



OHIO AUDITOR OF STATE
KEITH FABER



**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2025**

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CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education and Workforce:</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution):			
School Breakfast Program	10.553	N/A	\$512,506
National School Lunch Program	10.555	N/A	1,256,236
Summer Food Service Program For Children	10.559	N/A	10,166
Fresh Fruits and Vegetable Program	10.582	N/A	41,729
Non-Cash Assistance Subtotal			<u>1,820,637</u>
Cash Assistance:			
School Breakfast Program	10.553	N/A	6,590,704
National School Lunch Program	10.555	N/A	16,154,890
Summer Food Service Program For Children	10.559	N/A	130,727
Fresh Fruits and Vegetable Program	10.582	N/A	536,632
Cash Assistance Subtotal			<u>23,412,953</u>
Total Child Nutrition Cluster			<u>25,233,590</u>
Child Nutrition Discretionary Grants Limited Availability:			
Child Nutrition School Equipment Grant	10.579	N/A	53,476
Farm to School State Formula Grant:			
Grow Ohio Grant	10.645	N/A	20,000
Total U.S. Department of Agriculture			<u>25,307,066</u>
U.S. DEPARTMENT OF DEFENSE			
<i>Direct Program:</i>			
Junior ROTC - 2024	12.000	N/A	2,602
Total U.S. Department of Defense			<u>2,602</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program:</i>			
Impact Aid - 2024	84.041	451805	1,186
<i>Passed Through Ohio Department of Education and Workforce:</i>			
Title I Grants to Local Educational Agencies:			
Title I Grants to Local Educational Agencies - 2024	84.010A	N/A	1,177,471
Title I Grants to Local Educational Agencies - 2025	84.010A	N/A	38,860,210
Total Title I Grants to Local Educational Agencies			<u>40,037,681</u>
Special Education Cluster:			
Special Education Grants to States			
Catastrophic Aid - 2023	84.027A	N/A	1,036,721
Catastrophic Aid - 2024	84.027A	N/A	98,160
Catastrophic Aid			<u>1,134,881</u>
Special Education Grants to States			
Special Education Grants to States - 2024	84.027A	N/A	1,668,183
Special Education Grants to States - 2025	84.027A	N/A	10,564,943
Special Education Grants to States			<u>12,233,126</u>
Special Education Preschool Grants:			
Special Education Preschool Grants - 2024	84.173A	N/A	2,866
Special Education Preschool Grants - 2025	84.173A	N/A	292,341
Total Special Education Preschool Grants			<u>295,207</u>
Total Special Education Cluster			<u>13,663,214</u>

(Continued)

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (Continued)			
<i>Passed Through Ohio Department of Education and Workforce: (Continued)</i>			
Career and Technical Education - Basic Grants to States:			
Career and Technical Education - Basic Grants to States - 2024	84.048A	N/A	133,479
Career and Technical Education - Basic Grants to States - 2025	84.048A	N/A	1,405,998
Total Career and Technical Education - Basic Grants to States			1,539,477
Education for Homeless Children and Youth - 2025	84.196A	N/A	392,109
Student Support and Academic Enrichment Program:			
Student Support and Academic Enrichment Program - 2024	84.424A	N/A	607,292
Student Support and Academic Enrichment Program - 2025	84.424A	N/A	2,239,710
Student Support and Academic Enrichment Program - SCG Subsidy - 2023	84.424F	N/A	152,532
Total Student Support and Academic Enrichment Program			2,999,534
English Language Acquisition State Grants:			
English Language Acquisition State Grants - 2024	84.365A	N/A	150,061
English Language Acquisition State Grants - 2025	84.365A	N/A	407,714
Total English Language Acquisition State Grants			557,775
Supporting Effective Instruction State Grants:			
Supporting Effective Instruction State Grants - 2024	84.367A	N/A	350,590
Supporting Effective Instruction State Grants - 2025	84.367A	N/A	2,801,833
Total Supporting Effective Instruction State Grants			3,152,423
COVID-19 Education Stabilization Fund:			
COVID-19 Educational Stabilization Fund- ARP ESSER III	84.425U	N/A	26,115,569
COVID-19 Educational Stabilization Fund- ARP Homeless II	84.425W	N/A	56,242
COVID-19 Education Stabilization Fund:			26,171,811
Total U.S. Department of Education			88,515,210
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 - 2024	93.079	NU87PS004348	145,492
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs - 2024	93.566	G-2223-17-0449	11,485
Refugee and Entrant Assistance State/Replacement Designee Administered Programs - 2025	93.566	G-2223-17-0449	349,105
Total Refugee and Entrant Assistance State/Replacement Designee Administered Programs			360,590
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health:			
SHAPE America Parent Ambassador Program	93.421	NU38PW000051	6,841
Total U.S. Department of Health and Human Services			512,923

(Continued)

CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through the Ohio Facilities Construction Commission:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds:			
COVID-19 K-12 School Safety Grant Program	21.027	ESYAYXNJYTD9	1,429,621
Total U.S. Department of the Treasury			<u>1,429,621</u>
Total Expenditures of Federal Awards			<u>\$115,767,422</u>

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, 2025**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Cleveland Municipal School District (the District) under programs of the federal government for the year ended June 30, 2025. 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 4.17% 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 programs 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.



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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 the 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 (*Government Auditing Standards*), 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 24, 2026, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

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 purpose 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2025-001 that we consider to be a material weakness.

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*.

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

February 24, 2026

OHIO AUDITOR OF STATE KEITH FABER

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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 the Cleveland Municipal School District's, Cuyahoga County, Ohio (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 the Cleveland Municipal School District's major federal programs for the year ended June 30, 2025. The 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 the COVID-19 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 COVID-19 Education Stabilization Fund for the year ended June 30, 2025.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, 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 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, 2025.

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 the COVID-19 Education Stabilization Fund

As described in finding 2025-002 in the accompanying schedule of findings, the District did not comply with requirements regarding equipment and real property management applicable to its COVID-19 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 Matter

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.

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 2025-002 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.

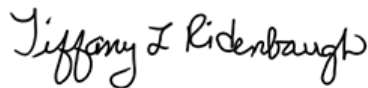
Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and corrective action plan. The District's response was not subjected 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, Cuyahoga County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated February 24, 2026, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

February 24, 2026

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025**

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)?	Yes
(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 - COVID-19 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:	Child Nutrition Cluster AL # 84.048 – Career and Technical Grants AL # 84.367 – Supporting Effective Instruction AL #84.425 – COVID-19 Education Stabilization Fund
(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, 2025
(Continued)**

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

FINDING NUMBER 2025-001

Payroll Documentation – Material Weakness

Collecting and maintaining organized documentation and support for financial transactions is essential in assuring the District financial statements are not materially misstated and that all expenditures are made for a proper public purpose. Sound accounting practices require the district to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial transactions. Pursuant to this requirement, management is responsible for ensuring employees' records are properly maintained and accessible.

Due to insufficient internal controls, and lack of policies, we were unable to determine controls related to the accuracy of transactions for payroll were in place during the audit period. Due to the lack of supporting documentation, we could not determine, for the entire audit sample, that certified and classified employees who receive payment for work had a contract, which outlines the salary or wage for the year, the number of days of work for the year, position of the respective employee, and was signed by the treasurer or superintendent.

The District, after further review of its records, was able to provide additional evidence to support employment and salaries for employees.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, resulting in financial statement misstatements, and expenditures that are not for a proper public purpose. Additionally, failure to properly review and monitor the payroll process could result in improper underpayments or overpayments to district employees and officials, and potential future findings for recovery.

The District should maintain all employment documentation for each employee and contract records should be maintained in an orderly manner to support accuracy of transactions.

Officials' Response: Auditors requested school year 2024-2025 contracts for multiple employees. Compensation staff in the Talent department provided some, but not all, of the requested contracts. This difficulty locating some contracts resulted from the November 2025 departure of the Talent and Human Resources Officer who owned and initiated the contract disbursement procedure in the District's DocuSign portal. This knowledge was not transferred upon departure. The District's compensation department now has access to all contracts that were delivered to teachers for the 2024-2025 school year.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

1. Equipment and Real Property Management

Finding Number:	2025-002
Assistance Listing Number and Title:	AL # 84.425 COVID-19 Education Stabilization Fund
Federal Award Identification Number / Year:	2025
Federal Agency:	United States Department of Education
Compliance Requirement:	Equipment and Real Property Management
Pass-Through Entity:	Ohio Department of Education and Workforce
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2024-003

Noncompliance and Material Weakness

2 CFR § 3474.1 gives regulatory effect to the Office of Budget and Management Guidance in 2 CFR §200.313(d) for the Department of Education, which states, in part, that a control system must be in place to ensure safeguards to prevent loss, damage, or theft of the equipment. It also requires that the recipient or subrecipient maintain property records that include a description of the asset, a serial number or other source of identification (including the FAIN), the source of funding for the property and other data to identify the equipment. Finally, it requires recipients or subrecipients to perform a physical inventory of property purchased with federal funds and reconcile the inventory results to the recipient or subrecipient's property records at least once every two years.

Due to insufficient knowledge of and controls in place over the federal requirements related to equipment and property management we noted the following issues:

- The District could not provide evidence that a physical inventory over property purchased with Elementary and Secondary School Emergency Relief (ESSER) Fund (AL #84.425D) and American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Funds (AL #84.425U) had been taken and reconciled with property records in the required timeframe;
- 30 items (out of 60) selected for physical observation during the prior-year audit were still not properly tagged and still could not be reconciled with the District's property listing provided by management;
- 28 property items selected for testing during the prior year still could not be located for physical observation;
- Asset records for all ten (100%) assets purchased with ARP ESSER funds during the audit period were not properly updated with the required information; and
- The District could not determine if there was any equipment purchased with ARP ESSER or ESSER I funds or disposed of during the audit period.

Lack of controls over equipment management and failure to complete the required inventory could lead to misappropriation of District assets and potential questioned costs and non-compliance with federal requirements.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

**FINDING NUMBER 2025-002
(Continued)**

Equipment and Real Property Management – Noncompliance and Material Weakness (Continued)

The District should establish control procedures over the management of equipment. Controls would include proper tagging of assets and regularly scheduled inventory dates. In addition, the policy should include procedures to ensure District assets under the control of students are regularly inventoried, verified, and updated to the District's property records.

Officials' Response: District inventory is governed by Board Policy DID: Inventories, which instructs the Chief Financial Officer to create inventory procedures. After this finding was identified in the 2024 Schedule of Finding, a cross-functional work group draft an operational procedure for inventory, incorporating the feedback of Academics, Finance, and Operations. The procedure is now included in the Procure to Pay Manual and will be considered for annual mandatory finance training.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
JUNE 30, 2025**

Chief Executive Officer
Dr. Warren G. Morgan II

Board of Education
Sara Elaquad, J.D.
Board Chair

Jerry Terrell Billups
Robert W. Briggs, J.D.
Charlene Jones
Pastor Ivory Jones III
Midori Lebrón
Caroline J. Peak
Nigamanth Sridhar, Ph.D.
Diana Welch Howell

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

Finding Number	Finding Summary	Status	Additional Information
2024-001	The District failed to accurately report student meal counts to the Ohio Department of Education and Workforce	Corrected	None
2024-002	The District failed to properly certify time and effort of employees charging the Nutrition Cluster and COVID-19 Education Stabilization Fund grants	Corrected	None
2024-003	The District failed to maintain proper inventory records related to assets purchased with the COVID-19 Education Fund. In addition, a physical inventory of the assets was not completed within a two-year period.	Not Corrected-Repeated as Finding 2025-002	None

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2025

Finding Number: 2025-001

Planned Corrective Action:

Auditors requested school year 2024-2025 contracts for multiple employees. Compensation staff in the Talent department provided some, but not all, of the requested contracts. This difficulty locating some contracts resulted from the November 2025 departure of the Talent and Human Resources Officer who owned and initiated the contract disbursement procedure in the District's DocuSign portal. This knowledge was not transferred upon departure. The District's compensation department now has access to all contracts that were delivered to teachers for the 2024-2025 school year.

Anticipated Completion Date: 3/10/2026

Responsible Contact Person: Compensation Department

Finding Number: 2025-002

Planned Corrective Action:

District inventory management is governed by Board Policy DID: Inventories, which instructs the Chief Financial Officer to create inventory procedures. After this finding was identified in the 2024 Schedule of Finding, a cross-functional work group draft an operational procedure for inventory, incorporating the feedback of Academics, Finance, and Operations. The procedure is now included in the Procure to Pay Manual and will be considered for annual mandatory finance training.

Anticipated Completion Date: 3/10/2026

Responsible Contact Person: Kevin Stockdale, Chief Financial Officer

Chief Executive Officer

Dr. Warren G. Morgan II

Board of Education

Sara Elaquad, J.D.

Board Chair

Jerry Terrell Billups

Robert W. Briggs, J.D.

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Laura Bloomberg, Ph.D.

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



**ANNUAL
COMPREHENSIVE FINANCIAL REPORT**

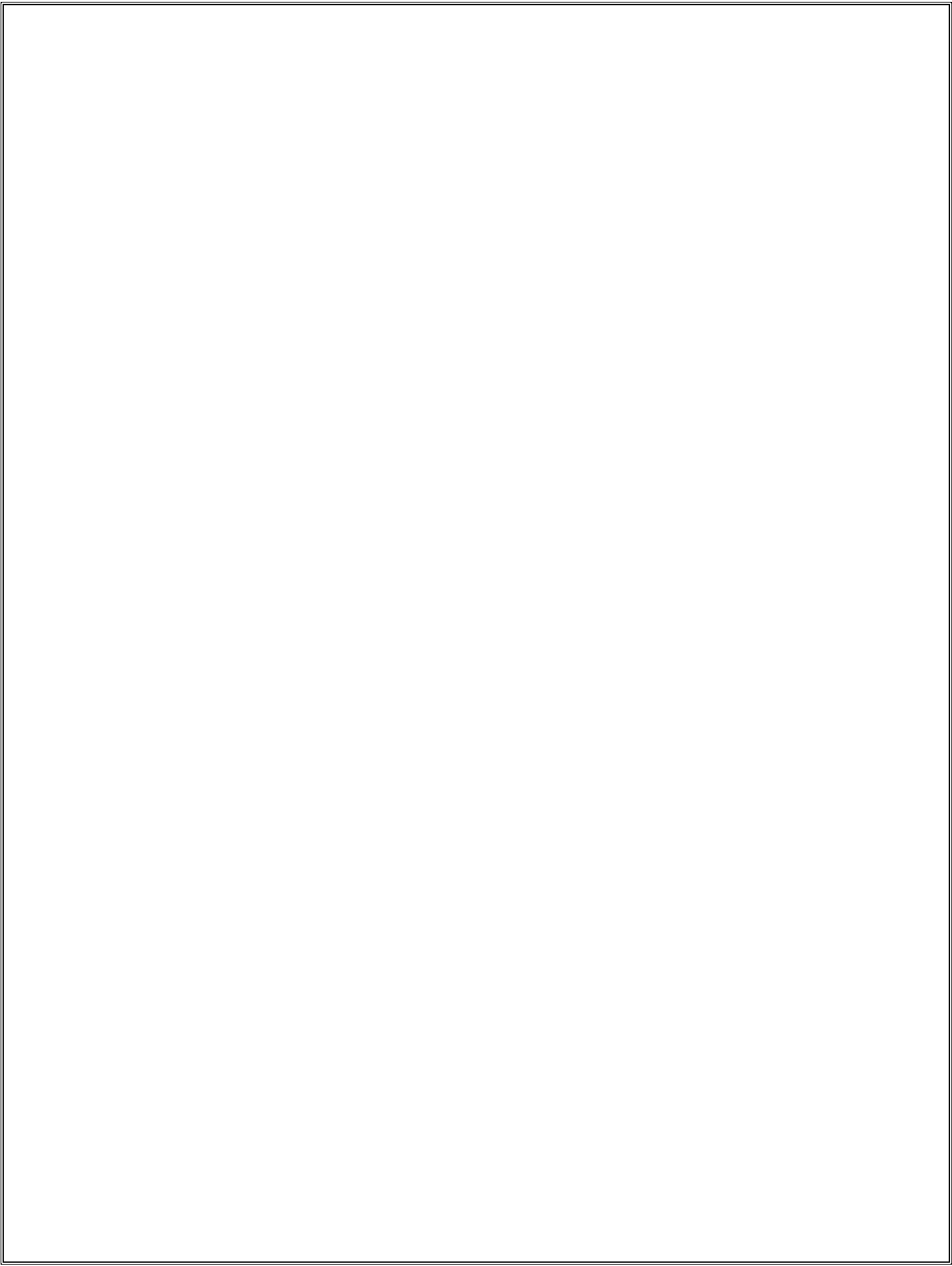
**FOR THE
FISCAL YEAR ENDED JUNE 30, 2025**

ANNUAL
COMPREHENSIVE FINANCIAL REPORT
OF THE
CLEVELAND
MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
FOR THE
FISCAL YEAR ENDED JUNE 30, 2025

PREPARED BY
FINANCE DEPARTMENT

KEVIN STOCKDALE
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, 2025**

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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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February 24, 2026

Members of the Board of Education
and School District Residents

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, 2025. 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.

Chief Executive Officer
Dr. Warren G. Morgan II

Board of Education
Sara Elaqad, J.D.
Board Chair

Jerry Terrell Billups
Robert W. Briggs, J.D.
Charlene Jones
Pastor Ivory Jones III
Midori Lebrón
Caroline J. Peak
Nigamanth Sridhar, Ph.D.
Diana Welch Howell

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

The Chief Executive Officer leads the School District's academic work following the guidance of the Board's Goals & Guardrails:

1. Early Literacy Goal: The percent of third graders who are proficient in English and Language Arts will increase from 35% in August 2024 to 60% by August 2030.
2. Math Proficiency Goal: The percent of first-time test takers who are proficient in Algebra 1 will increase from 26% in August 2024 to 50% by August 2030.
3. College Readiness Goal: The percent of 4-year graduation cohort who meet at least one college ready indicator will increase from 8.2% in August 2024 to 25% by August 2030.
4. Safety and Well-being Guardrail: The CEO shall not fail to promote safety within CMSD facilities, along with physical and mental well-being for all students.
5. Opportunity and Access Guardrail: The CEO shall not implement an academic program that fails to provide access to artistic, athletic, and career preparation opportunities for all students.
6. Community Engagement Guardrail: The CEO shall not make significant changes to the operation of the district without meaningful ways for the community to provide input.

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. The CEO is appointed by the Board with the concurrence of the Mayor.

Warren G. Morgan was appointed CEO in May 2023. Dr. Morgan was previously Chief Academic Officer of Indianapolis Public Schools, Executive Director of an education nonprofit in St. Louis, and a White House Fellow for Presidents Obama and Trump.

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. Kevin Stockdale started as CFO in January 2023, following his service as CFO/Deputy Director of the Ohio Department of Rehabilitation and Correction and Budget Management Analyst at the Ohio Office of Budget and Management.

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 2025, the School District was funded for 31,583 K-12 students according to the state foundation payment system (compared to 32,744 the previous year) in 65 K-8 schools, and 29 senior high schools. Actual enrollment for the fiscal year was 31,661. 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 experienced slight declines and district planning the same for 2026.

The School District has completed its twenty-fourth 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. The number of students attending charter/community schools was 15,447 for fiscal year 2025 (compared to 14,843 the previous year). These schools now receive direct payment of state aid.

