as before, that summarizes the payment information to school districts based on the SFPR calculation and adjustments as well as additional adjustments and transfers from outside of the foundation formula that are relevant to each payment.

The SFPR is a comprehensive document designed to walk the user through every step of the funding calculation with relative ease by referencing the data and the funding formula provided.

Foundation Funding Components that make up the foundation formula are:

- A. Opportunity Grant
- B. Targeted Assistance
- C. K-3 Literacy Funding
- D. Economic Disadvantaged Funding
- E. Limited English Proficiency Funding
- F. Gifted Education Funding
- G. Transportation Funding
- H. Special Education Additional Funding
- I. Career Tech Educational Funding
- J. Capacity Aid
- K. Graduation Bonus
- L. Third Grade Reading Bonus

For FY 2020-2022, the State froze all districts funding at their FY 2019 level. Additionally, the State did add two additional funding components for FY 2020-2022 around Student Wellness and Success Funding and Enrollment Growth Supplement Funding. In June 2021, the State approved a new foundation formula that will fundamentally change certain components of the District State Aid. Notable changes that impacted FY22 were the elimination of “pass-through” expense deductions for community (charter) schools and scholarship payments. The new formula also changed the local share calculation and adjusted the base cost on a district-by-district basis based on the needs and demographics of the District.

There can be no assurance concerning future funding levels for or the details of State funding for school districts. As has been the case in the past, funding can also be subject to adjustment during a biennium. As indicated above, the General Assembly has the power to amend the system of State school funding. The School District cannot predict whether, when or in what form any future system of State school funding will be enacted into law.

Local Economy

The City of Cleveland is located on the southern shores of Lake Erie, and is the county seat of Cuyahoga County. The City is included in the Cleveland-Elyria-Mentor, OH Metropolitan Statistical Area (MSA), comprised of Cuyahoga, Lake, Lorain, Geauga, and Medina counties. This MSA is the 34th largest of 366 Metropolitan Areas in the United States, and the 3rd largest Metropolitan Area in the State of Ohio. Founded in 1796, Cleveland quickly established economic strengths in heavy industry, including oil, iron and steel, and combined with its favorable location on major shipping channels soon emerged as the dominant manufacturing and business center of Northeast Ohio. While the City’s economy has shifted more toward health care and financial services, its manufacturing base has assumed a smaller, yet still vital role. Competitive pressures in manufacturing have limited job creation, but the competitive position of Cleveland-based industrial companies has improved.

Cleveland’s economic condition draws strength and stability from its evolving role as a focal point of a growing, changing and substantial regional economy. The City is located at the center of one of the nation’s heaviest population concentrations. The Cleveland Metropolitan Area is a significant local market, housing 2.1 million people. Cleveland also provides superior links to the global markets. The Cleveland-Cuyahoga Port Authority handles the largest amount of overseas cargo on Lake Erie and includes a Foreign Trade Zone. The City is also well-served with extensive highways, and the Cleveland Hopkins International Airport which is serviced by all major airlines. The re-emergence of downtown Cleveland as a vibrant center for national and regional entertainment and major cultural activities signals a turning point in the City’s overall fortunes and is paving the way for further economic expansion that will be significantly more entrepreneurial in scope.

Not unlike other places, the School District is emerging from and learning to function in a COVID/Post COVID environment. Nonetheless, Cleveland was significantly impacted by the COVID Pandemic. As a result of the periodic quarantine measures instituted by local, state and federal governments there has been a significant increase in physical vacancy. Many small businesses were forced to close and even larger corporate entities instituted work at home mandates that have continued to curtail the vitality that was recognized to exist in Cleveland Central Business District (CCBD). Prior to January 2020, there was a recognized economic transition that took place throughout most of the CCBD. Patterns of redevelopment were displayed throughout the downtown area.

Downtown and Other Economic Development

- In the fall of 2014, ODOT commenced construction on its Opportunity Corridor Project, a three-mile, approximately \$331 million road project to improve the transportation system and support planned economic development within the City in the areas between I-490/I-77 and University Circle. The project was completed during calendar year 2021. The Opportunity Corridor encompasses nearly 1,000 acres on the City's southeast side and is anchored by University Circle and the Cleveland Clinic. In addition to transportation benefits, it is "the community". The Opportunity Corridor Project supports an economic development plan of the City and Greater Cleveland Partnership for the area through enhanced mobility, direct access to freeways and the University Circle area, new frontage for potential development, improved visibility and improved multi-modal access.
- Investment in the City's educational institutions continues. Cleveland State University opened Washkewicz Hall, its new \$60 million engineering building in December 2017. Cuyahoga Community College undertook a major construction and renovation project across all four of its campuses. This includes a \$10 million addition and renovation of its Advanced Technology and Training Center at the Metropolitan Campus downtown. This downtown project concluded in October 2019.
- Hemingway Development and University Hospitals purchased a ten-acre brownfield site that the City assembled and cleaned up. University Hospitals is developing another Health Technology Campus to be anchored by University Hospital's 40,000 square foot Rainbow Center for Women and Children, which opened in June 2018. Hemingway is now leasing Link 59, its 60,000 square foot speculative tech center. Dave's Supermarkets opened a flagship 60,000 square foot grocery store on an adjacent site in February 2019. This grocery amenity provides major retail to the Corridor, as well as the surrounding neighborhoods. A Hilton Tru hotel opened in the area in 2019.
- In 2014, MetroHealth Medical Center announced its campus transformation project. As part of the multi-year project, MetroHealth opened its \$86 million Critical Care Pavilion in 2016. A 1,500-space parking garage opened in November 2018, with demolition of the old garage completed over the winter. Construction of a new 11-story 270-room hospital was completed in 2022. The total cost for all phases of the campus transformation approximated \$1 billion.
- In 2019, Sherwin Williams Company announced plans to build a new 1 million square foot headquarters downtown and a second research and development facility in the suburbs, replacing its existing facility. The headquarters will keep over 3,100 employees in downtown and employment is expected to grow by 400 over the next decade. Construction is expected to be completed by 2024.

- The Ohio City neighborhood continues to grow and be a destination for residents and tourists. The neighborhood includes the City-owned West Side Market, the oldest continually operating market in the country, which recently celebrated its 100th anniversary. The West 25th Street Lofts Project created 83 loft style apartments and some rooftop penthouse units, as well as 9,100 square feet of commercial space. The last of the apartments were completed in December 2016. Total project exceeded \$60 million. The area has seen more than \$15 million in new investment to redevelop over 198,000 square feet of vacant or underutilized mixed-use space, including historic renovations and some new construction. The Snavely Group's \$60 million mixed use, mixed income development opened in 2018 and is currently leasing apartments.

The success of the Ohio City investments has led to development along the retail corridor on Lorain Avenue, with investors purchasing buildings from West 25th Street to West 50th street with a variety of retail and commercial projects that include microbreweries, a home brewing supplier, an organic grocery store, restaurants, and a shuffleboard club. Harbor Bay Investments, a Chicago-based developer, has demolished the outdated shopping center across from the West Side Market. A new building will be home to nearly 300 apartments, 40,000 square feet of retail space and also offer underground parking and a green space, with completion in 2022. Many of the buildings are renovating long vacant apartments over the first-floor retail space as the Ohio City housing market continues to draw new residents from all income levels looking to be in this walkable, transit-oriented community. MetroHealth recently opened a \$10 million 32,000-square foot facility providing outpatient and express care services to the area. MetroHealth also recently announced plans to construct a dental clinic on another site located in Ohio City.

- Current projects of note in downtown Cleveland. In early 2022, the City Club Apartments at 720 Euclid Avenue in downtown was under construction. The project comprises a 23-story apartment building with 304 units. The Erieview Tower Rehabilitation: Offices, Apartments, and W Hotel is planned to commence in 2022, with full project complete by 2024; hotel portion targeting a completion in 2023. A redevelopment of the existing 40-story office building. The building will include a 210-room W Hotel on the lower eight or nine floors. 227 apartments are planned for floors 17 through 28. The remaining floors in the building above and below the apartments will remain office space, and plans call for a new restaurant on the 38th floor. Also planned for renovation and expansion in 2022 is the Rock & Roll Hall of Fame and Museum through adding 50,000 square feet of programming space and a new band shell overlooking Lake Erie.
- On the east bank of the Flats a relatively new mixed use development will be expanded through the development of Kenect Cleveland, comprising a 7-story building, 229 market-rate residential units, above three parking levels and 10,000 square feet of ground floor retail. While on the near west side (W. 25 & Detroit-Superior Bridge), the Bridgeworks development is planned which comprises a mixed-use project of 230,000 square feet, 18 stories, 130 hotel rooms, and 160-170 apartments. In the Scranton Peninsula immediately southwest of downtown, the Thunderbird project comprises a large 21-acre mixed-use development to include residential, office, retail, and light manufacturing. "The Avian at Thunderbird" was recently completed and involved the renovation of an old warehouse to modern offices. Plans were announced in early 2022 for development of 600 apartments on the southern section of the Peninsula.

- In University Circle, projects under construction include Circle Square at Stokes Blvd. and Chester Avenue which is a five-acre project comprising a 24+ story apartment building called “The Artisan.” There are also plans for a second tower across Stokes Blvd from the first residential tower comprising 298 residential units and 160 hotel rooms, a 13-story, 170,900 square foot office tower at the northeast corner of Stokes Blvd and Euclid Ave., 66,805 square feet of retail as part of the three buildings above, parking garages with 1,525 spaces, and a new, two-story Cleveland Public Library MLK Branch as part of an 11-story apartment building with 207 units. Also under development at the southwest corner of East 105th Street and Cedar Avenue adjacent to the campus of Cleveland Clinic is a six-story, 190,000 square foot building with 196 apartment units, a 40,000 square foot Meijer grocery store, and a three-level 200-space parking garage.

Major Initiatives

The Cleveland Plan (H.B. 525)

In 2012, the Cleveland’s Plan for Transforming Schools set out to ensure every child in Cleveland attends a high-quality school and every neighborhood has a multitude of great schools from which families can choose. Nearly a decade later, The Cleveland Plan has helped drive improvements in student achievement, increased financial support, and catalyzed policy change in support of these goals.

Today, Cleveland is well positioned to continue this upward trend, and the urgency to keep improving education for our city’s children continues. Now is the time to revisit and refresh The Cleveland Plan to reflect a challenging present, a brighter future, and a continued commitment to change. It is also critical to name and consciously address the systemic inequities that negatively affect many children and families in our city. That is why this refreshed Cleveland Plan addresses our city’s urgent educational needs with equity in mind. The box at right outlines a definition of educational equity that underpins this Plan. It is up to our entire community to hold ourselves and each other accountable to the spirit and the letter of our collective definition of educational equity.

With equity at the core, The Cleveland Plan is further guided by a North Star—a declaration of intent for the future:

- All Cleveland public education students will have a high-quality, equitable education in schools that inspire joy in learning.
- All Cleveland students will have access to individualized opportunities that prepare them to participate in society and forge a meaningful path for themselves when they graduate.
- Families will actively participate in continuously improving and evolving their schools to fit their community’s needs.

The refresh of The Cleveland Plan was shepherded by the Cleveland Transformation Alliance (the Alliance), a public-private partnership conceived under HB 525, the 2012 state legislation implementing the original Cleveland Plan. The Alliance is guided by a Board of Directors made up of parents, educators, and business, philanthropic, and civic leaders from throughout Cleveland and across the state who contributed to the refresh of The Cleveland Plan. The Alliance also worked with community partners such as the Neighborhood Leadership Institute to get feedback from community members, families, and educators in public schools across the city. While the Alliance drove the refresh process, it is critical to emphasize that the Alliance is the convening stakeholder, not the authority, for The Cleveland Plan.

The Cleveland Plan has five major components:

- Grow the number of students attending high-quality public district and public charter schools in every neighborhood in Cleveland.
- Ensure all school leaders are empowered with the resources, supports, and authority necessary to equitably meet the needs of their school community.
- Invest and phase in innovative programs and equitable best practices across all public district and public charter schools to help all students thrive from birth through college and career.
- Through the Cleveland Transformation Alliance, ensure fidelity to and equitable community engagement with this plan for all public district and public charter schools in the city.
- Embed organizational and educational equity principles and activities that are replicable and measurable for all public district and public charter schools in the city

The Seven Components of the Portfolio Strategy as Envisioned in *The Cleveland Plan*:

The Portfolio strategy is a performance management model for districts that aim to create dramatic student achievement gains at scale. It centers on creating more high-quality schools regardless of provider, giving schools autonomy over staff and funding, and holding all schools accountable for performance. The Portfolio Strategy is built on 7 key components:

- Good options and choices for all families
- School Autonomy
- Pupil-Based Funding for all schools
- Talent seeking strategy
- Sources of support for schools
- Performance-based accountability for schools
- Extensive public engagement

Say Yes to Education

In January 2019, Cleveland officially became the fourth (and final) Say Yes to Education community-wide chapter in the nation. The goals of the Say Yes Cleveland program are to increase education levels of Cleveland residents; boost and retain population in the city of Cleveland; improve college access for middle- and low-income families in Cleveland; and spur economic growth and expansion in the region. A key differentiator of the Say Yes communitywide strategy– and a reason Cleveland pursued the opportunity – is that it’s not just a scholarship program. Its framework calls for all entities serving the community’s children to share their data to better address students’ individual needs and connect them to additional support services, academic and non-academic, from pre-K through postsecondary graduation.

Some of the highlights of the program are:

- Over the next 25 years, eligible students living in Cleveland and attending School District schools or partnering charter high school will have the opportunity to receive “last dollar” scholarships toward tuition for postsecondary education. The Say Yes scholarships will cover all remaining cost of tuition costs once federal and state aid is used. The scholarship program began with high school graduating class of 2019.
- Students can attend all state colleges and 116 private schools that have joined the Say Yes Compact. These include Ivy League universities and several Ohio schools, including Ashland, Baldwin-Wallace, Case-Western, Denison, Dayton, John Carroll, Kenyon, Notre Dame College, Oberlin, Ohio Northern, Ohio Wesleyan and Wooster.
- Aided by \$15 million in seed money from Say Yes to Education, the School District will accelerate the rollout of critical core services to all School District schools over the next four years, beginning with the 2019-2020 school year.

- Six local entities have agreed to work collaboratively with each other and with Say Yes to Education to provide support services to students: City of Cleveland, Cuyahoga County, the School District, Cleveland Council of Administrators and Supervisors, Cleveland Teachers Union, and Cleveland Public Library.

COVID- 19 Pandemic

In the Spring of 2020, all Ohio schools were closed for in person learning for the remainder of the school year. While the virus was not eradicated, the School District began its 2020-2021 school year in a remote learning environment. The Coronavirus also put on full display of the glaring inequities that scholars, families and our educators have faced for decades around inadequate access to food, affordable childcare, access to technology and reliable high-speed Internet. To combat these inequities, the School District purchased devices and hotspots for scholars to use in a remote learning environment. Additionally, the School District food Service department run meal sites at each of the schools where families can pick up meals on daily or weekly basis.

The School District maintained a remote learning environment until March 2021 and then transitioned to hybrid learning for the rest of the school year with an option for families to remain fully remote or virtual if they chose.

With the aid of more than \$450 million in local, state, and Federal pandemic-relief resources, the School District is poised to make substantial investments to aggressively address lost academic learning time. In addition to direct responses to the spread of COVID-19, the School District will also make investments in the CMSD learning experience to encourage greater attendance, engagement, and joy, which we believe will result in higher academic results for students and our School District in aggregate.

Cleveland Plan Progress

Due to COVID-19, state testing did not occur in the 2019-2020 school year. They were administered in the 2020-2021 school year, but fewer students took them and are generally considered less reliable. That said, following implementation of *The Cleveland Plan*, the School District has achieved the following measurable outcomes:

- Increased enrollment in high-quality preschool from 2,857 seats in 2013 to 4,903 seats in 2019.
- Reversed the trend of declining postsecondary enrollment rates within one year of the launch of Say Yes.
- Increased graduation rates 28.7% since the 2010-2011 school year including achieving graduation rates for Hispanic and African American students that exceed State averages.
- Earned recognition as one of six districts “beating the odds” on the National Assessment of Education Progress (NAEP), frequently referred to as the “nation’s report card”.

Long-Term Financial Planning

The Board of Education has assigned responsibility for annual and long-term financial planning to the Chief Financial Officer/Treasurer. The policies require that the first objective of financial management planning is to provide for the education of the School District’s children. We are expected to use the best available techniques for budget development and management, as well as to engage in strategic, long-term financial planning which attempts to forecast the need for future educational and capital expenditures.

The School District prepares a Five Year Forecast along with assumptions prior to November 30th of each fiscal year and updates this forecast between April 1 and May 31st of each fiscal year.

Relevant Financial Policies

At the beginning of each fiscal year, the School District adopts either a temporary or permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Fiscal Officer of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Fiscal Officer must certify that the School District's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority. Budgets are controlled at the fund level. All purchase order requests must be approved by the appropriate levels of authority and certified by the Chief Financial Officer/Treasurer; necessary funds are then encumbered and purchase orders are released to vendors.

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. In addition, an on-line inquiry system is available for each cost center site.

The School District pursues an aggressive cash management program by expediting the receipt of revenues and prudently investing and depositing available cash in obligations collateralized by instruments issued by the United States Government, governmental agencies, corporations or the State of Ohio or insured by the Federal Deposit Insurance Corporation (FDIC) and/or the Securities Investor Protection Corporation (SIPC).

Protection of the School District's deposits is provided by the federal deposit insurance corporation and/or by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and other designated third-party trustees of the financial institutions. Also, the School District participates in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Internal Controls

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft or misuse. The internal control structure ensures that accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and county financial assistance, the School District is also responsible for maintaining a rigorous internal control structure that ensures full compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management, external auditors and the internal audit staff of the School District. The School District is required to undergo an annual audit in conformity with the provisions of the Uniform Guidance Title II Subtitle A Chapter 2 Part 200, Section 501. The information related to the Single Audit, including the schedule of federal awards expenditures, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

Awards

ASBO Certificate of Excellence in Financial Reporting

The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting to school districts that publish Annual Comprehensive Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted by the Association of the School Business Officials. The award is granted only after an intensive review of the financial report by an all-expert panel of certified public accountants and practicing school business officials.

The School District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2021. The School District believes that the Annual Comprehensive Financial Report for fiscal year June 30, 2022, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

Acknowledgments

The publication of this report signifies a professionalizing of the School District's financial reporting. It enhances the School District's accountability to the residents of the School District.

The preparation of this report would not have been possible without the assistance and support of the staff of the Financial Reporting's Division of the Finance Department.

Finally, we would like to acknowledge members of the Board who have expressed their interest and support in planning and conducting the financial operations of the School District.

Respectfully submitted,



Nathan J. Mortimer, CPA
Interim Chief Financial Officer

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**BOARD MEMBERS
APPOINTED BY MAYOR OF CITY OF CLEVELAND**

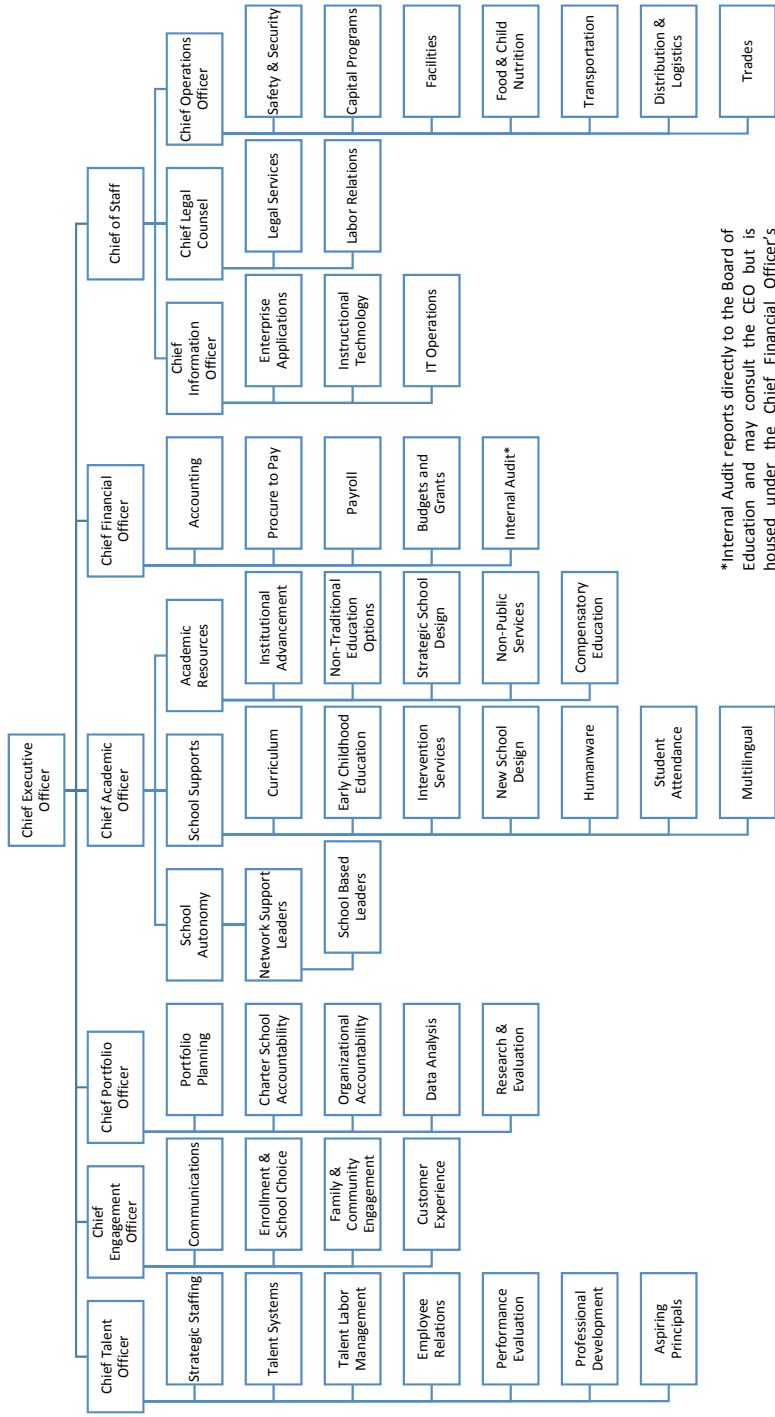
<u>Name</u>	<u>Began Serving as a Board Member</u>	<u>Present Term Expires June 30</u>
Anne E. Bingham, Board Chair	2014	2025
Robert M. Heard, Vice Chair	2004	2025
Louise P. Dempsey, Esq.	1998	2023
Sara Elaquad, J.D.	2019	2023
Leah D. Hudnall	2022	2023
Denise Link	2007	2023
Nigamanth Sridhar, Ph.D.	2021	2025
Lisa Thomas, Ph.D.	2011	2025
Kathleen C. Valdez, Esq.	2019	2023
Michael A. Baston, Ed.D., J.D. ex-officio Laura Bloomberg, Ph.D. ex-officio		

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SENIOR APPOINTED OFFICIALS

Eric Gordon	Chief Executive Officer
Lee Buddy Jr.	Chief Engagement Officer
Trent Mosley	Chief Strategic Implementation Officer
Nathan J. Mortimer, CPA	Interim Chief Financial Officer
Curtis Timmons	Chief Information Officer
Patrick Zohn	Chief of Facilities and Operating
Karen Thompson	Chief of Staff
Lori Ward	Chief Talent and Equity Officer
Marcy Shankman	Chief Organizational Learning Officer
Valentina Moxon	Chief Academic Officer
Lisa Farmer-Cole	Chief, Schools
Dennis Hill	Chief of Safety and Security
Tom Ott	Deputy Chief, Communications
Lamont Dodson	Deputy Chief, Safety and Security
Jeffery Allen	Executive Director, Fine Arts
Jobir Andkhoy	Executive Director, Information Technology Service Delivery and Management
Jessica Baldwin	Executive Director, Intervention Services
Anthony Battaglia	Executive Director, Career and College Pathways
Brenda Wendt	Executive Director, Controller
Shawn Braxton	Executive Director, Learning Technology and Training Services
Christopher Broughton	Executive Director, Data and Organizational Accountability
Jacquinet Brown	Executive Director, Professional Development
Christopher Burkhardt	Executive Director, Food and Child Nutrition Services
Maria Carlson	Executive Director, Academics
Stephen Christian	Executive Director, Culture and Total Rewards
Nicholas Damico	Executive Director, School Performance
Hollie Dellisanti	Executive Director, Architectural Services
Mary Foraker	Executive Director, Financial Strategy Sourcing Support
Jose Gonzalez	Executive Director, Multilingual Multicultural Education
Heather Grant	Executive Director, Talent Development
Latisha Grimes	Executive Director, Testing, Assessments And Logistics
Mychael Henderson	Executive Director, Financial Operations
Tracy Hill	Executive Director
Melissa Hirsch	Executive Director, Information Technology Strategy Execution and Governance
Larry Johnston	Executive Director, Internal Audit
Gerard Leslie	Executive Director, Alternative Programs
Carol Lockhart	Executive Director, Say Yes to Education
Rick McIntosh	Executive Director, School Choice and Student Enrollment
Joseph Micheller	Executive Director, New School Development
Laura Mulvaney	Executive Director, Strategic Staffing
Elizabeth Nelson	Executive Director, Curriculum
Brian Paisley	Executive Director, Software and Data Solutions
Desiree Powell	Executive Director, Health, Physical Education, Interscholastic Athletics, and Student Activities
Matthew Rado	Executive Director of Charter Schools
Leo Serrano	Executive Director
Melissa Skelly	Executive Director
Audrey Staton-Thompson	Executive Director, Contract Implementation
William Stencil	Executive Director of Humanware
Eric Taylor	Executive Director
Joshua Terchek	Executive Director, Research and Development
Megan Traum	Executive Director, School Quality Review
Nicole Vitale	Executive Director, Early Childhood and Pre-K 12
Allison Walker	Executive Director, Cyber Security and Information Technology Risk Management
Bernetta Wiggins	Executive Director, Integrated Health
Kevin Burtzclaff	Board Attorney and Liaison
Erin Frew	Network Support Leader, High School Network 1
Andrew Koonce	Network Support Leader, K-8 Network 1
Lorenzo Russell	Network Support Leader, High School Network 2
Sonja Clark	Network Support Leader, K-8 Network 2
Allayna Ratliff	Network Support Leader, K-8 Network 3
Paul Hoover	Network Support Leader, K-8 Network 4

Cleveland Municipal School District Organizational Chart



*Internal Audit reports directly to the Board of Education and may consult the CEO but is housed under the Chief Financial Officer's Division for administrative purposes.



The Certificate of Excellence in Financial Reporting
is presented to

Cleveland Metropolitan School District

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, appearing to read 'Will Sutter'.

William A. Sutter
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis
Executive Director

FINANCIAL SECTION



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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Cleveland Municipal School District
Cuyahoga County
1111 Superior Avenue E, Suite 1800
Cleveland, Ohio 44114

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Municipal School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Municipal School District, Cuyahoga County, Ohio as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Elementary and Secondary School Emergency Relief Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 23 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods for the District. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue our report dated January 4, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 4, 2023

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

The discussion and analysis of the Cleveland Municipal School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- ❑ Total current and other assets increased by \$58.1 million, net OPEB assets increased \$5.3 million and capital assets decreased by \$29.3 million, resulting in a net increase in total assets of \$34.1 million in Governmental Activities.
- ❑ Total short-term liabilities decreased by \$13.1 million and total long-term liabilities decreased \$413.1 million, resulting in a net decrease in total liabilities of \$426.2 million in Governmental Activities.
- ❑ Total net position increased \$106.4 million in Governmental Activities. General revenues accounted for \$624.2 million in revenue or 69.93% of all revenues for Governmental Activities. Program specific revenues in the form of charges for services, sales, grants or contributions accounted for \$268.5 million or 30.08% of total revenues of \$892.6 million.
- ❑ Total program expenses were \$786.3 million in Governmental Activities.
- ❑ Among major funds, the General Fund had \$647.3 million in revenues and other financing sources and \$593.3 million in expenditures. The General Fund's fund balance increased by \$54.0 million.
- ❑ During fiscal year 2022, the School District received \$117,593,997 in Pandemic relief money under the Elementary and Secondary School Emergency Relief (ESSER) Program.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand The School District as an entire operating entity. The statements begin at a summary level and expand to detailed financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the entire School District, presenting both an aggregate view of the School District's current finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements present how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund, the Elementary and Secondary School Emergency Relief (ESSER) Fund and the Debt Service Fund are the most significant governmental funds.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

Reporting the School District on a Government-Wide Basis

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds utilized by the School District to provide programs and activities, the view of the School District as an entity looks at all financial transactions and asks the question, “How did we do financially during fiscal year 2022?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year’s revenues and expenses regardless of when cash was received or paid.