Employee Relations

As of June 30, 2025, the School District had 5,752 full and part-time employees, excluding substitutes (compared to 5,872 the previous year). The School District paid \$459.3 million in salaries and wages and \$187.2 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 along with provisions for employees to receive 12 weeks of paid parental leave. Each of the agreements was originally approved for a two-year period (July 1, 2024 through June 30, 2026) with language providing a path for an extension to a third year, which was exercised (July 1, 2026 through June 30, 2027).

- The contract with CTU provided for 4% wage increase effective July 1, 2024, a 2% wage increase effective July 1, 2025, and a 3% wage increase in the extension year effective July 1, 2026. The contract also provided additional compensation adjustments for specific positions (including paraprofessionals and licensed practical nurses) and duties (including the collection of student cell phones). The contract also modified teacher responsibilities for entering student grades through an online platform and related adjustments to the amount of administrator-designed professional time teachers participate in each week.
- The contract with the International Brotherhood of Teamsters Local 407 (school bus drivers and bus attendants), provided for 4% wage increase effective July 1, 2024, a 2% wage increase effective July 1, 2025, and a 3% wage increase in the extension year effective July 1, 2026. The contract also provided short term-stipend payments and a long-term additional compensation band for employees.
- The contract with Teamsters Local 436 (truck drivers), provided for 4% wage increase effective July 1, 2024, a 2% wage increase effective July 1, 2025, and a 3% wage increase in the extension year effective July 1, 2026.

- The contract with Local 860 (assistant custodians, laborers, and mechanics), provided for 4% wage increase effective July 1, 2024, a 2% wage increase effective July 1, 2025, and a 3% wage increase in the extension year effective July 1, 2026. The contracts also provided for adjustments to stipends. The contract also provided additional financial incentive for employees to provide advance notification to the District of their expectation to retire at the end of an academic year.
- The contract with the Ohio Patrolmen's Benevolent Association (OPBA) provided, dependent on position, either a 5% or 7% wage increase effective July 1, 2024, and for all positions a 1% wage increase effective July 1, 2025, and a 3% wage increase in the extension year effective July 1, 2026. The contract also clarified work hours for part-time employees
- The contract with the Service Employees International Union Local 1199 (clerical, food service and cleaning staff) largely provided for 4% wage increase effective July 1, 2024, a 2% wage increase effective July 1, 2025, and a 3% wage increase in the extension year effective July 1, 2026, except that it provided an alternative method of compensation change for 10-month food services employees whereby employees would receive a reduced compensation increase each year in exchange for the provision of pay in a corresponding amount during holiday and spring break periods. The contract also provided additional financial incentives for Environmental Service Specialists to agree to help develop their peers through mentor support for new employees and for employees to provide advance notification to the District of their expectation to retire at the end of an academic year.
- The contract with the Cleveland Building Trades Council provided for 4% wage increase effective July 1, 2024, a 2% wage increase effective July 1, 2025, and a 3% wage increase in the extension year effective July 1, 2026.
- The contract with Local 777 (custodians) provided for 4% wage increase effective July 1, 2024, a 2% wage increase effective July 1, 2025, and a 3% wage increase in the extension year effective July 1, 2026. The contract also provided additional financial incentive for employees to provide advance notification to the District of their expectation to retire at the end of an academic year.

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 17 and 18 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 18 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 93 percent of the School District's fiscal year 2025 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 2024 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 2029 assumes a current collection rate of 87.85%. 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 2024 for collection in calendar year 2025.

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, on November 05, 2024, the voters of the City of Cleveland passed, with more than 60% of the vote, a new 10 year 8.6 mill operating levy and \$295 million bond levy. From the operating levy, 8.6 mills will be allocated to the current expenses of the District and 0.5 mills will be allocated to the current expenses of partnering community 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

In June 2021, the State approved a new foundation formula fundamentally changed certain components of the District State Aid. Notable changes 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. The State of Ohio approved the 2026-2027 biennium budget in July 2025. The budget halts the phase-in of the Fair School Funding Plan.

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 33rd 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 2025.
- 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 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 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. 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.

Long-Term Financial Planning

On December 9, 2025, by unanimous vote, the Cleveland Municipal School District Board of Education approved the Building Brighter Futures (BBF) recommendation. Starting the 2026-27 academic year, the BBF plan will result in 45 PreK-8 schools and 14 high schools, 29 fewer schools than currently in operation today. Families can still choose non-traditional school options, such as Natividad Pagan or School of One, for their child.

With mergers and moves, the District has prioritized keeping more current staff and students together. Every school community will absorb some changes, particularly those that will physically relocate or welcome a school community. Every school community will experience the system-wide benefits:

- 100% will have equal or expanded academic and extracurricular opportunities and student supports
- 96% will attend a welcoming school with an equal or higher star rating
- 95% will attend a welcoming school with an equal or better condition building
- These changes will save at least \$30 million every 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, 2024. The School District believes that the Annual Comprehensive Financial Report for fiscal year June 30, 2025, 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,



Kevin Stockdale
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>
Sara Elaquad, J.D., Board Chair	2019	2027
Nigamanth Sridhar, Ph.D.	2021	2029
Robert Briggs	2023	2027
Diana Welch Howell	2023	2027
Jerry Terrell Billups	2024	2027
Charlene Jones	2024	2029
Pastor Ivory Jones III	2024	2027
Midori Lebrón	2023	2029
Caroline J. Peak	2024	2029
Michael A. Baston, Ed.D., J.D. nonvoting ex officio member		
Laura Bloomberg, Ph.D. nonvoting ex officio member		

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

SENIOR APPOINTED OFFICIALS

Dr. Warren G. Morgan II

Chief Executive Officer

Kevin Stockdale
Selena Florence
Andrew Roman
JR Tomkinson
Lamont Dodson
Lisa Farmer-Cole
Trent Mosley
Karen Thompson
Kevin Burtzlaff
Curtis Timmons
Jose Gonzalez
Anna Turner
Stephen Christian
Sonja Clark

Chief Financial Officer
Chief Academic Officer
Chief Legal Counsel
Chief of Staff
Chief, Safety and Security
Chief, External Affairs
Chief, Excellence and Culture
Chief, District Operations
Board of Education Attorney
Information Technology Officer
Student Services Officer
Teaching and Learning Officer
Talent and Human Resource Officer
Officer of Equity and Culture

Jeffery Allen
Jessica Baldwin
Joseph Costello
Shawn Braxton
Robert Gorman
Maria Carlson
Brent Dean
Aaron Creel
Nicholas Damico
Hollie Dellisanti
Yolanda Berrios
Hope Fox
Heather Grant
Latisha Grimes
Mychael Henderson
Tracy Hill
Jeanelle Greene
Brian Paisley
Lou Marich
Carol Lockhart
Rick McIntosh
Laura Mulvaney
Desiree Powell
Matthew Rado
Leo Serrano
Melissa Skelly
Eric Taylor
Megan Traum
Jason Tidmore
Bernetta Wiggins
James Wright

Executive Director, Fine Arts
Executive Director, Special Education and Intervention Services
Executive Director, Information Technology Infrastructure and Operations
Executive Director, Information Technology Services
Executive Director, Food and Child Nutrition Services
Executive Director, Academics
Executive Director, College and Career Readiness
Executive Director, Facility Services
Executive Director, Research, Evaluation and Accountability
Executive Director, Architectural Services
Executive Director, Multilingual Multicultural Education
Executive Director, Curriculum and Instruction
Executive Director, Talent Development
Executive Director, Testing, Assessments and Logistics
Executive Director, Financial Operations
Executive Director, Family and Community Engagement
Executive Director, Information Technology Strategy Execution and Governance
Executive Director, Software and Data Solutions
Executive Director, Cyber Security
Executive Director, Say Yes to Education
Executive Director, School Choice and Student Enrollment
Executive Director, Strategic Staffing
Executive Director, Health, Physical Education, Interscholastic Athletics, and Student Activities
Executive Director Charter Schools and Alternative Programs
Executive Director, Institutional Advancement
Executive Director, Policy and Planning
Executive Director, Transportation
Strategic Advisor to the Chief Academic Officer
Executive Director, Social Emotional Learning
Executive Director, Integrated Health
Executive Director, Financial Controller

Andrew Koonce
Jessica Gamble
Gerard Leslie
Greg Adkins
Allayna Ratliff
Paul Hoover

Network Support Leader, High School Network 1
Network Support Leader, K-8 Network 1
Network Support Leader, High School Network 2
Network Support Leader, K-8 Network 2
Network Support Leader, K-8 Network 3
Network Support Leader, K-8 Network 4

Organizational Chart

**CHIEF EXECUTIVE
OFFICER**

Dr. Warren G. Morgan II





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Cleveland Municipal School District

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.**

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

**Ryan S. Stechschulte
President**

A handwritten signature in black ink, reading 'James M. Rowan'.

**James M. Rowan, CAE, SFO
CEO/Executive Director**

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FINANCIAL SECTION



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OHIO AUDITOR OF STATE KEITH FABER

65 East State 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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof 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 3 to the financial statements, during 2025, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to 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, the required budgetary comparison schedule, 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 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 February 24, 2026, 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
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

February 24, 2026

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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, 2025. 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 2025 are as follows:

- ❑ Total current and other assets increased by \$21.6 million, net OPEB asset decreased by \$1.8 million and capital assets increased by \$31.3 million, resulting in a net increase in total assets of \$51.1 million in Governmental Activities.
- ❑ Total current liabilities decreased by \$13.6 and total long-term liabilities including pension and OPEB increased by \$134.3 million, resulting in a net increase in total liabilities of \$120.7 million in Governmental Activities.
- ❑ Total net position decreased \$220.0 million in Governmental Activities. General revenues accounted for \$577.2 million in revenue or 74.28% of all revenues for Governmental Activities. Program specific revenues in the form of charges for services, sales, grants or contributions accounted for \$199.8 million or 25.72% of total revenues of \$777.1 million.
- ❑ Total program expenses were \$861.1 million in Governmental Activities.
- ❑ Among major funds, the General Fund had \$600.9 million in revenues and other financing sources and \$723.7 million in expenditures and other financing uses. The General Fund's fund balance decreased by \$122.9 million.
- ❑ The Debt Service Fund had \$27.1 million in revenues and other financing sources and \$25.3 million in expenditures and other financing uses. The Debt Service Fund's fund balance increased by \$1.8 million.
- ❑ The Classroom Facilities Fund had \$59.2 million in revenues and other financing sources and \$43.6 million in expenditures and other financing uses. The Classroom Facilities Fund's fund balance increased by \$15.6 million.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

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 Debt Service Fund and Classroom Facilities Fund are the most significant governmental funds.

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 2025?" 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

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 Debt Service Fund, and the Classroom Facilities Fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(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.

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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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, 2025 compared to June 30, 2024.

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

	Governmental Activities		
	2025	2024	Change
Assets			
Current and Other Assets	\$ 882.3	\$ 860.7	\$ 21.6
Net OPEB Asset	43.2	45.0	(1.8)
Capital Assets	996.4	965.1	31.3
Total Assets	1,921.9	1,870.8	51.1
Deferred Outflows of Resources			
Pension, OPEB & Deferred Charges	145.8	166.3	(20.5)
Liabilities			
Current Liabilities	77.6	91.2	(13.6)
Long-Term Liabilities	525.6	303.8	221.8
Net Pension & OPEB Liability	627.1	714.6	(87.5)
Total Liabilities	1,230.3	1,109.6	120.7
Deferred Inflows of Resources			
Property Taxes and Other	282.2	167.0	115.2
Pension & OPEB	166.6	151.8	14.8
<i>Total Deferred Inflow & Resources</i>	448.8	318.8	130.0
Net Position			
Net Investment in Capital Assets	759.5	725.8	33.7
Restricted for Debt Service	92.0	90.8	1.2
Restricted for Capital Projects	81.1	124.6	(43.5)
Restricted for Food Services	9.5	8.8	0.7
Restricted for Miscellaneous State Grants	1.7	2.2	(0.5)
Restricted for Educational Special Trust	0.9	3.3	(2.4)
Restricted for Other Purposes	59.6	65.8	(6.2)
Unrestricted	(615.7)	(412.7)	(203.0)
Total Net Position	\$ 388.6	\$ 608.6	\$ (220.0)

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The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2025, 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
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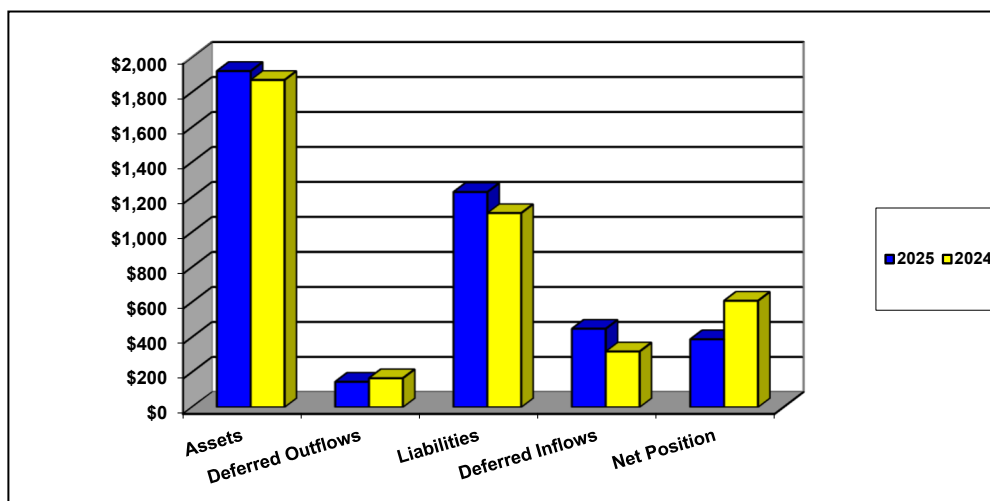
**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

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 2025 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
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Current and other assets increased by \$21.6 million and net OPEB asset and capital assets decreased and increased by \$1.8 million and \$31.3 million, respectively, resulting in an overall increase in total assets of \$51.1 million. The increase in current and other assets is mostly attributable to an increase in equity in pooled cash and cash equivalents related to unspent bond proceeds in conjunction with a decrease in intergovernmental receivables related to no Elementary and Secondary School Emergency Relief (ESSER) money coming to the School District. Capital assets increased due to continued spending on Segment 8 of the School District's building project.

Current liabilities decreased by \$13.6 million and long-term liabilities (including Pension and OPEB) increased by \$134.3 million, resulting in an overall increase in liabilities of \$120.7 million. The decrease in current liabilities is due primarily to the decreases in accounts payable and accrued wages and benefits payable of \$4.0 million and \$12.0 million, respectively.

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 2 shows the change in net position for fiscal years 2025 and 2024. The net position at June 30, 2024 has been restated as described in Note 3.

Table 2
Changes in Net Position
Governmental Activities
(\$ In Millions)

	Governmental Activities		
	2025	2024	Change
Revenues			
General Revenues:			
Property Taxes	\$ 262.1	\$ 428.6	\$ (166.5)
Investment Income	19.4	20.2	(0.8)
Miscellaneous	22.8	10.0	12.8
Grants and Entitlements	272.9	281.7	(8.8)
Program Revenues:			
Charges for Services	7.7	6.7	1.0
Operating Grants	192.1	293.7	(101.6)
Capital Grants	0.0	1.9	(1.9)
Total Revenues	<u>777.0</u>	<u>1,042.8</u>	<u>(265.8)</u>
Program Expenses			
Instruction	514.7	513.4	1.3
Support Services:			
Pupil and Instructional Staff	63.4	78.9	(15.5)
Board of Education, Administration, Fiscal and Business	76.0	74.3	1.7
Operation and Maintenance	77.5	85.8	(8.3)
Pupil Transportation	42.1	38.6	3.5
Central	29.6	47.6	(18.0)
Operation of Non-Instructional Services	39.0	38.7	0.3
Extracurricular Activities	7.1	7.4	(0.3)
Interest and Fiscal Charges	11.6	11.1	0.5
Total Expenses	<u>861.0</u>	<u>895.8</u>	<u>(34.8)</u>
Change in Net Position	<u>(84.0)</u>	<u>147.0</u>	<u>(231.0)</u>
Net Position, previously reported	608.6	461.6	147.0
Restatement - change in accounting principle	(136.0)	0.0	(136.0)
Net Position Beginning of Year (restated)	<u>472.6</u>	<u>461.6</u>	<u>11.0</u>
Net Position End of Year	<u>\$ 388.6</u>	<u>\$ 608.6</u>	<u>\$ (220.0)</u>

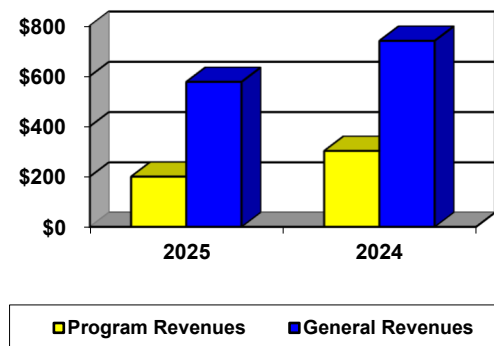
**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Graph 2
Revenue for Governmental Activities
(\$ In Millions)

	2025	2024
General Revenues	\$ 577.1	\$ 740.5
Program Revenues	199.9	302.3
Total Revenues	\$ 777.0	\$ 1,042.8

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 33.73% and 41.10% and grants made up 35.12% and 27.01% of general revenues for governmental activities for the School District in fiscal years 2025 and 2024, respectively. The largest decrease was in the area of property taxes which decreased approximately \$166.5 million. This decrease was the result of a variance between the amount of taxes available for advance from the County at fiscal year end.

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 91% 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.

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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 2025. 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 grants comprise 96.15% of total program revenues of the School District. These grants, obtained mainly from the Federal Government, State of Ohio 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. The decrease compared to the previous fiscal year was the result of less ESSER money received by the School District.

Expenses

Overall, expenses of the governmental activities decreased \$34.8 million or 3.88%. This decrease is primarily the result of a decrease pension and OPEB expenses between each year. These can vary depending on various factors at each of retirement systems that the employees pay into.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
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Table 3
Total and Net Cost of Program Services
Governmental Activities
(\$ In Millions)

	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Instruction	514.7	\$ 396.2	513.4	\$ 371.3
Support Services:				
Pupil and Instructional Staff	63.4	41.0	78.9	25.9
Board of Education, Administration, Fiscal and Business	76.0	69.8	74.2	66.6
Operation and Maintenance	77.5	73.1	85.8	67.4
Pupil Transportation	42.1	37.7	38.6	29.2
Central	29.6	27.9	47.6	21.0
Operation of Non-Instructional Services	39.0	(2.0)	38.7	(1.8)
Extracurricular Activities	7.1	5.9	7.5	2.9
Interest and Fiscal Charges	11.6	11.6	11.1	11.1
Total Expenses	<u>\$ 861.0</u>	<u>\$ 661.2</u>	<u>\$ 895.8</u>	<u>\$ 593.6</u>

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 59.78% of the total cost of services. Pupil and instructional support categories make up 7.36% 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 of \$772.1 million, expenditures of \$938.4 million and other financing sources of \$89.3 million, resulting in a net decrease in fund balances of \$77.0 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 \$92.7 million, while total fund balance decreased to \$133.6 million balance. The decrease was caused by a decrease in property taxes available for advance from the County at year-end. The increase in expenditures was the result of moving expenditures back from the ESSER fund under the American Rescue Plan (ARP) Act and general increases in wages and benefits paid to employees.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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The fund balance in the Debt Service Fund increased \$1.8 million. The increase in the Debt Service fund was due to revenues and other financing sources exceeding the scheduled debt service payments on the School District's debt. The School District issued new debt during the year and premiums were deposited in this fund for future use to pay debt obligations.

The fund balance in the Classroom Facilities Fund increased \$15.6 million. The increase in the Classroom Facilities fund was due to bond proceeds being deposit in the fund to assist in the construction of the School District next segment of its Ohio Facilities Construction Commission (OFCC) project.

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 \$739.4 million, which was \$15.4 million more than the final budget estimate. The School District received more than what was expected in property tax and intergovernmental revenue during the fiscal year.

The final budgeted expenditures and other financing uses budget was \$839.9 million. Total actual expenditures and other financing uses was \$764.5 million, or \$75.4 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 \$113.7 million, which was \$90.8 million more than the final budgeted amount.

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the School District had \$996.4 million invested in capital assets net of accumulated depreciation/amortization. Table 4 shows June 30, 2025 balances compared to June 30, 2024:

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

	Governmental Activities		
	2025	2024	Change
Land	\$ 31.6	\$ 31.6	\$ -
Construction in Progress	93.2	40.2	53.0
Land Improvements	0.0	0.1	(0.1)
Buildings and Improvements	816.5	848.9	(32.4)
Vehicles and Equipment	25.6	22.1	3.5
Intangible Software	0.3	0.3	0.0
Intangible Right-to-Use Assets	29.2	21.9	7.3
Totals	<u>\$ 996.4</u>	<u>\$ 965.1</u>	<u>\$ 31.3</u>

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.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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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 9 to the basic financial statements for additional information on capital assets.

Debt Administration

At June 30, 2025, the School District had \$308.3 million in bonds and leases/SBITAs payable outstanding, \$18.2 million due within one year. Table 5 summarizes bonds and notes outstanding.

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

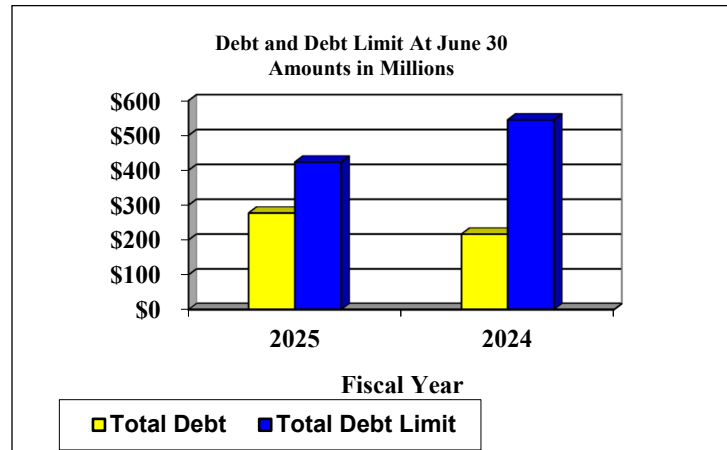
	Governmental Activities 2025	Governmental Activities 2024
General Obligation Bonds and Notes:		
2010 School Facilities Improvement Bonds	\$ 55.0	\$ 55.0
2015 School Facilities Improvement Bonds	54.0	54.0
2015 Qualified School Construction Bonds	49.2	49.2
2022B Refunding Bonds	16.2	20.2
2023 Refunding Bonds	28.0	38.5
2025 School Facilities Improvement Bonds	75.0	0.0
Other Long-Term Obligations:		
Lease Payable	20.0	20.4
SBITA payable	10.9	2.6
Total	<u>\$ 308.3</u>	<u>\$ 239.9</u>

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

	2025	2024
Total Debt	\$ 277.4	\$ 216.9
Total Debt Limit	\$ 423.9	\$ 544.9

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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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.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

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, 2025, the School District’s overall legal debt margin was \$423.9 million, with an unvoted debt margin of \$7.8 million. See Note 15 to the basic financial statements for additional information on all long-term obligations.

Current Issues

State Foundation Payments – The State of Ohio approved the 2024-2025 biennium budget was passed in July 2023. The budget continues phase-in of the Fair School Funding Plan and updates base costs, increasing resources to schools. This has removed the district from payment guarantees; instead, being paid based on enrollment. Future implementation of the Fair School Funding Plan is unknown. Further, there is discussion about revising categorical aid weights, which are especially important to the School District due to student demographics.

Homestead Exemption – Ohio law provides significant property tax reductions for senior citizens. The Homestead Exemption allows senior citizen homeowners and permanently/totally disabled homeowners, regardless of income, to withhold a portion of the market value of their owner-occupied home from property taxes. The amount subject to withholding is \$25,000, to be annually adjusted for inflation. In 2015, individuals who turned 65 in 2014 or who become disabled after January 1, 2013, were required to have Ohio Qualifying income (\$31,000 or less) to receive Homestead Exemption based upon age or disability.

Financial Forecast – The School District is required to adopt twice-annually a five-year financial forecast of revenues and expenditures each year. The November 2023 five-year forecast showed a cash deficit beginning in fiscal year 2025, partially resulting from the expiration of \$465 million of federal pandemic recovery aid. As a result, the Ohio Department of Education and Workforce and Auditor of State placed the School District in fiscal precaution. In response, the Board of Education approved a deficit reduction plan on February 27, 2024, which was accepted by the state. Building on the deficit reduction plan, the School District adopted a fiscal year 2026 budget and May 2025 forecast which eliminated projected fiscal years 2026 and 2027 cash deficits. Despite these improvements, the May 2025 forecast projects a structural operating deficit beginning in fiscal year 2026 that will result in cash deficits beginning in fiscal year 2029. The School District is planning further reductions paired with a community ask to address the deficit.

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. Kevin Stockdale, Chief Financial Officer at Cleveland Municipal School District, 1111 Superior Avenue East, Cleveland, Ohio 44114 or by email Kevin.Stockdale@clevelandmetroschools.org.

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

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 430,147,539
Cash and cash equivalents with fiscal agent	1,095,300
Receivables:	
Property taxes	411,212,338
Accounts	414,676
Accrued interest	644,192
Intergovernmental	37,580,406
Prepayments	419,804
Materials and supplies inventory	845,976
Inventory held for resale	95,881
Net OPEB asset	43,150,058
Capital assets:	
Nondepreciable capital assets	124,794,796
Depreciable capital assets, net	871,587,268
Capital assets, net	<u>996,382,064</u>
Total assets	<u>1,921,988,234</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	1,386,297
Pension	122,406,412
OPEB	21,982,865
Total deferred outflows of resources	<u>145,775,574</u>
Liabilities:	
Accounts payable	11,181,938
Contracts payable	3,815,538
Retainage payable	1,095,300
Accrued wages and benefits payable	23,535,114
Compensated absences payable	2,137,346
Intergovernmental payable	11,693,579
Accrued interest payable	1,262,045
Unearned revenue	12,708,420
Claims payable	10,155,000
Long-term liabilities:	
Due within one year	82,243,224
Due in more than one year:	
Net pension liability	597,131,698
Net OPEB liability	29,973,661
Other amounts due in more than one year	443,359,528
Total liabilities	<u>1,230,292,391</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	282,190,271
Leases	2,655
Pension	82,388,275
OPEB	84,263,783
Total deferred inflows of resources	<u>448,844,984</u>
Net position:	
Net investment in capital assets	759,483,842
Restricted for:	
Debt service	92,017,510
Capital projects	81,080,701
OPEB	43,150,058
Classroom facilities maintenance	10,772,398
Food service operations	9,501,269
State funded programs	1,665,180
Federally funded programs	3,881,521
Extracurricular activities	817,895
Educational special trust	894,561
Other purposes	1,037,371
Unrestricted (deficit)	<u>(615,675,873)</u>
Total net position	<u>\$ 388,626,433</u>

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, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 334,811,829	\$ 3,547,774	\$ 11,662,288	\$ (319,601,767)
Special	163,210,173	2,858,469	90,209,835	(70,141,869)
Vocational	4,994,134	67	2,914,293	(2,079,774)
Other	11,646,223	36,904	7,257,502	(4,351,817)
Support services:				
Pupil	44,773,250	968	15,968,832	(28,803,450)
Instructional staff	18,656,403	2,655	6,424,150	(12,229,598)
Board of education	276,519	118	22,958	(253,443)
Administration	47,168,495	13,897	2,567,455	(44,587,143)
Fiscal	27,626,058	149	3,527,052	(24,098,857)
Business	926,485	-	97,988	(828,497)
Operations and maintenance	77,564,824	167,645	4,265,463	(73,131,716)
Pupil transportation	42,116,098	239,432	4,183,688	(37,692,978)
Central	29,565,876	289	1,697,669	(27,867,918)
Operation of non-instructional services:				
Food service operations	26,286,392	49,215	33,454,553	7,217,376
Other non-instructional services	12,746,139	27	7,484,761	(5,261,351)
Extracurricular activities	7,117,026	812,401	407,658	(5,896,967)
Interest	11,567,508	-	-	(11,567,508)
Totals	\$ 861,053,432	\$ 7,730,010	\$ 192,146,145	(661,177,277)
General revenues:				
Property taxes levied for:				
General purposes				230,336,053
General purposes - partnering schools				7,095,438
Debt service				22,023,304
Capital outlay				1,406,840
Classroom facilities maintenance				1,190,803
Grants and entitlements not restricted to specific programs				272,894,667
Investment earnings				19,377,960
Miscellaneous				22,839,192
Total general revenues				<u>577,164,257</u>
Change in net position				(84,013,020)
Net position, previously reported				608,635,780
Restatement - change in accounting principle				(135,996,327)
Net position at beginning of year, restated				<u>472,639,453</u>
Net position at end of year				<u><u>\$ 388,626,433</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Debt Service	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 135,845,644	\$ 84,019,249	\$ 64,461,724	\$ 110,836,752	\$ 395,163,369
Cash and cash equivalents with fiscal agent	-	-	1,041,339	53,961	1,095,300
Receivables:					
Property taxes	356,859,514	38,256,929	-	16,095,895	411,212,338
Accounts	241,639	-	-	173,037	414,676
Accrued interest	566,888	-	37,329	39,975	644,192
Interfund loans	12,409,721	-	-	-	12,409,721
Intergovernmental	1,255,678	-	33,348,881	2,975,847	37,580,406
Prepayments	419,804	-	-	-	419,804
Materials and supplies inventory	824,636	-	-	21,340	845,976
Inventory held for resale	-	-	-	95,881	95,881
Total assets	<u>\$ 508,423,524</u>	<u>\$ 122,276,178</u>	<u>\$ 98,889,273</u>	<u>\$ 130,292,688</u>	<u>\$ 859,881,663</u>
Liabilities:					
Accounts payable	\$ 10,137,280	\$ -	\$ -	\$ 1,044,658	\$ 11,181,938
Contracts payable	-	-	3,125,361	690,177	3,815,538
Retainage payable	-	-	1,041,339	53,961	1,095,300
Accrued wages and benefits payable	20,766,578	-	-	2,768,536	23,535,114
Compensated absences payable	2,137,045	-	-	301	2,137,346
Intergovernmental payable	10,594,129	-	-	1,099,450	11,693,579
Interfund loans payable	-	-	-	12,409,721	12,409,721
Unearned revenue	-	-	-	12,708,420	12,708,420
Total liabilities	<u>43,635,032</u>	<u>-</u>	<u>4,166,700</u>	<u>30,775,224</u>	<u>78,576,956</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	245,110,274	26,090,066	-	10,989,931	282,190,271
Delinquent property tax revenue not available	85,628,436	9,189,124	-	3,866,154	98,683,714
Intergovernmental revenue not available	-	-	24,102,870	909,869	25,012,739
Accrued interest not available	466,785	-	24,720	26,471	517,976
Leases	2,655	-	-	-	2,655
Total deferred inflows of resources	<u>331,208,150</u>	<u>35,279,190</u>	<u>24,127,590</u>	<u>15,792,425</u>	<u>406,407,355</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory	824,636	-	-	21,340	845,976
Prepays	419,804	-	-	-	419,804
Restricted:					
Debt service	-	86,996,988	-	-	86,996,988
Capital projects	-	-	70,594,983	55,736,236	126,331,219
Classroom facilities maintenance	-	-	-	10,144,416	10,144,416
Food service operations	-	-	-	11,050,724	11,050,724
Non-public schools	-	-	-	659,950	659,950
State funded programs	-	-	-	1,534,369	1,534,369
Federally funded programs	-	-	-	3,881,521	3,881,521
Extracurricular activities	-	-	-	817,895	817,895
Educational special trust	-	-	-	939,180	939,180
Other purposes	-	-	-	1,037,371	1,037,371
Committed:					
Get More Opportunities	15,943,524	-	-	-	15,943,524
Assigned:					
Student instruction	5,580,185	-	-	-	5,580,185
Student and staff support	6,423,226	-	-	-	6,423,226
Extracurricular activities	671,662	-	-	-	671,662
Subsequent year's appropriations	10,834,474	-	-	-	10,834,474
Operation of non-instructional services	175,894	-	-	-	175,894
Unassigned (deficit)	<u>92,706,937</u>	<u>-</u>	<u>-</u>	<u>(2,097,963)</u>	<u>90,608,974</u>
Total fund balances	<u>133,580,342</u>	<u>86,996,988</u>	<u>70,594,983</u>	<u>83,725,039</u>	<u>374,897,352</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 508,423,524</u>	<u>\$ 122,276,178</u>	<u>\$ 98,889,273</u>	<u>\$ 130,292,688</u>	<u>\$ 859,881,663</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, 2025

Total governmental fund balances		\$ 374,897,352
<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.		996,382,064
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 98,683,714	
Accrued interest receivable	517,976	
Intergovernmental receivable	25,012,739	
Total		124,214,429
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.		24,829,170
Unamortized premiums on bonds issued are not recognized in the funds.		(3,091,835)
Unamortized amounts on refundings are not recognized in the funds.		1,386,297
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(1,262,045)
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	122,406,412	
Deferred inflows - pension	(82,388,275)	
Net pension liability	(597,131,698)	
Deferred outflows - OPEB	21,982,865	
Deferred inflows - OPEB	(84,263,783)	
Net OPEB asset	43,150,058	
Net OPEB liability	(29,973,661)	
Total		(606,218,082)
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	(277,500,000)	
Leases payable	(20,005,233)	
SBITA payable	(10,868,448)	
Compensated absences payable	(209,952,530)	
Worker's compensation claims	(4,184,706)	
Total		(522,510,917)
Net position of governmental activities		<u><u>\$ 388,626,433</u></u>

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, 2025

				<i>(Formerly major)</i>		
	General	Debt Service	Classroom Facilities	Elementary and Secondary School Emergency Relief	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 209,054,544	\$ 19,278,235	\$ -		\$ 8,544,087	\$ 236,876,866
Intergovernmental	337,917,161	2,549,666	19,962,421		120,600,840	481,030,088
Investment earnings	13,114,901	2,123,960	3,058,089		1,228,125	19,525,075
Tuition and fees	6,057,283	-	-		-	6,057,283
Extracurricular	-	-	-		916,398	916,398
Rental income	167,314	-	-		-	167,314
Charges for services	539,798	-	-		49,217	589,015
Contributions and donations	-	-	-		3,781,313	3,781,313
Miscellaneous	22,839,192	-	-		319,461	23,158,653
Total revenues	<u>589,690,193</u>	<u>23,951,861</u>	<u>23,020,510</u>		<u>135,439,441</u>	<u>772,102,005</u>
Expenditures:						
Current:						
Instruction:						
Regular	307,830,481	-	-		11,986,461	319,816,942
Special	123,919,967	-	-		34,208,881	158,128,848
Vocational	4,566,100	-	-		960,192	5,526,292
Other	3,732,923	-	-		7,803,043	11,535,966
Support services:						
Pupil	38,403,627	-	-		8,605,246	47,008,873
Instructional staff	10,875,861	-	-		7,097,376	17,973,237
Board of education	244,885	-	-		37,556	282,441
Administration	50,322,646	-	-		2,635,636	52,958,282
Fiscal	14,114,275	648,045	-		13,132,331	27,894,651
Business	600,202	-	-		97,988	698,190
Operations and maintenance	74,927,649	-	34,987		6,015,138	80,977,774
Pupil transportation	40,026,487	-	-		1,802,632	41,829,119
Central	32,957,649	-	-		1,847,301	34,804,950
Operation of non-instructional services:						
Food service operations	16,449	-	-		27,181,246	27,197,695
Other non-instructional services	6,431	-	-		11,666,899	11,673,330
Extracurricular activities	5,873,752	-	-		1,415,522	7,289,274
Facilities acquisition and construction	-	-	43,585,377		9,274,954	52,860,331
Capital outlay	11,175,961	-	-		-	11,175,961
Debt service:						
Principal retirement	3,248,794	14,420,000	-		-	17,668,794
Interest	897,387	9,551,856	-		-	10,449,243
Bond issuance costs	-	667,732	-		-	667,732
Total expenditures	<u>723,741,526</u>	<u>25,287,633</u>	<u>43,620,364</u>		<u>145,768,402</u>	<u>938,417,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(134,051,333)</u>	<u>(1,335,772)</u>	<u>(20,599,854)</u>		<u>(10,328,961)</u>	<u>(166,315,920)</u>
Other financing sources:						
Premium on bonds and notes	-	3,101,233	-		-	3,101,233
Sale of bonds	-	-	36,216,208		38,783,792	75,000,000
Lease transaction	794,296	-	-		-	794,296
SBITA transaction	10,381,665	-	-		-	10,381,665
Total other financing sources	<u>11,175,961</u>	<u>3,101,233</u>	<u>36,216,208</u>		<u>38,783,792</u>	<u>89,277,194</u>
Net change in fund balances	(122,875,372)	1,765,461	15,616,354		28,454,831	(77,038,726)
Fund balances, previously reported	256,455,714	85,231,527	54,978,629	-	55,270,208	451,936,078
Adjustment - chang from major to nonmajor	-	-	-	-	-	-
Fund balances						
at beginning of year, adjusted	<u>256,455,714</u>	<u>85,231,527</u>	<u>54,978,629</u>		<u>55,270,208</u>	<u>451,936,078</u>
Fund balances at end of year	<u>\$ 133,580,342</u>	<u>\$ 86,996,988</u>	<u>\$ 70,594,983</u>		<u>\$ 83,725,039</u>	<u>\$ 374,897,352</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, 2025

Net change in fund balances - total governmental funds \$ (77,038,726)

*Amounts reported for governmental activities in the
statement of activities are different because:*

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	\$ 71,073,442	
Current year depreciation/amortization	(39,801,724)	
Total		31,271,718

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues in
the funds.

Property taxes	25,175,572	
Earnings on investments	(135,900)	
Intergovernmental	(20,101,265)	
Total		4,938,407

Repayment of long-term obligation principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities
on the statement of net position.

17,668,794

Issuance of bonds, leases and SBITA are recorded as other financing
sources in the funds; however, in the statement of activities, they are
not reported as other financing sources as they increase liabilities
on the statement of net position.

(86,175,961)

Premiums on bonds are amortized over the life of the issuance in the
statement of activities

(3,101,233)

In the statement of activities, interest is accrued on outstanding bonds,
whereas in governmental funds, an interest expenditure is reported
when due. The following items resulted in additional interest being
reported in the statement of activities:

Change in accrued interest payable	(227,285)	
Amortization of bond premiums	9,398	
Amortization of deferred charges	(232,646)	
Total		(450,533)

Contractually required contributions are reported as expenditures in
governmental funds; however, the statement of net position reports
these amounts as deferred outflows.