These two statements report the School District’s net position and changes in those net positions. This change in net position is important because it tells the reader whether the financial position of the School District, as a whole, has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District’s property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, general inflation and other factors.

All of the School District’s programs and services are reported as Governmental Activities in the Statement of Net Position and the Statement of Activities. Governmental Activities consists of functions that are principally supported by taxes and intergovernmental revenues. Such activities include instruction, support services, operation and maintenance of plant, pupil transportation, operation of non-instructional services and extracurricular activities among others for the School District.

Currently, the School District has no Business-Type Activities, which include functions that are intended to recover all or a significant portion of their costs through user fees and charges.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page 15. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for its financial transactions. However, these fund financial statements concentrate on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, the Elementary and Secondary School Emergency Relief (ESSER) Fund and the Debt Service Fund.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine the amount of financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds - Proprietary funds have historically operated as enterprise and internal service funds using the same basis of accounting as business-type activities. The School District has no enterprise funds. The internal service fund is used to account for and finance its uninsured risks of loss and associated expenses attributable to deductibles and self-insured retention limits for general liability and property damage claim settlements and judgments. Also, it is used to account for and finance the School Districts self-insurance programs for employee medical benefits.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

The School District on a Government-Wide Basis

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2022 compared to June 30, 2021.

Table 1
Net Position
Governmental Activities
(\$ In Millions)

	<u>Governmental Activities</u>		
	<u>2022</u>	<u>2021</u>	<u>Change</u>
Assets			
Current and Other Assets	\$ 725.0	\$ 666.9	\$ 58.1
Net OPEB Asset	46.8	41.5	5.3
Capital Assets	<u>946.8</u>	<u>976.1</u>	<u>(29.3)</u>
Total Assets	<u>1,718.6</u>	<u>1,684.5</u>	<u>34.1</u>
Deferred Outflows of Resources			
Pension & OPEB	173.4	169.7	3.7
Liabilities			
Current Liabilities	88.8	101.9	(13.1)
Long-Term Liabilities	309.2	310.7	(1.5)
Net Pension & OPEB Liability	455.1	866.7	(411.6)
Total Liabilities	<u>853.1</u>	<u>1,279.3</u>	<u>(426.2)</u>
Deferred Inflows of Resources			
Property Taxes and Other	262.0	239.2	22.8
Pension & OPEB	475.8	140.9	334.9
<i>Total Deferred Inflow & Resources</i>	<u>737.8</u>	<u>380.1</u>	<u>357.7</u>
Net Position			
Net Investment in Capital Assets	693.5	717.4	(23.9)
Restricted for Debt Service	75.4	65.9	9.5
Restricted for Capital Projects	81.7	82.0	(0.3)
Restricted for Food Services	4.6	5.2	(0.6)
Restricted for Miscellaneous State Grants	4.5	8.7	(4.2)
Restricted for Educational Special Trust	4.4	11.1	(6.7)
Restricted for Other Purposes	12.8	16.0	(3.2)
Unrestricted	<u>(575.7)</u>	<u>(711.5)</u>	<u>135.8</u>
Total Net Position	<u>\$ 301.2</u>	<u>\$ 194.8</u>	<u>\$ 106.4</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2022, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset/liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these assets/liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

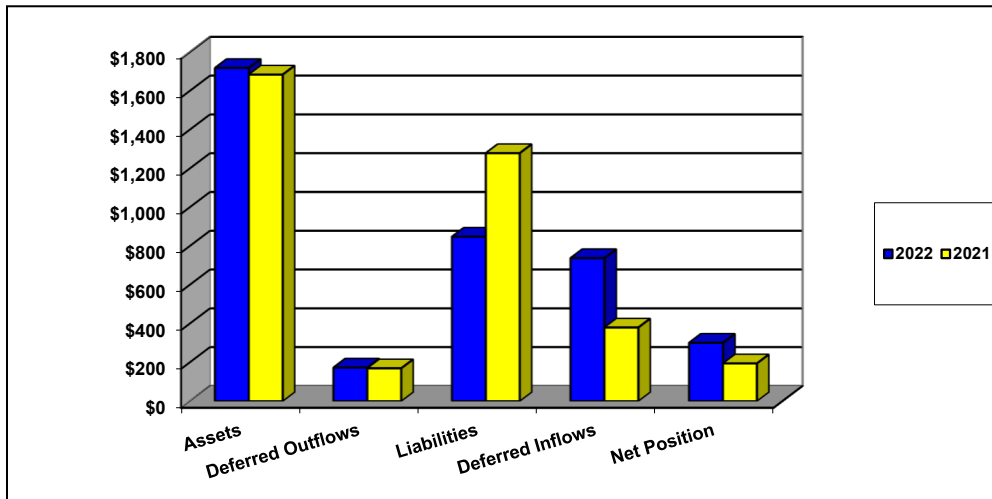
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan’s fiduciary net OPEB position was sufficient to cover the plan’s total OPEB liability resulting in a net OPEB asset for fiscal year 2022 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability reported by the retirement boards. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District’s statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s change in net pension liability and net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

Graph 1
Net Position
Governmental Activities
(\$ In Millions)



**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

Current and other assets increased by \$58.1 million and net OPEB asset and capital assets increased and decreased by \$5.3 million and \$29.3 million, respectively, resulting in an overall increase in total assets of \$34.1 million. The increase in current and other assets is mostly attributable to an increase in cash and investments of \$44.7 million due to a decrease in expenditures in the general fund, an increase in property taxes receivable of \$21.0 million due to an overall increase in property tax valuations and a decrease of \$7.2 million in intergovernmental receivables related to various grant programs, specifically the Elementary and Secondary School Emergency Relief (ESSER) fund.

Current liabilities decreased by \$13.1 million and long-term liabilities (including Pension and OPEB) decreased by \$413.1 million, resulting in an overall decrease in liabilities of \$426.2 million. The decrease in current liabilities is due primarily to the decrease in accrued wages and benefits payable and intergovernmental payable of \$9.0 million and \$6.5 million, respectively.

The net pension and net OPEB liability decreased \$411.6 million and deferred inflows of resources related to pension and OPEB increased \$334.9 million. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2021 measurement that are used for the fiscal year 2022 reporting which caused a large increase in their respective fiduciary net positions.

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

Table 2 shows the change in net position for fiscal years 2022 and 2021.

Governmental Activities (\$ In Millions)			
	Governmental Activities		Change
	2022	2021	
Revenues			
General Revenues:			
Property Taxes	\$ 318.3	\$ 294.7	\$ 23.6
Investment Income	0.7	0.3	0.4
Miscellaneous	14.6	17.9	(3.3)
Grants and Entitlements	290.5	404.5	(114.0)
Program Revenues:			
Charges for Services	5.2	12.6	(7.4)
Operating Grants	261.4	256.5	4.9
Capital Grants	1.9	1.9	0.0
Total Revenues	892.6	988.4	(95.8)
Program Expenses			
Instruction	442.7	651.0	(208.3)
Support Services:			
Pupil and Instructional Staff	63.1	72.5	(9.4)
Board of Education, Administration, Fiscal and Business	69.1	80.2	(11.1)
Operation and Maintenance	68.8	61.8	7.0
Pupil Transportation	27.8	23.2	4.6
Central	54.3	26.6	27.7
Operation of Non-Instructional Services	40.5	35.0	5.5
Extracurricular Activities	7.4	2.5	4.9
Interest and Fiscal Charges	12.5	12.7	(0.2)
Total Expenses	786.2	965.5	(179.3)
Change in Net Position	106.4	22.9	83.5
Net Position Beginning of Year	194.8	171.9	22.9
Net Position End of Year	\$ 301.2	\$ 194.8	\$ 106.4

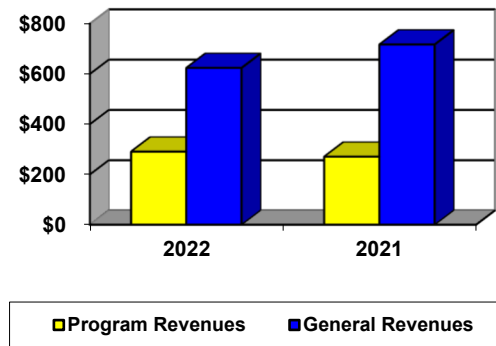
**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)

Graph 2
Revenue for Governmental Activities
(\$ In Millions)

	2022	2021
General Revenues	\$ 624.1	\$ 717.4
Program Revenues	268.5	271.0
Total Revenues	\$ 892.6	\$ 988.4

Governmental Activities - Revenue



General Revenues

General revenues for the School District are comprised almost entirely of property tax collections and grants from various sources. Property taxes made up 51.00% and 41.08% and grants made up 46.54% and 56.38% of general revenues for governmental activities for the School District in fiscal years 2022 and 2021, respectively.

The unusual nature of property tax legislation in the State of Ohio creates the need to routinely seek voter approval for increases in operating funds to maintain a constant level of service. As a result of legislation enacted in 1976, the overall revenue generated by a voted millage does not increase as a result of inflation. As an example, a homeowner with a home valued at \$100,000 (assessed value of \$35,000) and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (assessed value of \$70,000) the effective tax rate would become .5 mill and the owner would still pay \$35.00. Because of this taxation methodology, real property tax assessments due to the School District have held steady for the past several years. Collection rates have held steady over the last four years with the School District collecting on average 90.52% on current collections.

The voters of the City of Cleveland approved a new property tax levy in May 2001 (Issue 14). This levy was approved to support the payment of the debt service for bonds issued for the school facility construction/renovation program and to support the ongoing maintenance of those facilities. Collections cannot be used to support the general operations of the School District. The collection on that levy began in January 2002.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

The voters of the City of Cleveland approved a new property tax levy in November 2012 (Issue 106), the first operating levy since 1996. This four year levy was approved to support The Cleveland Plan (H.B. 525) that was signed into law in July 2012. Fourteen mills will be allocated to the current expenses of the School District and one mill will be allocated to the current expenses of partnering community schools. The collection on that levy began in January 2013. This tax levy was renewed by the voters in November 2016.

The voters of the City of Cleveland approved a new property tax levy in November 2014 (Issue 4). This levy allowed for an additional property tax to provide funds for the acquisition, construction, enlargement, renovation, and financing of general permanent improvements at a rate not exceeding 0.5 mil for each one dollar of tax valuation. Collections cannot be used to support the general operations of the School District.

In November 2020, the voters of the city of Cleveland approved a ten year 20 mill operating levy. With the passing of the ten-year levy, the School District is projecting a positive unencumbered cash balance through fiscal year 2024. In addition, there are other ongoing issues to be addressed over the next five years as described below.

The primary source of grant revenue is State general operating aid known as the "Foundation Program Aid". Established by Ohio law and funded by biennial appropriations, the Foundation Program is a statutory program through which the State currently makes direct payments to school districts based upon a statutory formula. Monies distributed to a school district under the existing Foundation Program are required to be used for current operating expenses, unless specifically allocated by the State for some other purpose.

Program Revenues

Operating and capital grants comprise 98.07% of total program revenues of the School District. These grants, obtained mainly from the Federal Government, State of Ohio and the Ohio School Facilities Commission, support specific educational programs and objectives as defined by these agencies as well as the capital programs. The amount available to the School District may vary from year to year depending on amounts made available by these agencies and the needs of the School District.

Expenses

Overall, expenses of the governmental activities decreased \$179.3 million. This decrease is primarily the result of a decrease in pension expense. Pension expense decreased approximately \$115.3 million. This decrease was the result of a decrease in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to an increase in net investment income on investments compared to previous years.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

Table 3
Total and Net Cost of Program Services
Governmental Activities
(\$ In Millions)

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Instruction	442.7	\$ 316.1	651.0	\$ 481.1
Support Services:				
Pupil and Instructional Staff	63.1	20.0	72.5	37.1
Board of Education, Administration, Fiscal and Business	69.1	61.8	80.2	75.9
Operation and Maintenance	68.8	49.8	61.8	47.9
Pupil Transportation	27.8	25.0	23.2	16.3
Central	54.3	25.6	26.6	22.1
Operation of Non-Instructional Services	40.5	3.3	35.0	0.0
Extracurricular Activities	7.4	3.6	2.5	1.4
Interest and Fiscal Charges	12.5	12.5	12.7	12.7
Total Expenses	\$ 786.2	\$ 517.7	\$ 965.5	\$ 694.5

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 above shows, for governmental activities, (services supported by tax revenue and unrestricted State entitlements), the total cost of services and the net cost of services.

The largest Governmental Activities program expense remains instruction, comprising 56.31% of the total cost of services. When combined with pupil and instructional support these categories make up 64.33% of the total cost of services. This make-up is consistent with the general educational objectives of the School District.

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$902.9 million and expenditures of \$847.0 million, resulting in a net increase in fund balances of \$56.0 million.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unassigned fund balance of the general fund had a balance of \$94.0 million, while total fund balance increased to a \$110.2 million balance. The increase was caused by an increase in property taxes, due to a new tax levy and decreases in expenditures. The decreases in expenditures was the result of moving expenditures to the ESSER fund under the American Rescue Plan (ARP) Act.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
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The fund balance in the ESSER Fund increased \$2.6 million. This was the result of an increase in money received under the CARES Act and the American Recovery Plan Act (ARPA).

The fund balance in the Debt Service Fund increased \$9.5 million. The increase in the Debt Service fund was due to revenues exceeding the schedule debt service payments on the School District's debt. The fund balance for Other Governmental Funds decreased by \$10.1 million.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for transactions on a cash basis for receipts, disbursements and encumbrances. The General Fund is the most significant fund to be budgeted and is the main operating fund of the School District.

For the General Fund total actual revenues and other financing sources were \$654.7 million, which was \$46.6 million more than the final budget estimate. The School District received slightly more than what was expected in property tax and intergovernmental revenue during the fiscal year.

The final expenditure and other financing uses budget was \$671.3 million. Total actual expenditures and other financing uses was \$668.3 million, or \$3.0 million below the final budget estimates. The School District limited spending and was able to move expenditures to the ESSER Fund as allowable by the CARES Act.

The General Fund's ending unencumbered cash balance totaled \$74.9 million, which was \$49.6 million more than the final budgeted amount.

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the School District had \$946.7 million invested in capital assets net of accumulated depreciation/amortization. Table 4 shows June 30, 2022 balances compared to June 30, 2021:

Table 4
Capital Assets
(Net of Depreciation)
(\$ In Millions)

	Governmental Activities		Change
	2022	2021	
Land	\$ 31.6	\$ 31.6	\$ -
Construction in Progress	15.0	14.1	0.9
Land Improvements	0.1	0.1	0.0
Buildings and Improvements	887.5	918.2	(30.7)
Vehicles and Equipment	11.1	11.8	(0.7)
Intangible Software	0.3	0.3	0.0
Intangible Right to Use Assets	1.1	1.4	(0.3)
Totals	\$ 946.7	\$ 977.5	\$ (30.8)

All capital assets, except for land and construction in progress, are reported net of depreciation/amortization.

In 2000, a Facilities Assessment Commission was established to review the condition of the School District's facilities. The Commission recommended that a complete renovation program of all School District facilities be undertaken and that a substantial contribution from the State of Ohio (through the Ohio School Facilities Commission) could be included in the proposed construction and renovation plan by participation in the Classroom Facilities Assistance Program (CFAP). Since then, the School District and the Ohio School Facilities Commission have created a Master Facilities Plan, which was revised in 2008 and then again in 2014, that addresses the needs of all buildings in the School District and the unique needs of the School District and its students. The Revised Master Facilities Plan has been approved by the School District's Board, the Ohio School Facilities Commission and the State Controlling Board. The Revised Master Facilities Plan called for building an additional 22 schools and refurbishing 20 to 23 others. Projects were contingent on voters approving a November 2014 ballot issue that authorized \$200 million in bonds for the construction and a half-mill property tax for maintenance, which was passed. The State will add more than \$2 for every \$1 that the School District contributes to construction. Since 2000, the School District has built 45 schools and fully renovated seven others.

Construction began in 2002 utilizing funding from several sources as described below under ***Debt Administration***. Initial work focused mainly on making every facility warm, safe and dry. Concurrently, new facilities have been constructed and others significantly renovated and others inactivated for student use. See Note 11 to the basic financial statements for additional information on capital assets.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

Debt Administration

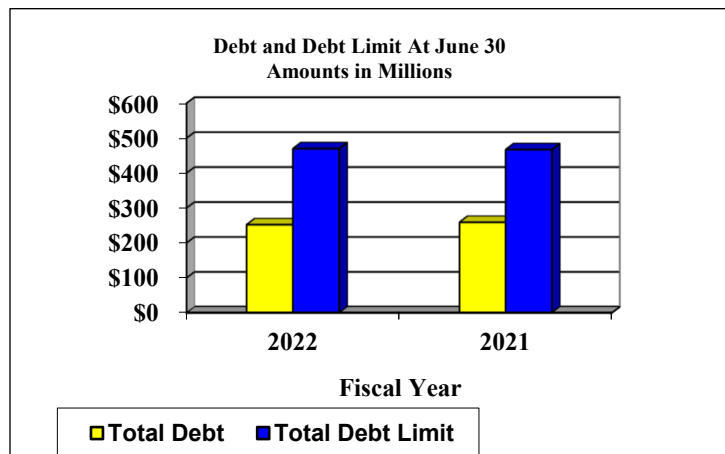
At June 30, 2022, the School District had \$252.4 million in bonds and leases payable outstanding, \$7.3 million due within one year. Table 5 summarizes bonds and notes outstanding.

Table 5
Outstanding Debt, at Year End
(\$ In Millions)

	Governmental Activities 2022	Governmental Activities 2021
General Obligation Bonds and Notes:		
2010 School Facilities Improvement Bonds	\$ 55.0	\$ 55.0
2012 School Facilities Improvement Bonds	4.4	6.5
2013 School Facilities Improvement Bonds	23.3	24.4
2015 School Facilities Improvement Bonds	119.3	122.8
2015 Qualified School Construction Bonds	49.2	49.2
Other Long-Term Obligations:		
Lease Payable	1.2	1.4
Total	\$ 252.4	\$ 259.3

Graph 3
Debt and Debt Limit
(\$ In Millions)

	2022	2021
Total Debt	\$ 252.4	\$ 259.3
Total Debt Limit	\$ 470.2	\$ 467.4



**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

In order to undertake the initial stages of planning and to perform some required work on its facilities to make them “warm, safe and dry,” the School District utilized several borrowing/funding sources. One source totaling \$21.3 million, the Qualified Zone Academy Bonds (QZAB), was put in place just before the beginning of the 2002 fiscal year. These bonds were used to support facility renovations at seven specific school sites. Another source, the \$11.5 million H.B. 264 Energy Conservation Notes was used to renovate the environmental controls at school facilities across the School District. In November 2001, the School District issued \$35 million School Facility Bond Anticipation Notes. These Notes represented the first installment of the \$335 million of facility construction/renovation borrowing approved by voters in May 2001.

In October 2002, the School District replaced the short-term School Facility Bond Anticipation Notes with long-term School Facility Bonds. An additional \$40 million of new proceeds was borrowed at that time, representing the second installment of the \$335 million approved borrowing capacity. In July 2004, the School District issued \$125 million of School Improvement Bonds, the third installment. In December 2005, the School District issued \$30 million of School Facility Bond Anticipation Notes, representing the fourth installment of the \$335 million approved borrowing capacity. In March 2007, the School District issued \$30 million of School Facility Bond Anticipation Notes, representing the fifth installment of the \$335 million approved borrowing capacity. In December 2007, the School District issued an additional \$5 million of new proceeds representing the sixth installment of the \$335 million approved borrowing capacity. In December 2008, the School District issued \$15 million of School Improvement Bond Anticipation Notes representing the seventh installment of the \$335 million approved borrowing capacity. In September 2010, the School District issued \$55 million of School Improvement Bond Anticipation notes representing the eighth and final installment of the \$335 million approved borrowing capacity.

In June 2015 the School District issued bonds for the purpose of constructing, renovating, remodeling, enlarging, furnishing, equipping and otherwise improving School District buildings and facilities and acquiring, clearing, equipping and otherwise improving School District building and facility sites in the principal amount of \$200 million to be repaid annually over 35 years, and levy a property tax outside the ten-mill limitation, estimated by the county fiscal officer to average over the bond repayment period 2 mills for each one dollar of tax valuation, which amounts to 20 cents for each one hundred dollars of tax valuation, to pay the annual debt charges on the bonds, and to pay debt charges on any notes issued in anticipation of those bonds.

Due to the School District’s participation in the Credit Enhancement Program, Fitch, Moody’s and S&P have assigned programmatic ratings of “AA”, “Aa2”, and “AA”, respectively, to the School District’s bonds.

The School District applied for underlying ratings from Fitch, S&P and Moody’s. As a result of the application process, Fitch assigned an underlying rating of “BBB+ “ to the bonds, Moody’s assigned an underlying rating of “A2” to the bonds, and S&P assigned an underlying rating of “BBB+” to the bonds. The School District’s underlying ratings and the ratings with regard to the School District’s participation in the Credit Enhancement Program have been published by the respective rating services.

At June 30, 2022, the School District’s overall legal debt margin was \$281.5 million, with an unvoted debt margin of \$5.9 million. See Note 17 to the basic financial statements for additional information on all long-term obligations.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

Current Issues

State Foundation Payments – The 2021-2022 biennium budget was passed in June 2021. During the budget process, there was a concerted effort to restructure the current school funding model under the Cupp-Patterson bill, but it failed to be included in the final budget. The School District will receive the same level of funding for the next two fiscal years as it received in fiscal year 2021 under the guarantee. Given the legislature’s desire to reduce the guarantee base and its desire to provide more equity in school funding, the state funding formula guarantee beyond fiscal year 2022 is uncertain.

Commercial Activity Tax – HB 66 makes provisions to replace some revenue lost due to the phase out of the Tangible Personal Property Tax. Businesses are now subject to a Commercial Activity Tax (CAT) that will provide some replacement income to school districts for lost tangible property revenues.

Homestead Exemption – The recent budget bill (HB 119) included significant property tax reductions for senior citizens. The Homestead Exemption will allow senior citizen homeowners and permanently/totally disabled homeowners, regardless of income, to withhold \$25,000 of market value of their owner occupied home from property taxes. In 2015, individuals who turned 65 in 2014 or who become disabled after January 1, 2013, were be required to have Ohio Qualifying income (\$31,000 or less) in order to receive Homestead Exemption based upon age or disability.

Financial Forecast – The School District is required to adopt a five-year financial forecast of revenues and expenditures each year. A surplus was projected in fiscal year 2023 with a deficit beginning in fiscal year 2024. In fiscal year 2025 and beyond, negative cash balances are expected to occur. The forecast includes several revenue and expenditure assumptions based upon recent legislation, historical trends, and future assumptions.

Contacting the School District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Nathan Mortimer, CPA, Interim Chief Financial Officer at Cleveland Municipal School District, 1111 Superior Avenue East, Cleveland, Ohio 44114 or by email Nathan.Mortimer@clevelandmetroschools.org.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 297,927,783
Cash and cash equivalents with fiscal agent	493,902
Receivables:	
Property taxes	378,201,246
Accounts	1,179,444
Accrued interest	4,866
Intergovernmental	42,923,009
Leases	95,107
Prepayments	664,849
Materials and supplies inventory	3,575,045
Net OPEB asset	46,812,100
Capital assets:	
Nondepreciable capital assets	46,616,092
Depreciable capital assets, net	900,143,949
Capital assets, net	946,760,041
Total assets	1,718,637,392
Deferred outflows of resources:	
Pension	151,985,296
OPEB	21,446,196
Total deferred outflows of resources	173,431,492
Liabilities:	
Accounts payable	10,358,733
Contracts payable	454,158
Retainage payable	493,902
Accrued wages and benefits payable	37,519,710
Compensated absences payable	2,241,618
Intergovernmental payable	16,560,921
Accrued interest payable	1,029,022
Unearned revenue	4,819,209
Claims payable	15,328,000
Long-term liabilities:	
Due within one year	17,440,456
Due in more than one year:	
Net pension liability	399,590,115
Net OPEB liability	55,534,894
Other amounts due in more than one year	291,740,538
Total liabilities	853,111,276
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	261,880,905
Leases	98,244
Pension	373,228,938
OPEB	102,548,240
Total deferred inflows of resources	737,756,327
Net position:	
Net investment in capital assets	693,470,347
Restricted for:	
Debt service	75,418,937
Capital projects	81,703,832
Classroom facilities maintenance	6,663,886
Food service operations	4,642,721
State funded programs	4,496,282
Federally funded programs	209,138
Extracurricular activities	604,074
Partnering community schools	4,421,100
Educational special trust	4,361,874
Other purposes	991,645
Unrestricted (deficit)	(575,782,555)
Total net position	\$ 301,201,281

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 277,183,597	\$ 812,058	\$ 5,380,847	\$ -	\$ (270,990,692)
Special	123,967,688	3,139,029	78,252,445	-	(42,576,214)
Vocational	3,605,519	-	2,205,380	-	(1,400,139)
Other	37,926,474	-	36,872,425	-	(1,054,049)
Support services:					
Pupil	41,971,757	-	30,814,364	-	(11,157,393)
Instructional staff	21,083,310	-	12,212,136	-	(8,871,174)
Board of education	171,485	-	-	-	(171,485)
Administration	44,200,284	13,372	2,890,645	-	(41,296,267)
Fiscal	23,932,067	-	4,466,683	-	(19,465,384)
Business	840,238	-	-	-	(840,238)
Operations and maintenance	68,803,785	557,629	16,471,555	1,930,207	(49,844,394)
Pupil transportation	27,838,314	144,541	2,622,205	-	(25,071,568)
Central	54,482,697	-	28,837,235	-	(25,645,462)
Operation of non-instructional services:					
Food service operations	24,530,745	-	23,987,854	-	(542,891)
Other non-instructional services	15,936,730	-	13,161,050	-	(2,775,680)
Extracurricular activities	7,353,116	519,451	3,268,655	-	(3,565,010)
Interest and fiscal charges	12,471,609	-	-	-	(12,471,609)
Totals	\$ 786,299,415	\$ 5,186,080	\$ 261,443,479	\$ 1,930,207	(517,739,649)
General revenues:					
Property taxes levied for:					
General purposes					278,702,660
General purposes - partnering schools					7,579,942
Debt service					26,855,751
Capital outlay					2,957,622
Classroom facilities maintenance					2,230,481
Grants and entitlements not restricted to specific programs					290,540,323
Investment earnings					667,667
Miscellaneous					14,619,166
Total general revenues					624,153,612
Change in net position					106,413,963
Net position at beginning of year					194,787,318
Net position at end of year					\$ 301,201,281

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Elementary and Secondary School Emergency Relief	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 90,614,649	\$ 4,510,228	\$ 65,957,537	\$ 115,207,667	\$ 276,290,081
Cash and cash equivalents with fiscal agent	-	161,138	-	332,764	493,902
Receivables:					
Property taxes	327,518,189	-	32,955,695	17,727,362	378,201,246
Accounts	958,327	-	-	221,117	1,179,444
Accrued interest	4,866	-	-	-	4,866
Interfund loans	42,091,909	-	-	-	42,091,909
Intergovernmental	1,408,167	36,416,169	-	5,098,673	42,923,009
Leases	95,107	-	-	-	95,107
Prepayments	664,849	-	-	-	664,849
Materials and supplies inventory	1,254,734	-	-	2,320,311	3,575,045
Due from other funds	290,567	-	-	-	290,567
Total assets	<u>\$ 464,901,364</u>	<u>\$ 41,087,535</u>	<u>\$ 98,913,232</u>	<u>\$ 140,907,894</u>	<u>\$ 745,810,025</u>
Liabilities:					
Accounts payable	\$ 3,941,990	\$ 5,832,248	\$ -	\$ 584,495	\$ 10,358,733
Contracts payable	-	-	-	454,158	454,158
Retainage payable	-	161,138	-	332,764	493,902
Accrued wages and benefits payable	30,503,043	3,023,907	-	3,992,760	37,519,710
Compensated absences payable	2,241,618	-	-	-	2,241,618
Intergovernmental payable	13,189,880	1,552,830	-	1,818,211	16,560,921
Interfund loans payable	-	30,517,412	-	11,574,497	42,091,909
Due to other funds	-	-	-	290,567	290,567
Unearned revenue	-	-	-	4,819,209	4,819,209
Total liabilities	<u>49,876,531</u>	<u>41,087,535</u>	<u>-</u>	<u>23,866,661</u>	<u>114,830,727</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	227,680,744	-	22,470,134	11,730,027	261,880,905
Delinquent property tax revenue not available	75,924,045	-	7,639,666	4,109,491	87,673,202
Intergovernmental revenue not available	1,136,856	-	-	3,128,819	4,265,675
Leases	98,244	-	-	-	98,244
Total deferred inflows of resources	<u>304,839,889</u>	<u>-</u>	<u>30,109,800</u>	<u>18,968,337</u>	<u>353,918,026</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory	1,254,734	-	-	2,320,311	3,575,045
Prepays	664,849	-	-	-	664,849
Restricted:					
Debt service	-	-	68,803,432	-	68,803,432
Capital projects	-	-	-	76,928,253	76,928,253
Classroom facilities maintenance	-	-	-	5,994,292	5,994,292
Food service operations	-	-	-	2,595,257	2,595,257
Non-public schools	-	-	-	2,165,405	2,165,405
State funded programs	-	-	-	2,342,290	2,342,290
Federally funded programs	-	-	-	209,138	209,138
Extracurricular activities	-	-	-	604,074	604,074
Partnering community schools	-	-	-	2,280,191	2,280,191
Educational special trust	-	-	-	4,372,134	4,372,134
Other purposes	-	-	-	991,645	991,645
Assigned:					
Student instruction	2,101,407	-	-	-	2,101,407
Student and staff support	12,078,905	-	-	-	12,078,905
Extracurricular activities	95,897	-	-	-	95,897
Operation of non-instructional services	17,775	-	-	-	17,775
Unassigned (deficit)	93,971,377	-	-	(2,730,094)	91,241,283
Total fund balances	<u>110,184,944</u>	<u>-</u>	<u>68,803,432</u>	<u>98,072,896</u>	<u>277,061,272</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 464,901,364</u>	<u>\$ 41,087,535</u>	<u>\$ 98,913,232</u>	<u>\$ 140,907,894</u>	<u>\$ 745,810,025</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

Total governmental fund balances		\$	277,061,272
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			946,760,041
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	87,673,202	
Intergovernmental receivable		4,265,675	
Total			91,938,877
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position.			6,309,702
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(1,029,022)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		151,985,296	
Deferred inflows - pension		(373,228,938)	
Net pension liability		(399,590,115)	
Deferred outflows - OPEB		21,446,196	
Deferred inflows - OPEB		(102,548,240)	
Net OPEB asset		46,812,100	
Net OPEB liability		(55,534,894)	
Total			(710,658,595)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(251,175,000)	
Leases payable		(1,166,634)	
Compensated absences		(51,999,163)	
Worker's compensation claims		(4,840,197)	
Total			(309,180,994)
Net position of governmental activities		\$	301,201,281

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Elementary and Secondary School Emergency Relief</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 282,594,146	\$ -	\$ 26,888,230	\$ 11,785,388	\$ 321,267,764
Intergovernmental	345,641,813	117,593,915	2,358,946	91,952,350	557,547,024
Investment earnings	570,327	-	4,364	93,037	667,728
Tuition and fees	3,569,333	-	-	-	3,569,333
Extracurricular	-	-	-	581,536	581,536
Rental income	554,228	-	-	-	554,228
Charges for services	481,483	-	-	-	481,483
Contributions and donations	-	-	-	3,715,098	3,715,098
Miscellaneous	13,867,601	82	-	257,348	14,125,031
Total revenues	<u>647,278,931</u>	<u>117,593,997</u>	<u>29,251,540</u>	<u>108,384,757</u>	<u>902,509,225</u>
Expenditures:					
Current:					
Instruction:					
Regular	276,738,520	5,858,253	-	481,910	283,078,683
Special	111,954,692	559,223	-	32,439,617	144,953,532
Vocational	2,629,080	28,948	-	1,628,618	4,286,646
Other	93,669	36,351,102	-	1,502,094	37,946,865
Support services:					
Pupil	24,567,280	17,056,095	-	6,773,926	48,397,301
Instructional staff	7,183,944	3,565,866	-	11,990,388	22,740,198
Board of education	209,766	-	-	-	209,766
Administration	47,221,811	459,848	-	3,364,120	51,045,779
Fiscal	11,977,348	2,527,620	581,488	9,427,114	24,513,570
Business	723,691	-	-	-	723,691
Operations and maintenance	51,759,829	16,872,184	-	2,796,025	71,428,038
Pupil transportation	27,910,783	420,623	-	395,179	28,726,585
Central	26,926,280	28,119,135	-	1,569,268	56,614,683
Operation of non-instructional services:					
Food service operations	-	65,130	-	24,456,432	24,521,562
Other non-instructional services	928,627	804,485	-	15,401,126	17,134,238
Extracurricular activities	2,181,525	2,335,731	-	3,083,258	7,600,514
Facilities acquisition and construction	-	-	-	3,582,562	3,582,562
Debt service:					
Principal retirement	241,090	-	6,725,000	-	6,966,090
Interest and fiscal charges	58,910	-	12,431,422	-	12,490,332
Total expenditures	<u>593,306,845</u>	<u>115,024,243</u>	<u>19,737,910</u>	<u>118,891,637</u>	<u>846,960,635</u>
Excess of revenues over expenditures	<u>53,972,086</u>	<u>2,569,754</u>	<u>9,513,630</u>	<u>(10,506,880)</u>	<u>55,548,590</u>
Other financing sources:					
Sale of capital assets	38,682	-	-	394,500	433,182
Total other financing sources	<u>38,682</u>	<u>-</u>	<u>-</u>	<u>394,500</u>	<u>433,182</u>
Net change in fund balances	54,010,768	2,569,754	9,513,630	(10,112,380)	55,981,772
Fund balances (deficit)					
at beginning of year	56,174,176	(2,569,754)	59,289,802	108,185,276	221,079,500
Fund balances at end of year	<u>\$ 110,184,944</u>	<u>\$ -</u>	<u>\$ 68,803,432</u>	<u>\$ 98,072,896</u>	<u>\$ 277,061,272</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds	\$	55,981,772
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital asset additions	\$ 2,957,885	
Current year depreciation/amortization	<u>(33,504,607)</u>	
Total		(30,546,722)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(157,032)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(2,941,308)	
Miscellaneous	(690,443)	
Intergovernmental	<u>(6,164,096)</u>	
Total		(9,795,847)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		6,966,090
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		18,723
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		57,787,776
OPEB		456,117
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension		22,145,323
OPEB		5,427,343
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	(3,807,974)	
Worker's compensation claims	<u>(251,501)</u>	
Total		(4,059,475)
Internal service funds used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>2,189,895</u>
Change in net position of governmental activities	\$	<u>106,413,963</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 306,704,535	\$ 260,101,513	\$ 281,310,735	\$ 21,209,222
Intergovernmental	378,605,788	321,077,538	344,883,894	23,806,356
Investment earnings	616,505	522,828	565,461	42,633
Tuition and fees	4,989,500	4,231,357	4,576,391	345,034
Rental income	67,406	57,164	61,825	4,661
Charges for services	666,685	565,383	611,486	46,103
Miscellaneous	15,445,818	13,098,862	14,166,971	1,068,109
Total revenues	<u>707,096,237</u>	<u>599,654,645</u>	<u>646,176,763</u>	<u>46,522,118</u>
Expenditures:				
Current:				
Instruction:				
Regular	204,902,869	227,223,415	226,129,948	1,093,467
Special	130,950,146	145,214,851	144,516,033	698,818
Vocational	3,210,547	3,560,279	3,543,146	17,133
Other	129,487	143,592	142,901	691
Support services:				
Pupil	31,812,333	35,277,724	35,107,957	169,767
Instructional staff	8,795,762	9,753,905	9,706,966	46,939
Board of education	230,748	255,883	254,652	1,231
Administration	52,705,422	58,446,746	58,165,483	281,263
Fiscal	11,670,284	12,941,556	12,879,277	62,279
Business	1,356,370	1,504,122	1,496,884	7,238
Operations and maintenance	59,726,041	66,232,138	65,913,409	318,729
Pupil transportation	30,009,287	33,278,268	33,118,123	160,145
Central	28,892,763	32,040,119	31,885,932	154,187
Operation of non-instructional services				
Other non-instructional services	946,501	1,049,606	1,044,555	5,051
Extracurricular activities	2,085,050	2,312,180	2,301,053	11,127
Total expenditures	<u>567,423,610</u>	<u>629,234,384</u>	<u>626,206,319</u>	<u>3,028,065</u>
Excess (deficiency) of revenues over (under) expenditures	<u>139,672,627</u>	<u>(29,579,739)</u>	<u>19,970,444</u>	<u>49,550,183</u>
Other financing sources (uses):				
Refund of prior year's expenditures	702,296	595,584	644,149	48,565
Advances in	7,845,000	7,845,000	7,845,000	-
Advances (out)	(42,091,909)	(42,091,909)	(42,091,909)	-
Sale of capital assets	42,174	35,766	38,682	2,916
Total other financing sources (uses)	<u>(33,502,439)</u>	<u>(33,615,559)</u>	<u>(33,564,078)</u>	<u>51,481</u>
Net change in fund balance	106,170,188	(63,195,298)	(13,593,634)	49,601,664
Fund balance at beginning of year	74,749,554	74,749,554	74,749,554	-
Prior year encumbrances appropriated	13,704,805	13,704,805	13,704,805	-
Fund balance at end of year	<u>\$ 194,624,547</u>	<u>\$ 25,259,061</u>	<u>\$ 74,860,725</u>	<u>\$ 49,601,664</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 172,740,003	\$ 101,746,155	\$ (70,993,848)
Miscellaneous	-	-	82	82
Total revenue	<u>-</u>	<u>172,740,003</u>	<u>101,746,237</u>	<u>(70,993,766)</u>
Expenditures:				
Current:				
Instruction:				
Regular	16,443,924	16,346,467	15,190,839	1,155,628
Special	666,330	662,381	615,553	46,828
Vocational	38,746	38,516	35,793	2,723
Other	52,336,755	52,026,568	48,348,503	3,678,065
Support services:				
Pupil	19,995,737	19,877,227	18,471,989	1,405,238
Instructional staff	5,037,810	5,007,952	4,653,910	354,042
Administration	461,855	459,118	426,660	32,458
Fiscal	2,736,123	2,719,906	2,527,620	192,286
Operations and maintenance	19,153,687	19,040,168	17,694,106	1,346,062
Pupil transportation	9,191,390	9,136,914	8,490,972	645,942
Central	37,790,203	37,566,229	34,910,451	2,655,778
Operation of non-instructional services				
Food service operations	70,503	70,085	65,130	4,955
Other non-instructional services	1,191,302	1,184,241	1,100,520	83,721
Extracurricular activities	2,686,850	2,670,925	2,482,102	188,823
Total expenditures	<u>167,801,215</u>	<u>166,806,697</u>	<u>155,014,148</u>	<u>11,792,549</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(167,801,215)</u>	<u>5,933,306</u>	<u>(53,267,911)</u>	<u>(59,201,217)</u>
Other financing sources (uses):				
Advances in	-	30,517,412	30,517,412	-
Advances (out)	(3,850,000)	(3,850,000)	(3,850,000)	-
Total other financing sources (uses)	<u>(3,850,000)</u>	<u>26,667,412</u>	<u>26,667,412</u>	<u>-</u>
Net change in fund balance	(171,651,215)	32,600,718	(26,600,499)	(59,201,217)
Fund balance (deficit) at beginning of year	(32,600,719)	(32,600,719)	(32,600,719)	-
Prior year encumbrances appropriated	17,801,215	17,801,215	17,801,215	-
Fund balance (deficit) at end of year	<u>\$ (186,450,719)</u>	<u>\$ 17,801,214</u>	<u>\$ (41,400,003)</u>	<u>\$ (59,201,217)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	Governmental Activities - Internal Service Funds
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	<u>\$ 21,637,702</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>15,328,000</u>
Net position:	
Unrestricted	<u><u>\$ 6,309,702</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 128,861,057
Total operating revenues	<u>128,861,057</u>
Operating expenses:	
Claims and claim adjustment expenses	126,671,162
Total operating expenses	<u>126,671,162</u>
Change in net position	2,189,895
Net position at beginning of year	<u>4,119,807</u>
Net position at end of year	<u>\$ 6,309,702</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Cash received from charges for services	\$ 128,861,057
Cash payments for claims and claim adjustment expenses	(128,975,052)
Net cash used in operating activities	(113,995)
Net change in cash and cash equivalents	(113,995)
Cash and cash equivalents at beginning of year	21,751,697
Cash and cash equivalents at end of year	\$ 21,637,702
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 2,189,895
Changes in assets and liabilities:	
Claims payable	(2,303,890)
Net cash used in operating activities	\$ (113,995)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 1 - Description of the School District and Reporting Entity

A. School District and Board of Education

The Board of Education of the School District (the “Board”) is a political and corporate body charged with the responsibility of managing and controlling the affairs of the School District, and is governed by the general laws of the State of Ohio (the “Ohio Revised Code”). The Board is comprised of nine members who were appointed by the Mayor of the City of Cleveland. On November 5, 2002, the voters of Cleveland elected to maintain the current government structure, which gives the Mayor the authority to continue appointing board members.

B. Financial Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, capital projects and student related activities of the School District.

Within the School District boundaries, there are also various non-public schools. Current State legislation provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the Chief Financial Officer of the School District, as directed by the non-public school. The activity of these State monies by the School District is reflected in a special revenue fund for financial reporting purposes.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The Cleveland Public Library and the City of Cleveland have been defined as related organizations and the Ohio Schools Council and the Bond Accountability Commission as jointly governed organizations. These organizations are discussed further in Note 18 and Note 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Cleveland Municipal School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the School District’s accounting policies are described below.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 2 - Summary of Significant Accounting Policies - (Continued)

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity program is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories of governmental, proprietary, and fiduciary. The School District does not have any fiduciary funds.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 2 - Summary of Significant Accounting Policies - (Continued)

The following are the School District's major governmental funds:

General Fund The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Elementary and Secondary School Emergency Relief (ESSER) Fund The ESSER fund accounts for Federal monies used to assist schools and districts as a result of the coronavirus (COVID-19) pandemic. Funds can support any allowable activity under existing federal funds (Title I, Individuals with Disabilities Act (IDEA), Perkins, etc.), expenses directly related to the pandemic, as well as "other activities that are necessary to maintain the operation of continuity of services.

Debt Service Fund The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

Proprietary Fund Type Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District only has internal service funds.

Internal Service Funds The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The internal service fund is used to account for and finance its uninsured risks of loss and associated expenses attributable to deductibles and self-insured retention limits for general liability and property damage claim settlements and judgments and self-insurance programs for employee medical benefits.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 2 - Summary of Significant Accounting Policies - (Continued)

Like the government-wide statements, the internal service funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: advance on property taxes, investment income, the State's share of the classroom facility project, tuition, grants and student fees.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB related liabilities. The deferred outflows or resources related to pension and OPEB are explained in Note 12 and 13.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 2 - Summary of Significant Accounting Policies - (Continued)

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources included property taxes, pension, OPEB Plans and unavailable revenue. Property Taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net pension. (See Note 12 and 13).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are also reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Data

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Chief Financial Officer/Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 2 - Summary of Significant Accounting Policies - (Continued)

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the proprietary fund, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" or "Investments" on the financial statements.

The School District utilizes a fiscal agent to hold monies set-aside for debt service payments. Monies are placed with a fiscal agent to ensure adequate payment of debt when it comes due. The balances in these accounts are presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agents".

During fiscal year 2022, investments were limited to STAR Ohio and U.S. Government money market accounts.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

During fiscal year 2022, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statute, interest earnings are allocated to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to \$570,327 which includes \$297,321 assigned from other School District funds.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 2 - Summary of Significant Accounting Policies - (Continued)

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

G. Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category included amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these restraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amount represents intended uses established by the Board of Education or the Chief Financial Officer which has been delegated that authority by the CEO.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for a specific purpose for which amounts had been restricted, committed, or assigned.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 2 - Summary of Significant Accounting Policies - (Continued)

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consisted of donated and purchased food and materials and supplies held for consumption.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$50,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also not capitalized.

All reported capital assets, except land and construction in progress, are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Intangible assets identified pursuant to GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, have been classified separately from other assets capitalized by the School District.

Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	25 years
Buildings and Improvements	25 - 50 years
Vehicles and Equipment	7 - 15 years
Internal Generated Software	5-10 years
Intangible Right To Use Assets	5 years

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 2 - Summary of Significant Accounting Policies - (Continued)

Estimated lives for buildings and improvements of schools that will be demolished or inactivated for educational purposes under the current capital facility plan have been adjusted so they are fully depreciated by the anticipated year of demolition or inactivation.

The School District is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". On the fund financial statements, other receivables related to interfund activity from negative cash balances are classified as "due from other funds" and "due to other funds". These amounts are eliminated in the governmental activities column of the statement of net position.

L. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/OPEB, and pension/OPEB expense; information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on a five year history of the School District's actual payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "accrued wages and benefits" in the fund from which the employees who have accumulated leave are paid. The General Fund is typically used to liquidate the compensated absences.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 2 - Summary of Significant Accounting Policies - (Continued)

N. Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are reported as another financing source when received.

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources and are reported as obligations of the funds. However, claims and judgments and compensated absences, contractually required pension obligations, and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

P. Net Position

Net Position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position for other purposes included resources restricted for non-public schools and community involvement.

The government-wide statement of net position reports \$183,513,489 of restricted net position, none of which is restricted by enabling legislation.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Q. Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Inter-fund payments for services provided and used are not eliminated.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 2 - Summary of Significant Accounting Policies - (Continued)

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Operating Revenue and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as non-operating.

S. Contribution of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary fund received no contributions of capital during the current fiscal year.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current fiscal year.

U. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

V. Fair Value

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 3 – Accountability and Compliance

A. Change in Accounting Principles

For fiscal year 2022, the School District has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in the School District's fiscal year 2022 financial statements. The School District recognized \$130,107 in governmental activities in leases receivable at July 1, 2021, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases. The School District also recognized \$1,407,724 in governmental activities in leases payable at July 1, 2021; however, this entire amount was offset by the intangible asset, right to use lease - equipment.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the School District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the School District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 3 – Accountability and Compliance - (Continued)

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the School District.

B. Deficit Fund Balances

Fund balances at June 30, 2022 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Local grants	\$ 727,356
Vocational education enhancement	5,081
Vocational education	61,187
School improvement stimulus A	941,932
Miscellaneous federal grants	165,347
Title I school improvement subsidy G	579,515
Refugee children	249,676
<u>Internal service fund</u>	
Liability self-insurance	249,690

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis); and,
5. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the budgetary basis to the GAAP basis statement for the general fund and the ESSER fund.

	Net Change in Fund Balance	
	<u>General</u>	<u>ESSER</u>
Budget Basis	\$ (13,593,634)	\$ (26,600,499)
Net Adjustment for Revenue Accruals	1,097,996	15,847,760
Net Adjustment for Expenditure Accruals	13,088,552	(6,081,464)
Net Adjustment for Other Financing Sources and Uses	33,602,760	(26,667,412)
Funds Budgeted Elsewhere	2,563,795	-
Adjustment for Encumbrances	17,251,299	46,071,369
GAAP Basis	\$ 54,010,768	\$ 2,569,754

Certain funds that are legally budgeted as separate funds are considered part of the general fund on a GAAP basis. This includes the payroll clearing fund.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 5 - Deposits and Investments

The School District has chosen to follow State statutes in order to classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Under Ohio statutes and School District investment policy, interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 5 - Deposits and Investments - (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Chief Financial Officer/Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation or transfer from the custodian.

Deposits with Financial Institutions

At June 30, 2022, the carrying amount of all School District deposits was \$57,749,006. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," the School District's bank balance was \$69,934,542 at fiscal year-end. Of the bank balance, \$897,983 was covered by federal depository insurance, \$57,502,852 was part of the OPCS and \$11,533,707 was uninsured but collateralized with securities held by a pledging financial institution or by its trust department or agent although not in the School District's name.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 5 - Deposits and Investments - (Continued)

Custodial credit risk is the risk that, in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio Law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the School District’s financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although the statutory requirements for deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments

Investments are reported at fair value. The School District’s investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs).

As of June 30, 2022, the School District had the following investments:

	Maturity
	Less Than One Year
U.S. Government Money Market	\$ 39,205,638
STAR Ohio-Net Asset Value	201,467,041
Total Portfolio	\$ 240,672,679

Interest Rate Risk Ohio Revised Code and School District investment policy limits security purchases to those that mature within five years of the settlement date. School District investment policy also limits commercial paper purchases to issues from companies incorporated in the United States which have assets in excess of \$500 million and whose issues are rated in the highest classification by at least two standard rating services. The commercial paper must mature within 180 days of settlement date and the total holding of commercial paper may not exceed 40 percent of the portfolio, under Ohio Revised Code and School District investment policy. Money market mutual funds must be rated in the highest classification by at least one standard rating service and invest exclusively in eligible securities listed above, under School District investment policy.

Credit Risk The School District’s investments at June 30, 2022 in the U.S. Government Money Market and STAR Ohio were rated AAAM by Standard & Poor’s. The School District has an investment policy to minimize credit risk by diversifying assets by issuer, ensuring that required minimum credit quality ratings exist and maintaining adequate collateralization of certificates of deposits.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 5 - Deposits and Investments - (Continued)

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2022:

<u>Investments</u>	<u>Percentage of Investments</u>
U.S. Government money market	16.29%
STAR Ohio	83.71%

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the school district fiscal year runs from July through June. First half tax collections are received by the school district in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2021, were levied after April 1, 2022 and are collected in 2021 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The amount available as an advance at June 30, 2022 was \$28,647,139, which is comprised of \$23,913,400 in the general fund, \$2,845,895 in the debt service fund, \$269,692 in the permanent improvement fund, \$1,348,460 in the partnering community school fund, and \$269,692 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2021 was \$27,372,575, which is comprised of \$22,849,448 in the general fund, \$2,719,276 in the debt service fund, \$257,693 in the permanent improvement fund, \$1,288,465 in the partnering community school fund, and \$257,693 in the classroom facilities maintenance special revenue fund.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 6 - Property Taxes - (Continued)

Accrued property taxes receivable includes real property and public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

On an full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources.

The assessed values (in thousands) upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half		2022 First Half	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 4,725,624	90.45%	\$ 5,395,065	91.16%
Public Utility Property	498,952	9.55	523,080	8.84
Total	<u>\$ 5,224,576</u>	<u>100.00%</u>	<u>\$ 5,918,145</u>	<u>100.00%</u>
 Full voted tax rate per \$1,000 of assessed valuation	 \$	 84.30	 \$	 84.10

Note 7 – Tax Abatements

School District property taxes were reduced under Enterprise Zone agreements entered into by an overlapping government – the City of Cleveland. As a result of the agreements, the School District had \$23,877,013 in taxes abated for the tax year 2021/collection year 2022.

Note 8 - Receivables

A. Other Receivables

Receivables at June 30, 2022 consist of taxes, accounts (rent and student fees), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year except delinquent property taxes.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 8 - Receivables - (Continued)

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Ohio Department of Education	\$ 259,489
School Employees Retirement System	1,136,856
Ohio School Facilities Grant	2,555,763
School Improvement Stimulus A	250,066
Title IV-A	457,388
High schools that work	5,081
School Improvement Stimulus G	180,493
Miscellaneous local governments	11,822
ESSER	36,416,169
Title VI-B Special Education Grant and Subsidies	1,026,258
Vocational Education Grant and Subsidies	107,017
Supporting Effective Instruction Grant and Subsidies	252,220
Miscellaneous Federal Grants and Subsidies	264,387
	\$ 42,923,009

B. Leases Receivable

The District is reporting leases receivable of \$95,107 in the general fund. For fiscal year 2022, the District recognized lease revenue of \$31,863, which is reported in rental income, and interest revenue of \$4,866.

The District has entered into a lease agreement for building space rental at varying years and terms as follows:

Lease	Lease Commencement Date	Years	Lease End Date	Payment Method
Kentucky Building	2015	10	2025	Yearly

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 8 - Receivables - (Continued)

Lease payments will be paid into the general fund. The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 30,134	\$ 4,866	\$ 35,000
2024	31,676	3,324	35,000
2025	<u>33,297</u>	<u>1,703</u>	<u>35,000</u>
Total	<u>\$ 95,107</u>	<u>\$ 9,893</u>	<u>\$ 105,000</u>

Note 9 – Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements which are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2022.

B. School Foundation

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. ODE has finalized the enrollment adjustments for fiscal year 2022.

C. Litigation

The School District is party to various legal proceedings. The School District is of the opinion that ultimate disposition of all such claims will not have a material effect, if any, on the financial condition of the School District.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows. Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported capital assets for the right to use leased equipment which are reflected in the schedule below.