Pension		61,770,783
OPEB		825,709

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		(25,452,187)
OPEB		13,369,450

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	(14,972,366)	
Worker's compensation claims	752,551	
Total		(14,219,815)

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.

(7,419,426)

Change in net position of governmental activities \$ (84,013,020)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	Governmental Activities - Internal Service Funds
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 34,984,170
Liabilities:	
Current liabilities:	
Claims payable	10,155,000
Net position:	
Unrestricted	\$ 24,829,170

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, 2025

	Governmental Activities - Internal Service Funds
Operating revenues:	
Other	\$ 136,124,699
Total operating revenues	<u>136,124,699</u>
Operating expenses:	
Claims and claim adjustment expenses	143,544,125
Total operating expenses	<u>143,544,125</u>
Change in net position	(7,419,426)
Net position at beginning of year	<u>32,248,596</u>
Net position at end of year	<u><u>\$ 24,829,170</u></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, 2025

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Cash received from charges for services	\$ 136,124,699
Cash payments for claims and claim adjustment expenses	<u>(144,187,125)</u>
Net cash used in operating activities	<u>(8,062,426)</u>
Net change in cash and cash cash equivalents	(8,062,426)
Cash and cash equivalents at beginning of year	43,046,596
Cash and cash equivalents at end of year	<u><u>\$ 34,984,170</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (7,419,426)
Changes in assets and liabilities:	
Claims payable	<u>(643,000)</u>
Net cash used in operating activities	<u><u>\$ (8,062,426)</u></u>

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, 2025**

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 17 and Note 18 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

The most significant of the School District's accounting policies are described below.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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.

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.

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.

Classroom Facilities Fund The classroom facilities fund accounts for monies received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission (OFCC) for the building and equipping of classroom facilities.

Other governmental funds of the School District are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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 5). 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 of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will 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. See Notes 11 and 12 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the 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. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. 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.

See Notes 11 and 12 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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.

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 Investments

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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”.

Investments were limited to commercial paper, Farm Federal Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, negotiable certificates of deposits, U.S. Treasury notes, U.S. Treasury bills, investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and a U.S. Government money market account. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

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 their 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.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. 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 2025 amounted to \$13,114,901 which includes \$6,264,087 assigned from other School District funds.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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.

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, 2025 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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. In addition, assets having an estimated useful life of more than one year that are below the capitalization threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

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

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 lease buildings, lease equipment and Subscription Based Information Technology Arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/subscription term or the useful life of the underlying asset.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

The School District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences - vacation, sick leave and personal time. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The School District’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The School District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the School District and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

Personal Time

The School District’s policy permits employees to accumulate earned but unused personal time, which are eligible for payment at the employee's current pay rate upon separation from employment.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

N. Bond Issuance Costs and Unamortized Deferred Loss on Debt Refunding

On government-wide and fund financial statements, bond issuance costs are expensed in the year they occur.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred outflow of resources (loss) or deferred inflow of resources (gain) on the statement of net position.

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 \$244,818,464 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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.

Note 3 - Accountability and Compliance

A. Change in Accounting Principles

For fiscal year 2025, the School District has implemented GASB Statement No. 101, "Compensated Absences" and GASB Statement No. 102, "Certain Risk Disclosures".

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 improves financial reporting by providing users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the School District.

B. Deficit Fund Balances

Fund balances at June 30, 2025 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Other Grant Funds	\$ 727,356
Public School Preschool	4,879
Vocational Education Enhancement	6,099
Vocational Education	94,847
School Improvement Stimulus A	804,044
Title III - Limited English Proficiency	1
Refugee Children School Impact Act	460,737

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 3 - Accountability and Compliance - (Continued)

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.

C. Restatement of Net Position

During fiscal year 2025, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is to decrease net position as previously reported. This is displayed where applicable in the financial statements as "restatement - change in accounting principle".

Note 4 - 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 4 - Deposits and Investments - (Continued)

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;
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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 4 - Deposits and Investments - (Continued)

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, 2025, the carrying amount of all School District deposits was \$15,800,883. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," the School District's bank balance was \$19,682,919 at fiscal year-end. Of the bank balance, \$842,243 was covered by federal depository insurance, \$18,730,516 was part of the OPCS and \$110,160 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.

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 2025, 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).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 4 - Deposits and Investments - (Continued)

As of June 30, 2025, the School District had the following investments:

Measurement/Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair value:</i>						
Commercial paper	\$ 75,138,121	\$ 32,395,482	\$42,742,639	\$ -	\$ -	\$ -
FFCB	61,375,843	44,552,501	2,254,961	-	-	14,568,381
FHLB	20,384,671	2,004,654	4,703,578	-	7,414,863	6,261,576
FHLMC	11,875,993	9,105,033	-	2,201,352	-	569,608
FNMA	2,212,027	-	-	365,024	-	1,847,003
Negotiable CDs	13,628,900	3,696,042	3,663,670	1,494,052	751,212	4,023,924
US Treasury note	19,040,895	6,856,505	-	6,425,034	-	5,759,356
US Treasury Bills	9,930,134	9,930,134	-	-	-	-
US Governmental Money Market	7,752,554	7,752,554	-	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	194,102,818	194,102,818	-	-	-	-
Total	\$ 415,441,956	\$ 310,395,723	\$ 53,364,848	\$ 10,485,462	\$ 8,166,075	\$ 33,029,848

The weighted average maturity of investments is 0.50 years

The District's investments in U.S. government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FFCB, FHLB, FHLMC, FNMA), Commercial paper, Negotiable CDs, U.S. Treasury notes, and U.S. Treasury bills are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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 in commercial paper were rated P-1 and A-1 by Moody's Investor Services and Standard & Poor's, respectively. The School District's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aa1 by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 4 - 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, 2025:

Measurement/Investment type	Measurement Value	% of Total
Fair value:		
Commercial paper	\$ 75,138,121	18.09
FFCB	61,375,843	14.77
FHLB	20,384,671	4.91
FHLMC	11,875,993	2.86
FNMA	2,212,027	0.53
Negotiable CDs	13,628,900	3.28
US Treasury notes	19,040,895	4.58
US Treasury bills	9,930,134	2.39
US Governmental Money Market	7,752,554	1.87
Amortized cost:		
STAR Ohio	194,102,818	46.72
Total	<u>\$ 415,441,956</u>	<u>100.00</u>

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2025:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 15,800,883
Investments	<u>415,441,956</u>
Total	<u>\$ 431,242,839</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 431,242,839</u>

Note 5 - 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 5 - Property Taxes - (Continued)

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, 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 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien December 31, 2024, were levied after April 1, 2025 and are collected in 2025 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, 2025, are available to finance fiscal year 2025 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, 2025 and 2024 were:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Major governmental funds:		
General fund	\$ 25,756,743	\$ 123,579,302
Debt service fund	2,977,739	14,241,040
Nonmajor governmental funds:		
Permanent improvement fund	282,186	1,349,556
Classroom facilities maintenance fund	282,186	1,349,556
Partnering community school fund	675,438	2,832,650

The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2025 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 5 - Property Taxes - (Continued)

The assessed values upon which the fiscal year 2025 taxes were collected are:

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 5,480,971,710	90.53%	\$ 7,167,912,060	91.97%
Public Utility Property	573,456,660	9.47%	625,442,530	8.03%
Total	<u>\$ 6,054,428,370</u>	<u>100.00%</u>	<u>\$ 7,793,354,590</u>	<u>100.00%</u>

Full voted tax rate per \$1,000
of assessed valuation

\$ 84.10

\$ 92.70

Note 6 - 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 \$41,456,406 in taxes abated for the tax year 2024/collection year 2025.

Note 7 - Receivables

A. Other Receivables

Receivables at June 30, 2025 consist of property taxes, accounts (rent and student fees), accrued interest, interfund loans, intergovernmental grants and leases. 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, 2025**

Note 7 - Receivables - (Continued)

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
School Employees Retirement System	\$ 685,418
Ohio School Facilities Grant	33,348,881
School Improvement Stimulus A	1,194,330
Title IV-A	462,304
Public school preschool	761,034
High Schools That Work	11,058
Title III	53,869
Improving Teacher Quality	424,591
Other amounts	638,921
 Total	 <u>\$ 37,580,406</u>

B. Leases Receivable

For fiscal year 2025, the School District recognized lease revenue of \$31,863, which is reported in rental income, and interest revenue of \$1,434.

The School District has entered into a lease agreement for building space rental 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>
Kentucky Building	2015	10	2025	Yearly

Lease payments will be paid into the general fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 8 - 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, 2025.

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 and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODEW has not finalized the impact of enrollment adjustments to the June 30, 2025 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODEW and management believe this will result in either a receivable to or liability of the District.

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, 2025**

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance 6/30/24	Additions	Deletions	Balance 6/30/25
Governmental Activities				
<i>Capital Assets, not being depreciated/amortized:</i>				
Land	\$ 31,597,774	\$ -	\$ -	\$ 31,597,774
Construction in Progress	40,181,520	53,015,502	-	93,197,022
<i>Total Capital Assets, not being Depreciated/Amortized</i>	<u>71,779,294</u>	<u>53,015,502</u>	<u>-</u>	<u>124,794,796</u>
<i>Capital Assets, being Depreciated/Amortized</i>				
Land Improvements	1,523,444	-	-	1,523,444
Buildings and Improvements	1,414,117,857	-	-	1,414,117,857
Vehicles and Equipment	46,882,298	6,881,979	-	53,764,277
Internal Generated Software	5,878,735	-	-	5,878,735
Right to use assets:				
Equipment	1,407,724	-	-	1,407,724
Buildings	21,184,273	794,296	-	21,978,569
SBITAs	7,236,044	10,381,665	(5,648,361)	11,969,348
<i>Total Capital Assets, being Depreciated/Amortized</i>	<u>1,498,230,375</u>	<u>18,057,940</u>	<u>(5,648,361)</u>	<u>1,510,639,954</u>
Less: Accumulated Depreciation/Amortization:				
Land Improvements	(1,450,973)	(56,893)	-	(1,507,866)
Buildings and Improvements	(565,181,754)	(32,409,226)	-	(597,590,980)
Vehicles and Equipment	(24,755,645)	(3,454,187)	-	(28,209,832)
Internal Generated Software	(5,584,801)	-	-	(5,584,801)
Right to use assets:				
Equipment	(791,844)	(263,948)	-	(1,055,792)
Buildings	(2,648,034)	(1,343,549)	-	(3,991,583)
SBITAs	(4,486,272)	(2,273,921)	5,648,361	(1,111,832)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(604,899,323)</u>	<u>(39,801,724) *</u>	<u>5,648,361</u>	<u>(639,052,686)</u>
<i>Total Capital Assets, being Depreciated/Amortized, Net</i>	<u>893,331,052</u>	<u>(21,743,784)</u>	<u>-</u>	<u>871,587,268</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 965,110,346</u>	<u>\$ 31,271,718</u>	<u>\$ -</u>	<u>\$ 996,382,064</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 9 - Capital Assets - (Continued)

* Depreciation/Amortization expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 34,084,116
Special	57,362
Support Services:	
Administration	77,618
Business	263,948
Operation and Maintenance	1,464,455
Pupil Transportation	1,720,125
Central	1,970,810
Food service operations	159,821
Extracurricular	3,469
Total Depreciation/Amortization Expense	<u>\$ 39,801,724</u>

Note 10 - 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	\$ 10,000,000	\$ 1,000,000
General Liability		
Automobile Liability		
Law Enforcement Liability		
Nurse' Professional Liability		
Ohio Stop Gap Liability		
Coverage B - Educators Liability	\$ 10,000,000	\$ 1,000,000
School Leaders Errors & Omissions (includes lawyer professional liability)		
Employment Practices Liability		
Sexual Harassment		
Sexual Misconduct/Abuse		
Employee Benefits Liability		

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 10 - Risk Management - (Continued)

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	10,000,000	15,000
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 \$635,000 as of June 30, 2025, and are recorded in the Liability Self-Insurance internal service fund.

B. Employee Health Benefits

The School District has elected to provide medical, prescription drugs, and dental benefits through a self-insured program utilizing providers Aetna, Caremark Rx, and MetLife Inc. 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 School District's third-party administrator is Oswald.

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, 2015, through June 30, 2025, including the estimate for incurred but not reported (IBNR) claims totals \$4,184,706.

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
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 10 - Risk Management - (Continued)

The claims liability reported at June 30, 2025 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 2024 and 2025 are as follows:

		Beginning of Year	Claims	Payments	End of Year
2024	\$	12,400,000	\$ 130,310,668	\$ (131,912,668)	\$ 10,798,000
2025		10,798,000	143,544,125	(144,187,125)	10,155,000

Note 11 - 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 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 11 - 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 12 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, 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 before August 1, 2017 *	Eligible to Retire on or 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.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 11 - 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. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% cost-of-living adjustment (COLA) for calendar year 2024.

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, 2025, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$18,081,947 for fiscal year 2025. Of this amount, \$1,156,382 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers and other faculty members 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.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Note 11 - Defined Benefit Pension Plans - (Continued)

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary 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. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective Aug. 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after Aug. 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all of their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91% 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 is deposited into the member's DC account 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 at age 50 and after termination of employment.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Note 11 - Defined Benefit Pension Plans - (Continued)

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, on or after July 1, 2013, must have at least ten years of qualifying service credit to 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 2025 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2025, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$43,688,836 for fiscal year 2025. Of this amount, \$2,094,951 is reported as intergovernmental payable.

Net 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, 2024, 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 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	3.069210400%	2.311261690%	
Proportion of the net pension liability current measurement date	<u>3.116132000%</u>	<u>2.274876300%</u>	
Change in proportionate share	<u>0.046921600%</u>	<u>-0.036385390%</u>	
Proportionate share of the net pension liability	\$ 159,408,743	\$ 437,722,955	\$ 597,131,698
Pension expense	\$ 14,120,455	\$ 11,331,732	\$ 25,452,187

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 11 - Defined Benefit Pension Plans - (Continued)

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 6,086,091	\$ 27,565,097	\$ 33,651,188
Changes of assumptions	1,426,032	20,172,679	21,598,711
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	1,439,430	3,946,300	5,385,730
Contributions subsequent to the measurement date	<u>18,081,947</u>	<u>43,688,836</u>	<u>61,770,783</u>
Total deferred outflows of resources	<u><u>\$ 27,033,500</u></u>	<u><u>\$ 95,372,912</u></u>	<u><u>\$ 122,406,412</u></u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 239,694	\$ 239,694
Net difference between projected and actual earnings on pension plan investments	9,970,925	37,635,270	47,606,195
Changes of assumptions	-	15,184,228	15,184,228
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>2,828,343</u>	<u>16,529,815</u>	<u>19,358,158</u>
Total deferred inflows of resources	<u><u>\$ 12,799,268</u></u>	<u><u>\$ 69,589,007</u></u>	<u><u>\$ 82,388,275</u></u>

\$61,770,783 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, 2026.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 11 - Defined Benefit Pension Plans - (Continued)

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:			
2026	\$ (8,984,021)	\$ (30,286,104)	\$ (39,270,125)
2027	9,148,320	37,221,948	46,370,268
2028	(1,080,024)	(14,065,041)	(15,145,065)
2029	<u>(2,931,990)</u>	<u>(10,775,734)</u>	<u>(13,707,724)</u>
Total	<u>\$ (3,847,715)</u>	<u>\$ (17,904,931)</u>	<u>\$ (21,752,646)</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 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. Future benefits for all current plan members were projected through 2137.

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
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 11 - Defined Benefit Pension Plans - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024 and June 30, 2023, are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or ad hoc COLA	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement
Investment rate of return	7.00% net of system expenses	7.00% net of system expenses
Actuarial cost method	Entry age normal (level percent of payroll)	Entry age normal (level percent of payroll)

In 2024, mortality rates were based on the following:

Service Retirement: PUB-2010 General Employee Amount Weighted 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Disabled Retirement: 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.

Contingent Survivor: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted 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.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Note 11 - Defined Benefit Pension Plans - (Continued)

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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.

As of June 30, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (geometric)</u>
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

Discount Rate - Total pension liability for 2024 was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14%. 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31%.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Note 11 - Defined Benefit Pension Plans - (Continued)

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 proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of 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 rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 243,873,302	\$ 159,408,743	\$ 88,294,133

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 and June 30, 2023, actuarial valuations are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%, effective July 1, 2017	0.00%, effective July 1, 2017

For the June 30, 2024 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Note 11 - Defined Benefit Pension Plans - (Continued)

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	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of 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, 2024. 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' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. 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, 2024.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of 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	\$ 706,123,836	\$ 437,722,955	\$ 210,701,923

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2024 valuation.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Note 11 - Defined Benefit Pension Plans - (Continued)

Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Note 12 - Defined Benefit OPEB Plans

Net OPEB Liability/Asset

See Note 11 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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 12 - Defined Benefit OPEB Plans - (Continued)

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, 2025, 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 2025, this amount was \$30,000. 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 2025, the School District's surcharge obligation was \$825,709.

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 \$825,709 for fiscal year 2025. Of this amount, \$825,709 is reported as intergovernmental payable.

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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

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. All benefit recipients 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, 2025, STRS did not allocate any employer contributions to post-employment health care.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Note 12 - Defined Benefit OPEB Plans - (Continued)

Net 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, 2024, and the total OPEB liability 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	2.869732800%	2.311261690%	
Proportion of the net OPEB liability/asset current measurement date	<u>2.942935500%</u>	<u>2.274876300%</u>	
Change in proportionate share	<u>0.073202700%</u>	<u>-0.036385390%</u>	
Proportionate share of the net OPEB liability	\$ 29,973,661	\$ -	\$ 29,973,661
Proportionate share of the net OPEB asset	\$ -	\$ (43,150,058)	\$ (43,150,058)
OPEB expense	\$ (4,494,341)	\$ (8,875,109)	\$ (13,369,450)

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 1,875,824	\$ 1,875,824
Net difference between projected and actual earnings on OPEB plan investments	146,344	-	146,344
Changes of assumptions	12,864,676	5,311,162	18,175,838
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	699,889	259,261	959,150
Contributions subsequent to the measurement date	<u>825,709</u>	<u>-</u>	<u>825,709</u>
Total deferred outflows of resources	<u>\$ 14,536,618</u>	<u>\$ 7,446,247</u>	<u>\$ 21,982,865</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 12 - Defined Benefit OPEB Plans - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 32,319,394	\$ 4,650,192	\$ 36,969,586
Net difference between projected and actual earnings on OPEB plan investments	-	1,852,734	1,852,734
Changes of assumptions	13,768,803	19,460,396	33,229,199
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>12,034,557</u>	<u>177,707</u>	<u>12,212,264</u>
Total deferred inflows of resources	<u>\$ 58,122,754</u>	<u>\$ 26,141,029</u>	<u>\$ 84,263,783</u>

\$825,709 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, 2026.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	\$ (11,574,713)	\$ (6,608,572)	\$ (18,183,285)
2027	(9,072,975)	(2,938,625)	(12,011,600)
2028	(6,195,835)	(3,707,173)	(9,903,008)
2029	(4,646,120)	(3,435,787)	(8,081,907)
2030	(4,602,058)	(2,777,358)	(7,379,416)
Thereafter	<u>(8,320,144)</u>	<u>772,733</u>	<u>(7,547,411)</u>
Total	<u>\$ (44,411,845)</u>	<u>\$ (18,694,782)</u>	<u>\$ (63,106,627)</u>

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 12 - Defined Benefit OPEB Plans - (Continued)

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.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024 and June 30, 2023 are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
Investment rate of return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Actuarial cost method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Fiduciary net position is projected to be depleted	2059	2048
Municipal bond index rate	3.93%	3.86%
Single equivalent interest rate, net of plan investment expense, including price inflation	4.88%	4.27%
Medical trend assumption	7.00 to 4.40%	6.75 to 4.40%

In 2024, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted 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.