	Restated Balance 6/30/21	Additions	Deletions	Balance 6/30/22
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 31,597,774	\$ -	\$ -	\$ 31,597,774
Construction in Progress	14,112,322	2,388,212	(1,482,216)	15,018,318
<i>Total Capital Assets, not being Depreciated</i>	<u>45,710,096</u>	<u>2,388,212</u>	<u>(1,482,216)</u>	<u>46,616,092</u>
<i>Capital Assets, being Depreciated</i>				
Land Improvements	1,523,444	-	-	1,523,444
Buildings and Improvements	1,387,747,274	1,482,216	(620,640)	1,388,608,850
Vehicles and Equipment	32,177,111	569,673	-	32,746,784
Internal Generated Software	5,878,735	-	-	5,878,735
Right to use assets:				
Equipment	1,407,724	-	-	1,407,724
<i>Total Capital Assets, being Depreciated</i>	<u>1,428,734,288</u>	<u>2,051,889</u>	<u>(620,640)</u>	<u>1,430,165,537</u>
Less: Accumulated Depreciation:				
Land Improvements	(1,421,253)	(9,049)	-	(1,430,302)
Buildings and Improvements	(469,554,022)	(31,998,684)	463,608	(501,089,098)
Vehicles and Equipment	(20,420,513)	(1,232,926)	-	(21,653,439)
Internal Generated Software	(5,584,801)	-	-	(5,584,801)
Right to use assets:				
Equipment	-	(263,948)	-	(263,948)
<i>Total Accumulated Depreciation</i>	<u>(496,980,589)</u>	<u>(33,504,607) *</u>	<u>463,608</u>	<u>(530,021,588)</u>
<i>Total Capital Assets, being Depreciated, Net</i>	<u>931,753,699</u>	<u>(31,452,718)</u>	<u>(157,032)</u>	<u>900,143,949</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 977,463,795</u>	<u>\$ (29,064,506)</u>	<u>\$ (1,639,248)</u>	<u>\$ 946,760,041</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 10 - Capital Assets - (Continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 31,810,143
Special	58,543
Support Services:	
Administration	112,558
Business	263,948
Operation and Maintenance	64,684
Pupil Transportation	1,194,731
Total Depreciation Expense	\$ 33,504,607

Construction in progress is composed of the following at June 30, 2022:

	Project Authorization	Expended to June 30, 2022	Committed
Regular Instruction	\$ 133,516,708	\$ 15,018,318	\$ 118,498,390

Note 11 - Risk Management

A. Property and Liability

The School District is exposed to various loss potentials including but not limited to: torts, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The School District insures through commercial insurance companies for the following:

Coverage During Fiscal Year	Aggregate Liability Limits	Self- Insured Retention
Coverage A - School Liability	\$ 12,000,000	\$ 500,000
General Liability		
Automobile Liability		
Law Enforcement Liability		
Nurse' Professional Liability		
Ohio Stop Gap Liability		
Coverage B - Educators Liability	\$ 12,000,000	\$ 500,000
School Leaders Errors & Omissions (includes lawyer professional liability)		
Employment Practices Liability		
Sexual Harassment		
Sexual Misconduct/Abuse		
Employee Benefits Liability		

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 11 - Risk Management - (Continued)

Coverage During Fiscal Year	Aggregate Liability Limits	Deductible
Property (Physical Damage) Insurance	\$ 300,000,000	\$ 500,000
Boiler and Machinery	150,000,000	250,000
Commercial Crime Insurance	2,000,000	100,000
Terrorism	50,000,000	25,000
Active Shooter	5,000,000	10,000
Cyber Risk	5,000,000	100,000
Student Accident	25,000	N/A
Medical Malpractice	3,000,000	10,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

Because of the prohibitive cost of commercial insurance, the School District in 1987, established a self-insurance fund (an internal service fund) to account for and finance its uninsured risks of loss (insurance deductibles and/or self-insured retentions) and associated expenses attributing to liability and property damage claim settlements and judgments. Estimates of claims liabilities, based on historical cost information, for incurred claims (including incurred but not reported claims) as calculated by the School District's Risk Management Division for all outstanding unsettled claims total \$1,625,000 as of June 30, 2022, and are recorded in the Liability Self-Insurance internal service fund.

B. Employee Health Benefits

The School District has elected to provide medical and prescription drug benefits through a self insured program utilizing providers Medical Mutual of Ohio, Anthem Blue Cross Blue Shield Insurance, and University Hospitals (UH Choice) companies. The maintenance of these benefits is accounted for in the Employee Benefits Self-Insurance internal service fund. Specific stop loss threshold covered per person is \$400,000 a claim and there is an unlimited maximum, which is in compliance with the Federal Healthcare Reform. The District's third-party administrator is Contigo.

C. Workers' Compensation

The School District participates in the Ohio Bureau of Workers' Compensation (BWC) Retrospective Rating Plan. Under the retrospective rating plan, the School District assumes a portion of the risk in return for a reduction in current premiums. Estimates of claims liabilities based on actuarial methods, for incurred claims as calculated by the BWC for the cumulative retrospective rating period January 1, 2012, through June 30, 2022, including the estimate for incurred but not reported (IBNR) claims totals \$4,840,197.

The self-insurance fund is funded from the General Fund, while the workers' compensation claims are charged to the same fund as the respective employee's salaries are charged, utilizing a historical percentage allocation method.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 11 - Risk Management - (Continued)

The claims liability reported at June 30, 2022 for liability and property damage claim settlements and judgments, medical and prescription drug benefits and workers' compensation is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for fiscal years 2021 and 2022 are as follows:

	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2021	\$ 17,852,101	\$ 106,768,913	\$ 106,989,124	\$ 17,631,890
2022	17,631,890	126,671,162	128,975,052	15,328,000

Note 12 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 12 - Defined Benefit Pension Plans - (Continued)

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The School District’s non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 12 - Defined Benefit Pension Plans - (Continued)

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$16,803,697 for fiscal year 2022. Of this amount, \$1,246,778 is reported in intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 12 - Defined Benefit Pension Plans - (Continued)

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$40,984,079 for fiscal year 2022. Of this amount, \$4,068,140 is reported as intergovernmental payable.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 12 - Defined Benefit Pension Plans - (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	3.411599600%	2.360800360%	
Proportion of the net pension liability current measurement date	<u>3.136060500%</u>	<u>2.220247332%</u>	
Change in proportionate share	<u>-0.275539100%</u>	<u>-0.140553028%</u>	
Proportionate share of the net pension liability	\$ 115,711,538	\$ 283,878,577	\$ 399,590,115
Pension expense	\$ (10,233,787)	\$ (11,911,536)	\$ (22,145,323)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 11,165	\$ 8,770,478	\$ 8,781,643
Changes of assumptions	2,436,544	78,753,006	81,189,550
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	4,226,327	4,226,327
Contributions subsequent to the measurement date	<u>16,803,697</u>	<u>40,984,079</u>	<u>57,787,776</u>
Total deferred outflows of resources	<u>\$ 19,251,406</u>	<u>\$ 132,733,890</u>	<u>\$ 151,985,296</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 12 - Defined Benefit Pension Plans - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 3,000,870	\$ 1,779,339	\$ 4,780,209
Net difference between projected and actual earnings on pension plan investments	59,594,822	244,648,999	304,243,821
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>13,763,149</u>	<u>50,441,759</u>	<u>64,204,908</u>
Total deferred inflows of resources	<u>\$ 76,358,841</u>	<u>\$ 296,870,097</u>	<u>\$ 373,228,938</u>

\$57,787,776 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$(24,489,158)	\$ (50,846,790)	\$ (75,335,948)
2024	(16,960,489)	(48,104,072)	(65,064,561)
2025	(14,169,494)	(51,332,228)	(65,501,722)
2026	<u>(18,291,991)</u>	<u>(54,837,196)</u>	<u>(73,129,187)</u>
Total	<u>\$(73,911,132)</u>	<u>\$ (205,120,286)</u>	<u>\$ (279,031,418)</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 12 - Defined Benefit Pension Plans - (Continued)

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.50%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.50% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.50%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five-year period ended June 30, 2020.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 12 - Defined Benefit Pension Plans - (Continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate - The total pension liability was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 192,515,581	\$ 115,711,538	\$ 50,939,332

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 12 - Defined Benefit Pension Plans - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.45%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2021, actuarial valuation, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 12 - Defined Benefit Pension Plans - (Continued)

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 531,598,333	\$ 283,878,577	\$ 74,555,920

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 3.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2022. It is unknown what the effect this change will have on the net pension liability.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 13 - Defined Benefit OPEB Plans

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was \$456,117.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$456,117 for fiscal year 2022. Of this amount, \$456,117 is reported as intergovernmental payable.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 13 - Defined Benefit OPEB Plans - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2021, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	3.214338700%	2.360800360%	
Proportion of the net OPEB liability/asset current measurement date	<u>2.934345500%</u>	<u>2.220247332%</u>	
Change in proportionate share	<u>-0.279993200%</u>	<u>-0.140553028%</u>	
Proportionate share of the net OPEB liability	\$ 55,534,894	\$ -	\$ 55,534,894
Proportionate share of the net OPEB asset	\$ -	\$ (46,812,100)	\$(46,812,100)
OPEB expense	\$ (2,760,504)	\$ (2,666,839)	\$ (5,427,343)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 13 - Defined Benefit OPEB Plans - (Continued)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 591,962	\$ 1,666,861	\$ 2,258,823
Changes of assumptions	8,712,109	2,990,147	11,702,256
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	5,074,197	1,954,803	7,029,000
Contributions subsequent to the measurement date	456,117	-	456,117
Total deferred outflows of resources	\$ 14,834,385	\$ 6,611,811	\$ 21,446,196
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 27,658,883	\$ 8,576,857	\$ 36,235,740
Net difference between projected and actual earnings on OPEB plan investments	1,206,516	12,975,484	14,182,000
Changes of assumptions	7,605,039	27,926,896	35,531,935
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	16,309,633	288,932	16,598,565
Total deferred inflows of resources	\$ 52,780,071	\$ 49,768,169	\$ 102,548,240

\$456,117 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (8,347,491)	\$(12,183,531)	\$(20,531,022)
2024	(8,355,949)	(11,858,819)	(20,214,768)
2025	(7,757,865)	(11,766,697)	(19,524,562)
2026	(7,169,591)	(5,479,744)	(12,649,335)
2027	(4,675,307)	(1,898,394)	(6,573,701)
Thereafter	(2,095,600)	30,827	(2,064,773)
Total	\$(38,401,803)	\$(43,156,358)	\$(81,558,161)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 13 - Defined Benefit OPEB Plans - (Continued)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 13 - Defined Benefit OPEB Plans - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	2.27%
Prior measurement date	2.63%
Medical trend assumption:	
Current measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five-year period ended June 30, 2020.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 13 - Defined Benefit OPEB Plans - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020 and was adopted by the Board in 2021.

Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the Single Equivalent Interest Rate (SEIR) for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 13 - Defined Benefit OPEB Plans - (Continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 68,814,454	\$ 55,534,894	\$ 44,926,234

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 42,757,317	\$ 55,534,894	\$ 72,601,813

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	June 30, 2021		June 30, 2020	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	4.00%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 13 - Defined Benefit OPEB Plans - (Continued)

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

Benefit Term Changes Since the Prior Measurement Date - The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 13 - Defined Benefit OPEB Plans - (Continued)

Discount Rate - The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 39,502,174	\$ 46,812,100	\$ 52,918,441

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 52,671,016	\$ 46,812,100	\$ 39,567,006

Note 14 – Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to thirty days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time for the two years immediately preceding separation and the prorated portion of their earned, but unused vacation leave for the current year, is paid to classified employees upon termination of employment. Teachers do not earn vacation time. School District employees earn sick leave, which, if not taken, accumulates until retirement. Employees may receive payment for up to 30 percent (varying by bargaining group) of accumulated sick leave of varying maximums up to \$30,000.

B. Insurance

The School District provides life insurance to most employees through Consumer Life Insurance in the amount of \$10,000 for each individual contributor employees and \$50,000 for supervisors/managers. The School District also provides medical and prescription drug benefits through CVS/Caremark, dental benefits through MetLife Dental and vision through United Healthcare to all eligible employees.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 15 - Set-Asides

The School District is required by State statute to annually set aside, in the general fund, an amount based upon statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District may still establish a budget reserve, if it so chooses; however, the requirement is no longer mandatory. The School District is also required to set aside money for any unspent portions of a bus purchase subsidy received annually from the State.

The following cash basis information describes the change in fiscal year-end set-aside amounts for capital acquisitions. Disclosure of this information is required by State statute.

	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2021	\$ -
Current Year Set-Aside Requirement	6,342,105
Current Year Offsets:	
Tax Levy for Permanent Improvement and Classroom Facilities and Maintenance	(4,969,923)
Prior Year Offset from Bond Proceeds	(1,372,182)
Totals	\$ -
Set-Aside Balances Carried Forward to Future Fiscal Years	-
Set-Aside Reserve Balance as of June 30, 2022	-

During fiscal year 2015, the School District issued a total of \$200,000,000 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to \$0. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$196,546,746 at June 30, 2022.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 16 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2022 were as follows. Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported obligations for leases payable which are reflected in the schedule below.

	Balance Outstanding 06/30/21	Additions	Deletions	Balance Outstanding 06/30/22	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2010 School Facilities Improvement Bonds	\$ 55,000,000	\$ -	\$ -	\$ 55,000,000	\$ -
2012 School Facilities Improvement Refunding Bonds	6,540,000	-	2,115,000	4,425,000	2,180,000
2013 School Facilities Improvement Refunding Bonds	24,355,000	-	1,095,000	23,260,000	1,140,000
2015 School Facilities Improvement Bonds	122,805,000	-	3,515,000	119,290,000	3,715,000
2015 Qualified School Construction Bonds	49,200,000	-	-	49,200,000	-
Total General Obligation Bonds and Notes	257,900,000	-	6,725,000	251,175,000	7,035,000
Net Pension Liability					
STRS	571,229,685	-	287,351,108	283,878,577	-
SERS	225,650,386	-	109,938,848	115,711,538	-
Total Net Pension Liability	796,880,071	-	397,289,956	399,590,115	-
Other Post-Employment Benefits (OPEB)					
SERS	69,858,100	-	14,323,206	55,534,894	-
Total OPEB	69,858,100	-	14,323,206	55,534,894	-
Other Long-Term Obligations:					
Compensated Absences	48,191,189	18,372,056	14,564,082	51,999,163	8,799,841
Workers' Compensation Claims	4,588,696	1,609,832	1,358,331	4,840,197	1,358,331
Direct Borrowing - Leases Payable	1,407,724	-	241,090	1,166,634	247,284
Total Other Long Term Obligations	54,187,609	19,981,888	16,163,503	58,005,994	10,405,456
Total Governmental Activities	\$ 1,178,825,780	\$ 19,981,888	\$ 434,501,665	\$ 764,306,003	\$ 17,440,456

On June 10, 2015, the School District issued \$200,000,000 of General Obligation School Improvement Bonds consisting of \$150,800,000 of Tax Exempt School Improvement Bonds, Series 2015A and \$49,200,000 of Federally Taxable Qualified School Construction Bonds, Series 2015B bearing interest at the rate of 2.00% - 5.02% per annum. The premium received on this bond issue was \$9,277,561 and after deducting the bond issuance costs, \$8,500,106 was transferred to the Debt Service Fund. Issue 4, which was approved by voters on November 4, 2014, will allow for construction of 20-22 new schools and the refurbishing of 20-23 schools. This debt will be retired from the Debt Service Fund.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 16 – Long-Term Obligations - (Continued)

On January 29, 2013, the School District issued \$45,600,000 of School Improvement Refunding Bonds, Series 2013, at a true interest cost of approximately 3%. Proceeds of this bond issue (including a portion of the original issue premium), together with \$12,000,000 of cash on hand in the School District's debt service fund, for a total of \$63,366,472.36, was deposited in an escrow fund that is being used ultimately to pay principal and interest on \$59,020,000 in aggregate principal amount of certain of the School District's School Improvement Bonds, Series 2004, through June 1, 2014, the date of optional early redemption of those Series 2004 Bonds. As a result, those Series 2004 Bonds were defeased and considered no longer outstanding for purposes of the District's direct debt limitations.

On January 11, 2012, the School District issued \$20,855,000 of School Improvement Refunding Bonds, Series 2012, at a true interest cost of approximately 3%. Proceeds of this bond issue (including a portion of the original issue premium), together with \$8,000,000 of cash on hand in the School District's debt service fund, for a total of \$29,998,078, was deposited in an escrow fund which will be used to pay principal of and interest on \$28,600,000 in aggregate principal amount of certain of the School District's Various Purpose Improvement and Refunding Bonds, Series 2002, through December 1, 2012, the date of optional early redemption of those Series 2002 Bonds. As a result, those Series 2002 Bonds were defeased and considered no longer outstanding for purposes of the District's direct debt limitations.

On December 21, 2010, the School District utilized cash on hand to defease \$14,675,000 principal amount of outstanding 2002 School Facilities Improvement Bonds. The School District placed \$15,848,185 from the debt service fund in an escrow account which was used to pay principal and interest on the defeased bonds. As a result, the bonds are considered defeased and the liability for those bonds was removed from long-term debt. The defeasance will result in a reduction in future debt service of \$25,172,925.

On September 29, 2010, the School District issued \$55,000,000 of School Improvement Bonds, bearing interest at the rate of 5.20% per annum. The series 2010 bond issue is the third long term financing bond issue related to the School District's participation in the Ohio School Facilities Assistance Program. The District made mandatory sinking fund payments to an escrow fund, which is part of the School District's Bond Retirement Fund, held by The Bank of New York Mellon Trust Company, N.A., as escrow agent, in the amount of \$3,016,357 on December 1st of each year starting in 2010, reducing the outstanding principal amount of this series of bonds by that aggregate amount pursuant to Sections 133.01 and 133.04 of the Revised Code.

Compensated absences and workers' compensation costs will be paid from the fund from which the employee is paid which, for the School District, is primarily the general fund.

The School District's overall legal debt margin was \$281,458,048 with an unvoted debt margin of \$5,918,145 at June 30, 2022.

The School District is subject to federal arbitrage regulations. As of June 30, 2022 the School District has not accrued any liability.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 16 – Long-Term Obligations - (Continued)

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2022, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 7,035,000	\$ 12,161,631	\$ 19,196,631
2024	7,375,000	11,831,294	19,206,294
2025	7,775,000	11,525,756	19,300,756
2026	8,380,000	11,164,131	19,544,131
2027	63,825,000	9,310,881	73,135,881
2028 - 2032	39,130,000	32,130,780	71,260,780
2033 - 2037	16,755,000	24,776,086	41,531,086
2038 - 2042	57,245,000	19,428,342	76,673,342
2043 - 2047	25,465,000	6,890,771	32,355,771
2048 - 2050	18,190,000	1,180,862	19,370,862
Total	\$ 251,175,000	\$ 140,400,534	\$ 391,575,534

Leases Payable - The District has entered into lease agreements for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The District has entered into lease agreements for copier equipment at varying years and terms as follows:

<u>Lease</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Copiers	2020	6	2026	Monthly

The following is a schedule of future lease payments under the lease agreements:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 247,284	\$ 52,716	\$ 300,000
2024	259,936	40,064	300,000
2025	273,234	26,766	300,000
2026	287,214	12,786	300,000
2027	98,966	1,034	100,000
Total	\$ 1,166,634	\$ 133,366	\$ 1,300,000

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 17 – Interfund Balances

Interfund Balances

1. Interfund balances at June 30, 2022, consist of the following individual fund interfund loans receivables and payables:

Interfund Loans Payable	Interfund Loans Receivable
	General
Major Governmental Fund:	
ESSER	\$ 30,517,412
Non-Major Governmental Funds:	
Food Service	2,635,359
Other Local	727,356
Auxiliary Services	867,462
Public School Preschool	45,126
Vocational Education Enhancements	17,400
Title VI-B Special Education	1,728,547
Vocational Education	912,748
School Improvement Stimulus A	1,199,693
Title I School Improvement Stimulus G	1,886,199
Title III	80,299
Refugee Children	294,743
Title IV-A	119,275
Miscellaneous Federal Grants	1,060,290
Totals	\$ 42,091,909

The interfund loans receivable and payable are due to the timing of the receipt of grant monies by the nonmajor funds. The School District expects to receive the grant monies and repay the advance within the next fiscal year. Interfund loans receivable/payable are eliminated on the government-wide statements.

2. Due to/from other funds consisted of the following at June 30, 2022, as reported on the fund statements:

Interfund Loans Payable	Due From Other Funds
	General
Non-Major Governmental Fund:	
Title IV-A	\$ 290,567

The primary purpose of the amount due to the general fund from the nonmajor governmental fund was to eliminate negative cash balances. The amount will be repaid once cash is received.

Amounts due to/from between governmental funds are eliminated on the government-wide statements.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 18 - Related Organizations

A. Cleveland Public Library

The Cleveland Public Library (Library) is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. A Board of Trustees appointed by the Cleveland Municipal School District Board of Education governs the Library.

The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and issues all tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Business Director of the Cleveland Public Library at 325 Superior Avenue, NE, Cleveland, Ohio 44114.

B. City of Cleveland

In November 1998, the Mayor of the City of Cleveland was given appointment authority for the School District. As approved by the State legislature, the Ohio Revised Code provided for the Mayor to appoint a Chief Executive Officer who was to be approved by the Board. The Board is comprised of nine members who were appointed by the Mayor from a pool of candidates presented to the Mayor by an independent nominating panel. The City of Cleveland's accountability for the School District does not extend beyond appointment authority and therefore the School District is considered to be a related organization rather than a component unit of the City of Cleveland. A copy of the City of Cleveland's Annual Comprehensive Financial Report can be obtained from the Finance Director of the City of Cleveland at 601 Lakeside Avenue, Cleveland, Ohio 44114.

Note 19 - Jointly Governed Organizations

A. Ohio Schools' Council Association

The Ohio Schools Council (Council) is a jointly governed organization among various school districts in northern Ohio. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year.

The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite #10, Independence, Ohio 44131.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 19 - Jointly Governed Organizations - (Continued)

B. Bond Accountability Commission

The Bond Accountability Commission (BAC) is an independent nonprofit agency that monitors the Cleveland Municipal School District’s construction and renovation program and the spending of Issue 14 tax money approved by voters in May 2001.

As a commission created by the Board, the BAC is a “public body” subject to the Ohio Sunshine Law as set forth in Section 121.22 of the Ohio Revised Code, and shall conduct its business in accordance with the provisions of the Sunshine Law, including, but not limited to, establishing a reasonable method of notifying the public of the time, place and purpose of its meetings, and preparing, filing and maintaining minutes of its meetings. Other than the Board directing the Chief Executive Officer to secure initial external funding in the amount of \$200,000, the Board does not assume any ongoing financial interest or responsibility for the BAC and, as a result, is considered a jointly governed organization. During fiscal year 2022, the School District made payments of \$206,392 to the BAC. Annual reports can be obtained by contacting Laura Chalker, Administrator Bond Accountability Commission c/o Cuyahoga Community College, 2900 Community College Avenue MBA, Room 221, Cleveland, Ohio 44115.

Note 20 – Construction and Other Significant Commitments

Projects	Committed Amount	Amount Paid	Remaining on Commitment
Segment 1	\$ 218,634,102	\$ 218,634,102	\$ -
Segment 2	99,998,886	99,998,886	-
Segment 3	132,209,511	132,209,511	-
Segment 4	135,924,569	135,924,569	-
Segment 5	194,273,777	194,232,040	41,737
Segment 6	32,942,565	30,637,762	2,304,803
Segment 7	204,115,531	200,997,638	3,117,893
Local Funding Initiatives	231,603,244	231,603,244	-
Total	\$ 1,249,702,185	\$ 1,244,237,752	\$ 5,464,433

Segment 1 consisted of the warm, safe, dry and security updates to all buildings in addition to the construction of five buildings and renovation of three buildings. Segment 2, 3, 4, 5, 6 and 7 consisted of the construction of forty-three buildings, the renovation of five buildings and the demolishing of twenty-four buildings. Local Funding Initiatives consisted of various projects throughout the School District.

Note 21 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 21 – Encumbrances - (Continued)

At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the fiscal year were as follows:

<i>Governmental:</i>	
General Fund	\$ 14,293,984
ESSER Fund	43,386,106
Other Governmental Funds	19,228,643
Total Governmental	<u>\$ 76,908,733</u>

Note 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 23 - Subsequent Events

During September and October 2022, the School District refunded portions of its 2012 and 2013 bonds and separately refunded a portion of its 2015A bonds.

The 2015A bonds were taxably refunded with Series 2022A in the amount of \$45,280,000. With Series 2022A, CMSD also issued Series 2023 bonds which include a forward delivery bond purchase agreement to redeem and refund Series 2022A on June 1, 2023, effectively changing the Federally taxable interest rate on the 2022A bonds to a tax-exempt interest rate on the 2023 bonds.

Meanwhile, the 2012 and 2013 bonds were refunded with Series 2022B on a tax-exempt basis in the amount of \$23,120,000.

As part of the debt refundings, the CMSD also used a portion of existing debt service fund resources in the total amount of \$14,688,520.

On November 10, 2022, MacKenzie Scott through the National Philanthropic Trust awarded an unrestricted gift in the amount of \$20,000,000 to CMSD. The gift will be used to increase learning and other opportunities for CMSD's students and employees.

The gift proceeds arrived to The Cleveland Foundation (Foundation) on November 11, 2022. The Foundation will deliver an initial \$4,000,000 to CMSD upon request and will invest, as directed by CMSD, the remaining \$16,000,000 with investments maturing such that \$4,000,000 will be provided to CMSD during December 2023, 2024, 2025, and 2026, respectively with the December 2026 transfer to also include all investment earnings accumulated since inception.

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REQUIRED SUPPLEMENTARY INFORMATION

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net pension liability	3.13606050%	3.41159960%	3.64428330%	3.20954640%
School District's proportionate share of the net pension liability	\$ 115,711,538	\$ 225,650,386	\$ 218,043,860	\$ 183,816,667
School District's covered payroll	\$ 106,266,979	\$ 119,997,656	\$ 122,404,852	\$ 100,300,222
School District's proportionate share of the net pension liability as a percentage of its covered payroll	108.89%	188.05%	178.13%	183.27%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
3.39209950%	3.28691765%	3.19451700%	3.02406900%	3.02406900%
\$ 202,670,452	\$ 240,517,797	\$ 182,282,237	\$ 153,046,411	\$ 179,831,678
\$ 121,042,457	\$ 96,357,436	\$ 94,913,384	\$ 87,603,918	\$ 82,710,748
167.44%	249.61%	192.05%	174.70%	217.42%
69.50%	62.98%	69.16%	71.70%	65.52%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST NINE FISCAL YEARS			
	2022	2021	2020	2019
School District's proportion of the net pension liability	2.220247332%	2.36080036%	2.54829514%	2.52819162%
School District's proportionate share of the net pension liability	\$ 283,878,577	\$ 571,229,685	\$ 563,540,156	\$ 555,892,572
School District's covered payroll	\$ 278,566,714	\$ 270,656,157	\$ 293,811,314	\$ 294,089,321
School District's proportionate share of the net pension liability as a percentage of its covered payroll	101.91%	211.05%	191.80%	189.02%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
2.43498990%	2.42079156%	2.49956532%	2.57306004%	2.57306004%
\$ 578,437,070	\$ 810,311,904	\$ 690,806,743	\$ 625,857,249	\$ 745,517,166
\$ 259,652,429	\$ 253,700,519	\$ 264,163,707	\$ 264,526,215	\$ 257,756,744
222.77%	319.40%	261.51%	236.60%	289.23%
75.30%	66.80%	72.10%	74.70%	69.30%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 16,803,697	\$ 14,877,377	\$ 16,799,671	\$ 16,524,655
Contributions in relation to the contractually required contribution	<u>(16,803,697)</u>	<u>(14,877,377)</u>	<u>(16,799,671)</u>	<u>(16,524,655)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 120,026,407	\$ 106,266,979	\$ 119,997,650	\$ 122,404,852
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 13,540,530	\$ 16,945,944	\$ 7,475,192	\$ 12,509,584	\$ 12,141,903	\$ 11,447,168
<u>(13,540,530)</u>	<u>(16,945,944)</u>	<u>(7,475,192)</u>	<u>(12,509,584)</u>	<u>(12,141,903)</u>	<u>(11,447,168)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 100,300,222	\$ 121,042,457	\$ 53,394,229	\$ 94,913,384	\$ 87,603,918	\$ 82,710,751
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 40,984,079	\$ 38,999,340	\$ 37,891,862	\$ 41,133,584
Contributions in relation to the contractually required contribution	<u>(40,984,079)</u>	<u>(38,999,340)</u>	<u>(37,891,862)</u>	<u>(41,133,584)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 292,743,421	\$ 278,566,714	\$ 270,656,157	\$ 293,811,314
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 41,172,505	\$ 36,351,340	\$ 35,518,073	\$ 36,982,919	\$ 34,388,408	\$ 33,508,377
<u>(41,172,505)</u>	<u>(36,351,340)</u>	<u>(35,518,073)</u>	<u>(36,982,919)</u>	<u>(34,388,408)</u>	<u>(33,508,377)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 294,089,321	\$ 259,652,429	\$ 253,700,521	\$ 264,163,707	\$ 264,526,215	\$ 257,756,746
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net OPEB liability	2.93434550%	3.21433870%	3.42819010%	3.05970770%
School District's proportionate share of the net OPEB liability	\$ 55,534,894	\$ 69,858,100	\$ 86,211,771	\$ 84,884,557
School District's covered payroll	\$ 106,266,979	\$ 119,997,650	\$ 122,404,852	\$ 100,300,222
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	52.26%	58.22%	70.43%	84.63%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
3.23236710%	3.16413311%
\$ 86,748,240	\$ 90,189,498
\$ 121,042,457	\$ 53,394,229
71.67%	168.91%
12.46%	11.49%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net OPEB liability/asset	2.220247332%	2.36080036%	2.54829514%	2.52819162%
School District's proportionate share of the net OPEB liability/(asset)	\$ (46,812,100)	\$ (41,491,050)	\$ (42,205,883)	\$ (40,625,461)
School District's covered payroll	\$ 278,566,714	\$ 270,656,157	\$ 293,811,314	\$ 294,089,321
School District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	16.80%	15.33%	14.36%	13.81%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.73%	182.10%	174.70%	176.00%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
2.43498990%	2.42079156%
\$ 95,004,321	\$ 129,464,562
\$ 259,652,429	\$ 253,700,519
36.59%	51.03%
47.10%	37.30%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 456,117	\$ 502,924	\$ 523,658	\$ 1,268,133
Contributions in relation to the contractually required contribution	<u>(456,117)</u>	<u>(502,924)</u>	<u>(523,658)</u>	<u>(1,268,133)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 120,026,407	\$ 106,266,979	\$ 119,997,650	\$ 122,404,852
Contributions as a percentage of covered payroll	0.38%	0.47%	0.44%	1.04%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,282,343	\$ 791,147	\$ 888,656	\$ 778,290	\$ 142,159	\$ 133,572
<u>(1,282,343)</u>	<u>(791,147)</u>	<u>(888,656)</u>	<u>(778,290)</u>	<u>(142,159)</u>	<u>(133,572)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 100,300,222	\$ 121,042,457	\$ 53,394,229	\$ 94,913,384	\$ 87,603,918	\$ 82,710,751
1.28%	0.65%	1.66%	0.82%	0.16%	0.16%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 292,743,421	\$ 278,566,714	\$ 270,656,157	\$ 293,811,314
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,645,262	\$ 2,577,567
-	-	-	-	(2,645,262)	(2,577,567)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 294,089,321	\$ 259,652,429	\$ 253,700,521	\$ 264,163,707	\$ 264,526,215	\$ 257,756,746
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.

(Continued)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION (CONTINUED)

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

(Continued)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

Major Funds

General

The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Elementary and Secondary School Emergency Relief (ESSER) Fund

This fund accounts for Federal monies used to assist schools and districts as a result of the coronavirus (COVID-19) pandemic. Funds can support any allowable activity under existing federal funds (Title I, Individuals with Disabilities Act (IDEA), Perkins, etc.), expenses directly related to the pandemic, as well as "other activities that are necessary to maintain the operation of continuity of services.

Debt Service

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 172,740,003	\$ 101,746,155	\$ (70,993,848)
Miscellaneous	-	82	82
Total revenues	<u>172,740,003</u>	<u>101,746,237</u>	<u>(70,993,766)</u>
Expenditures:			
Current:			
Instruction:			
Regular	16,346,467	15,190,839	1,155,628
Special	662,381	615,553	46,828
Vocational	38,516	35,793	2,723
Other	52,026,568	48,348,503	3,678,065
Support services:			
Pupil	19,877,227	18,471,989	1,405,238
Instructional staff	5,007,952	4,653,910	354,042
Administration	459,118	426,660	32,458
Fiscal	2,719,906	2,527,620	192,286
Operations and maintenance	19,040,168	17,694,106	1,346,062
Pupil transportation	9,136,914	8,490,972	645,942
Central	37,566,229	34,910,451	2,655,778
Operation of non-instructional services:			
Food service operations	70,085	65,130	4,955
Other non-instructional services	1,184,241	1,100,520	83,721
Extracurricular activities	2,670,925	2,482,102	188,823
Total expenditures	<u>166,806,697</u>	<u>155,014,148</u>	<u>11,792,549</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,933,306</u>	<u>(53,267,911)</u>	<u>(59,201,217)</u>
Other financing sources (uses):			
Advances in	30,517,412	30,517,412	-
Advances out	<u>(3,850,000)</u>	<u>(3,850,000)</u>	-
Total other financing sources (uses)	<u>26,667,412</u>	<u>26,667,412</u>	-
Net change in fund balance	32,600,718	(26,600,499)	(59,201,217)
Fund balance (deficit) at beginning of year	(32,600,719)	(32,600,719)	-
Prior year encumbrances appropriated	<u>17,801,215</u>	<u>17,801,215</u>	<u>(17,801,215)</u>
Fund balance (deficit) at end of year	<u>\$ 17,801,214</u>	<u>\$ (41,400,003)</u>	<u>\$ (77,002,432)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Property taxes	\$ 27,326,380	\$ 26,761,611	\$ (564,769)
Investment earnings	4,456	4,364	(92)
Intergovernmental	2,408,729	2,358,946	(49,783)
Total revenues	<u>29,739,565</u>	<u>29,124,921</u>	<u>(614,644)</u>
Expenditures:			
Current:			
Support services:			
Fiscal	581,488	581,488	-
Debt service:			
Principal	6,725,000	6,725,000	-
Interest and fiscal charges	12,431,422	12,431,422	-
Total expenditures	<u>19,737,910</u>	<u>19,737,910</u>	<u>-</u>
Net change in fund balance	10,001,655	9,387,011	(614,644)
Fund balance at beginning of year	<u>56,570,526</u>	<u>56,570,526</u>	<u>-</u>
Fund balance at end of year	<u>\$ 66,572,181</u>	<u>\$ 65,957,537</u>	<u>\$ (614,644)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 38,065,391	\$ 77,142,276	\$ 115,207,667
Cash and cash equivalents with fiscal agent	-	332,764	332,764
Receivables:			
Property taxes	12,123,838	5,603,524	17,727,362
Accounts	221,117	-	221,117
Intergovernmental	2,542,910	2,555,763	5,098,673
Materials and supplies inventory	2,320,311	-	2,320,311
Total assets	\$ 55,273,567	\$ 85,634,327	\$ 140,907,894
Liabilities:			
Accounts payable	\$ 584,495	\$ -	\$ 584,495
Contracts payable	-	454,158	454,158
Retainage payable	-	332,764	332,764
Accrued wages and benefits payable	3,973,873	18,887	3,992,760
Intergovernmental payable	1,807,541	10,670	1,818,211
Interfund loans payable	11,574,497	-	11,574,497
Due to other funds	290,567	-	290,567
Unearned revenue	4,819,209	-	4,819,209
Total liabilities	23,050,182	816,479	23,866,661
Deferred inflows of resources:			
Property taxes levied for the next year	7,695,183	4,034,844	11,730,027
Delinquent property tax revenue not available	2,810,503	1,298,988	4,109,491
Intergovernmental revenue not available	573,056	2,555,763	3,128,819
Total deferred inflows of resources	11,078,742	7,889,595	18,968,337
Fund balances:			
Nonspendable:			
Materials and supplies inventory	2,320,311	-	2,320,311
Restricted:			
Capital projects	-	76,928,253	76,928,253
Classroom facilities maintenance	5,994,292	-	5,994,292
Food service operations	2,595,257	-	2,595,257
Non-public schools	2,165,405	-	2,165,405
State funded programs	2,342,290	-	2,342,290
Federally funded programs	209,138	-	209,138
Extracurricular programs	604,074	-	604,074
Partnering community schools	2,280,191	-	2,280,191
Educational special trust	4,372,134	-	4,372,134
Other purposes	991,645	-	991,645
Unassigned (deficit)	(2,730,094)	-	(2,730,094)
Total fund balances	21,144,643	76,928,253	98,072,896
Total liabilities, deferred inflows, and fund balances	\$ 55,273,567	\$ 85,634,327	\$ 140,907,894

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ 9,387,182	\$ 2,398,206	\$ 11,785,388
Intergovernmental	91,894,786	57,564	91,952,350
Investment earnings	61	92,976	93,037
Extracurricular	581,536	-	581,536
Contributions and donations	3,715,098	-	3,715,098
Miscellaneous	3,249	254,099	257,348
Total revenues	105,581,912	2,802,845	108,384,757
Expenditures:			
Current:			
Instruction:			
Regular	481,910	-	481,910
Special	32,439,617	-	32,439,617
Vocational	1,628,618	-	1,628,618
Other	1,502,094	-	1,502,094
Support services:			
Pupil	6,773,926	-	6,773,926
Instructional staff	11,990,388	-	11,990,388
Administration	3,364,120	-	3,364,120
Fiscal	9,260,743	166,371	9,427,114
Operations and maintenance	2,297,382	498,643	2,796,025
Pupil transportation	395,179	-	395,179
Central	1,569,268	-	1,569,268
Operation of non-instructional services:			
Food service operations	24,456,432	-	24,456,432
Other non-instructional services	15,401,126	-	15,401,126
Extracurricular activities	3,083,258	-	3,083,258
Facilities acquisition and construction	-	3,582,562	3,582,562
Total expenditures	114,644,061	4,247,576	118,891,637
Excess (deficiency) of revenues over (under) expenditures	(9,062,149)	(1,444,731)	(10,506,880)
Other financing sources:			
Sale of capital assets	-	394,500	394,500
Total other financing sources	-	394,500	394,500
Net change in fund balances	(9,062,149)	(1,050,231)	(10,112,380)
Fund balances			
at beginning of year	30,206,792	77,978,484	108,185,276
Fund balances at end of year	\$ 21,144,643	\$ 76,928,253	\$ 98,072,896

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

Nonmajor Special Revenue Funds

The special revenue funds are established to account for proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The term proceeds of specific sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. A description of the School District's special revenue funds follows:

Food Service

This fund is used to record financial transactions related to food service operations.

Educational Special Trust

This fund accounts for monies received from private individuals, companies, and foundations for specified activities for purposes. This fund also accounts for monies being placed from the general fund for Qualified Zone Academy Bonds into a escrow account held by a trustee in order to repay the obligation at maturity.

Public School Support

This fund accounts for specific local revenue sources, other than taxes or expendable trusts (i.e. profits from vending machines, sales of pictures, etc.) that are restricted to expenditures for specific purposes.

Other Grants

This fund accounts for the proceeds of specific revenue sources, except for State and Federal grants, that are legally restricted to expenditures for specific purposes.

Classroom Facilities Maintenance

This fund is used to account for the proceeds of a levy for the maintenance of facilities.

Partnering Community School

This fund reflects resources that belong to the Community Schools that partner with the School District.

Student Managed Activities

This fund accounts for those student activity programs that have student participation in the activity and have student management of the programs.

District Managed Student Activities

This fund accounts for those student activity programs that have student participation in the activity, but do not have student management of the programs.

Auxiliary Services

This fund accounts for monies which provide services and materials to pupils attending non-public schools within the School District.

Public School Preschool

This fund accounts for assisting school districts in paying the cost of preschool programs for three and four year olds.

Data Communications

This fund accounts for money appropriated for Ohio Educational Computer Network Connections.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

Nonmajor Special Revenue Funds (Continued)

Vocational Education Enhancement

This fund accounts for vocational education enhancements that (1) expend the number of students enrolled in tech prep programs (2) enable students to develop career plans, to identify initial educational and career goals, and to develop a career passport which provides a clear understanding of the student's knowledge, skills, and credentials to present to future employers, universities, and other training institutes and (3) replace or update equipment essential for the instruction of students in job skills taught as part of a vocational program or programs approved for such instruction by the State Board of Education.

Alternative Schools

This fund accounts for alternative educational programs for existing and new at-risk and delinquent youth.

Student Wellness and Success

This fund accounts for State funds to help districts and schools support their students' academic achievement through mental health counseling, wrap-around services, mentoring and after-school programs.

Miscellaneous State Grants

This fund is used to account for various monies received from State agencies which are not classified elsewhere including all money for students who resides in the School District but are enrolled in a community school.

School Maintenance and Assistance

This fund is used for maintenance and operational funds to school districts significantly affected (1) by a loss of revenue from taxable real property acquired by the federal government, (2) by provision of public education to children who live on federal property or (3) by a sudden and substantial increase in school attendance as a result of federal activities.

Title VI-B

This fund accounts for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Vocational Education

This fund accounts for revenues used in the development of vocational education programs in the following categories; secondary, post-secondary, adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, construction of educational schools, ancillary services, research, advisory committees and work-study projects, including sex equity grants.

School Improvement Stimulus A

This fund is used to help schools improve the teaching and learning of children failing, or most at risk of failing to meet challenging State academic achievement standards.

School Improvement Stimulus G

This fund is used to raise the achievement of students in the lowest-performing schools.

Title III

This fund is used to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Refugee Children Impact Act

This fund is used to provide educational services to meet educational needs of refugee children who are enrolled in public and non-profit private elementary and secondary schools.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

Nonmajor Special Revenue Funds (Continued)

Title I

This fund accounts for federal funds expended for services provided to meet special educational needs of educationally deprived children.

Title IV-A

This fund is to account for Federal money restricted for providing students with a well-rounded education, supporting safe and healthy students and supporting the effective use of technology.

IDEA Preschool Grant for the Handicapped

This fund accounts for Preschool Grant Program, Section 619 of Public Law 99-457, addresses the improvement and expansion of services for handicapped children ages three through five.

Title II-A

Funding for professional development and other programs to ensure teachers meet high quality standards. This fund also accounts for monies used to hire additional classroom teachers in elementary grades, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants

This fund accounts for various monies received through State agencies from the Federal Government or directly from the Federal Government which are not required to be in a separate fund.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	<u>Food Service</u>	<u>Educational Special Trust</u>	<u>Public School Support</u>	<u>Other Grants</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 5,977,298	\$ 4,358,601	\$ 993,108	\$ -
Receivables:				
Property taxes	-	-	-	-
Accounts	-	221,117	-	-
Intergovernmental	-	-	-	-
Materials and supplies inventory	2,320,311	-	-	-
Total assets	<u>\$ 8,297,609</u>	<u>\$ 4,579,718</u>	<u>\$ 993,108</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	\$ -	\$ 33,882	\$ 1,463	\$ -
Accrued wages and benefits payable	376,038	131,735	-	-
Intergovernmental payable	370,644	41,967	-	-
Interfund loans payable	2,635,359	-	-	727,356
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>3,382,041</u>	<u>207,584</u>	<u>1,463</u>	<u>727,356</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available	-	-	-	-
Intergovernmental revenue not available	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	2,320,311	-	-	-
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	2,595,257	-	-	-
Non-public schools	-	-	-	-
Extracurricular	-	-	-	-
State funded programs	-	-	-	-
Federally funded programs	-	-	-	-
Partnering community schools	-	-	-	-
Educational special trust	-	4,372,134	-	-
Other purposes	-	-	991,645	-
Unassigned (deficit)	-	-	-	(727,356)
Total fund balances (deficit)	<u>4,915,568</u>	<u>4,372,134</u>	<u>991,645</u>	<u>(727,356)</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 8,297,609</u>	<u>\$ 4,579,718</u>	<u>\$ 993,108</u>	<u>\$ -</u>

<u>Classroom Facilities Maintenance</u>	<u>Partnering Community Schools</u>	<u>Student Managed Activities</u>	<u>District Managed Student Activities</u>	<u>Auxiliary Services</u>	<u>Public Preschool Grant</u>
\$ 5,764,916	\$ 985,537	\$ 531,471	\$ 75,836	\$ 3,423,724	\$ 108,872
2,888,469	9,235,369	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 8,653,385</u>	<u>\$ 10,220,906</u>	<u>\$ 531,471</u>	<u>\$ 75,836</u>	<u>\$ 3,423,724</u>	<u>\$ 108,872</u>
\$ 40,316	\$ 53,806	\$ 3,233	\$ -	\$ 162,481	\$ -
-	-	-	-	149,399	-
-	-	-	-	78,977	-
-	-	-	-	867,462	45,126
-	-	-	-	-	-
-	-	-	-	-	63,746
<u>40,316</u>	<u>53,806</u>	<u>3,233</u>	<u>-</u>	<u>1,258,319</u>	<u>108,872</u>
1,949,183	5,746,000	-	-	-	-
669,594	2,140,909	-	-	-	-
-	-	-	-	-	-
<u>2,618,777</u>	<u>7,886,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
5,994,292	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,165,405	-
-	-	528,238	75,836	-	-
-	-	-	-	-	-
-	2,280,191	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,994,292</u>	<u>2,280,191</u>	<u>528,238</u>	<u>75,836</u>	<u>2,165,405</u>	<u>-</u>
<u>\$ 8,653,385</u>	<u>\$ 10,220,906</u>	<u>\$ 531,471</u>	<u>\$ 75,836</u>	<u>\$ 3,423,724</u>	<u>\$ 108,872</u>

(Continued)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2022

	<u>Vocational Education Enhancement</u>	<u>Alternative Schools</u>	<u>Student Wellness and Success</u>	<u>Miscellaneous State Grants</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 12,319	\$ 358,864	\$ 2,000,009	\$ 1,650,242
Receivables:				
Property taxes	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	5,081	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets	<u>\$ 17,400</u>	<u>\$ 358,864</u>	<u>\$ 2,000,009</u>	<u>\$ 1,650,242</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 16,583	\$ 24,086
Accrued wages and benefits payable	-	-	-	830
Intergovernmental payable	-	-	-	-
Interfund loans payable	17,400	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	1,625,326
Total liabilities	<u>17,400</u>	<u>-</u>	<u>16,583</u>	<u>1,650,242</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available	-	-	-	-
Intergovernmental revenue not available	5,081	-	-	-
Total deferred inflows of resources	<u>5,081</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	-	-
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	-	-	-	-
Non-public schools	-	-	-	-
Extracurricular	-	-	-	-
State funded programs	-	358,864	1,983,426	-
Federally funded programs	-	-	-	-
Partnering community schools	-	-	-	-
Educational special trust	-	-	-	-
Other purposes	-	-	-	-
Unassigned (deficit)	(5,081)	-	-	-
Total fund balances (deficit)	<u>(5,081)</u>	<u>358,864</u>	<u>1,983,426</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 17,400</u>	<u>\$ 358,864</u>	<u>\$ 2,000,009</u>	<u>\$ 1,650,242</u>

School Maintenance and Assistance	Title VI-B	Vocational Education	School Improvement Stimulus A	School Improvement Stimulus G	Title III
\$ 209,138	\$ 1,960,006	\$ 823,119	\$ 216,784	\$ 1,306,684	\$ 162,641
-	-	-	-	-	-
-	1,026,258	107,017	250,066	180,493	-
-	-	-	-	-	-
<u>\$ 209,138</u>	<u>\$ 2,986,264</u>	<u>\$ 930,136</u>	<u>\$ 466,850</u>	<u>\$ 1,487,177</u>	<u>\$ 162,641</u>
\$ -	\$ 85,565	\$ -	\$ 12,351	\$ -	\$ 14,704
-	807,624	11,176	22,239	-	16,868
-	364,528	6,212	13,551	-	7,464
-	1,728,547	912,748	1,199,693	1,886,199	80,299
-	-	-	-	-	-
-	-	-	-	-	43,306
<u>-</u>	<u>2,986,264</u>	<u>930,136</u>	<u>1,247,834</u>	<u>1,886,199</u>	<u>162,641</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>61,187</u>	<u>160,948</u>	<u>180,493</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>61,187</u>	<u>160,948</u>	<u>180,493</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
209,138	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(61,187)	(941,932)	(579,515)	-
<u>209,138</u>	<u>-</u>	<u>(61,187)</u>	<u>(941,932)</u>	<u>(579,515)</u>	<u>-</u>
<u>\$ 209,138</u>	<u>\$ 2,986,264</u>	<u>\$ 930,136</u>	<u>\$ 466,850</u>	<u>\$ 1,487,177</u>	<u>\$ 162,641</u>

(Continued)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2022

	Refugee Children School Impact Act	Title I	Title IV-A	IDEA Preschool Grant for the Handicapped
Assets:				
Equity in pooled cash and cash equivalents	\$ 51,515	\$ 5,939,432	\$ -	\$ 198,996
Receivables:				
Property taxes	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	-	-	457,388	-
Materials and supplies inventory	-	-	-	-
Total assets	\$ 51,515	\$ 5,939,432	\$ 457,388	\$ 198,996
Liabilities:				
Accounts payable	\$ -	\$ 92,745	\$ 10,725	\$ 758
Accrued wages and benefits payable	4,596	2,056,476	23,935	13,691
Intergovernmental payable	1,852	883,415	12,886	4,512
Interfund loans payable	294,743	-	119,275	-
Due to other funds	-	-	290,567	-
Unearned revenue	-	2,906,796	-	180,035
Total liabilities	301,191	5,939,432	457,388	198,996
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available	-	-	-	-
Intergovernmental revenue not available	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	-	-
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	-	-	-	-
Non-public schools	-	-	-	-
Extracurricular	-	-	-	-
State funded programs	-	-	-	-
Federally funded programs	-	-	-	-
Partnering community schools	-	-	-	-
Educational special trust	-	-	-	-
Other purposes	-	-	-	-
Unassigned (deficit)	(249,676)	-	-	-
Total fund balances (deficit)	(249,676)	-	-	-
Total liabilities, deferred inflows, and fund balances	\$ 51,515	\$ 5,939,432	\$ 457,388	\$ 198,996

<u>Title II-A</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 122,900	\$ 833,379	\$ 38,065,391
-	-	12,123,838
-	-	221,117
252,220	264,387	2,542,910
-	-	2,320,311
<u>\$ 375,120</u>	<u>\$ 1,097,766</u>	<u>\$ 55,273,567</u>
\$ 20,797	\$ 11,000	\$ 584,495
339,273	19,993	3,973,873
15,050	6,483	1,807,541
-	1,060,290	11,574,497
-	-	290,567
-	-	4,819,209
<u>375,120</u>	<u>1,097,766</u>	<u>23,050,182</u>
-	-	7,695,183
-	-	2,810,503
-	165,347	573,056
<u>-</u>	<u>165,347</u>	<u>11,078,742</u>
-	-	2,320,311
-	-	5,994,292
-	-	2,595,257
-	-	2,165,405
-	-	604,074
-	-	2,342,290
-	-	209,138
-	-	2,280,191
-	-	4,372,134
-	-	991,645
-	(165,347)	(2,730,094)
<u>-</u>	<u>(165,347)</u>	<u>21,144,643</u>
<u>\$ 375,120</u>	<u>\$ 1,097,766</u>	<u>\$ 55,273,567</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Food Service</u>	<u>Educational Special Trust</u>	<u>Public School Support</u>	<u>Other Grants</u>
Revenues:				
Property taxes	\$ -	-	\$ -	\$ -
Intergovernmental	23,907,714	-	-	-
Investment earnings	61	-	-	-
Extracurricular	-	-	195,897	-
Contributions and donations	-	3,707,098	-	-
Miscellaneous	1,687	1,562	-	-
Total revenues	<u>23,909,462</u>	<u>3,708,660</u>	<u>195,897</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	90,746	9,231	-
Special	-	-	-	-
Vocational	-	15,836	-	-
Other	-	471,795	-	-
Support services:				
Pupil	-	218,216	-	-
Instructional staff	-	3,770,964	-	-
Administration	-	1,400,253	9,121	-
Fiscal	-	-	-	-
Operations and maintenance	-	302,981	-	-
Pupil transportation	-	284,818	675	-
Central	-	1,233,911	-	-
Operation of non-instructional services:				
Food service operations	24,418,992	37,440	-	-
Other non-instructional services	-	3,148	-	-
Extracurricular activities	-	2,632,926	115,661	-
Total expenditures	<u>24,418,992</u>	<u>10,463,034</u>	<u>134,688</u>	<u>-</u>
Change in fund balance	(509,530)	(6,754,374)	61,209	-
Fund balances (deficit) at beginning of year	<u>5,425,098</u>	<u>11,126,508</u>	<u>930,436</u>	<u>(727,356)</u>
Fund balances (deficit) at end of year	<u>\$ 4,915,568</u>	<u>\$ 4,372,134</u>	<u>\$ 991,645</u>	<u>\$ (727,356)</u>

Classroom Facilities Maintenance	Partnering Community Schools	Student Managed Activities	District Managed Student Activities	Auxiliary Services	Public School Preschool
\$ 2,231,286	\$ 7,155,896	\$ -	\$ -	\$ -	\$ -
2,110,547	422,562	-	-	5,830,203	1,180,073
-	-	-	-	-	-
-	-	305,972	79,667	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,341,833</u>	<u>7,578,458</u>	<u>305,972</u>	<u>79,667</u>	<u>5,830,203</u>	<u>1,180,073</u>
-	-	25,185	471	-	-
-	-	853	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,058	-
-	-	-	-	-	1,405,640
-	-	-	-	-	-
48,783	7,199,891	92	-	-	-
1,788,088	-	2,950	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	7,982,494	-
-	-	236,279	98,392	-	-
<u>1,836,871</u>	<u>7,199,891</u>	<u>265,359</u>	<u>98,863</u>	<u>7,985,552</u>	<u>1,405,640</u>
2,504,962	378,567	40,613	(19,196)	(2,155,349)	(225,567)
3,489,330	1,901,624	487,625	95,032	4,320,754	225,567
<u>\$ 5,994,292</u>	<u>\$ 2,280,191</u>	<u>\$ 528,238</u>	<u>\$ 75,836</u>	<u>\$ 2,165,405</u>	<u>\$ -</u>

(Continued)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Vocational Education Enhancement	Data Communication	Alternative Schools	Student Wellness and Success
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,063	153,000	-	144,614
Investment earnings	-	-	-	-
Extracurricular	-	-	-	-
Contributions and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	8,063	153,000	-	144,614
Expenditures:				
Current:				
Instruction:				
Regular	-	-	-	-
Special	-	-	-	-
Vocational	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	-	-	-	101,521
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	153,000	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	-	-
Total expenditures	-	153,000	-	101,521
Change in fund balance	8,063	-	-	43,093
Fund balances (deficit) at beginning of year	(13,144)	-	358,864	1,940,333
Fund balances (deficit) at end of year	\$ (5,081)	\$ -	\$ 358,864	\$ 1,983,426

Miscellaneous State Grants	School Maintenance and Assistance	Title VI-B	Vocational Education	School Improvement Stimulus A	School Improvement Stimulus G
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(314,874)	7,933	15,801,873	1,784,602	682,424	833,705
-	-	-	-	-	-
-	-	-	-	-	-
8,000	-	-	-	-	-
-	-	-	-	-	-
<u>(306,874)</u>	<u>7,933</u>	<u>15,801,873</u>	<u>1,784,602</u>	<u>682,424</u>	<u>833,705</u>
60,248	-	-	-	65	-
20,000	-	8,470,782	-	-	-
429	-	5,030	1,607,323	-	-
154,563	-	-	-	104,415	325,233
54,216	-	1,929,538	-	1,500	-
35,384	-	1,163,306	295,011	621,875	-
-	-	961,088	65,969	-	-
-	-	290,035	-	-	-
203,363	-	-	-	-	-
-	-	88,778	6,425	-	-
-	-	-	-	1,183	-
-	-	-	-	-	-
830	-	856,711	-	-	-
-	-	-	-	-	-
<u>529,033</u>	<u>-</u>	<u>13,765,268</u>	<u>1,974,728</u>	<u>729,038</u>	<u>325,233</u>
(835,907)	7,933	2,036,605	(190,126)	(46,614)	508,472
<u>835,907</u>	<u>201,205</u>	<u>(2,036,605)</u>	<u>128,939</u>	<u>(895,318)</u>	<u>(1,087,987)</u>
<u>\$ -</u>	<u>\$ 209,138</u>	<u>\$ -</u>	<u>\$ (61,187)</u>	<u>\$ (941,932)</u>	<u>\$ (579,515)</u>