Disabled Retirees - 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.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 12 - Defined Benefit OPEB Plans - (Continued)

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

In the prior measurement date, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted 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.

Disabled Retirees - 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.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate on plan assets of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 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 long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) 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 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 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.

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CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 12 - Defined Benefit OPEB Plans - (Continued)

As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27%. 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 is projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 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 was 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 12 - 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 proportionate share of the net OPEB liability, what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what the proportionate share of the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 39,968,809	\$ 29,973,661	\$ 22,031,163
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 20,261,074	\$ 29,973,661	\$ 42,740,070

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 actuarial valuation, compared with June 30, 2023 actuarial valuation, are presented below:

	June 30, 2024		June 30, 2023	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Discount rate of return	7.00%		7.00%	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	7.50%	4.14%
Medicare	-112.22%	3.94%	-10.94%	4.14%
Prescription Drug				
Pre-Medicare	8.00%	3.94%	-11.95%	4.14%
Medicare	-15.14%	3.94%	1.33%	4.14%

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 12 - Defined Benefit OPEB Plans - (Continued)

For the June 30, 2024 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2024 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 12 - Defined Benefit OPEB Plans - (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	<u>1.00</u>	<u>2.40</u>
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of 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 OPEB liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those 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, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 12 - Defined Benefit OPEB Plans - (Continued)

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, 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of 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 proportionate share of 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ 35,083,848	\$ 43,150,058	\$ 50,169,417

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ 50,643,569	\$ 43,150,058	\$ 34,138,136

Note 13 - 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
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 14 - 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.

	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of June 30, 2024	\$ -
Current Year Set-Aside Requirement	8,095,767
Current Year Offsets:	
Tax Levy for Permanent Improvement and Classroom Facilities and Maintenance	(6,665,627)
Prior Year Offset from Bond Proceeds	<u>(1,430,140)</u>
Totals	<u>\$ -</u>
Set-Aside Balances Carried Forward to Future Fiscal Years	<u>-</u>
Set-Aside Reserve Balance as of June 30, 2025	<u>-</u>

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 \$264,926,715 at June 30, 2025.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 15 - Long-Term Obligations

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the District has restated compensated absences as of June 30, 2024, which is reflected in the schedule below. During the fiscal year 2025, the following changes occurred in governmental activities long-term obligations.

	Restated Balance Outstanding 06/30/24	Additions	Deletions	Balance Outstanding 06/30/25	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2010 School Facilities Improvement Bonds	\$ 55,000,000	\$ -	\$ -	\$ 55,000,000	\$ -
2015 School Facilities Improvement Bonds	54,015,000	-	-	54,015,000	-
2015 Qualified School Construction Bonds	49,200,000	-	-	49,200,000	-
2022B Refunding Bonds	20,225,000	-	(4,020,000)	16,205,000	5,655,000
2023 Refunding Bonds	38,480,000	-	(10,400,000)	28,080,000	5,000
2025 School Facilities Improvement Bonds	-	75,000,000		75,000,000	8,900,000
Premiums	-	3,101,233	(9,398)	3,091,835	-
Total General Obligation Bonds	216,920,000	78,101,233	(14,429,398)	280,591,835	14,560,000
Net Pension Liability					
STRS	497,728,769	-	(60,005,814)	437,722,955	-
SERS	169,589,689	-	(10,180,946)	159,408,743	-
Total Net Pension Liability	667,318,458	-	(70,186,760)	597,131,698	-
Other Post-Employment Benefits (OPEB)					
SERS	47,277,279	-	(17,303,618)	29,973,661	-
Total OPEB	47,277,279	-	(17,303,618)	29,973,661	-
Other Long-Term Obligations:					
Compensated Absences*	194,980,164	14,972,366	-	209,952,530	62,625,261
Workers' Compensation Claims	4,937,257	626,494	(1,379,045)	4,184,706	1,379,045
Direct Borrowing - Leases Payable	20,352,737	794,296	(1,141,800)	20,005,233	1,186,794
SBITA Payable	2,593,777	10,381,665	(2,106,994)	10,868,448	2,492,124
Total Other Long Term Obligations	222,863,935	26,774,821	(4,627,839)	245,010,917	67,683,224
Total Governmental Activities	\$ 1,154,379,672	\$ 104,876,054	\$ (106,547,615)	\$ 1,152,708,111	\$ 82,243,224

*The change in compensated absences liability is presented as a net change.

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 15 - Long-Term Obligations - (Continued)

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.

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. During fiscal year 2023, \$57,630,000 was refunded by the Series 2022A and 2023 Refunding Bonds.

On June 1, 2023, the School District issued general obligation bonds (Series 2023 Refunding Bonds) to current refund \$44,805,000 of the Series 2022A Refunding Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the initially refunded bonds from the Series 2015 issuance outstanding at June 30, 2025 was \$53,610,000.

The refunding issue is comprised of current interest bonds, par value \$44,805,000, that carry an interest rate ranging from 3.670% to 4.64%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2033.

The net carrying amount of the old debt exceeded the reacquisition price by \$1,545,125. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments by \$25,161,912 and resulted in an economic gain of \$3,712,161.

On September 20, 2022, the School District issued general obligation bonds (Series 2022B Refunding Bonds) to advance refund \$1,000,000 of the Series 2012 Bonds and \$22,120,000 of the Series 2013 Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2025 was \$17,165,000.

The refunding issue is comprised of current interest bonds, par value \$23,120,000, that carry an interest rate of 3.57%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2027.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Note 15 - Long-Term Obligations - (Continued)

The net carrying amount of the old debt exceeded the reacquisition price by \$492,395. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments by \$1,729,971 and resulted in an economic gain of \$882,406.

On June 2, 2025, the School District issued general obligation bonds (Series 2025 School Improvement Bonds) in the amount of \$75,000,000 to help construct school facilities. At June 30, 2025, there were \$75,000,000 in unspent bond proceeds.

The issue is comprised of current interest bonds, par value \$75,000,000, that carry an interest rate ranging from 5.0% to 5.25%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2053.

Compensated absences and workers' compensation costs will be paid from the fund from which the employee is paid.

The School District's overall legal debt margin was \$423,901,913 with an unvoted debt margin of \$7,793,355 at June 30, 2025.

The School District is subject to federal arbitrage regulations. As of June 30, 2025 the School District has not accrued any liability.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 14,560,000	\$ 12,692,763	\$ 27,252,763
2027	66,040,000	12,226,721	78,266,721
2028	8,045,000	10,406,334	18,451,334
2029	8,340,000	8,662,263	17,002,263
2030	8,700,000	8,332,683	17,032,683
2031 - 2035	20,160,000	38,270,660	58,430,660
2036 - 2040	13,830,000	34,997,131	48,827,131
2041 - 2045	81,545,000	18,873,235	100,418,235
2046 - 2050	44,745,000	8,416,014	53,161,014
2051 - 2053	11,535,000	929,119	12,464,119
Total	<u>\$ 277,500,000</u>	<u>\$ 153,806,922</u>	<u>\$ 431,306,922</u>

Leases Payable - The School District has entered into lease agreements for the intangible right-to-use equipment. Due to the implementation of GASB Statement No. 87, the School 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 15 - Long-Term Obligations - (Continued)

The School 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
Building	2022	16	2038	Monthly
Building	2024	41	2065	Annual

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,186,794	\$ 974,369	\$ 2,161,163
2027	1,071,973	915,969	1,987,942
2028	1,050,920	864,518	1,915,438
2029	1,133,024	810,108	1,943,132
2030	1,219,732	751,488	1,971,220
2031 - 2035	7,578,841	2,713,541	10,292,382
2036 - 2040	6,145,399	664,663	6,810,062
2041 - 2045	70,637	151,363	222,000
2046 - 2050	90,653	131,347	222,000
2051 - 2055	116,340	105,660	222,000
2056 - 2060	149,306	72,694	222,000
2060 - 2065	191,614	30,387	222,001
Total	<u>\$ 20,005,233</u>	<u>\$ 8,186,107</u>	<u>\$ 28,191,340</u>

SBITA Payable - The School District has entered into agreements for the intangible right-to-use subscription to software. Due to the implementation of GASB Statement No. 96, the School District will report an intangible capital asset and corresponding liability for the future scheduled payments under the subscriptions. The subscription payments will be paid from the general fund and the miscellaneous federal grants fund (a nonmajor governmental fund)

The School District has entered into agreements or subscriptions at varying years and terms as follows:

<u>SBITA</u>	<u>Commencement Date</u>	<u>Years</u>	<u>End Date</u>	<u>Payment Method</u>
Workday	2021	4	2025	Annual
Rolta Advizex Barcoda	2021	4	2025	Annual
QuaverEd	2023	5	2027	Annual
Flex Curriculum	2023	5	2027	Annual
Workday	2025	5	2030	Annual

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 15 - Long-Term Obligations - (Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,492,124	\$ 68,162	\$ 2,560,286
2027	2,131,736	428,549	2,560,285
2028	1,978,575	319,485	2,298,060
2029	2,079,803	218,257	2,298,060
2030	<u>2,186,210</u>	<u>111,851</u>	<u>2,298,061</u>
Total	<u>\$ 10,868,448</u>	<u>\$ 1,146,304</u>	<u>\$ 12,014,752</u>

Note 16 – Interfund Balances

Interfund balances at June 30, 2025, consist of the following individual fund interfund loans receivables and payables:

	<u>Interfund Loans Receivable</u>
<u>Interfund Loans Payable</u>	<u>General</u>
Non-Major Governmental Funds:	
Other Local	\$ 727,356
Public School Preschool	917,512
Vocational Education Enhancements	19,098
Vocational Education	728,755
School Improvement Stimulus A	1,839,966
Title III	434,680
Refugee Children	475,890
Title IV-A	2,596,883
Title II-A	<u>4,669,581</u>
Totals	<u>\$ 12,409,721</u>

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 17 - 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 18 - 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, 2025**

Note 18 - 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 2024, the School District did not make any payments 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 19 - 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	194,273,777	-
Segment 6	32,942,565	32,942,565	-
Segment 7	204,115,531	204,115,531	-
Segment 8	117,197,890	79,761,509	37,436,381
Segment 9	95,500,055	321,997	95,178,058
Local Funding Initiatives	239,896,300	239,896,300	-
Total	<u>\$ 1,470,693,186</u>	<u>\$ 1,338,078,747</u>	<u>\$ 132,614,439</u>

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 24 buildings. Segment 8 consists of construction of three new buildings, renovation of one building and demolition of seven buildings. Segment 9 consists of a new high school and various demolition projects. Local Funding Initiatives consisted of various projects throughout the School District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Note 20 - 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.

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	\$ 12,850,968
Classroom Facilities Fund	12,031,520
Other Governmental Funds	6,340,819
Total Governmental	<u>\$ 31,223,307</u>

Note 21 - 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 ended in April 2023. During fiscal year 2025, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 22 - Subsequent Events

On December 9, 2025, by unanimous vote, the Cleveland Municipal School District Board of Education approved the Building Brighter Futures (BBF) recommendation. Starting the 2026-27 academic year, the BBF plan will result in 45 PreK-8 schools and 14 high schools, 29 fewer schools than currently in operation today. Families can still choose non-traditional school options, such as Natividad Pagan or School of One, for their child.

With mergers and moves, the School District has prioritized keeping more current staff and students together. Every school community will absorb some changes, particularly those that will physically relocate or welcome a school community. Every school community will experience the system-wide benefits:

- 100% will have equal or expanded academic and extracurricular opportunities and student supports
- 96% will attend a welcoming school with an equal or higher star rating
- 95% will attend a welcoming school with an equal or better condition building
- These changes will save at least \$30 million every year

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - over (under) Actual Amounts
	Original	Final		
Budgetary revenues and other financing sources	\$ 713,566,663	\$ 724,008,162	\$ 739,366,369	\$ 15,358,207
Budgetary expenditures and other financing uses	740,802,295	839,905,078	764,481,429	(75,423,649)
Net change in fund balance	(27,235,632)	(115,896,916)	(25,115,060)	90,781,856
Budgetary fund balance at beginning of year	96,214,513	96,214,513	96,214,513	-
Prior year encumbrances appropriated	42,594,341	42,594,341	42,594,341	-
Budgetary fund balance at end of year	<u>\$ 111,573,222</u>	<u>\$ 22,911,938</u>	<u>\$ 113,693,794</u>	<u>\$ 90,781,856</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	3.116132000%	\$ 159,408,743	\$ 126,857,443	125.66%	78.52%
2024	3.069210400%	169,589,689	125,835,679	134.77%	76.06%
2023	3.193967000%	172,754,578	120,026,407	143.93%	75.82%
2022	3.136060500%	115,711,538	106,266,979	108.89%	82.86%
2021	3.411599600%	225,650,386	119,997,656	188.05%	68.55%
2020	3.644283300%	218,043,860	122,404,852	178.13%	70.85%
2019	3.209546400%	183,816,667	100,300,222	183.27%	71.36%
2018	3.392099500%	202,670,452	121,042,457	167.44%	69.50%
2017	3.286917650%	240,517,797	96,357,436	249.61%	62.98%
2016	3.194517000%	182,282,237	94,913,384	192.05%	69.16%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 18,081,947	\$ (18,081,947)	\$ -	\$ 129,156,764	14.00%
2024	17,760,042	(17,760,042)	-	126,857,443	14.00%
2023	17,616,995	(17,616,995)	-	125,835,679	14.00%
2022	16,803,697	(16,803,697)	-	120,026,407	14.00%
2021	14,877,377	(14,877,377)	-	106,266,979	14.00%
2020	16,799,671	(16,799,671)	-	119,997,650	14.00%
2019	16,524,655	(16,524,655)	-	122,404,852	13.50%
2018	13,540,530	(13,540,530)	-	100,300,222	13.50%
2017	16,945,944	(16,945,944)	-	121,042,457	14.00%
2016	7,475,192	(7,475,192)	-	53,394,229	14.00%

(1) 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

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	2.274876300%	\$ 437,722,955	\$ 311,026,579	140.73%	82.55%
2024	2.311261690%	497,728,769	313,970,957	158.53%	80.02%
2023	2.318548080%	515,416,160	292,743,421	176.06%	78.88%
2022	2.220247332%	283,878,577	278,566,714	101.91%	87.78%
2021	2.360800360%	571,229,685	270,656,157	211.05%	75.48%
2020	2.548295140%	563,540,156	293,811,314	191.80%	77.40%
2019	2.528191620%	555,892,572	294,089,321	189.02%	77.31%
2018	2.434989900%	578,437,070	259,652,429	222.77%	75.30%
2017	2.420791560%	810,311,904	253,700,519	319.40%	66.80%
2016	2.499565320%	690,806,743	264,163,707	261.51%	72.10%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 43,688,836	\$ (43,688,836)	\$ -	\$ 312,063,114	14.00%
2024	43,543,721	(43,543,721)	-	311,026,579	14.00%
2023	43,955,934	(43,955,934)	-	313,970,957	14.00%
2022	40,984,079	(40,984,079)	-	292,743,421	14.00%
2021	38,999,340	(38,999,340)	-	278,566,714	14.00%
2020	37,891,862	(37,891,862)	-	270,656,157	14.00%
2019	41,133,584	(41,133,584)	-	293,811,314	14.00%
2018	41,172,505	(41,172,505)	-	294,089,321	14.00%
2017	36,351,340	(36,351,340)	-	259,652,429	14.00%
2016	35,518,073	(35,518,073)	-	253,700,521	14.00%

(1) 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

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	2.942935500%	\$ 29,973,661	\$ 126,857,443	23.63%	44.50%
2024	2.869732800%	47,277,279	125,835,679	37.57%	30.02%
2023	2.975161000%	41,771,571	120,026,407	34.80%	30.34%
2022	2.934345500%	55,534,894	106,266,979	52.26%	24.08%
2021	3.214338700%	69,858,100	119,997,650	58.22%	18.17%
2020	3.428190100%	86,211,771	122,404,852	70.43%	15.57%
2019	3.059707700%	84,884,557	100,300,222	84.63%	13.57%
2018	3.232367100%	86,748,240	121,042,457	71.67%	12.46%
2017	3.164133110%	90,189,498	53,394,229	168.91%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 825,709	\$ (825,709)	-	\$ 129,156,764	0.64%
2024	777,660	(777,660)	-	126,857,443	0.61%
2023	541,427	(541,427)	-	125,835,679	0.43%
2022	456,117	(456,117)	-	120,026,407	0.38%
2021	502,924	(502,924)	-	106,266,979	0.47%
2020	523,658	(523,658)	-	119,997,650	0.44%
2019	1,268,133	(1,268,133)	-	122,404,852	1.04%
2018	1,282,343	(1,282,343)	-	100,300,222	1.28%
2017	791,147	(791,147)	-	121,042,457	0.65%
2016	888,656	(888,656)	-	53,394,229	1.66%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability/(Asset)	School District's Proportionate Share of the Net OPEB Liability/(Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2025	2.274876300%	\$ (43,150,058)	\$ 311,026,579	13.87%	158.01%
2024	2.311261690%	(44,950,847)	313,970,957	14.32%	168.52%
2023	2.318548080%	(60,034,915)	292,743,421	20.51%	230.73%
2022	2.220247332%	(46,812,100)	278,566,714	16.80%	174.73%
2021	2.360800360%	(41,491,050)	270,656,157	15.33%	182.10%
2020	2.548295140%	(42,205,883)	293,811,314	14.36%	174.74%
2019	2.528191620%	(40,625,461)	294,089,321	13.81%	176.00%
2018	2.434989900%	95,004,321	259,652,429	36.59%	47.10%
2017	2.420791560%	129,464,562	253,700,519	51.03%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ -	\$ -	\$ -	\$ 312,063,114	0.00%
2024	-	-	-	311,026,579	0.00%
2023	-	-	-	313,970,957	0.00%
2022	-	-	-	292,743,421	0.00%
2021	-	-	-	278,566,714	0.00%
2020	-	-	-	270,656,157	0.00%
2019	-	-	-	293,811,314	0.00%
2018	-	-	-	294,089,321	0.00%
2017	-	-	-	259,652,429	0.00%
2016	-	-	-	253,700,521	0.00%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - BUDGETARY PROCESS

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and any major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) 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); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (25,115,060)
Net adjustment for revenue accruals	(138,542,734)
Net adjustment for expenditure accruals	14,492,386
Funds budgeted elsewhere	3,301,788
Adjustments for encumbrances	<u>22,988,248</u>
GAAP Basis	<u>\$ (122,875,372)</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the payroll clearing fund.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- 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%.
- For fiscal year 2023, SERS changed from a Cost of Living Adjustment (COLA) of 2.0% to 2.5%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 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 Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2025.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- 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 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%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change in assumptions:

- For fiscal year 2017, 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.
- 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%.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- 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%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB 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 Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.
- For fiscal year 2025, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.86% to 3.93%, (b) single equivalent interest rate when from 4.27% to 4.88% and (c) medical trend assumptions went from 6.75% to 4.40% to 7.00% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change 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 non-Medicare 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.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- 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.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2025.