(Continued)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Title III</u>	<u>Refugee Children School Impact Act</u>	<u>Title I</u>	<u>Title IV-A</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	512,458	42,236	31,767,131	3,450,984
Investment earnings	-	-	-	-
Extracurricular	-	-	-	-
Contributions and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>512,458</u>	<u>42,236</u>	<u>31,767,131</u>	<u>3,450,984</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	1,484	-
Special	141,483	64,534	23,387,121	-
Vocational	-	-	-	-
Other	-	-	-	441,896
Support services:				
Pupil	-	83,498	1,430,454	2,526,196
Instructional staff	346,615	-	2,882,242	185,787
Administration	-	-	927,597	-
Fiscal	14,041	-	1,005,403	23,388
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	14,483	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	87,067	-	5,785,614	270,590
Extracurricular activities	-	-	-	-
Total expenditures	<u>589,206</u>	<u>148,032</u>	<u>35,434,398</u>	<u>3,447,857</u>
Change in fund balance	(76,748)	(105,796)	(3,667,267)	3,127
Fund balances (deficit) at beginning of year	<u>76,748</u>	<u>(143,880)</u>	<u>3,667,267</u>	<u>(3,127)</u>
Fund balances (deficit) at end of year	<u>\$ -</u>	<u>\$ (249,676)</u>	<u>\$ -</u>	<u>\$ -</u>

IDEA Preschool Grant for the Handicapped	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 9,387,182
106,595	1,749,906	1,713,037	91,894,786
-	-	-	61
-	-	-	581,536
-	-	-	3,715,098
-	-	-	3,249
<u>106,595</u>	<u>1,749,906</u>	<u>1,713,037</u>	<u>105,581,912</u>
-	9,545	284,935	481,910
347,340	7,504	-	32,439,617
-	-	-	1,628,618
-	280	3,912	1,502,094
-	1,162	526,088	6,773,926
-	1,019,676	162,367	11,990,388
-	-	-	3,364,028
9,743	47,058	622,401	9,260,835
-	-	-	2,297,382
-	-	-	395,179
-	181,174	-	1,569,268
-	-	-	24,456,432
-	376,742	37,930	15,401,126
-	-	-	3,083,258
<u>357,083</u>	<u>1,643,141</u>	<u>1,637,633</u>	<u>114,644,061</u>
(250,488)	106,765	75,404	(9,062,149)
<u>250,488</u>	<u>(106,765)</u>	<u>(240,751)</u>	<u>30,206,792</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (165,347)</u>	<u>\$ 21,144,643</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 20,515,850	\$ 21,772,668	\$ 1,256,818
Investment earnings	57	61	4
Charges for services	-	-	-
Miscellaneous	1,590	1,687	97
Total revenues	<u>20,517,497</u>	<u>21,774,416</u>	<u>1,256,919</u>
Expenditures:			
Current:			
Support services:			
Central	(337,034)	(317,518)	(19,516)
Operation of non-instructional services:			
Food service operations	24,321,661	22,913,332	1,408,329
Total expenditures	<u>23,984,627</u>	<u>22,595,814</u>	<u>1,388,813</u>
Excess of expenditures over revenues	<u>(3,467,130)</u>	<u>(821,398)</u>	<u>2,645,732</u>
Other financing sources:			
Advances in	2,825,164	2,635,359	(189,805)
Total other financing sources	<u>2,825,164</u>	<u>2,635,359</u>	<u>(189,805)</u>
Net change in fund balance	(641,966)	1,813,961	2,455,927
Fund balance at beginning of year	641,966	641,966	-
Prior year encumbrances appropriated	1,635,771	1,635,771	-
Fund balance at end of year	<u>\$ 1,635,771</u>	<u>\$ 4,091,698</u>	<u>\$ 2,455,927</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EDUCATIONAL SPECIAL TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Contributions and donations	\$ 3,195,272	\$ 3,485,981	\$ 290,709
Miscellaneous	1,432	1,562	130
Total revenues	<u>3,196,704</u>	<u>3,487,543</u>	<u>290,839</u>
Expenditures:			
Current:			
Instruction:			
Regular	138,816	138,297	519
Special	9,364	9,329	35
Vocational	15,895	15,836	59
Other	514,814	512,890	1,924
Support services:			
Pupil	214,960	214,157	803
Instructional staff	4,509,696	4,492,846	16,850
Administration	1,569,110	1,563,247	5,863
Operations and maintenance	434,913	433,288	1,625
Pupil transportation	306,315	305,170	1,145
Central	1,431,173	1,425,825	5,348
Operation of non-instructional services:			
Food service operations	38,432	38,288	144
Other non-instructional services	3,246	3,234	12
Extracurricular activities	3,104,034	3,092,435	11,599
Total expenditures	<u>12,290,768</u>	<u>12,244,842</u>	<u>45,926</u>
Net change in fund balance	(9,094,064)	(8,757,299)	336,765
Fund balance at beginning of year	9,524,552	9,524,552	-
Prior year encumbrances appropriated	1,960,128	1,960,128	-
Fund balance at end of year	<u>\$ 2,390,616</u>	<u>\$ 2,727,381</u>	<u>\$ 336,765</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC SCHOOL SUPPORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Extracurricular	\$ 187,291	\$ 195,897	\$ 8,606
Total revenues	<u>187,291</u>	<u>195,897</u>	<u>8,606</u>
Expenditures:			
Current:			
Instruction:			
Regular	13,914	13,686	228
Support Services:			
Administration	12,180	11,980	200
Pupil transportation	686	675	11
Extracurricular activities	<u>159,156</u>	<u>156,545</u>	<u>2,611</u>
Total expenditures	<u>185,936</u>	<u>182,886</u>	<u>3,050</u>
Net change in fund balance	1,355	13,011	11,656
Fund balance at beginning of year	826,441	826,441	-
Prior year encumbrances appropriated	103,995	103,995	-
Fund balance at end of year	<u>\$ 931,791</u>	<u>\$ 943,447</u>	<u>\$ 11,656</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OTHER GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other financing sources:			
Advances in	\$ 727,356	\$ 727,356	\$ -
Total other financing sources	<u>727,356</u>	<u>727,356</u>	<u>-</u>
Net change in fund balance	727,356	727,356	-
Fund balance (deficit) at beginning of year	<u>(727,356)</u>	<u>(727,356)</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CLASSROOM FACILITIES MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 2,314,750	\$ 2,219,287	\$ (95,463)
Intergovernmental	2,201,333	2,110,547	(90,786)
Total revenues	<u>4,516,083</u>	<u>4,329,834</u>	<u>(186,249)</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	48,783	48,783	-
Operations and maintenance	3,729,935	3,729,935	-
Total expenditures	<u>3,778,718</u>	<u>3,778,718</u>	<u>-</u>
Net change in fund balance	737,365	551,116	(186,249)
Fund balance at beginning of year	1,841,600	1,841,600	-
Prior year encumbrances appropriated	1,533,892	1,533,892	-
Fund balance at end of year	<u>\$ 4,112,857</u>	<u>\$ 3,926,608</u>	<u>\$ (186,249)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARTNERING COMMUNITY SCHOOLS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 6,957,883	\$ 7,095,901	\$ 138,018
Intergovernmental	414,343	422,562	8,219
Total revenues	<u>7,372,226</u>	<u>7,518,463</u>	<u>146,237</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	7,199,891	7,146,085	53,806
Total expenditures	<u>7,199,891</u>	<u>7,146,085</u>	<u>53,806</u>
Net change in fund balance	172,335	372,378	200,043
Fund balance at beginning of year	613,146	613,146	-
Prior year encumbrances appropriated	13	13	-
Fund balance at end of year	<u>\$ 785,494</u>	<u>\$ 985,537</u>	<u>\$ 200,043</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STUDENT MANAGED ACTIVITIES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Extracurricular	\$ 295,578	\$ 305,972	\$ 10,394
Total revenues	<u>295,578</u>	<u>305,972</u>	<u>10,394</u>
Expenditures:			
Current:			
Instruction:			
Regular	38,815	29,952	8,863
Special	1,514	1,168	346
Support Services:			
Administration	119	92	27
Operations and maintenance	3,823	2,950	873
Extracurricular activities	<u>400,807</u>	<u>309,285</u>	<u>91,522</u>
Total expenditures	<u>445,078</u>	<u>343,447</u>	<u>101,631</u>
Net change in fund balance	(149,500)	(37,475)	112,025
Fund balance at beginning of year	427,926	427,926	-
Prior year encumbrances appropriated	59,699	59,699	-
Fund balance at end of year	<u>\$ 338,125</u>	<u>\$ 450,150</u>	<u>\$ 112,025</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DISTRICT MANAGED STUDENT ACTIVITIES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Extracurricular	\$ 113,532	\$ 79,667	\$ (33,865)
Total revenues	<u>113,532</u>	<u>79,667</u>	<u>(33,865)</u>
Expenditures:			
Current:			
Instruction:			
Regular	4,787	3,477	1,310
Support Services:			
Extracurricular activities	177,941	129,251	48,690
Total expenditures	<u>182,728</u>	<u>132,728</u>	<u>50,000</u>
Net change in fund balance	(69,196)	(53,061)	16,135
Fund balance at beginning of year	70,669	70,669	-
Prior year encumbrances appropriated	24,363	24,363	-
Fund balance at end of year	<u>\$ 25,836</u>	<u>\$ 41,971</u>	<u>\$ 16,135</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AUXILIARY SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 6,746,711	\$ 5,830,203	\$ (916,508)
Total revenues	<u>6,746,711</u>	<u>5,830,203</u>	<u>(916,508)</u>
Expenditures:			
Current:			
Support Services:			
Pupil	13,100	12,900	200
Operation of non-instructional services	9,435,680	9,291,444	144,236
Total expenditures	<u>9,448,780</u>	<u>9,304,344</u>	<u>144,436</u>
Excess of expenditures over revenues	<u>(2,702,069)</u>	<u>(3,474,141)</u>	<u>(772,072)</u>
Other financing sources:			
Advances in	1,003,827	867,462	867,462
Total other financing sources	<u>1,003,827</u>	<u>867,462</u>	<u>867,462</u>
Net change in fund balance	(1,698,242)	(2,606,679)	95,390
Fund balance at beginning of year	1,698,242	1,698,242	-
Prior year encumbrances appropriated	3,283,123	3,283,123	-
Fund balance at end of year	<u>\$ 3,283,123</u>	<u>\$ 2,374,686</u>	<u>\$ 95,390</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC SCHOOL PRESCHOOL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,465,734	\$ 1,243,819	\$ (221,915)
Total revenues	<u>1,465,734</u>	<u>1,243,819</u>	<u>(221,915)</u>
Expenditures:			
Current:			
Support services:			
Pupil	(849)	(725)	(124)
Instructional staff	1,707,502	1,457,378	250,124
Total expenditures	<u>1,706,653</u>	<u>1,456,653</u>	<u>250,000</u>
Excess of expenditures over revenues	<u>(240,919)</u>	<u>(212,834)</u>	<u>28,085</u>
Other financing sources:			
Advances in	45,126	45,126	-
Total other financing sources	<u>45,126</u>	<u>45,126</u>	<u>-</u>
Net change in fund balance	(195,793)	(167,708)	28,085
Fund balance at beginning of year	195,793	195,793	-
Prior year encumbrances appropriated	29,774	29,774	-
Fund balance at end of year	<u>\$ 29,774</u>	<u>\$ 57,859</u>	<u>\$ 28,085</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DATA COMMUNICATIONS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 153,000	\$ 153,000	\$ -
Total revenues	<u>153,000</u>	<u>153,000</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Central	153,000	153,000	-
Total expenditures	<u>153,000</u>	<u>153,000</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
VOCATIONAL EDUCATION ENHANCEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 7,418	\$ 7,418	\$ -
Total revenues	<u>7,418</u>	<u>7,418</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Vocational	16,218	6,218	10,000
Total expenditures	<u>16,218</u>	<u>6,218</u>	<u>10,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,800)</u>	<u>1,200</u>	<u>10,000</u>
Other financing sources (uses):			
Advances in	17,400	17,400	-
Advances out	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>7,400</u>	<u>7,400</u>	<u>-</u>
 Net change in fund balance	 (1,400)	 8,600	 10,000
Fund balance at beginning of year	1,400	1,400	-
Prior year encumbrances appropriated	2,319	2,319	-
Fund balance at end of year	<u>\$ 2,319</u>	<u>\$ 12,319</u>	<u>\$ 10,000</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALTERNATIVE SCHOOLS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Fund balance at beginning of year	\$ 358,864	\$ 358,864	\$ -
Fund balance at end of year	<u>\$ 358,864</u>	<u>\$ 358,864</u>	<u>\$ -</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STUDENT WELLNESS AND SUCCESS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:			
Current:			
Support services:			
Pupil	\$ 47,727	\$ 47,727	\$ -
Instructional staff	101,521	101,521	-
Administration	40,560	40,560	-
Total expenditures	<u>189,808</u>	<u>189,808</u>	<u>-</u>
Net change in fund balance	(189,808)	(189,808)	-
Fund balance at beginning of year	2,000,179	2,000,179	-
Prior year encumbrances appropriated	141,411	141,411	-
Fund balance at end of year	<u>\$ 1,951,782</u>	<u>\$ 1,951,782</u>	<u>\$ -</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS STATE GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,209,763	\$ 1,310,452	\$ 100,689
Miscellaneous	7,385	8,000	615
Total revenues	<u>1,217,148</u>	<u>1,318,452</u>	<u>101,304</u>
Expenditures:			
Current:			
Instruction:			
Regular	67,799	60,269	7,530
Special	22,499	20,000	2,499
Vocational	881	783	98
Other	173,875	154,563	19,312
Support services:			
Pupil	65,748	58,445	7,303
Instructional staff	66,831	59,408	7,423
Operations and maintenance	228,773	203,363	25,410
Total expenditures	<u>626,406</u>	<u>556,831</u>	<u>69,575</u>
Net change in fund balance	590,742	761,621	170,879
Fund balance at beginning of year	722,226	722,226	-
Prior year encumbrances appropriated	117,910	117,910	-
Fund balance at end of year	<u>\$ 1,430,878</u>	<u>\$ 1,601,757</u>	<u>\$ 170,879</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOL MAINTENANCE AND ASSISTANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 7,933	\$ 7,933	\$ -
Total revenues	<u>7,933</u>	<u>7,933</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	150,000	-	150,000
Total expenditures	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Net change in fund balance	(142,067)	7,933	150,000
Fund balance at beginning of year	<u>201,205</u>	<u>201,205</u>	<u>-</u>
Fund balance at end of year	<u>\$ 59,138</u>	<u>\$ 209,138</u>	<u>\$ 150,000</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE VI-B FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 19,957,197	\$ 16,497,277	\$ (3,459,920)
Total revenues	<u>19,957,197</u>	<u>16,497,277</u>	<u>(3,459,920)</u>
Expenditures:			
Current:			
Instruction:			
Special	11,007,895	8,259,295	2,748,600
Vocational	13,069	9,806	3,263
Support services:			
Pupil	3,156,021	2,367,983	788,038
Instructional staff	1,670,944	1,253,720	417,224
Administration	1,279,906	960,322	319,584
Fiscal	386,555	290,035	96,520
Pupil transportation	119,311	89,520	29,791
Operation of non-instructional services	<u>1,013,241</u>	<u>760,241</u>	<u>253,000</u>
Total expenditures	<u>18,646,942</u>	<u>13,990,922</u>	<u>4,656,020</u>
Excess of revenues over expenditures	<u>1,310,255</u>	<u>2,506,355</u>	<u>1,196,100</u>
Other financing sources (uses):			
Advances in	1,728,547	1,728,547	-
Advances out	<u>(1,950,000)</u>	<u>(1,950,000)</u>	-
Total other financing sources (uses)	<u>(221,453)</u>	<u>(221,453)</u>	-
Net change in fund balance	1,088,802	2,284,902	1,196,100
Fund balance (deficit) at beginning of year	(1,088,802)	(1,088,802)	-
Prior year encumbrances appropriated	312,683	312,683	-
Fund balance at end of year	<u>\$ 312,683</u>	<u>\$ 1,508,783</u>	<u>\$ 1,196,100</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
VOCATIONAL EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 2,325,735	\$ 2,052,496	\$ (273,239)
Total revenues	<u>2,325,735</u>	<u>2,052,496</u>	<u>(273,239)</u>
Expenditures:			
Current:			
Instruction:			
Vocational	1,962,058	1,875,973	86,085
Support services:			
Instructional staff	313,247	299,503	13,744
Administration	68,657	65,645	3,012
Pupil transportation	7,074	6,764	310
Total expenditures	<u>2,351,036</u>	<u>2,247,885</u>	<u>103,151</u>
Excess of expenditures over revenues	<u>(25,301)</u>	<u>(195,389)</u>	<u>(170,088)</u>
Other financing sources (uses):			
Advances in	912,748	912,748	-
Advances out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>812,748</u>	<u>812,748</u>	<u>-</u>
Net change in fund balance	787,447	617,359	(170,088)
Fund balance (deficit) at beginning of year	(787,447)	(787,447)	-
Prior year encumbrances appropriated	747,670	747,670	-
Fund balance at end of year	<u>\$ 747,670</u>	<u>\$ 577,582</u>	<u>\$ (170,088)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOL IMPROVEMENT STIMULUS A FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 1,201,080	\$ 983,928	\$ (217,152)
Total revenues	<u>1,201,080</u>	<u>983,928</u>	<u>(217,152)</u>
Expenditures:			
Current:			
Instruction:			
Regular	74	65	9
Other	193,686	169,846	23,840
Support services:			
Instructional staff	765,018	670,855	94,163
Operation of non-instructional services	4,467	3,917	550
Total expenditures	<u>963,245</u>	<u>844,683</u>	<u>118,562</u>
Excess of revenues over expenditures	<u>237,835</u>	<u>139,245</u>	<u>(98,590)</u>
Other financing sources (uses):			
Advances in	1,199,693	1,199,693	-
Advances out	(925,000)	(925,000)	-
Total other financing sources (uses)	<u>274,693</u>	<u>274,693</u>	<u>-</u>
Net change in fund balance	512,528	413,938	(98,590)
Fund balance at beginning of year	(512,528)	(512,528)	-
Prior year encumbrances appropriated	179,977	179,977	-
Fund balance at end of year	<u>\$ 179,977</u>	<u>\$ 81,387</u>	<u>\$ (98,590)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOL IMPROVEMENT STIMULUS G FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,758,251	\$ 1,602,617	\$ (155,634)
Total revenues	<u>1,758,251</u>	<u>1,602,617</u>	<u>(155,634)</u>
Expenditures:			
Current:			
Instruction:			
Other	1,444,502	1,251,386	193,116
Support services:			
Instructional staff	51,484	44,601	6,883
Total expenditures	<u>1,495,986</u>	<u>1,295,987</u>	<u>199,999</u>
Excess of revenues over expenditures	<u>262,265</u>	<u>306,630</u>	<u>44,365</u>
Other financing sources (uses):			
Advances in	1,886,199	1,886,199	-
Advances out	(725,000)	(725,000)	-
Total other financing sources (uses)	<u>1,161,199</u>	<u>1,161,199</u>	<u>-</u>
Net change in fund balance	1,423,464	1,467,829	44,365
Fund balance at beginning of year	(1,423,464)	(1,423,464)	-
Prior year encumbrances appropriated	1,106,684	1,106,684	-
Fund balance at end of year	<u>\$ 1,106,684</u>	<u>\$ 1,151,049</u>	<u>\$ 44,365</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE III FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 735,481	\$ 628,476	\$ (107,005)
Total revenues	<u>735,481</u>	<u>628,476</u>	<u>(107,005)</u>
Expenditures:			
Current:			
Instruction:			
Special	219,919	188,629	31,290
Support services:			
Instructional staff	405,262	347,602	57,660
Fiscal	16,370	14,041	2,329
Operation of non-instructional services	<u>145,994</u>	<u>125,222</u>	<u>20,772</u>
Total expenditures	<u>787,545</u>	<u>675,494</u>	<u>112,051</u>
Excess of expenditures over revenues	<u>(52,064)</u>	<u>(47,018)</u>	<u>5,046</u>
Other financing sources (uses):			
Advances in	80,299	80,299	-
Advances out	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(69,701)</u>	<u>(69,701)</u>	<u>-</u>
Net change in fund balance	(121,765)	(116,719)	5,046
Fund balance at beginning of year	121,765	121,765	-
Prior year encumbrances appropriated	90,386	90,386	-
Fund balance at end of year	<u>\$ 90,386</u>	<u>\$ 95,432</u>	<u>\$ 5,046</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
REFUGEE CHILDREN SCHOOL IMPACT ACT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 49,761	\$ 42,236	\$ (7,525)
Total revenues	<u>49,761</u>	<u>42,236</u>	<u>(7,525)</u>
Expenditures:			
Current:			
Instruction:			
Special	96,954	72,059	24,895
Support services:			
Pupil	<u>103,670</u>	<u>77,050</u>	<u>26,620</u>
Total expenditures	<u>200,624</u>	<u>149,109</u>	<u>51,515</u>
Excess of expenditures over revenues	<u>(150,863)</u>	<u>(106,873)</u>	<u>43,990</u>
Other financing sources:			
Advances in	<u>294,743</u>	<u>294,743</u>	<u>-</u>
Total other financing sources	<u>294,743</u>	<u>294,743</u>	<u>-</u>
Net change in fund balance	143,880	187,870	43,990
Fund balance at beginning of year	<u>(143,880)</u>	<u>(143,880)</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 43,990</u>	<u>\$ 43,990</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE I FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 46,664,508	\$ 46,654,146	\$ (10,362)
Total revenues	<u>46,664,508</u>	<u>46,654,146</u>	<u>(10,362)</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,484	1,484	-
Special	27,742,475	27,739,688	2,787
Other	2,117,988	2,117,775	213
Support services:			
Pupil	1,472,216	1,472,068	148
Instructional staff	3,267,190	3,266,862	328
Administration	892,957	892,867	90
Fiscal	1,005,504	1,005,403	101
Pupil transportation	54,085	54,080	5
Operation of non-instructional services	<u>6,207,516</u>	<u>6,206,892</u>	<u>624</u>
Total expenditures	<u>42,761,415</u>	<u>42,757,119</u>	<u>4,296</u>
Net change in fund balance	3,903,093	3,897,027	(6,066)
Fund balance (deficit) at beginning of year	(190,424)	(190,424)	-
Prior year encumbrances appropriated	1,286,995	1,286,995	-
Fund balance at end of year	<u>\$ 4,999,664</u>	<u>\$ 4,993,598</u>	<u>\$ (6,066)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE IV-A FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 3,755,256	\$ 2,993,596	\$ (761,660)
Total revenues	<u>3,755,256</u>	<u>2,993,596</u>	<u>(761,660)</u>
Expenditures:			
Current:			
Instruction:			
Other	745,221	724,983	20,238
Support services:			
Pupil	2,567,870	2,498,132	69,738
Instructional staff	197,707	192,338	5,369
Fiscal	24,041	23,388	653
Operation of non-instructional services	<u>339,692</u>	<u>330,467</u>	<u>9,225</u>
Total expenditures	<u>3,874,531</u>	<u>3,769,308</u>	<u>105,223</u>
Excess of expenditures over revenues	<u>(119,275)</u>	<u>(775,712)</u>	<u>(656,437)</u>
Other financing sources:			
Advances in	119,275	119,275	-
Total other financing sources	<u>119,275</u>	<u>119,275</u>	<u>-</u>
Net change in fund balance	-	(656,437)	(656,437)
Fund balance at beginning of year	-	-	-
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ (656,437)</u>	<u>\$ (656,437)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
IDEA PRESCHOOL GRANT FOR THE HANDICAPPED FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 367,286	\$ 367,286	\$ -
Total revenues	<u>367,286</u>	<u>367,286</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	364,972	358,849	6,123
Support services:			
Fiscal	9,909	9,743	166
Total expenditures	<u>374,881</u>	<u>368,592</u>	<u>6,289</u>
Net change in fund balance	(7,595)	(1,306)	6,289
Fund balance at beginning of year	121,480	121,480	-
Prior year encumbrances appropriated	77,273	77,273	-
Fund balance at end of year	<u>\$ 191,158</u>	<u>\$ 197,447</u>	<u>\$ 6,289</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE II-A FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 3,183,808	\$ 2,810,541	\$ (373,267)
Total revenues	<u>3,183,808</u>	<u>2,810,541</u>	<u>(373,267)</u>
Expenditures:			
Current:			
Instruction:			
Regular	9,599	9,545	54
Special	7,547	7,504	43
Other	282	280	2
Support services:			
Pupil	1,169	1,162	7
Instructional staff	2,352,976	2,339,670	13,306
Fiscal	47,326	47,058	268
Central	176,204	175,207	997
Operation of non-instructional services	460,395	457,791	2,604
Total expenditures	<u>3,055,498</u>	<u>3,038,217</u>	<u>17,281</u>
Net change in fund balance	128,310	(227,676)	(355,986)
Fund balance (deficit) at beginning of year	(128,310)	(128,310)	-
Prior year encumbrances appropriated	249,527	249,527	-
Fund balance (deficit) at end of year	<u>\$ 249,527</u>	<u>\$ (106,459)</u>	<u>\$ (355,986)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS FEDERAL GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 2,427,311	\$ 2,090,059	\$ (337,252)
Total revenues	<u>2,427,311</u>	<u>2,090,059</u>	<u>(337,252)</u>
Expenditures:			
Current:			
Instruction:			
Regular	333,923	294,618	39,305
Other	166,085	146,535	19,550
Support services:			
Pupil	844,229	744,856	99,373
Instructional staff	270,432	238,600	31,832
Fiscal	761,348	671,731	89,617
Operation of non-instructional services	52,015	45,892	6,123
Total expenditures	<u>2,428,032</u>	<u>2,142,232</u>	<u>285,800</u>
Excess of expenditures over revenues	<u>(721)</u>	<u>(52,173)</u>	<u>(51,452)</u>
Other financing sources (uses):			
Advances in	1,060,290	1,060,290	-
Advances out	<u>(135,000)</u>	<u>(135,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>925,290</u>	<u>925,290</u>	<u>-</u>
Net change in fund balance	924,569	873,117	(51,452)
Fund balance (deficit) at beginning of year	(924,569)	(924,569)	-
Prior year encumbrances appropriated	604,776	604,776	-
Fund balance at end of year	<u>\$ 604,776</u>	<u>\$ 553,324</u>	<u>\$ (51,452)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

Nonmajor Capital Projects Funds

The Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, and for major renovation projects including equipment purchases. The following are descriptions of the School District's nonmajor capital project funds:

Permanent Improvement

This fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements as defined by Ohio Revised Code.

Classroom Facilities

The school facilities capital projects fund accounts for monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

	Permanent Improvement	Classroom Facilities	Total Nonmajor Capital Projects
Assets:			
Equity in pooled cash and cash equivalents	\$ 33,193,793	\$ 43,948,483	\$ 77,142,276
Cash and cash equivalents with fiscal agent	85,083	247,681	332,764
Receivables:			
Property taxes	5,603,524	-	5,603,524
Intergovernmental	-	2,555,763	2,555,763
Total assets	<u>\$ 38,882,400</u>	<u>\$ 46,751,927</u>	<u>\$ 85,634,327</u>
Liabilities:			
Contracts payable	\$ 454,158	\$ -	\$ 454,158
Retainage payable	85,083	247,681	332,764
Accrued wages payable	18,887	-	18,887
Intergovernmental payable	10,670	-	10,670
Total liabilities	<u>568,798</u>	<u>247,681</u>	<u>816,479</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	4,034,844	-	4,034,844
Delinquent property tax revenue not available	1,298,988	-	1,298,988
Intergovernmental revenue not available	-	2,555,763	2,555,763
Total deferred inflows of resources	<u>5,333,832</u>	<u>2,555,763</u>	<u>7,889,595</u>
Fund balances:			
Restricted:			
Capital projects	<u>32,979,770</u>	<u>43,948,483</u>	<u>76,928,253</u>
Total fund balances	<u>32,979,770</u>	<u>43,948,483</u>	<u>76,928,253</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 38,882,400</u>	<u>\$ 46,751,927</u>	<u>\$ 85,634,327</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Total Nonmajor Capital Projects</u>
Revenues:			
Property taxes	\$ 2,398,206	\$ -	\$ 2,398,206
Intergovernmental	57,564	-	57,564
Investment earnings	98,984	(6,008)	92,976
Miscellaneous	-	254,099	254,099
Total revenues	<u>2,554,754</u>	<u>248,091</u>	<u>2,802,845</u>
Expenditures:			
Current:			
Support services:			
Fiscal	166,371	-	166,371
Operations and maintenance	270,222	228,421	498,643
Facilities acquisition and construction	3,582,562	-	3,582,562
Total expenditures	<u>4,019,155</u>	<u>228,421</u>	<u>4,247,576</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,464,401)</u>	<u>19,670</u>	<u>(1,444,731)</u>
Other financing sources:			
Sale of capital assets	394,500	-	394,500
Total other financing sources	<u>394,500</u>	<u>-</u>	<u>394,500</u>
Change in fund balances	(1,069,901)	19,670	(1,050,231)
Fund balances at beginning of year	<u>34,049,671</u>	<u>43,928,813</u>	<u>77,978,484</u>
Fund balances at end of year	<u>\$ 32,979,770</u>	<u>\$ 43,948,483</u>	<u>\$ 76,928,253</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMANENT IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Property taxes	\$ 1,969,086	\$ 2,386,207	\$ 417,121
Intergovernmental	47,502	57,564	10,062
Investment earnings	81,681	98,984	17,303
Total revenues	<u>2,098,269</u>	<u>2,542,755</u>	<u>444,486</u>
Expenditures:			
Current:			
Instruction:			
Support services:			
Fiscal	169,225	168,540	685
Operations and maintenance	277,057	275,936	1,121
Facilities acquisition and construction	8,393,241	8,359,266	33,975
Total expenditures	<u>8,839,523</u>	<u>8,803,742</u>	<u>35,781</u>
Excess of expenditures over revenues	<u>(6,741,254)</u>	<u>(6,260,987)</u>	<u>480,267</u>
Other financing sources:			
Proceeds from the sale of capital assets	325,539	394,500	68,961
Total other financing sources	<u>325,539</u>	<u>394,500</u>	<u>68,961</u>
Net change in fund balance	(6,415,715)	(5,866,487)	549,228
Fund balance at beginning of year	27,321,279	27,321,279	-
Prior year encumbrances appropriated	6,666,433	6,666,433	-
Fund balance at end of year	<u>\$ 27,571,997</u>	<u>\$ 28,121,225</u>	<u>\$ 549,228</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CLASSROOM FACILITIES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ (6,008)	\$ (6,008)
Total revenues	-	(6,008)	(6,008)
Expenditures:			
Current:			
Support services:			
Operations and maintenance	228,421	228,421	-
Facilities acquisition and construction	4,983,184	4,983,183	1
Total expenditures	5,211,605	5,211,604	1
Net change in fund balance	(5,211,605)	(5,217,612)	(6,007)
Fund balance at beginning of year	35,001,262	35,001,262	-
Prior year encumbrances appropriated	9,564,517	9,564,517	-
Fund balance at end of year	\$ 39,354,174	\$ 39,348,167	\$ (6,007)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

Internal Service Funds

Internal Service Funds are established to account for the providing of goods or services by one department to other departments of the School District on a cost reimbursement basis. The following are the School District's internal service fund types:

Liability Self-Insurance Fund

This fund accounts for the self-insurance of uninsured risks of loss and associated expenses attributable to deductibles and self-insured retention limits for general liability and property damage claim settlements and judgments.

Employee Benefits Self-Insurance Fund

This fund accounts for the medical benefits self-insurance program for employees of the School District. Monthly fees are paid and any balance on hand is held until used.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022

	Liability Self-Insurance	Employee Benefits Self-Insurance	Total Governmental Activities - Internal Service Funds
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 1,375,310	\$ 20,262,392	\$ 21,637,702
Total assets	1,375,310	20,262,392	21,637,702
Liabilities:			
Claims payable	1,625,000	13,703,000	15,328,000
Total liabilities	1,625,000	13,703,000	15,328,000
Net position:			
Unrestricted (deficit)	\$ (249,690)	\$ 6,559,392	\$ 6,309,702

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Liability Self-Insurance	Employee Benefits Self-Insurance	Total Governmental Activities - Internal Service Funds
Operating revenues:			
Charges for services	\$ -	\$ 128,861,057	\$ 128,861,057
Total operating revenues	<u>-</u>	<u>128,861,057</u>	<u>128,861,057</u>
Operating expenses:			
Claims and claims adjustment expenses	789,242	125,881,920	126,671,162
Total operating expenses	<u>789,242</u>	<u>125,881,920</u>	<u>126,671,162</u>
Operating income (loss)/change in net position	<u>(789,242)</u>	<u>2,979,137</u>	<u>2,189,895</u>
Change in net position	(789,242)	2,979,137	2,189,895
Net position at beginning of year	<u>539,552</u>	<u>3,580,255</u>	<u>4,119,807</u>
Net position at end of year	<u>\$ (249,690)</u>	<u>\$ 6,559,392</u>	<u>\$ 6,309,702</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Liability Self-Insurance	Employee Benefits Self-Insurance	Total Governmental Activities - Internal Service Funds
Cash flows from operating activities:			
Cash received from charges for services	\$ -	\$ 128,861,057	\$ 128,861,057
Cash payments for claims and claim adjustment expenses	(440,242)	(128,534,810)	(128,975,052)
Net cash provided by (used in) operating activities	(440,242)	326,247	(113,995)
Net change in cash and cash equivalents	(440,242)	326,247	(113,995)
Cash and cash equivalents at beginning of year	1,815,552	19,936,145	21,751,697
Cash and cash equivalents at end of year	<u>\$ 1,375,310</u>	<u>\$ 20,262,392</u>	<u>\$ 21,637,702</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (789,242)	\$ 2,979,137	\$ 2,189,895
Changes in assets and liabilities: Claims payable	349,000	(2,652,890)	(2,303,890)
Net cash provided by (used in) operating activities	<u>\$ (440,242)</u>	<u>\$ 326,247</u>	<u>\$ (113,995)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LIABILITY SELF-INSURANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenses:			
Current:			
Support services:			
Administration	\$ 1,053,000	\$ 453,001	\$ 599,999
Total expense	<u>1,053,000</u>	<u>453,001</u>	<u>599,999</u>
Net change in fund equity	(1,053,000)	(453,001)	599,999
Fund equity at beginning of year	1,774,557	1,774,557	-
Prior year encumbrances appropriated	40,995	40,995	-
Fund equity at end of year	<u>\$ 762,552</u>	<u>\$ 1,362,551</u>	<u>\$ 599,999</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMPLOYEE BENEFITS SELF-INSURANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ 116,030,037	\$ 128,861,057	\$ 12,831,020
Total revenues	<u>116,030,037</u>	<u>128,861,057</u>	<u>12,831,020</u>
Expenses:			
Current:			
Support services:			
Central	135,745,530	128,534,810	7,210,720
Total expenses	<u>135,745,530</u>	<u>128,534,810</u>	<u>7,210,720</u>
Net change in fund equity	(19,715,493)	326,247	20,041,740
Fund equity at beginning of year	19,936,145	19,936,145	-
Fund equity at end of year	<u>\$ 220,652</u>	<u>\$ 20,262,392</u>	<u>\$ 20,041,740</u>

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STATISTICAL SECTION



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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATISTICAL SECTION

This part of the Cleveland Municipal School District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Table of Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	S2 - S15
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	S16 - S21
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S22 -S26
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.	S27 - S28
Operating Information These schedules contain service and capital asset data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S29 - S34

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. The School District implemented GASB 68 for the fiscal year ended June 30, 2015, implemented GASB 75 for the fiscal year ended June 30, 2018 and GASB 84 for the fiscal year ended June 30, 2021.

CUYAHOGA COUNTY, OHIO

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
GOVERNMENTAL ACTIVITIES

	<u>2022</u>	<u>2021</u>	<u>2020 (c)</u>	<u>2019</u>
Governmental activities				
Net investment in capital assets	\$ 693,470,347	\$ 717,442,872	\$ 740,395,317	\$ 836,681,681
Restricted for:				
Debt service	75,418,937	65,914,202	60,260,720	59,662,539
Capital projects	81,703,832	81,987,018	92,674,288	134,683,331
Special revenue	26,390,720	40,982,350	16,813,659	28,581,881
Unrestricted (deficit)	<u>(575,782,555)</u>	<u>(711,539,124)</u>	<u>(738,226,650)</u>	<u>(805,192,740)</u>
Total Governmental Activities Net Position	<u>\$ 301,201,281</u>	<u>\$ 194,787,318</u>	<u>\$ 171,917,334</u>	<u>\$ 254,416,692</u>

Source: School District financial records.

- (a) GASB 68 was implemented in FY 15 and restated in FY 14
- (b) GASB 75 was implemented in FY 18 and restated in FY 17
- (c) GASB 84 was implemented in FY 21 and restated in FY 20

<u>2018</u>	<u>2017 (b)</u>	<u>2016</u>	<u>2015</u>	<u>2014 (a)</u>	<u>2013</u>
\$ 656,511,658	\$ 536,270,536	\$ 511,830,184	\$ 501,440,286	\$ 619,248,160	\$ 558,674,014
49,731,602	47,607,887	46,540,646	51,010,824	49,735,043	42,713,939
190,674,105	320,528,644	319,958,620	222,963,999	84,864,225	184,352,359
27,927,377	25,968,633	19,575,978	18,957,773	47,730,652	47,468,206
<u>(705,938,812)</u>	<u>(995,142,892)</u>	<u>(707,027,575)</u>	<u>(754,622,557)</u>	<u>(720,669,457)</u>	<u>113,553,821</u>
<u>\$ 218,905,930</u>	<u>\$ (64,767,192)</u>	<u>\$ 190,877,853</u>	<u>\$ 39,750,325</u>	<u>\$ 80,908,623</u>	<u>\$ 946,762,339</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
GOVERNMENTAL ACTIVITIES

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 277,183,597	\$ 385,810,028	\$ 387,038,590	\$ 357,538,712
Special	123,967,688	217,991,590	207,870,189	179,135,468
Vocational	3,605,519	4,863,000	6,136,836	6,464,685
Adult/Continuing	-	-	-	-
Other	37,926,474	42,330,115	10,482,791	12,965,233
Support services:				
Pupil	41,971,757	49,665,670	44,642,558	36,808,211
Instructional staff	21,083,310	22,869,943	24,178,327	28,669,934
Board of education	171,485	282,114	219,695	319,466
Administration	44,200,284	59,861,039	57,260,727	56,715,552
Fiscal	23,932,067	18,845,647	17,783,050	19,784,079
Business	840,238	1,184,780	1,126,721	1,408,188
Operations and maintenance	68,803,785	61,797,443	73,080,026	66,935,137
Pupil transportation	27,838,314	23,153,111	36,810,361	40,041,724
Central	54,482,697	26,620,548	24,571,642	28,980,504
Operation of non-instructional services	40,467,475	35,033,395	36,242,280	39,726,831
Extracurricular activities	7,353,116	2,497,050	4,446,110	5,732,891
Interest and fiscal charges	12,471,609	12,741,703	13,012,599	13,232,322
Capital outlay	-	-	3,258,153	-
Total governmental activities expenses	<u>786,299,415</u>	<u>965,547,176</u>	<u>948,160,655</u>	<u>894,458,937</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	812,058	9,719,778	4,931,484	3,884,344
Special	3,139,029	2,617,847	2,194,943	1,734,703
Vocational	-	-	70,157	48,799
Adult/Continuing	-	-	-	-
Other instructional	-	88	228	1,943
Support services:				
Pupil	-	57	464,370	94,892
Instructional staff	-	2,429	148,038	80,748
Board of education	-	-	2,768	859
Administration	13,372	8,006	697,724	599,158
Fiscal	-	-	138,896	166,060
Business	-	-	14,117	25,355
Operations and maintenance	557,629	47,541	876,759	1,120,767
Pupil transportation	144,541	25,633	450,514	661,320
Central	-	164	304,978	425,104
Operation of non-instructional services	-	30,189	166,688	491,974
Extracurricular activities	519,451	130,130	378,287	509,822
Total governmental activities charges for services	<u>5,186,080</u>	<u>12,581,862</u>	<u>10,839,951</u>	<u>9,845,848</u>

	2018	2017	2016	2015	2014	2013
\$	228,117,128	\$ 376,444,351	\$ 355,008,543	\$ 362,037,069	\$ 381,411,371	\$ 367,669,653
	115,095,669	181,613,355	172,360,574	173,593,367	182,682,324	172,023,833
	3,097,548	8,667,189	9,056,446	8,453,227	11,404,778	12,599,383
	-	384,463	64,500	-	620	112,488
	12,731,008	9,134,951	7,948,798	7,393,303	1,970,489	673,778
	12,249,740	40,460,547	34,179,013	35,790,269	35,833,670	34,197,654
	26,331,387	32,535,827	32,419,457	36,113,336	30,250,022	55,202,905
	42,376	306,270	266,498	248,308	264,265	274,588
	33,734,900	63,093,132	50,223,299	42,751,427	43,290,224	46,168,870
	13,054,274	12,399,059	16,663,611	16,310,738	12,274,449	12,708,747
	1,251,274	1,503,595	1,375,403	1,137,981	1,590,930	2,018,076
	57,685,305	65,547,856	68,629,253	64,587,903	62,189,841	59,940,850
	34,220,642	34,783,284	35,010,112	34,699,642	56,924,644	30,662,826
	21,149,084	38,152,866	29,503,864	25,503,536	17,526,350	20,006,680
	38,187,653	37,273,100	35,255,055	34,670,028	35,846,103	36,951,908
	5,402,338	5,802,430	6,332,462	6,649,997	6,510,125	6,990,941
	12,291,003	13,549,588	13,212,539	6,984,197	93,660	11,669,533
	-	-	-	-	-	-
	614,641,329	921,651,863	867,509,427	856,924,328	880,063,865	869,872,713
	4,329,229	4,014,946	3,283,143	3,825,172	4,170,473	4,192,551
	1,959,579	1,894,148	1,628,204	1,657,048	1,533,891	1,621,243
	45,108	72,721	61,803	69,797	99,620	111,542
	-	2,713	510	1,692	5	1,068
	1,796	(3,058)	4,775	-	1,307	4,590
	87,714	267,694	437,033	452,849	467,558	457,244
	75,204	90,197	115,213	472,420	56,314	192,966
	794	3,009	2,116	2,188	2,311	2,692
	939,990	897,805	779,516	339,112	597,459	547,753
	152,201	180,927	358,888	351,598	323,162	324,446
	23,437	13,893	10,895	10,029	13,915	19,786
	1,175,092	692,682	570,943	587,592	591,810	656,920
	611,474	335,899	261,455	282,985	319,926	270,047
	392,949	375,880	222,148	221,306	152,101	194,889
	249,544	871,387	693,540	184,278	7,806	11,351
	482,208	617,423	556,374	617,323	618,561	574,128
	10,526,319	10,328,266	8,986,556	9,075,389	8,956,219	9,183,216

(Continued)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

CHANGES IN NET POSITION - (Continued)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
GOVERNMENTAL ACTIVITIES

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating grants and contributions:				
Instruction:				
Regular	\$ 5,380,847	\$ 5,051,377	\$ 24,571,513	\$ 25,869,930
Special	78,252,445	103,161,978	53,534,696	39,051,712
Vocational	2,205,380	4,301,606	1,367,611	1,565,736
Adult/Continuing	-	-	-	-
Other instructional	36,872,425	45,056,547	9,300,545	13,586,490
Support services:				
Pupil	30,814,364	18,419,464	13,245,969	6,292,205
Instructional staff	12,212,136	16,964,287	12,160,218	16,275,226
Board of education	-	-	16,239	71,348
Administration	2,890,645	2,868,384	6,939,516	6,289,307
Fiscal	4,466,683	1,381,562	2,578,337	4,006,846
Business	-	1,434	65,930	131,426
Operations and maintenance	16,471,555	11,955,391	4,585,630	6,034,561
Pupil transportation	2,622,205	6,841,015	2,165,738	3,836,506
Central	28,837,235	4,544,680	1,547,509	2,314,282
Operation of non-instructional services	37,148,904	35,012,647	34,346,894	42,569,009
Extracurricular activities	3,268,655	938,806	512,384	732,393
Total operating grants and contributions	<u>261,443,479</u>	<u>256,499,178</u>	<u>166,938,729</u>	<u>168,626,977</u>
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	-
Support services:				
Fiscal	-	-	-	2,587
Operations and maintenance of plant	1,930,207	1,930,207	1,860,393	818,874
Capital outlay	-	-	-	-
Total capital grants and contributions	<u>1,930,207</u>	<u>1,930,207</u>	<u>1,860,393</u>	<u>821,461</u>
Total governmental activities program revenues	<u>268,559,766</u>	<u>271,011,247</u>	<u>179,639,073</u>	<u>179,294,286</u>
Net (Expense)/Revenue				
Governmental activities	<u>\$ (517,739,649)</u>	<u>\$ (694,535,929)</u>	<u>\$ (768,521,582)</u>	<u>\$ (715,164,651)</u>
General Revenues				
Property taxes levied for:				
General purposes	\$ 286,282,602	\$ 267,912,316	\$ 220,405,212	\$ 254,280,867
Debt service	26,855,751	22,900,599	16,158,257	26,318,883
Capital outlay	2,957,622	2,019,205	1,170,697	2,547,230
Capital projects	2,230,481	1,819,807	1,218,523	2,327,090
Grants and entitlements not restricted to specific programs	290,540,323	404,482,584	429,786,589	446,780,060
Investment earnings	667,667	327,073	3,778,012	6,074,287
Miscellaneous	14,619,166	17,944,329	8,144,361	15,230,175
Total governmental activities	<u>624,153,612</u>	<u>717,405,913</u>	<u>680,661,651</u>	<u>753,558,592</u>
Transfers out	-	-	4,856,076	(2,883,178)
Change in Net Position				
Governmental activities	<u>\$ 106,413,963</u>	<u>\$ 22,869,984</u>	<u>\$ (83,003,855)</u>	<u>\$ 35,510,763</u>

Source: School District financial records.

	2018	2017	2016	2015	2014	2013
\$	27,441,716	\$ 28,914,602	\$ 27,686,802	\$ 28,622,647	\$ 38,760,754	\$ 5,201,595
	41,196,919	45,270,733	48,647,774	45,079,772	50,997,326	43,030,489
	1,007,776	1,588,553	1,961,612	1,151,574	1,692,844	1,379,138
	-	125,490	4,990	-	53	510
	13,333,289	8,172,852	7,868,381	6,442,704	1,809,839	168,775
	8,703,757	7,833,549	6,572,417	6,809,394	7,294,674	6,132,756
	21,604,022	24,085,576	21,059,213	28,316,332	26,469,136	30,471,914
	5,390	22,074	20,685	19,814	22,411	1,247
	8,027,591	7,410,219	7,633,524	6,098,758	7,917,347	3,090,526
	1,308,043	1,952,889	1,768,304	1,312,335	1,885,624	717,508
	159,146	101,908	106,520	90,807	134,917	9,162
	7,125,013	4,329,621	7,200,079	6,694,034	7,388,942	2,236,816
	4,679,883	2,549,930	2,709,989	2,898,364	3,482,438	315,733
	2,844,995	2,829,392	3,592,550	2,430,507	1,592,966	99,632
	38,894,323	33,611,343	35,342,724	33,223,035	31,407,090	32,517,985
	942,887	551,198	466,759	490,802	505,410	32,198
	<u>177,274,750</u>	<u>169,349,929</u>	<u>172,642,323</u>	<u>169,680,879</u>	<u>181,361,771</u>	<u>125,405,984</u>
	-	-	119,391,577	13,049,804	3,155,969	2,100,511
	-	10,421	-	-	-	-
	-	1,919,786	-	-	-	-
	10,225,792	1,921,083	-	-	-	-
	<u>10,225,792</u>	<u>3,851,290</u>	<u>119,391,577</u>	<u>13,049,804</u>	<u>3,155,969</u>	<u>2,100,511</u>
	<u>198,026,861</u>	<u>183,529,485</u>	<u>301,020,456</u>	<u>191,806,072</u>	<u>193,473,959</u>	<u>136,689,711</u>
\$	<u>(416,614,468)</u>	<u>(738,122,378)</u>	<u>(566,488,971)</u>	<u>(665,118,256)</u>	<u>(686,589,906)</u>	<u>(733,183,002)</u>
\$	235,113,848	\$ 197,120,815	\$ 246,417,195	\$ 157,957,030	\$ 235,958,843	\$ 200,094,021
	21,471,349	17,846,019	22,789,130	11,786,075	30,404,951	12,635,634
	2,359,011	1,655,130	2,947,290	1,171,067	2,498,740	1,042,267
	2,525,832	1,805,373	2,123,398	1,735,036	-	-
	423,617,304	411,531,716	431,394,557	431,725,749	413,100,316	459,821,084
	1,778,432	2,846,853	3,434,960	1,771,268	2,942,716	1,345,163
	11,594,746	14,939,918	8,509,968	17,813,733	11,360,311	23,507,563
	<u>698,460,522</u>	<u>647,745,824</u>	<u>717,616,498</u>	<u>623,959,958</u>	<u>696,265,877</u>	<u>698,445,732</u>
	1,827,066	-	-	-	-	-
\$	<u>283,673,120</u>	<u>(90,376,554)</u>	<u>151,127,527</u>	<u>(41,158,298)</u>	<u>9,675,971</u>	<u>(34,737,270)</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2022</u>	<u>2021</u>	<u>2020 (a)</u>	<u>2019</u>
General Fund:				
Nonspendable	\$ 1,919,583	\$ 1,026,134	\$ 997,198	\$ 790,228
Assigned	14,293,984	13,517,599	-	36,830,649
Unassigned (deficit)	<u>93,971,377</u>	<u>41,630,443</u>	<u>(4,568,691)</u>	<u>(25,405,544)</u>
Total general fund	<u>\$ 110,184,944</u>	<u>\$ 56,174,176</u>	<u>\$ (3,571,493)</u>	<u>\$ 12,215,333</u>
All Other Governmental Funds:				
Nonspendable	\$ 2,320,311	\$ 3,814,932	\$ 1,617,886	\$ 1,528,116
Restricted				
Debt service	68,803,432	59,289,802	52,244,843	53,315,518
Capital projects	76,928,253	77,978,484	75,405,404	91,284,046
Special revenue	21,554,426	31,646,793	21,160,698	22,394,815
Unassigned (deficit)	<u>(2,730,094)</u>	<u>(7,824,687)</u>	<u>(8,027,296)</u>	<u>(6,505,390)</u>
Total all other governmental funds	<u>\$ 166,876,328</u>	<u>\$ 164,905,324</u>	<u>\$ 142,401,535</u>	<u>\$ 162,017,105</u>
Total governmental funds	<u>\$ 277,061,272</u>	<u>\$ 221,079,500</u>	<u>\$ 138,830,042</u>	<u>\$ 174,232,438</u>

(a) GASB 84 was implemented in FY 21 and restated in FY 20

Source: School District financial records.

2018	2017	2016	2015	2014	2013
\$ 903,052	\$ 936,035	\$ 806,615	\$ 841,940	\$ 1,036,595	\$ 6,535,268
58,747,739	4,852,598	12,150,076	10,265,807	12,144,755	9,185,899
-	86,012,193	100,011,060	55,156,983	58,129,480	27,814,870
<u>\$ 59,650,791</u>	<u>\$ 91,800,826</u>	<u>\$ 112,967,751</u>	<u>\$ 66,264,730</u>	<u>\$ 71,310,830</u>	<u>\$ 43,536,037</u>
\$ 1,519,496	\$ 258,985	\$ 372,733	\$ 394,760	\$ 789,880	\$ 803,066
44,565,011	40,209,203	37,721,276	43,972,211	31,213,000	29,520,664
174,726,646	198,032,192	187,937,113	206,917,876	50,200,775	55,767,865
22,239,391	22,914,688	19,950,086	25,236,675	53,265,187	78,180,740
(8,693,766)	(10,197,979)	(12,252,343)	(14,897,662)	(15,616,054)	(19,869,898)
<u>\$ 234,356,778</u>	<u>\$ 251,217,089</u>	<u>\$ 233,728,865</u>	<u>\$ 261,623,860</u>	<u>\$ 119,852,788</u>	<u>\$ 144,402,437</u>
<u>\$ 294,007,569</u>	<u>\$ 343,017,915</u>	<u>\$ 346,696,616</u>	<u>\$ 327,888,590</u>	<u>\$ 191,163,618</u>	<u>\$ 187,938,474</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

GOVERNMENTAL FUNDS REVENUE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Revenues				
Local sources:				
Property taxes	\$ 321,267,764	\$ 290,837,408	\$ 245,565,907	\$ 277,432,161
Investment earnings	667,728	334,633	3,751,702	6,807,401
Tuition and fees	3,569,333	11,660,102	6,492,653	8,619,422
Extracurricular activities	581,536	174,664	348,566	452,101
Contributions and donations	3,715,098	8,943,525	5,714,215	4,561,484
Sale of personal property	-	-	-	-
Charges for services	481,483	699,085	150,736	459,260
Miscellaneous	14,679,259	17,361,024	13,549,773	14,631,057
Total Local Sources	<u>344,962,201</u>	<u>330,010,441</u>	<u>275,573,552</u>	<u>312,962,886</u>
State and Federal Sources	557,547,024	660,622,808	621,182,193	628,122,494
Total revenues	<u>\$ 902,509,225</u>	<u>\$ 990,633,249</u>	<u>\$ 896,755,745</u>	<u>\$ 941,085,380</u>

Source: School District financial records.

2018	2017	2016	2015	2014	2013
\$ 262,495,541	\$ 232,206,251	\$ 249,636,203	\$ 256,365,424	\$ 242,555,376	\$ 211,788,636
2,875,062	2,730,701	3,551,112	1,771,268	2,942,716	1,345,163
8,255,258	7,224,318	5,474,617	6,053,782	5,878,768	6,236,352
564,163	565,573	509,981	563,270	567,220	512,011
7,320,278	8,985,343	9,935,905	8,208,426	6,156,679	4,369,374
-	263	-	6,460,191	717	4,838,821
218,225	860,882	685,744	287,363	-	-
12,335,163	15,681,725	10,826,181	4,237,700	13,862,593	15,259,654
<u>294,063,690</u>	<u>268,255,056</u>	<u>280,619,743</u>	<u>283,947,424</u>	<u>271,964,069</u>	<u>244,350,011</u>
662,937,614	585,917,465	621,940,419	600,433,083	639,333,984	617,215,410
<u>\$ 957,001,304</u>	<u>\$ 854,172,521</u>	<u>\$ 902,560,162</u>	<u>\$ 884,380,507</u>	<u>\$ 911,298,053</u>	<u>\$ 861,565,421</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenditures				
Current:				
Instructional:				
Regular	\$ 283,078,683	\$ 333,759,110	\$ 325,168,805	\$ 352,929,842
Special	144,953,532	209,314,822	211,891,853	199,760,057
Vocational	4,286,646	4,604,973	6,342,285	7,293,836
Adult/Continuing	-	-	-	-
Other	37,946,865	42,327,849	10,474,580	12,965,233
Support services:				
Pupil	48,397,301	45,735,807	44,035,270	45,755,347
Instructional staff	22,740,198	22,323,037	23,603,995	30,471,215
Board of education	209,766	265,867	233,180	326,564
Administration	51,045,779	57,615,254	57,783,579	66,389,362
Fiscal	24,513,570	18,694,633	17,157,417	20,585,345
Business	723,691	1,157,190	1,173,518	1,403,358
Operations and maintenance	71,428,038	57,481,142	73,220,004	74,560,006
Pupil transportation	28,726,585	21,689,323	35,629,344	40,171,126
Central	56,614,683	26,161,100	23,860,941	30,791,372
Operation of non-instructional services	41,655,800	34,651,285	35,073,609	39,730,683
Extracurricular activities	7,600,514	2,477,957	4,496,921	5,756,944
Capital outlay	3,582,562	10,144,296	47,255,815	109,974,721
Debt service:				
Principal retirement	6,966,090	7,725,746	6,105,000	5,880,000
Interest and fiscal charges	12,490,332	12,743,521	13,012,599	13,232,322
Issuance costs	-	-	-	-
Total expenditures	<u>\$ 846,960,635</u>	<u>\$ 908,872,912</u>	<u>\$ 936,518,715</u>	<u>\$ 1,057,977,333</u>
Capital expenditures	\$ 2,957,885	\$ 7,235,883	\$ 44,068,118	\$ 101,905,253
Debt service as a percentage of noncapital expenditures	2.31%	2.27%	2.14%	2.00%

Source: School District financial records.