Change 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 prescription drug Medicare from (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.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from - 16.18% initial - 4.00% ultimate to - 68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to - 5.47% initial - 3.94% ultimate.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from - 68.78% initial - 3.94% ultimate to - 10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to - 11.95% initial - 4.14% ultimate; and prescription drug Medicare from - 5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.
- For fiscal year 2025, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 4.14% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from - 10.94% initial - 4.14% ultimate to - 112.22% initial - 3.94% ultimate; prescription drug Pre-Medicare from - 11.95% initial - 4.14% ultimate to 8.00% initial - 3.94% ultimate; and prescription drug Medicare from 1.33% initial - 4.14% ultimate to - 15.14% initial - 3.94% ultimate.

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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.

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.

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 and Workforce for the building and equipping of classroom facilities.

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
DEBT SERVICE FUND			
Budgetary revenues and other financing sources	\$ 35,170,636	\$ 38,316,394	\$ 3,145,758
Budgetary expenditures and other financing uses	<u>25,619,899</u>	<u>25,287,632</u>	<u>(332,267)</u>
Net change in fund balances	9,550,737	13,028,762	3,478,025
Budgetary fund balance at beginning of year	<u>70,990,487</u>	<u>70,990,487</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 80,541,224</u></u>	<u><u>\$ 84,019,249</u></u>	<u><u>\$ 3,478,025</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)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
CLASSROOM FACILITIES FUND			
Budgetary revenues and other financing sources	\$ 22,847,735	\$ 59,177,934	\$ 36,330,199
Budgetary expenditures and other financing uses	<u>64,881,039</u>	<u>59,889,092</u>	<u>(4,991,947)</u>
Net change in fund balances	(42,033,304)	(711,158)	41,322,146
Budgetary fund balance at beginning of year	1,534,931	1,534,931	-
Prior year encumbrances appropriated	<u>52,567,373</u>	<u>52,567,373</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 12,069,000</u></u>	<u><u>\$ 53,391,146</u></u>	<u><u>\$ 41,322,146</u></u>

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund - Permanent Improvement	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 54,625,289	\$ 56,211,463	\$ 110,836,752
Cash and cash equivalents with fiscal agent	-	53,961	53,961
Receivables:			
Property taxes	13,113,135	2,982,760	16,095,895
Accounts	173,037	-	173,037
Accrued interest	-	39,975	39,975
Intergovernmental	2,975,847	-	2,975,847
Materials and supplies inventory	21,340	-	21,340
Inventory held for resale	95,881	-	95,881
Total assets	<u>\$ 71,004,529</u>	<u>\$ 59,288,159</u>	<u>\$ 130,292,688</u>
Liabilities:			
Accounts payable	\$ 987,225	\$ 57,433	\$ 1,044,658
Contracts payable	-	690,177	690,177
Retainage payable	-	53,961	53,961
Accrued wages and benefits payable	2,750,815	17,721	2,768,536
Compensated absences payable	301	-	301
Intergovernmental payable	1,093,864	5,586	1,099,450
Interfund loans payable	12,409,721	-	12,409,721
Unearned revenue	12,708,420	-	12,708,420
Total liabilities	<u>29,950,346</u>	<u>824,878</u>	<u>30,775,224</u>
Deferred inflows of resources:			
Property taxes levied for the next year	9,005,801	1,984,130	10,989,931
Delinquent property tax revenue not available	3,149,710	716,444	3,866,154
Intergovernmental revenue not available	909,869	-	909,869
Accrued interest not available	-	26,471	26,471
Total deferred inflows of resources	<u>13,065,380</u>	<u>2,727,045</u>	<u>15,792,425</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	21,340	-	21,340
Restricted:			
Capital projects	-	55,736,236	55,736,236
Classroom facilities maintenance	10,144,416	-	10,144,416
Food service operations	11,050,724	-	11,050,724
Non-public schools	659,950	-	659,950
State funded programs	1,534,369	-	1,534,369
Federally funded programs	3,881,521	-	3,881,521
Extracurricular programs	817,895	-	817,895
Educational special trust	939,180	-	939,180
Other purposes	1,037,371	-	1,037,371
Unassigned (deficit)	<u>(2,097,963)</u>	<u>-</u>	<u>(2,097,963)</u>
Total fund balances	<u>27,988,803</u>	<u>55,736,236</u>	<u>83,725,039</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 71,004,529</u>	<u>\$ 59,288,159</u>	<u>\$ 130,292,688</u>

**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, 2025

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund - Permanent Improvement	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	7,299,283	\$ 1,244,804	\$ 8,544,087
Intergovernmental	120,554,822	46,018	120,600,840
Investment earnings	11,215	1,216,910	1,228,125
Extracurricular	916,398	-	916,398
Charges for services	49,217	-	49,217
Contributions and donations	3,781,313	-	3,781,313
Miscellaneous	319,461	-	319,461
Total revenues	<u>132,931,709</u>	<u>2,507,732</u>	<u>135,439,441</u>
Expenditures:			
Current:			
Instruction:			
Regular	11,986,008	453	11,986,461
Special	34,208,881	-	34,208,881
Vocational	960,192	-	960,192
Other	7,803,043	-	7,803,043
Support services:			
Pupil	8,605,246	-	8,605,246
Instructional staff	7,097,376	-	7,097,376
Board of Education	37,556	-	37,556
Administration	2,635,636	-	2,635,636
Fiscal	13,085,876	46,455	13,132,331
Business	97,988	-	97,988
Operations and maintenance	5,829,017	186,121	6,015,138
Pupil transportation	1,802,632	-	1,802,632
Central	1,847,301	-	1,847,301
Operation of non-instructional services:			
Food service operations	27,181,246	-	27,181,246
Other non-instructional services	11,666,899	-	11,666,899
Extracurricular activities	1,415,522	-	1,415,522
Facilities acquisition and construction	14,395	9,260,559	9,274,954
Total expenditures	<u>136,274,814</u>	<u>9,493,588</u>	<u>145,768,402</u>
Excess of expenditures over revenues	<u>(3,343,105)</u>	<u>(6,985,856)</u>	<u>(10,328,961)</u>
Other financing sources:			
Sale of bonds	-	38,783,792	38,783,792
Total other financing sources	<u>-</u>	<u>38,783,792</u>	<u>38,783,792</u>
Net change in fund balances	(3,343,105)	31,797,936	28,454,831
Fund balances			
at beginning of year	31,331,908	23,938,300	55,270,208
Fund balances at end of year	<u>\$ 27,988,803</u>	<u>\$ 55,736,236</u>	<u>\$ 83,725,039</u>

**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.

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.

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."

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.

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.

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

Nonmajor Special Revenue Funds (Continued)

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.

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, 2025

	<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	\$ 11,612,259	\$ 777,423	\$ 1,039,121	\$ -
Receivables:				
Property taxes	-	-	-	-
Accounts	-	172,537	500	-
Intergovernmental	-	10,272	-	-
Materials and supplies inventory	21,340	-	-	-
Inventory held for resale	95,881	-	-	-
Total assets	<u>\$ 11,729,480</u>	<u>\$ 960,232</u>	<u>\$ 1,039,621</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	\$ -	\$ 1,125	\$ 2,250	\$ -
Accrued wages and benefits payable	356,872	14,990	-	-
Compensated absences payable	301	-	-	-
Intergovernmental payable	300,243	4,937	-	-
Interfund loans payable	-	-	-	727,356
Unearned revenue	-	-	-	-
Total liabilities	<u>657,416</u>	<u>21,052</u>	<u>2,250</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	21,340	-	-	-
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	11,050,724	-	-	-
Non-public schools	-	-	-	-
State funded programs	-	-	-	-
Federally funded programs	-	-	-	-
Extracurricular	-	-	-	-
Educational special trust	-	939,180	-	-
Other purposes	-	-	1,037,371	-
Unassigned (deficit)	-	-	-	(727,356)
Total fund balances (deficit)	<u>11,072,064</u>	<u>939,180</u>	<u>1,037,371</u>	<u>(727,356)</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 11,729,480</u>	<u>\$ 960,232</u>	<u>\$ 1,039,621</u>	<u>\$ -</u>

Classroom Facilities Maintenance	Partnering Community Schools	Student Managed Activities	District Managed Student Activities	Auxiliary Services	Public Preschool Grant
\$ 9,864,175	\$ -	\$ 707,264	\$ 128,606	\$ 812,561	\$ 270,507
2,614,468	10,498,667	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	761,034
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 12,478,643</u>	<u>\$ 10,498,667</u>	<u>\$ 707,264</u>	<u>\$ 128,606</u>	<u>\$ 812,561</u>	<u>\$ 1,031,541</u>
\$ 1,945	\$ 675,438	\$ 17,975	\$ -	\$ 95,254	\$ 26,321
-	-	-	-	36,696	62,753
-	-	-	-	-	-
-	-	-	-	20,661	24,955
-	-	-	-	-	917,512
-	-	-	-	-	-
<u>1,945</u>	<u>675,438</u>	<u>17,975</u>	<u>-</u>	<u>152,611</u>	<u>1,031,541</u>
1,704,300	7,301,501	-	-	-	-
627,982	2,521,728	-	-	-	-
-	-	-	-	-	4,879
<u>2,332,282</u>	<u>9,823,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,879</u>
-	-	-	-	-	-
10,144,416	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	659,950	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	689,289	128,606	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(4,879)
<u>10,144,416</u>	<u>-</u>	<u>689,289</u>	<u>128,606</u>	<u>659,950</u>	<u>(4,879)</u>
<u>\$ 12,478,643</u>	<u>\$ 10,498,667</u>	<u>\$ 707,264</u>	<u>\$ 128,606</u>	<u>\$ 812,561</u>	<u>\$ 1,026,662</u>

(Continued)

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2025

	Vocational Education Enhancement	Miscellaneous State Grants	School Maintenance and Assistance	Title VI-B
Assets:				
Equity in pooled cash and cash equivalents	\$ 8,040	\$ 1,554,157	\$ 567,926	\$ 8,586,323
Receivables:				
Property taxes	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	11,058	-	-	-
Materials and supplies inventory	-	-	-	-
Inventory held for resale	-	-	-	-
Total assets	<u>\$ 19,098</u>	<u>\$ 1,554,157</u>	<u>\$ 567,926</u>	<u>\$ 8,586,323</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits payable	-	13,616	-	435,380
Compensated absences payable	-	-	-	-
Intergovernmental payable	-	6,172	-	168,153
Interfund loans payable	19,098	-	-	-
Unearned revenue	-	-	-	7,982,790
Total liabilities	<u>19,098</u>	<u>19,788</u>	<u>-</u>	<u>8,586,323</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available	-	-	-	-
Intergovernmental revenue not available	6,099	-	-	-
Total deferred inflows of resources	<u>6,099</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	-	-
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	-	-	-	-
Non-public schools	-	-	-	-
State funded programs	-	1,534,369	-	-
Federally funded programs	-	-	567,926	-
Extracurricular	-	-	-	-
Educational special trust	-	-	-	-
Other purposes	-	-	-	-
Unassigned (deficit)	(6,099)	-	-	-
Total fund balances (deficit)	<u>(6,099)</u>	<u>1,534,369</u>	<u>567,926</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 19,098</u>	<u>\$ 1,554,157</u>	<u>\$ 567,926</u>	<u>\$ 8,586,323</u>

Vocational Education	School Improvement Stimulus A	Title III	Refugee Children School Impact Act
\$ 300,668	\$ 730,518	\$ 409,213	\$ 45,213
-	-	-	-
-	-	-	-
462,304	1,194,330	53,869	-
-	-	-	-
-	-	-	-
<u>\$ 762,972</u>	<u>\$ 1,924,848</u>	<u>\$ 463,082</u>	<u>\$ 45,213</u>
\$ -	\$ 84,882	\$ 7,740	\$ -
24,269	-	14,561	19,813
-	-	-	-
9,948	-	6,102	10,247
728,755	1,839,966	434,680	475,890
-	-	-	-
<u>762,972</u>	<u>1,924,848</u>	<u>463,083</u>	<u>505,950</u>
-	-	-	-
-	-	-	-
94,847	804,044	-	-
<u>94,847</u>	<u>804,044</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(94,847)	(804,044)	(1)	(460,737)
<u>(94,847)</u>	<u>(804,044)</u>	<u>(1)</u>	<u>(460,737)</u>
<u>\$ 762,972</u>	<u>\$ 1,924,848</u>	<u>\$ 463,082</u>	<u>\$ 45,213</u>

(Continued)

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2025

	<u>Title I</u>	<u>Title IV-A</u>	<u>IDEA Preschool Grant for the Handicapped</u>	<u>Title II-A</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 7,006,124	\$ 2,563,977	\$ 25,988	\$ 4,314,715
Receivables:				
Property taxes	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	-	45,305	-	424,591
Materials and supplies inventory	-	-	-	-
Inventory held for resale	-	-	-	-
Total assets	<u>\$ 7,006,124</u>	<u>\$ 2,609,282</u>	<u>\$ 25,988</u>	<u>\$ 4,739,306</u>
Liabilities:				
Accounts payable	\$ 39,713	\$ 12,399	\$ -	\$ 22,183
Accrued wages and benefits payable	1,724,100	-	7,693	40,072
Compensated absences payable	-	-	-	-
Intergovernmental payable	531,793	-	3,183	7,470
Interfund loans payable	-	2,596,883	-	4,669,581
Unearned revenue	4,710,518	-	15,112	-
Total liabilities	<u>7,006,124</u>	<u>2,609,282</u>	<u>25,988</u>	<u>4,739,306</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	-	-	-	-
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	-	-	-	-
Non-public schools	-	-	-	-
State funded programs	-	-	-	-
Federally funded programs	-	-	-	-
Extracurricular	-	-	-	-
Educational special trust	-	-	-	-
Other purposes	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 7,006,124</u>	<u>\$ 2,609,282</u>	<u>\$ 25,988</u>	<u>\$ 4,739,306</u>

Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 3,300,511	\$ 54,625,289
-	13,113,135
-	173,037
13,084	2,975,847
-	21,340
-	95,881
<u>\$ 3,313,595</u>	<u>\$ 71,004,529</u>
\$ -	\$ 987,225
-	2,750,815
-	301
-	1,093,864
-	12,409,721
-	12,708,420
<u>-</u>	<u>29,950,346</u>
-	9,005,801
-	3,149,710
-	909,869
<u>-</u>	<u>13,065,380</u>
-	21,340
-	10,144,416
-	11,050,724
-	659,950
-	1,534,369
3,313,595	3,881,521
-	817,895
-	939,180
-	1,037,371
-	(2,097,963)
<u>3,313,595</u>	<u>27,988,803</u>
<u>\$ 3,313,595</u>	<u>\$ 71,004,529</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, 2025

	Food Service	Educational Special Trust	Public School Support	Other Grants
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	29,169,931	-	-	-
Investment earnings	11,215	-	-	-
Extracurricular	-	10,000	208,486	-
Charges for services	49,217	-	-	-
Contributions and donations	-	3,781,313	-	-
Miscellaneous	12,986	121	8,750	-
Total revenues	<u>29,243,349</u>	<u>3,791,434</u>	<u>217,236</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	599,119	9,278	-
Special	-	69,118	-	-
Vocational	-	41,267	-	-
Other	-	1,325,701	-	-
Support services:				
Pupil	95	597,707	-	-
Instructional staff	1,356	1,638,442	-	-
Board of Education	-	37,496	-	-
Administration	-	428,930	6,061	-
Fiscal	-	92,025	-	-
Business	-	-	-	-
Operations and maintenance	-	204,680	-	-
Pupil transportation	-	297,758	2,870	-
Central	-	178,502	-	-
Operation of non-instructional services:				
Food service operations	27,181,246	-	-	-
Other non-instructional services	-	16,424	-	-
Extracurricular activities	-	649,078	198,813	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>27,182,697</u>	<u>6,176,247</u>	<u>217,022</u>	<u>-</u>
Change in fund balance	2,060,652	(2,384,813)	214	-
Fund balances (deficit) at beginning of year	<u>9,011,412</u>	<u>3,323,993</u>	<u>1,037,157</u>	<u>(727,356)</u>
Fund balances (deficit) at end of year	<u>\$ 11,072,064</u>	<u>\$ 939,180</u>	<u>\$ 1,037,371</u>	<u>\$ (727,356)</u>

Classroom Facilities Maintenance	Partnering Community Schools	Student Managed Activities	District Managed Student Activities	Auxiliary Services	Public School Preschool
\$ 1,078,396	\$ 6,220,887	\$ -	\$ -	\$ -	\$ -
171,238	418,536	-	-	4,047,196	3,125,073
-	-	-	-	-	-
-	-	488,272	209,640	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	79,454	500	1,850	215,800	-
1,249,634	6,718,877	488,772	211,490	4,262,996	3,125,073
-	-	27,001	3,692	-	2,309,415
-	-	-	-	568	-
-	-	-	-	-	-
-	-	29,473	-	-	85,634
-	-	-	-	418	17,321
-	-	-	-	-	571,170
-	-	-	60	-	-
-	-	6,258	-	-	-
43,102	9,551,527	-	-	-	144,347
-	-	-	-	-	-
1,754,640	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,065
-	-	-	-	-	-
-	-	-	-	4,175,770	-
-	-	351,292	216,339	-	-
-	-	-	-	-	-
1,797,742	9,551,527	414,024	220,091	4,176,756	3,129,952
(548,108)	(2,832,650)	74,748	(8,601)	86,240	(4,879)
10,692,524	2,832,650	614,541	137,207	573,710	-
\$ 10,144,416	\$ -	\$ 689,289	\$ 128,606	\$ 659,950	\$ (4,879)

(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, 2025

	<u>Data Communication</u>	<u>Vocational Education Enhancement</u>	<u>Miscellaneous State Grants</u>	<u>Elementary and Secondary School Emergency Relief (ESSER)</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	12,490	583,448	19,526,514
Investment earnings	-	-	-	-
Extracurricular	-	-	-	-
Charges for services	-	-	-	-
Contributions and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>12,490</u>	<u>583,448</u>	<u>19,526,514</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	471,415	8,564,267
Special	-	-	-	-
Vocational	-	7,022	-	-
Other	-	-	18,660	3,872,013
Support services:				
Pupil	-	-	24,015	1,103,012
Instructional staff	-	-	2,400	-
Board of Education	-	-	-	-
Administration	-	-	-	204,382
Fiscal	-	-	23,988	1,039,194
Business	-	-	-	97,988
Operations and maintenance	-	-	115,230	1,556,091
Pupil transportation	-	-	500	1,243,024
Central	80,419	-	-	1,400,327
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	-	-	-	446,216
Extracurricular activities	-	-	-	-
Facilities acquisition and construction	-	-	14,395	-
Total expenditures	<u>80,419</u>	<u>7,022</u>	<u>670,603</u>	<u>19,526,514</u>
Change in fund balance	(80,419)	5,468	(87,155)	-
Fund balances (deficit)				
at beginning of year	80,419	(11,567)	1,621,524	-
Fund balances (deficit) at end of year	<u>\$ -</u>	<u>\$ (6,099)</u>	<u>\$ 1,534,369</u>	<u>\$ -</u>

School Maintenance and Assistance	Title VI-B	Vocational Education	School Improvement Stimulus A
\$ -	\$ -	\$ -	\$ -
116,238	12,879,178	1,432,418	1,421,887
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
116,238	12,879,178	1,432,418	1,421,887
-	-	-	-
-	6,011,873	-	-
-	18,921	860,482	-
-	106,005	-	737,119
-	2,306,652	4,089	5,450
-	320,735	364,670	597,826
-	-	-	-
1,136	1,568,441	72,074	-
50	530,402	35,312	43,438
-	-	-	-
-	1,176,897	-	-
-	147,187	22,342	-
-	-	-	-
-	-	-	-
-	692,065	-	-
-	-	-	-
-	-	-	-
1,186	12,879,178	1,358,969	1,383,833
115,052	-	73,449	38,054
452,874	-	(168,296)	(842,098)
\$ 567,926	\$ -	\$ (94,847)	\$ (804,044)

(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, 2025

	Title III	Refugee Children School Impact Act	Title I	Title IV-A
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	481,964	152,129	38,931,994	3,038,485
Investment earnings	-	-	-	-
Extracurricular	-	-	-	-
Charges for services	-	-	-	-
Contributions and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>481,964</u>	<u>152,129</u>	<u>38,931,994</u>	<u>3,038,485</u>
Expenditures:				
Current:				
Instruction:				
Regular	139	-	280	-
Special	181,021	-	27,674,001	-
Vocational	-	-	32,500	-
Other	-	-	1,628,438	-
Support services:				
Pupil	-	304,393	2,046,644	1,940,507
Instructional staff	206,299	62,554	92,942	636,264
Board of Education	-	-	-	-
Administration	-	-	361,681	-
Fiscal	20,663	16,844	1,263,774	122,327
Business	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	88,051	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	73,843	-	5,743,683	312,635
Extracurricular activities	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>481,965</u>	<u>383,791</u>	<u>38,931,994</u>	<u>3,011,733</u>
Change in fund balance	(1)	(231,662)	-	26,752
Fund balances (deficit)				
at beginning of year	-	(229,075)	-	(26,752)
Fund balances (deficit) at end of year	<u>\$ (1)</u>	<u>\$ (460,737)</u>	<u>\$ -</u>	<u>\$ -</u>

IDEA Preschool Grant for the Handicapped	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 7,299,283
285,062	3,127,763	1,633,278	120,554,822
-	-	-	11,215
-	-	-	916,398
-	-	-	49,217
-	-	-	3,781,313
-	-	-	319,461
<u>285,062</u>	<u>3,127,763</u>	<u>1,633,278</u>	<u>132,931,709</u>
-	-	1,402	11,986,008
272,300	-	-	34,208,881
-	-	-	960,192
-	-	-	7,803,043
-	-	254,943	8,605,246
394	2,602,324	-	7,097,376
-	-	-	37,556
-	(13,327)	-	2,635,636
12,368	146,515	-	13,085,876
-	-	-	97,988
-	-	1,021,479	5,829,017
-	-	900	1,802,632
-	185,988	-	1,847,301
-	-	-	27,181,246
-	206,263	-	11,666,899
-	-	-	1,415,522
-	-	-	14,395
<u>285,062</u>	<u>3,127,763</u>	<u>1,278,724</u>	<u>136,274,814</u>
-	-	354,554	(3,343,105)
-	-	2,959,041	31,331,908
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,313,595</u>	<u>\$ 27,988,803</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
FOOD SERVICE FUND			
Budgetary revenues and other financing sources	\$ 27,308,976	\$ 27,310,407	\$ 1,431
Budgetary expenditures and other financing uses	<u>26,045,853</u>	<u>23,497,325</u>	<u>(2,548,528)</u>
Net change in fund balances	1,263,123	3,813,082	2,549,959
Budgetary fund balance at beginning of year	7,188,732	7,188,732	-
Prior year encumbrances appropriated	<u>599,549</u>	<u>599,549</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 9,051,404</u></u>	<u><u>\$ 11,601,363</u></u>	<u><u>\$ 2,549,959</u></u>
EDUCATION SPECIAL TRUST FUND			
Budgetary revenues and other financing sources	\$ 3,705,407	\$ 3,829,779	\$ 124,372
Budgetary expenditures and other financing uses	<u>7,190,323</u>	<u>6,732,535</u>	<u>(457,788)</u>
Net change in fund balances	(3,484,916)	(2,902,756)	582,160
Budgetary fund balance at beginning of year	2,621,252	2,621,252	-
Prior year encumbrances appropriated	<u>887,509</u>	<u>887,509</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 23,845</u></u>	<u><u>\$ 606,005</u></u>	<u><u>\$ 582,160</u></u>
PUBLIC SCHOOL SUPPORT FUND			
Budgetary revenues and other financing sources	\$ 206,896	\$ 218,142	\$ 11,246
Budgetary expenditures and other financing uses	<u>280,305</u>	<u>245,771</u>	<u>(34,534)</u>
Net change in fund balances	(73,409)	(27,629)	45,780
Budgetary fund balance at beginning of year	1,017,529	1,017,529	-
Prior year encumbrances appropriated	<u>29,167</u>	<u>29,167</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 973,287</u></u>	<u><u>\$ 1,019,067</u></u>	<u><u>\$ 45,780</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)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
OTHER GRANT FUND			
Budgetary revenues and other financing sources	\$ 727,356	\$ 727,356	\$ -
Budgetary expenditures and other financing uses	<u>727,356</u>	<u>727,356</u>	<u>-</u>
Net change in fund balances	-	-	-
Budgetary fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
CLASSROOM FACILITIES MAINTENANCE FUND			
Budgetary revenues and other financing sources	\$ 4,307,435	\$ 2,317,004	\$ (1,990,431)
Budgetary expenditures and other financing uses	<u>2,663,177</u>	<u>2,567,798</u>	<u>(95,379)</u>
Net change in fund balances	1,644,258	(250,794)	(1,895,052)
Budgetary fund balance at beginning of year	8,836,062	8,836,062	-
Prior year encumbrances appropriated	<u>618,692</u>	<u>618,692</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 11,099,012</u></u>	<u><u>\$ 9,203,960</u></u>	<u><u>\$ (1,895,052)</u></u>
PARTNERING COMMUNITY SCHOOLS FUND			
Budgetary revenues and other financing sources	\$ 8,876,088	\$ 8,876,088	\$ -
Budgetary expenditures and other financing uses	<u>8,876,088</u>	<u>8,876,088</u>	<u>-</u>
Net change in fund balances	-	-	-
Budgetary fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</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)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
STUDENT MANAGED ACTIVITIES FUND			
Budgetary revenues and other financing sources	\$ 474,612	\$ 488,772	\$ 14,160
Budgetary expenditures and other financing uses	<u>506,945</u>	<u>424,830</u>	<u>(82,115)</u>
Net change in fund balances	(32,333)	63,942	96,275
Budgetary fund balance at beginning of year	582,763	582,763	-
Prior year encumbrances appropriated	<u>45,878</u>	<u>45,878</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 596,308</u></u>	<u><u>\$ 692,583</u></u>	<u><u>\$ 96,275</u></u>
DISTRICT MANAGED STUDENT ACTIVITIES FUND			
Budgetary revenues and other financing sources	\$ 209,396	\$ 214,490	\$ 5,094
Budgetary expenditures and other financing uses	<u>291,676</u>	<u>258,662</u>	<u>(33,014)</u>
Net change in fund balances	(82,280)	(44,172)	38,108
Budgetary fund balance at beginning of year	110,882	110,882	-
Prior year encumbrances appropriated	<u>23,325</u>	<u>23,325</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 51,927</u></u>	<u><u>\$ 90,035</u></u>	<u><u>\$ 38,108</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)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
AUXILIARY SERVICES FUND			
Budgetary revenues and other financing sources	\$ 4,262,996	\$ 4,262,996	\$ -
Budgetary expenditures and other financing uses	<u>5,008,299</u>	<u>4,748,151</u>	<u>(260,148)</u>
Net change in fund balances	(745,303)	(485,155)	260,148
Budgetary fund balance at beginning of year	483,236	483,236	-
Prior year encumbrances appropriated	<u>316,985</u>	<u>316,985</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 54,918</u></u>	<u><u>\$ 315,066</u></u>	<u><u>\$ 260,148</u></u>
PUBLIC SCHOOL PRESCHOOL FUND			
Budgetary revenues and other financing sources	\$ 3,635,388	\$ 3,914,093	\$ 278,705
Budgetary expenditures and other financing uses	<u>3,653,681</u>	<u>3,922,710</u>	<u>269,029</u>
Net change in fund balances	(18,293)	(8,617)	9,676
Budgetary fund balance (deficit) at beginning of year	(71,602)	(71,602)	-
Prior year encumbrances appropriated	<u>89,895</u>	<u>89,895</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 9,676</u></u>	<u><u>\$ 9,676</u></u>
DATA COMMUNICATIONS FUND			
Budgetary expenditures and other financing uses	<u>80,419</u>	<u>80,419</u>	<u>-</u>
Net change in fund balances	(80,419)	(80,419)	-
Budgetary fund balance at beginning of year	<u>80,419</u>	<u>80,419</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</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)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
VOCATIONAL EDUCATION ENHANCEMENT FUND			
Budgetary revenues and other financing sources	\$ 26,629	\$ 26,629	\$ -
Budgetary expenditures and other financing uses	<u>33,651</u>	<u>45,548</u>	<u>11,897</u>
Net change in fund balances	(7,022)	(18,919)	(11,897)
Budgetary fund balance at beginning of year	<u>7,531</u>	<u>7,531</u>	<u>-</u>
Budgetary fund balance (deficit) at end of year	<u><u>\$ 509</u></u>	<u><u>\$ (11,388)</u></u>	<u><u>\$ (11,897)</u></u>
MISCELLANEOUS STATE GRANTS FUND			
Budgetary revenues and other financing sources	\$ 540,214	\$ 603,448	\$ 63,234
Budgetary expenditures and other financing uses	<u>765,392</u>	<u>655,818</u>	<u>(109,574)</u>
Net change in fund balances	(225,178)	(52,370)	172,808
Budgetary fund balance at beginning of year	1,574,180	1,574,180	-
Prior year encumbrances appropriated	<u>32,347</u>	<u>32,347</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 1,381,349</u></u>	<u><u>\$ 1,554,157</u></u>	<u><u>\$ 172,808</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)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND			
Budgetary revenues and other financing sources	\$ 30,039,409	\$ 30,037,409	\$ (2,000)
Budgetary expenditures and other financing uses	<u>56,095,520</u>	<u>56,095,520</u>	<u>-</u>
Net change in fund balances	(26,056,111)	(26,058,111)	(2,000)
Budgetary fund balance at beginning of year	16,802,672	16,802,672	-
Prior year encumbrances appropriated	<u>9,255,439</u>	<u>9,255,439</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 2,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,000)</u></u>
SCHOOL MAINTENANCE AND ASSISTANCE FUND			
Budgetary revenues and other financing sources	\$ -	\$ 126,691	\$ 126,691
Budgetary expenditures and other financing uses	<u>1,245</u>	<u>1,186</u>	<u>(59)</u>
Net change in fund balances	(1,245)	125,505	126,750
Budgetary fund balance at beginning of year	<u>442,421</u>	<u>442,421</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 441,176</u></u>	<u><u>\$ 567,926</u></u>	<u><u>\$ 126,750</u></u>
TITLE VI-B FUND			
Budgetary revenues and other financing sources	\$ 18,227,389	\$ 18,227,389	\$ -
Budgetary expenditures and other financing uses	<u>14,677,116</u>	<u>13,657,846</u>	<u>(1,019,270)</u>
Net change in fund balances	3,550,273	4,569,543	(1,019,270)
Budgetary fund balance at beginning of year	3,526,107	3,526,107	-
Prior year encumbrances appropriated	<u>200,834</u>	<u>200,834</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 7,277,214</u></u>	<u><u>\$ 8,296,484</u></u>	<u><u>\$ (1,019,270)</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)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
VOCATIONAL EDUCATION FUND			
Budgetary revenues and other financing sources	\$ 2,000,449	\$ 2,000,449	\$ -
Budgetary expenditures and other financing uses	<u>2,238,086</u>	<u>2,140,373</u>	<u>(97,713)</u>
Net change in fund balances	(237,637)	(139,924)	97,713
Budgetary fund balance at beginning of year	100,071	100,071	-
Prior year encumbrances appropriated	<u>137,566</u>	<u>137,566</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 97,713</u></u>	<u><u>\$ 97,713</u></u>
SCHOOL IMPROVEMENT STIMULUS A FUND			
Budgetary revenues and other financing sources	\$ 3,051,741	\$ 3,051,741	\$ -
Budgetary expenditures and other financing uses	<u>3,424,892</u>	<u>3,265,173</u>	<u>(159,719)</u>
Net change in fund balances	(373,151)	(213,432)	159,719
Budgetary fund balance at beginning of year	214,741	214,741	-
Prior year encumbrances appropriated	<u>158,410</u>	<u>158,410</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 159,719</u></u>	<u><u>\$ 159,719</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)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
TITLE III FUND			
Budgetary revenues and other financing sources	\$ 949,937	\$ 949,937	\$ -
Budgetary expenditures and other financing uses	<u>1,391,236</u>	<u>1,033,598</u>	<u>(357,638)</u>
Net change in fund balances	(441,299)	(83,661)	357,638
Budgetary fund balance (deficit) at beginning of year	357,654	357,654	-
Prior year encumbrances appropriated	<u>94,076</u>	<u>94,076</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 10,431</u></u>	<u><u>\$ 368,069</u></u>	<u><u>\$ 357,638</u></u>
 REFUGEE CHILDREN SCHOOL IMPACT ACT FUND			
Budgetary revenues and other financing sources	\$ 628,020	\$ 628,020	\$ -
Budgetary expenditures and other financing uses	<u>695,114</u>	<u>649,901</u>	<u>(45,213)</u>
Net change in fund balances	(67,094)	(21,881)	45,213
Budgetary fund balance at beginning of year	57,607	57,607	-
Prior year encumbrances appropriated	<u>9,487</u>	<u>9,487</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 45,213</u></u>	<u><u>\$ 45,213</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)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - over (under) Actual Amounts</u>
	<u>Final</u>		
TITLE I FUND			
Budgetary revenues and other financing sources	\$ 38,809,774	\$ 38,828,927	\$ 19,153
Budgetary expenditures and other financing uses	<u>41,679,090</u>	<u>39,426,250</u>	<u>(2,252,840)</u>
Net change in fund balances	(2,869,316)	(597,323)	2,271,993
Budgetary fund balance at beginning of year	7,029,602	7,029,602	-
Prior year encumbrances appropriated	<u>223,944</u>	<u>223,944</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 4,384,230</u></u>	<u><u>\$ 6,656,223</u></u>	<u><u>\$ 2,271,993</u></u>
TITLE IV-A FUND			
Budgetary revenues and other financing sources	\$ 6,262,092	\$ 6,262,092	\$ -
Budgetary expenditures and other financing uses	<u>7,508,949</u>	<u>6,000,609</u>	<u>(1,508,340)</u>
Net change in fund balances	(1,246,857)	261,483	1,508,340
Budgetary fund balance at beginning of year	1,716,418	1,716,418	-
Prior year encumbrances appropriated	<u>181,883</u>	<u>181,883</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 651,444</u></u>	<u><u>\$ 2,159,784</u></u>	<u><u>\$ 1,508,340</u></u>
IDEA PRESCHOOL GRANT FOR THE HANDICAPPED FUND			
Budgetary revenues and other financing sources	\$ 283,877	\$ 295,591	\$ 11,714
Budgetary expenditures and other financing uses	<u>307,478</u>	<u>296,134</u>	<u>(11,344)</u>
Net change in fund balances	(23,601)	(543)	23,058
Budgetary fund balance at beginning of year	25,307	25,307	-
Prior year encumbrances appropriated	<u>296</u>	<u>296</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 2,002</u></u>	<u><u>\$ 25,060</u></u>	<u><u>\$ 23,058</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)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
TITLE II-A FUND			
Budgetary revenues and other financing sources	\$ 8,062,720	\$ 8,062,720	\$ -
Budgetary expenditures and other financing uses	<u>7,398,931</u>	<u>3,635,324</u>	<u>(3,763,607)</u>
Net change in fund balances	663,789	4,427,396	3,763,607
Budgetary fund balance (deficit) at beginning of year	(736,685)	(736,685)	-
Prior year encumbrances appropriated	<u>141,102</u>	<u>141,102</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 68,206</u></u>	<u><u>\$ 3,831,813</u></u>	<u><u>\$ 3,763,607</u></u>
MISCELLANEOUS FEDERAL GRANTS FUND			
Budgetary revenues and other financing sources	\$ 308,073	\$ 343,540	\$ 35,467
Budgetary expenditures and other financing uses	<u>6,620,001</u>	<u>6,257,294</u>	<u>(362,707)</u>
Net change in fund balances	(6,311,928)	(5,913,754)	398,174
Budgetary fund balance at beginning of year	7,636,329	7,636,329	-
Prior year encumbrances appropriated	<u>1,574,778</u>	<u>1,574,778</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 2,899,179</u></u>	<u><u>\$ 3,297,353</u></u>	<u><u>\$ 398,174</u></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.