	2018	2017	2016	2015	2014	2013
\$	339,487,720	\$ 338,992,197	\$ 324,618,371	\$ 335,082,439	\$ 328,296,064	\$ 296,652,085
	191,218,576	175,476,604	172,622,234	177,015,873	182,611,969	171,815,811
	7,327,860	8,289,369	9,061,911	8,602,736	12,096,694	12,554,974
	-	384,463	64,500	-	620	108,929
	12,872,149	9,124,540	7,948,798	7,543,041	1,974,637	883,337
	44,099,186	38,840,456	34,931,451	35,762,625	34,740,999	36,194,695
	30,748,271	32,052,227	32,344,941	36,799,727	31,412,749	53,789,823
	256,007	283,108	257,321	254,804	268,543	273,980
	63,174,115	58,651,736	51,041,593	46,708,964	40,298,245	35,343,239
	15,346,518	12,095,073	16,527,158	16,625,868	12,268,155	12,622,530
	1,629,759	1,395,552	1,325,568	1,174,319	1,571,515	2,013,062
	74,417,192	66,993,138	70,242,266	68,459,149	62,283,307	60,109,673
	37,521,557	30,774,583	30,536,879	33,667,163	54,625,249	27,477,112
	28,302,605	37,076,806	29,169,898	25,793,659	17,449,971	19,762,993
	38,382,727	37,339,474	35,427,070	34,800,157	35,451,831	37,885,012
	5,930,679	5,757,733	6,332,299	6,821,653	6,488,287	6,979,541
	98,739,344	45,068,587	26,687,322	76,490,025	75,299,430	100,952,346
	5,585,000	8,488,640	20,405,143	41,460,586	15,524,161	2,184,442
	13,404,512	13,572,360	13,207,413	3,129,494	6,482,113	11,652,099
	-	-	-	826,655	177,858	364,505
	<u>\$ 1,008,443,777</u>	<u>\$ 920,656,646</u>	<u>\$ 882,752,136</u>	<u>\$ 957,018,937</u>	<u>\$ 919,322,397</u>	<u>\$ 889,620,188</u>
\$	94,897,782	\$ 43,638,438	\$ 18,739,931	\$ 71,296,300	\$ 99,865,136	\$ 52,343,089
	2.08%	2.52%	3.89%	5.13%	2.71%	1.70%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

GOVERNMENTAL FUNDS OTHER FINANCING SOURCES (USES)
AND CHANGES IN FUND BALANCES
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Excess of revenues over (under) expenditures	\$ 55,548,590	\$ 81,760,337	\$ (39,762,970)	\$ (116,891,953)
Other Financing Sources (Uses)				
Inception of capital lease	-	-	-	-
General obligation bonds issued	-	-	-	-
Payment of refunded bond escrow agent	-	-	-	-
Premiums on bonds issued	-	-	-	-
Sale of capital assets	433,182	489,121	-	-
Transfers in	-	36,307,741	4,856,076	1,972,898
Transfers (out)	-	(36,307,741)	(1,000,000)	(4,856,076)
Total other financing sources (uses)	<u>433,182</u>	<u>489,121</u>	<u>3,856,076</u>	<u>(2,883,178)</u>
Net change in fund balances	<u>\$ 55,981,772</u>	<u>\$ 82,249,458</u>	<u>\$ (35,906,894)</u>	<u>\$ (119,775,131)</u>

Source: School District financial records.

2018	2017	2016	2015	2014	2013
\$ (51,442,473)	\$ (66,484,125)	\$ 19,808,026	\$ (72,638,430)	\$ (8,024,344)	\$ (28,054,767)
-	-	-	-	17,943,165	-
-	-	-	200,000,000	10,525,000	45,600,000
-	-	-	-	(16,913,399)	(63,366,472)
-	-	-	9,277,561	444,722	6,130,213
605,061	-	-	-	-	-
3,799,964	1,655,767	7,960,673	8,679,511	9,320,558	13,469,667
(1,972,898)	(6,455,731)	(8,960,673)	(9,179,511)	(10,070,558)	(13,469,667)
2,432,127	(4,799,964)	(1,000,000)	208,777,561	11,249,488	(11,636,259)
\$ (49,010,346)	\$ (71,284,089)	\$ 18,808,026	\$ 136,139,131	\$ 3,225,144	\$ (39,691,026)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN COLLECTION (FISCAL) YEARS
(IN THOUSANDS OF DOLLARS)

Collection Year	Real Property		Tangible Personal Property	
	Assessed Value	Estimated	Assessed Value	Public Utility
		Actual Value		Estimated Actual Value
2022	\$ 5,395,065	\$ 15,414,471	\$ 523,080	\$ 594,409
2021	4,725,624	13,501,783	498,952	566,991
2020	4,722,560	13,493,029	470,690	534,875
2019	4,722,561	13,493,031	470,690	534,875
2018	4,883,583	13,953,094	439,426	499,348
2017	4,297,763	12,279,323	390,044	443,232
2016	4,315,725	12,330,643	333,849	379,374
2015	4,629,285	13,226,529	318,829	362,306
2014	4,601,349	13,146,711	298,603	339,322
2013	4,602,210	13,149,171	266,558	302,907

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax was being phased out beginning in 2006. The listing percentage was 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed.

Source: County Fiscal Officer

Assessed Value	Total		Ratio	Total Direct Rate
	Estimated Value	Actual Value		
\$ 5,918,145	\$ 16,008,880		36.97%	\$ 84.10
5,224,576	14,068,774		37.14%	84.30
5,193,250	14,027,904		37.02%	79.30
5,193,251	14,027,906		37.02%	79.30
5,323,009	14,452,442		36.83%	79.30
4,687,807	12,722,555		36.85%	79.30
4,649,574	12,710,017		36.58%	79.40
4,948,114	13,588,835		36.41%	79.40
4,899,952	13,486,033		36.33%	79.80
4,868,768	13,452,078		36.19%	64.80

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN COLLECTION (FISCAL) YEARS
2013-2022

Tax Year/ Collection Year	Cleveland Municipal School District											Total (1)
	City of Cleveland	Cuyahoga County	Cleveland Public Library	Cleveland Metro Parks	Cleveland - Cuyahoga Port Authority	Community College	Total	General Fund	Building Maintenance	Bond Retirement	CMSD Total	
2021/2022	\$ 12.70	\$ 14.85	\$ 8.80	\$ 2.75	\$ 0.13	\$ 4.90	\$ 44.13	\$ 78.20	\$ 1.00	\$ 4.90	\$ 84.10	\$ 128.23
2020/2021	12.70	14.85	8.80	2.75	0.13	4.90	44.13	78.20	1.00	5.10	84.30	128.43
2019/2020	12.70	14.05	8.80	2.75	0.13	4.90	43.33	73.20	1.00	4.90	79.10	122.43
2018/2019	12.70	14.05	8.80	2.75	0.13	4.50	42.93	73.20	1.00	5.10	79.30	122.23
2017/2018	12.70	14.05	6.80	2.75	0.13	4.50	40.93	73.20	1.00	5.10	79.30	120.23
2016/2017	12.70	14.05	6.80	2.75	0.13	4.00	40.43	73.20	1.00	5.10	79.30	119.73
2015/2016	12.70	14.05	6.80	2.75	0.13	4.00	40.43	73.20	1.00	5.10	79.30	119.73
2014/2015	12.70	23.43	6.80	2.75	0.13	4.00	49.81	73.20	1.00	5.20	79.40	129.21
2013/2014	12.70	20.03	6.80	2.75	0.13	3.10	45.51	73.20	0.50	6.10	79.80	125.31
2012/2013	12.70	18.30	6.80	1.80	3.10	1.70	44.40	73.20	0.50	6.10	79.80	124.20

Source: Cuyahoga County Fiscal Officer

- (1) Amount represents the total for a City of Cleveland resident.
(2) Certain points of the Villages of Bratenahl, Newburgh Heights and Linnadale and the City of Garfield Heights, City of Brook Park are within the School District and are subject to the School District's tax.

<u>Village of Bratenahl (2)</u>	<u>Village of Newburgh Heights (2)</u>	<u>Village of Linndale (2)</u>	<u>City of Garfield Heights (2)</u>	<u>City of Brook Park (2)</u>
\$ 15.00	\$ 31.80	\$ 2.80	\$ 29.13	\$ 4.75
15.00	31.80	2.80	28.50	4.75
15.00	31.80	2.80	28.30	4.75
15.00	31.80	2.80	29.30	4.75
15.00	31.80	2.80	28.06	4.75
15.00	31.80	2.80	29.40	4.75
15.00	31.80	2.80	27.20	4.75
16.00	31.80	2.80	27.20	4.75
16.00	31.80	2.80	27.00	4.75
16.10	23.10	2.80	27.00	4.75

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

PRINCIPAL PROPERTY TAX PAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO

Name of Taxpayer	2021	
	Assessed Value	Percent of Real Property Assessed Value
Cleveland Electric Illuminating Co.	1 \$ 253,674,920	4.29%
East Ohio Gas Co.	2 144,846,090	2.45%
City of Cleveland, Ohio	3 133,797,840	2.26%
American Transmission System	4 122,937,100	2.08%
127 PS Fee Owner, LLC	5 87,820,780	1.48%
K&D Properties	6 78,570,760	1.33%
G&I IX 200 Public Square Garage, LLC	7 51,380,950	0.87%
Hertz Cleveland	8 49,079,890	0.83%
Cleveland Propco II, LLC	9 36,835,990	0.62%
Flats East Office Tower LLC	10 33,322,580	0.56%
Totals	<u>\$ 992,266,900</u>	<u>16.77%</u>
Total Assessed Valuation	<u>\$ 5,918,145,000</u>	

Name of Taxpayer	2012	
	Assessed Value	Percent of Real Property Assessed Value
Cleveland Clinic Foundation	1 \$ 198,799,720	4.08%
Cleveland Electric Illuminating Co.	2 188,580,610	3.87%
City of Cleveland, Ohio	3 86,018,410	1.77%
Key Center Properties, LLC	4 80,559,150	1.65%
East Ohio Gas Co	5 55,008,190	1.13%
Cleveland Financial Associates	6 51,485,990	1.06%
City of Cleveland Executive	7 35,139,800	0.72%
Hub North Point Properties	8 35,123,770	0.72%
National City Bank	9 34,413,150	0.71%
Optima 1375, LLC	10 23,054,650	0.47%
Totals	<u>\$ 788,183,440</u>	<u>16.19%</u>
Total Assessed Valuation	<u>\$ 4,868,768,000</u>	

Source: Cuyahoga County Fiscal Officer

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS
AD VALOREM REAL AND TANGIBLE PERSONAL PROPERTY TAXES
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

Collection Year	Current Tax Levy Billed (1)	Current Collection	Percent Collected (1)	Collected Delinquencies	Total Collected	Total Collected As Percent Of Current Tax Levy
2022	\$ 332,451	\$ 301,833	90.79%	\$ 27,305	\$ 329,138	99.00%
2021	324,116	297,189	91.69%	20,862	318,051	98.13%
2020	294,326	268,731	91.30%	18,711	287,442	97.66%
2019	292,817	258,534	88.29%	22,421	280,955	95.95%
2018	294,196	259,936	88.35%	18,928	278,864	94.79%
2017	284,689	254,540	89.41%	16,955	271,495	95.37%
2016	279,407	242,941	86.95%	16,304	259,245	92.78%
2015	300,289	239,052	79.61%	20,107	259,159	86.30%
2014	294,107	236,058	80.26%	19,822	255,880	87.00%
2013	286,871	236,946	82.60%	19,192	256,138	89.29%

Source: Office of the Fiscal Officer, Cuyahoga County, Ohio - Data is presented on a calendar year basis

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS
2013-2022

Fiscal Year	Estimated Population (1)	Estimated Actual Values	General Obligation Bonded Debt		
			Net General Obligation Bonded Debt (2)	Ratio of General Obligation Bonded Debt to Estimated Actual Value	General Obligation Bonded Debt Per Capita
2022	367,991	\$ 16,008,880,000	\$ 251,175,000	0.02	\$ 683
2021	372,624	14,068,774,000	257,900,000	0.02	692
2020	381,009	14,027,904,000	264,275,000	0.02	694
2019	383,793	14,027,906,000	270,380,000	0.02	704
2018	385,525	14,452,442,000	276,260,000	0.02	717
2017	385,809	12,722,555,000	281,845,000	0.02	731
2016	388,072	12,710,017,000	287,240,000	0.02	740
2015	389,521	13,588,835,000	304,080,000	0.02	781
2014	390,113	13,486,033,000	120,820,000	0.01	310
2013	390,928	13,452,078,000	147,445,305	0.01	377

Sources:

- (1) U.S. Bureau of the Census
- (2) Although the general obligation debt service fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

Other Governmental Activities Debt

Qualified Zone Academy Bonds	Notes	Lease Payable/ Capital Lease Obligation	Total Debt	Percentage of Personal Income	Per Capita
\$ -	\$ -	\$ 1,166,634	\$ 252,341,634	2.93%	\$ 686
-	-	-	257,900,000	3.08%	692
-	-	1,350,746	265,625,746	3.28%	697
-	-	4,018,842	274,398,842	3.56%	715
-	-	6,643,024	282,903,024	4.08%	734
-	-	9,224,016	291,069,016	4.30%	754
-	555,129	11,762,527	299,557,656	4.43%	772
-	1,623,542	14,259,257	319,962,799	4.83%	821
21,250,000	2,638,491	16,714,894	161,423,385	2.44%	414
21,250,000	3,602,652	-	172,297,957	2.62%	441

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed Value	\$ 5,918,144,980
Debt Limit (9% of assessed value)	532,633,048
Debt Applicable to Limit	<u>251,175,000</u>
Legal Debt Margin	<u><u>\$ 281,458,048</u></u>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Limit - 9% of Taxable Valuation	\$ 532,633,048	\$ 470,211,827	\$ 467,392,596	\$ 479,070,778
Total Net Debt Applicable to Limit	<u>251,175,000</u>	<u>203,259,198</u>	<u>233,508,202</u>	<u>242,385,347</u>
Legal Debt Margin	<u><u>\$ 281,458,048</u></u>	<u><u>\$ 266,952,629</u></u>	<u><u>\$ 233,884,394</u></u>	<u><u>\$ 236,685,431</u></u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	47.16%	43.23%	49.96%	50.59%

Source: Office of the County Fiscal Officer, Cuyahoga County, Ohio

Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt. Voted debt margins are determined without reference to applicable monies in the School District's Debt Service Fund.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 430,830,755	\$ 421,902,602	\$ 418,461,602	\$ 450,630,496	\$ 446,125,379	\$ 438,189,120
<u>251,108,048</u>	<u>259,589,396</u>	<u>268,001,993</u>	<u>287,903,530</u>	<u>107,878,824</u>	<u>115,251,131</u>
<u>\$ 179,722,707</u>	<u>\$ 162,313,206</u>	<u>\$ 150,459,609</u>	<u>\$ 162,726,966</u>	<u>\$ 338,246,555</u>	<u>\$ 322,937,989</u>
58.28%	61.53%	64.04%	63.89%	24.18%	26.30%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2022

Governmental Unit	Gross General Obligation	Percent Applicable to School District (1)	Amount Applicable to School District
Direct:			
Cleveland Municipal School District	\$ 252,341,634	100.00%	\$ 252,341,634
Overlapping:			
Cuyahoga County	254,150,000	17.00%	43,205,500
Brook Park City	8,600,000	5.04%	433,440
Cleveland City	341,075,000	98.03%	334,355,823
Garfield Heights City	11,871,600	4.95%	587,644
Bratenahl Village	2,400,000	100.00%	2,400,000
Newburgh Heights	730,000	100.00%	730,000
Cuyahoga Community College	195,825,000	17.00%	33,290,250
Total overlapping	<u>\$ 814,651,600</u>		<u>\$ 415,002,657</u>
Total direct and overlapping debt	<u>\$ 1,066,993,234</u>		<u>\$ 667,344,291</u>

Source: Cuyahoga County Fiscal Officer

(1) - Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	Population	Personal Income	Per Capita Income	State Unemployment Rate
2022	367,991	\$ 8,616,509,265	\$ 23,415	4.2%
2021	372,624	8,362,427,888	22,442	4.5%
2020	381,009	8,086,154,007	21,223	10.9%
2019	383,793	7,708,482,405	20,085	4.0%
2018	385,525	6,940,606,575	18,003	4.5%
2017	385,809	6,765,932,433	17,537	5.1%
2016	388,072	6,766,423,392	17,436	5.0%
2015	389,521	6,618,740,832	16,992	5.0%
2014	390,113	6,628,800,096	16,992	5.5%
2013	390,928	6,572,281,536	16,812	7.5%

Source: U.S. Bureau of the Census and U.S. Department of Labor Statistics

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2021			2012		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Cleveland Clinic	44,665	1	31.21%	33,000	1	22.40%
University Hospitals	24,636	2	17.22%	15,123	2	10.27%
U.S. Office of Personnel Management	15,342	3	10.72%			
Cuyahoga County	7,336	4	5.13%	7,709	3	5.23%
City of Cleveland	7,244	5	5.06%	7,061	5	4.79%
The MetroHealth System	6,948	6	4.86%	5,238	8	3.56%
Cleveland Metropolitan School District	5,791	7	4.05%	6,246	6	4.24%
KeyCorp	5,648	8	3.95%	5,983	7	4.06%
Case Western Reserve University	4,606	9	3.22%	4,636	9	3.15%
Sherwin-Williams Co.	4,569	10	3.19%			0.00%
U.S. Postal Service				7,565	4	5.14%
UPS				3,168	10	2.15%
Total	<u>126,785</u>		<u>88.60%</u>	<u>95,729</u>		<u>64.99%</u>
Total Employment within the School District	<u>143,100</u>			<u>147,300</u>		

Source: City of Cleveland 2021 ACFR

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

FULL-TIME EQUIVALENT SCHOOL DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	Percentage Change 2013-2022
Educational Staff:											
Regular Education	2,022	1,865	1,985	1,985	1,982	2,060	1,744	1,780	1,742	1,648	22.69%
Special Education	797	775	898	898	920	868	813	848	718	787	1.27%
Educational Services	-	-	-	-	-	-	-	-	-	9	-100.00%
Other Professional - Educational	15	54	13	13	15	21	45	29	35	27	-44.44%
Total Educational	<u>2,834</u>	<u>2,694</u>	<u>2,896</u>	<u>2,896</u>	<u>2,917</u>	<u>2,949</u>	<u>2,602</u>	<u>2,657</u>	<u>2,495</u>	<u>2,471</u>	14.69%
Student Services:											
Curriculum Specialist	12	2	37	37	71	74	66	108	106	124	-90.32%
Paraprofessional	491	615	212	212	173	163	153	152	153	101	386.14%
Counseling	44	43	50	50	50	48	50	51	52	58	-24.14%
Librarian/Media	25	25	24	24	21	19	26	29	34	32	-21.88%
Remedial Specialist	-	33	-	-	-	-	261	121	247	227	-100.00%
Psychologist	78	74	78	78	68	68	68	69	70	75	4.00%
Registered Nurse	47	52	52	52	51	55	42	38	39	33	42.42%
Social Work	-	6	4	4	4	7	7	6	6	7	-100.00%
Physical Therapist	9	9	9	9	9	8	7	8	8	8	12.50%
Speech/Language Therapist	80	81	83	83	80	76	71	75	75	71	12.68%
Occ/Mobility Therapist	50	40	58	58	34	32	25	24	25	23	117.39%
Other Professional Services	56	158	46	46	47	67	81	78	135	145	-61.38%
Total Student Services	<u>892</u>	<u>1,138</u>	<u>653</u>	<u>653</u>	<u>608</u>	<u>617</u>	<u>857</u>	<u>759</u>	<u>950</u>	<u>904</u>	-1.33%
Support Staff:											
Bookkeeping	6	24	24	24	21	32	19	30	16	21	-71.43%
Clerical Assignment	112	180	210	210	195	213	202	201	203	213	-47.42%
Teaching Aide	304	93	710	710	781	543	537	532	524	500	-39.20%
Other Office/Clerical	-	13	19	19	16	33	27	20	18	20	-100.00%
Attendance Officer	-	12	12	12	8	10	12	16	16	16	-100.00%
Maintenance	67	36	40	40	33	40	37	32	33	34	97.06%
Custodial	305	319	334	334	298	333	323	320	308	279	9.32%
Food Service/Dietician	278	116	6	6	6	8	3	4	5	4	6850.00%
Guard/Watchman	123	164	201	201	182	193	226	230	225	228	-46.05%
Mechanic/Foreman	21	44	46	46	40	47	50	47	42	47	-55.32%
Vehicle Operating/Dispatch	236	211	146	146	262	113	29	27	31	29	713.79%
Computer Operating/Programming	23	18	15	15	20	22	25	25	25	26	-11.54%
Total Support	<u>1,475</u>	<u>1,230</u>	<u>1,763</u>	<u>1,763</u>	<u>1,862</u>	<u>1,587</u>	<u>1,490</u>	<u>1,484</u>	<u>1,446</u>	<u>1,417</u>	4.09%
Administrative Staff:											
Administrative Assistant	37	11	14	14	12	10	8	8	7	5	640.00%
Deputy/Associate	35	37	25	25	21	26	40	25	28	20	75.00%
Director	44	14	31	31	30	33	5	10	8	4	1000.00%
Principal	101	107	114	114	108	113	113	113	111	104	-2.88%
Assistant Principal	96	72	84	84	101	97	81	72	74	71	35.21%
Supervisor/Manager	152	210	211	211	201	128	92	66	84	42	261.90%
Coordinator	57	89	63	63	58	81	44	43	47	28	103.57%
Education Administrative Specialist	-	10	7	7	8	6	10	6	8	9	-100.00%
Other Official/Administrator	180	159	93	93	110	66	59	49	44	44	309.09%
Total Administrative	<u>702</u>	<u>709</u>	<u>642</u>	<u>642</u>	<u>649</u>	<u>560</u>	<u>452</u>	<u>392</u>	<u>411</u>	<u>327</u>	114.68%
Total Employees	<u>5,903</u>	<u>5,771</u>	<u>5,954</u>	<u>5,954</u>	<u>6,036</u>	<u>5,713</u>	<u>5,401</u>	<u>5,292</u>	<u>5,302</u>	<u>5,119</u>	15.32%

Source: School District records

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

Governmental Activities

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land	\$ 31,597,774	\$ 31,597,774	\$ 31,814,081	\$ 31,814,081	\$ 31,814,081
Construction in progress	15,018,318	14,112,322	94,277,459	60,006,978	85,500,350
Land improvements	93,142	102,191	113,160	50,484	62,034
Buildings and improvements	887,519,752	918,193,252	863,038,409	859,845,018	761,507,524
Vehicles and Equipment	11,093,345	11,756,598	12,901,271	12,516,009	13,375,915
Internal Generated Software	293,934	293,934	293,934	10,092	211,598
Intangible right to use assets	1,143,776	1,407,724	-	-	-
Total Governmental Activities Capital Assets, net	<u>\$ 946,760,041</u>	<u>\$ 976,056,071</u>	<u>\$ 1,002,438,314</u>	<u>\$ 964,242,662</u>	<u>\$ 892,471,502</u>

Governmental Activities

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Land	\$ 31,814,081	\$ 31,814,081	\$ 31,814,081	\$ 32,608,196	\$ 33,201,164
Construction in progress	48,949,415	20,645,660	142,447,276	74,627,043	85,382,570
Land improvements	74,900	89,084	107,836	172,018	215,005
Buildings and improvements	731,633,466	742,456,894	629,368,663	652,824,352	605,760,156
Vehicles and Equipment	14,313,962	15,465,625	16,375,276	18,762,051	2,717,499
Internal Generated Software	553,728	916,496	1,289,953	1,677,885	3,695,577
Intangible right to use assets	-	-	-	-	-
Total Governmental Activities Capital Assets, net	<u>\$ 827,339,552</u>	<u>\$ 811,387,840</u>	<u>\$ 821,403,085</u>	<u>\$ 780,671,545</u>	<u>\$ 730,971,971</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change
2022	34,890	\$ 823,921,651	\$ 23,615	-7.21%
2021	34,511	878,259,349	25,449	26.92%
2020	37,158	745,069,321	20,051	-5.73%
2019	37,701	801,927,927	21,271	7.73%
2018	38,637	762,889,478	19,745	6.66%
2017	38,952	721,093,583	18,512	5.50%
2016	39,125	686,521,896	17,547	46.38%
2015	39,083	468,488,105	11,987	-26.62%
2014	37,967	620,202,126	16,335	4.62%
2013	38,717	604,516,648	15,614	5.99%

Source: Ohio Department of Education

- (1) Operating expenditures are total expenditures for all governmental funds less debt service, capital outlay, and community school payments.
- (2) Total Program Expenses for all governmental funds less Interest and Fiscal Charges and community school payments.
- (3) Meal percentage includes lunch only

	<u>Expenses (2)</u>	<u>Cost Per Pupil</u>	<u>Teaching Staff</u>	<u>Pupil/ Teacher Ratio</u>	<u>Percentage of Students Receiving Free and Reduced - Paid Meals (3)</u>
\$	773,827,806	22,179	2,431	14.4	100.00%
	952,805,473	27,609	2,491	13.9	100.00%
	810,072,076	21,801	2,434	15.3	100.00%
	754,258,252	20,006	2,476	15.2	100.00%
	474,524,881	12,282	2,448	15.8	100.00%
	775,668,799	19,913	2,826	13.8	100.00%
	718,366,526	18,361	2,803	14.0	100.00%
	706,826,034	18,085	2,825	13.8	100.00%
	696,276,661	18,339	2,469	15.4	100.00%
	688,253,032	17,777	2,853	13.6	100.00%

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

TEACHER BASE SALARIES
LAST TEN YEARS
2013-2022

Year	Minimum Salary	Maximum Salary	Statewide Average Salary
2022	\$ 49,198	\$ 99,135	N/A
2021	46,734	91,612	\$ 65,548
2020	46,734	91,612	63,899
2019	45,915	88,926	62,190
2018	44,686	86,546	60,731
2017	43,490	84,230	58,488
2016	42,637	82,578	57,154
2015	42,215	81,760	57,636
2014	42,215	87,631	55,916
2013	37,412	79,353	56,307

Sources: Ohio Department of Education
and School District Labor Agreement

N/A - Information not available.

OHIO AUDITOR OF STATE KEITH FABER



CLEVELAND MUNICIPAL SCHOOL DISTRICT

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/2/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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www.ohioauditor.gov