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
PERMANENT IMPORVEMENT FUND			
Budgetary revenues and other financing sources	\$ 3,409,718	\$ 42,259,292	\$ 38,849,574
Budgetary expenditures and other financing uses	<u>13,631,616</u>	<u>11,614,807</u>	<u>(2,016,809)</u>
Net change in fund balances	(10,221,898)	30,644,485	40,866,383
Budgetary fund balance at beginning of year	12,307,771	12,307,771	-
Prior year encumbrances appropriated	<u>10,568,440</u>	<u>10,568,440</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 12,654,313</u></u>	<u><u>\$ 53,520,696</u></u>	<u><u>\$ 40,866,383</u></u>

**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, 2025

	Liability Self-Insurance	Employee Benefits Self-Insurance	Total Governmental Activities - Internal Service Funds
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 557,245	\$ 34,426,925	\$ 34,984,170
Total assets	<u>557,245</u>	<u>34,426,925</u>	<u>34,984,170</u>
Liabilities:			
Claims payable	635,000	9,520,000	10,155,000
Total liabilities	<u>635,000</u>	<u>9,520,000</u>	<u>10,155,000</u>
Net position:			
Unrestricted (deficit)	<u><u>\$ (77,755)</u></u>	<u><u>\$ 24,906,925</u></u>	<u><u>\$ 24,829,170</u></u>

**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, 2025

	Liability Self-Insurance	Employee Benefits Self-Insurance	Total Governmental Activities - Internal Service Funds
Operating revenues:			
Other Operating Revenue	\$ -	\$ 136,124,699	\$ 136,124,699
Total operating revenues	<u>-</u>	<u>136,124,699</u>	<u>136,124,699</u>
Operating expenses:			
Claims and claims adjustment expenses	395,898	143,148,227	143,544,125
Total operating expenses	<u>395,898</u>	<u>143,148,227</u>	<u>143,544,125</u>
Operating loss/change in net position	<u>(395,898)</u>	<u>(7,023,528)</u>	<u>(7,419,426)</u>
Change in net position	(395,898)	(7,023,528)	(7,419,426)
Net position at beginning of year	<u>318,143</u>	<u>31,930,453</u>	<u>32,248,596</u>
Net position (deficit) at end of year	<u>\$ (77,755)</u>	<u>\$ 24,906,925</u>	<u>\$ 24,829,170</u>

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

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Liability Self-Insurance	Employee Benefits Self-Insurance	Total Governmental Activities - Internal Service Funds
Cash flows from operating activities:			
Cash received from charges for services	\$ -	\$ 136,124,699	\$ 136,124,699
Cash payments for claims and claim adjustment expenses	(302,898)	(143,884,227)	(144,187,125)
Net cash used in operating activities	(302,898)	(7,759,528)	(8,062,426)
Net change in cash and cash equivalents	(302,898)	(7,759,528)	(8,062,426)
Cash and cash equivalents at beginning of year	860,143	42,186,453	43,046,596
Cash and cash equivalents at end of year	<u>\$ 557,245</u>	<u>\$ 34,426,925</u>	<u>\$ 34,984,170</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	\$ (395,898)	\$ (7,023,528)	\$ (7,419,426)
Changes in assets and liabilities:			
Claims payable	93,000	(736,000)	(643,000)
Net cash used in operating activities	<u>\$ (302,898)</u>	<u>\$ (7,759,528)</u>	<u>\$ (8,062,426)</u>

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
LIABILITY SELF-INSURANCE FUND			
Budgetary expenses and other financing uses	\$ 332,187	\$ 302,898	\$ (29,289)
Net change in fund balances	(332,187)	(302,898)	29,289
Budgetary fund net position at beginning of year	830,534	830,534	-
Prior year encumbrances appropriated	29,609	29,609	-
Budgetary fund net position at end of year	<u>\$ 527,956</u>	<u>\$ 557,245</u>	<u>\$ 29,289</u>
EMPLOYEE BENEFITS SELF-INSURANCE FUND			
Budgetary revenues and other financing sources	\$ 131,529,044	\$ 136,124,699	\$ 4,595,655
Budgetary expenses and other financing uses	157,889,518	143,896,227	(13,993,291)
Net change in fund balances	(26,360,474)	(7,771,528)	18,588,946
Budgetary fund net position at beginning of year	42,186,453	42,186,453	-
Budgetary fund net position at end of year	<u>\$ 15,825,979</u>	<u>\$ 34,414,925</u>	<u>\$ 18,588,946</u>

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.	S17 - 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.

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

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
GOVERNMENTAL ACTIVITIES

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Governmental activities				
Net investment in capital assets	\$ 759,483,842	\$ 725,795,434	\$ 703,356,380	\$ 693,470,347
Restricted for:				
Debt service	92,017,510	90,856,165	72,615,318	75,418,937
Capital projects	81,080,701	124,592,269	151,314,735	81,703,832
Other amounts	71,720,253	80,140,901	48,715,342	26,390,720
Unrestricted (deficit)	<u>(615,675,873)</u>	<u>(412,748,989)</u>	<u>(514,370,950)</u>	<u>(575,782,555)</u>
Total Governmental Activities Net Position	<u>\$ 388,626,433</u>	<u>\$ 608,635,780</u>	<u>\$ 461,630,825</u>	<u>\$ 301,201,281</u>

Source: School District financial records.

(a) GASB 75 was implemented in FY 18 and restated in FY 17

(b) GASB 84 was implemented in FY 21 and restated in FY 20

<u>2021</u>	<u>2020 (b)</u>	<u>2019</u>	<u>2018</u>	<u>2017 (a)</u>	<u>2016</u>
\$ 717,442,872	\$ 740,395,317	\$ 836,681,681	\$ 656,511,658	\$ 536,270,536	\$ 511,830,184
65,914,202	60,260,720	59,662,539	49,731,602	47,607,887	46,540,646
81,987,018	92,674,288	134,683,331	190,674,105	320,528,644	319,958,620
40,982,350	16,813,659	28,581,881	27,927,377	25,968,633	19,575,978
(711,539,124)	(738,226,650)	(805,192,740)	(705,938,812)	(995,142,892)	(707,027,575)
<u>\$ 194,787,318</u>	<u>\$ 171,917,334</u>	<u>\$ 254,416,692</u>	<u>\$ 218,905,930</u>	<u>\$ (64,767,192)</u>	<u>\$ 190,877,853</u>

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
GOVERNMENTAL ACTIVITIES

	2025	2024	2023	2022
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 334,811,829	\$ 326,933,139	\$ 343,116,811	\$ 277,183,597
Special	163,210,173	150,445,398	154,714,738	123,967,688
Vocational	4,994,134	5,700,376	5,066,828	3,605,519
Adult/Continuing	-	420	-	-
Other	11,646,223	30,288,904	33,565,260	37,926,474
Support services:				
Pupil	44,773,250	50,868,897	47,117,898	41,971,757
Instructional staff	18,656,403	28,025,019	23,085,075	21,083,310
Board of education	276,519	253,255	295,485	171,485
Administration	47,168,495	47,701,461	49,003,740	44,200,284
Fiscal	27,626,058	25,150,082	17,713,803	23,932,067
Business	926,485	1,138,019	1,096,877	840,238
Operations and maintenance	77,564,824	85,836,874	77,535,532	68,803,785
Pupil transportation	42,116,098	38,591,245	38,863,697	27,838,314
Central	29,565,876	47,566,299	62,971,177	54,482,697
Operation of non-instructional services	39,032,531	38,717,618	39,928,968	40,467,475
Extracurricular activities	7,117,026	7,484,810	10,194,745	7,353,116
Interest	11,567,508	11,141,411	11,671,821	12,471,609
Capital outlay	-	-	-	-
Total governmental activities expenses	861,053,432	895,843,227	915,942,455	786,299,415
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	3,547,774	5,230,594	2,655,501	812,058
Special	2,858,469	253,428	2,219,420	3,139,029
Vocational	67	-	-	-
Adult/Continuing	36,904	450	-	-
Other instructional	-	21,419	155	-
Support services:				
Pupil	968	2,379	1,798	-
Instructional staff	2,655	-	-	-
Board of education	118	-	-	-
Administration	13,897	4,661	2,266	13,372
Fiscal	149	-	-	-
Business	-	-	-	-
Operations and maintenance	167,645	93,976	305,875	557,629
Pupil transportation	239,432	279,836	222,773	144,541
Central	289	-	-	-
Operation of non-instructional services	49,242	52,441	98,868	-
Extracurricular activities	812,401	763,581	801,041	519,451
Total governmental activities charges for services	7,730,010	6,702,765	6,307,697	5,186,080

2021	2020	2019	2018	2017	2016
\$ 385,810,028	\$ 387,038,590	\$ 357,538,712	\$ 228,117,128	\$ 376,444,351	\$ 355,008,543
217,991,590	207,870,189	179,135,468	115,095,669	181,613,355	172,360,574
4,863,000	6,136,836	6,464,685	3,097,548	8,667,189	9,056,446
-	-	-	-	384,463	64,500
42,330,115	10,482,791	12,965,233	12,731,008	9,134,951	7,948,798
49,665,670	44,642,558	36,808,211	12,249,740	40,460,547	34,179,013
22,869,943	24,178,327	28,669,934	26,331,387	32,535,827	32,419,457
282,114	219,695	319,466	42,376	306,270	266,498
59,861,039	57,260,727	56,715,552	33,734,900	63,093,132	50,223,299
18,845,647	17,783,050	19,784,079	13,054,274	12,399,059	16,663,611
1,184,780	1,126,721	1,408,188	1,251,274	1,503,595	1,375,403
61,797,443	73,080,026	66,935,137	57,685,305	65,547,856	68,629,253
23,153,111	36,810,361	40,041,724	34,220,642	34,783,284	35,010,112
26,620,548	24,571,642	28,980,504	21,149,084	38,152,866	29,503,864
35,033,395	36,242,280	39,726,831	38,187,653	37,273,100	35,255,055
2,497,050	4,446,110	5,732,891	5,402,338	5,802,430	6,332,462
12,741,703	13,012,599	13,232,322	12,291,003	13,549,588	13,212,539
-	3,258,153	-	-	-	-
965,547,176	948,160,655	894,458,937	614,641,329	921,651,863	867,509,427
9,719,778	4,931,484	3,884,344	4,329,229	4,014,946	3,283,143
2,617,847	2,194,943	1,734,703	1,959,579	1,894,148	1,628,204
-	70,157	48,799	45,108	72,721	61,803
-	-	-	-	2,713	510
88	228	1,943	1,796	(3,058)	4,775
57	464,370	94,892	87,714	267,694	437,033
2,429	148,038	80,748	75,204	90,197	115,213
-	2,768	859	794	3,009	2,116
8,006	697,724	599,158	939,990	897,805	779,516
-	138,896	166,060	152,201	180,927	358,888
-	14,117	25,355	23,437	13,893	10,895
47,541	876,759	1,120,767	1,175,092	692,682	570,943
25,633	450,514	661,320	611,474	335,899	261,455
164	304,978	425,104	392,949	375,880	222,148
30,189	166,688	491,974	249,544	871,387	693,540
130,130	378,287	509,822	482,208	617,423	556,374
12,581,862	10,839,951	9,845,848	10,526,319	10,328,266	8,986,556

(Continued)

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

CHANGES IN NET POSITION - (Continued)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
GOVERNMENTAL ACTIVITIES

	2025	2024	2023	2022
Operating grants and contributions:				
Instruction:				
Regular	\$ 11,662,288	\$ 15,481,601	\$ 20,644,970	\$ 5,380,847
Special	90,209,835	89,375,211	91,588,573	78,252,445
Vocational	2,914,293	3,934,839	3,045,063	2,205,380
Adult/Continuing	-	-	-	-
Other instructional	7,257,502	27,739,701	32,604,071	36,872,425
Support services:				
Pupil	15,968,832	29,894,230	29,607,097	30,814,364
Instructional staff	6,424,150	23,176,478	17,706,540	12,212,136
Board of education	22,958	43,547	-	-
Administration	2,567,455	3,040,795	3,260,736	2,890,645
Fiscal	3,527,052	4,535,716	5,077,409	4,466,683
Business	97,988	30,709	106,266	-
Operations and maintenance	4,265,463	16,416,851	30,632,969	16,471,555
Pupil transportation	4,183,688	9,169,326	20,197,702	2,622,205
Central	1,697,669	26,554,693	41,709,603	28,837,235
Operation of non-instructional services	40,939,314	40,421,784	41,638,442	37,148,904
Extracurricular activities	407,658	3,828,435	5,193,627	3,268,655
Total operating grants and contributions	<u>192,146,145</u>	<u>293,643,916</u>	<u>343,013,068</u>	<u>261,443,479</u>
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	-
Support services:				
Fiscal	-	-	-	-
Operations and maintenance of plant	-	1,930,207	9,158,871	1,930,207
Pupil transportation	-	-	213,483	-
Capital outlay	-	-	-	-
Total capital grants and contributions	<u>-</u>	<u>1,930,207</u>	<u>9,372,354</u>	<u>1,930,207</u>
Total governmental activities program revenues	<u>199,876,155</u>	<u>302,276,888</u>	<u>358,693,119</u>	<u>268,559,766</u>
Net (Expense)				
Governmental activities	<u>\$ (661,177,277)</u>	<u>\$ (593,566,339)</u>	<u>\$ (557,249,336)</u>	<u>\$ (517,739,649)</u>
General Revenues				
Property taxes levied for:				
General purposes	\$ 237,431,491	\$ 383,442,875	\$ 279,796,239	\$ 286,282,602
Debt service	22,023,304	38,528,474	26,808,004	26,855,751
Capital outlay	1,406,840	3,410,997	1,658,720	2,957,622
Capital projects	1,190,803	3,247,191	2,095,856	2,230,481
Grants and entitlements not restricted to specific programs	272,894,667	281,692,189	282,204,359	290,540,323
Grants and entitlements restricted for				
Ohio Facilities Construction Commission	-	-	70,702,580	-
Investment earnings	19,377,960	20,264,030	11,849,368	667,667
Miscellaneous	22,839,192	9,985,538	42,563,754	14,619,166
Total governmental activities	<u>577,164,257</u>	<u>740,571,294</u>	<u>717,678,880</u>	<u>624,153,612</u>
Transfers in/(out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position				
Governmental activities	<u>\$ (84,013,020)</u>	<u>\$ 147,004,955</u>	<u>\$ 160,429,544</u>	<u>\$ 106,413,963</u>

Source: School District financial records.

2021	2020	2019	2018	2017	2016
\$ 5,051,377	\$ 24,571,513	\$ 25,869,930	\$ 27,441,716	\$ 28,914,602	\$ 27,686,802
103,161,978	53,534,696	39,051,712	41,196,919	45,270,733	48,647,774
4,301,606	1,367,611	1,565,736	1,007,776	1,588,553	1,961,612
-	-	-	-	125,490	4,990
45,056,547	9,300,545	13,586,490	13,333,289	8,172,852	7,868,381
18,419,464	13,245,969	6,292,205	8,703,757	7,833,549	6,572,417
16,964,287	12,160,218	16,275,226	21,604,022	24,085,576	21,059,213
-	16,239	71,348	5,390	22,074	20,685
2,868,384	6,939,516	6,289,307	8,027,591	7,410,219	7,633,524
1,381,562	2,578,337	4,006,846	1,308,043	1,952,889	1,768,304
1,434	65,930	131,426	159,146	101,908	106,520
11,955,391	4,585,630	6,034,561	7,125,013	4,329,621	7,200,079
6,841,015	2,165,738	3,836,506	4,679,883	2,549,930	2,709,989
4,544,680	1,547,509	2,314,282	2,844,995	2,829,392	3,592,550
35,012,647	34,346,894	42,569,009	38,894,323	33,611,343	35,342,724
938,806	512,384	732,393	942,887	551,198	466,759
256,499,178	166,938,729	168,626,977	177,274,750	169,349,929	172,642,323
-	-	-	-	-	119,391,577
-	-	2,587	-	10,421	-
1,930,207	1,860,393	818,874	-	1,919,786	-
-	-	-	-	-	-
-	-	-	10,225,792	1,921,083	-
1,930,207	1,860,393	821,461	10,225,792	3,851,290	119,391,577
271,011,247	179,639,073	179,294,286	198,026,861	183,529,485	301,020,456
<u>\$ (694,535,929)</u>	<u>\$ (768,521,582)</u>	<u>\$ (715,164,651)</u>	<u>\$ (416,614,468)</u>	<u>\$ (738,122,378)</u>	<u>\$ (566,488,971)</u>
\$ 267,912,316	\$ 220,405,212	\$ 254,280,867	\$ 235,113,848	\$ 197,120,815	\$ 246,417,195
22,900,599	16,158,257	26,318,883	21,471,349	17,846,019	22,789,130
2,019,205	1,170,697	2,547,230	2,359,011	1,655,130	2,947,290
1,819,807	1,218,523	2,327,090	2,525,832	1,805,373	2,123,398
404,482,584	429,786,589	446,780,060	423,617,304	411,531,716	431,394,557
-	-	-	-	-	-
327,073	3,778,012	6,074,287	1,778,432	2,846,853	3,434,960
17,944,329	8,144,361	15,230,175	11,594,746	14,939,918	8,509,968
717,405,913	680,661,651	753,558,592	698,460,522	647,745,824	717,616,498
-	4,856,076	(2,883,178)	1,827,066	-	-
<u>\$ 22,869,984</u>	<u>\$ (83,003,855)</u>	<u>\$ 35,510,763</u>	<u>\$ 283,673,120</u>	<u>\$ (90,376,554)</u>	<u>\$ 151,127,527</u>

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

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Fund:				
Nonspendable	\$ 1,244,440	\$ 1,431,798	\$ 1,462,551	\$ 1,919,583
Committed	15,943,524	18,615,445	19,899,541	-
Assigned	23,685,441	44,144,970	60,117,918	14,293,984
Unassigned (deficit)	<u>92,706,937</u>	<u>192,263,501</u>	<u>76,229,149</u>	<u>93,971,377</u>
Total general fund	<u>\$ 133,580,342</u>	<u>\$ 256,455,714</u>	<u>\$ 157,709,159</u>	<u>\$ 110,184,944</u>
All Other Governmental Funds:				
Nonspendable	\$ 21,340	\$ 286,318	\$ 554,953	\$ 2,320,311
Restricted				
Debt service	86,996,988	85,231,527	66,377,907	68,803,432
Capital projects	126,331,219	78,916,929	78,880,824	76,928,253
Special revenue	30,065,426	33,050,734	32,355,450	21,554,426
Unassigned (deficit)	<u>(2,097,963)</u>	<u>(2,005,144)</u>	<u>(14,737,360)</u>	<u>(2,730,094)</u>
Total all other governmental funds	<u>\$ 241,317,010</u>	<u>\$ 195,480,364</u>	<u>\$ 163,431,774</u>	<u>\$ 166,876,328</u>
Total governmental funds	<u>\$ 374,897,352</u>	<u>\$ 451,936,078</u>	<u>\$ 321,140,933</u>	<u>\$ 277,061,272</u>

(a) GASB 84 was implemented in FY 21 and restated in FY 20

Source: School District financial records.

<u>2021</u>	<u>2020 (a)</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 1,026,134	\$ 997,198	\$ 790,228	\$ 903,052	\$ 936,035	\$ 806,615
-	-	-	-	-	-
13,517,599	-	36,830,649	58,747,739	4,852,598	12,150,076
41,630,443	(4,568,691)	(25,405,544)	-	86,012,193	100,011,060
<u>\$ 56,174,176</u>	<u>\$ (3,571,493)</u>	<u>\$ 12,215,333</u>	<u>\$ 59,650,791</u>	<u>\$ 91,800,826</u>	<u>\$ 112,967,751</u>
\$ 3,814,932	\$ 1,617,886	\$ 1,528,116	\$ 1,519,496	\$ 258,985	\$ 372,733
59,289,802	52,244,843	53,315,518	44,565,011	40,209,203	37,721,276
77,978,484	75,405,404	91,284,046	174,726,646	198,032,192	187,937,113
31,646,793	21,160,698	22,394,815	22,239,391	22,914,688	19,950,086
(7,824,687)	(8,027,296)	(6,505,390)	(8,693,766)	(10,197,979)	(12,252,343)
<u>\$ 164,905,324</u>	<u>\$ 142,401,535</u>	<u>\$ 162,017,105</u>	<u>\$ 234,356,778</u>	<u>\$ 251,217,089</u>	<u>\$ 233,728,865</u>
<u>\$ 221,079,500</u>	<u>\$ 138,830,042</u>	<u>\$ 174,232,438</u>	<u>\$ 294,007,569</u>	<u>\$ 343,017,915</u>	<u>\$ 346,696,616</u>

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

GOVERNMENTAL FUNDS REVENUE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Revenues				
Local sources:				
Property taxes	\$ 236,876,866	\$ 436,168,392	\$ 316,985,024	\$ 321,267,764
Investment earnings	19,525,075	20,217,953	11,261,558	667,728
Tuition and fees	6,057,283	5,214,258	4,472,082	3,569,333
Extracurricular activities	916,398	905,152	845,562	581,536
Rental income	167,314	93,976	305,875	-
Contributions and donations	589,015	7,357,678	25,571,646	3,715,098
Charges for services	3,781,313	489,378	684,962	481,483
Miscellaneous	23,158,653	10,923,125	25,886,638	14,679,259
Total Local Sources	<u>291,071,917</u>	<u>481,369,912</u>	<u>386,013,347</u>	<u>344,962,201</u>
 State and Federal Sources	 481,030,088	 606,552,194	 617,947,583	 557,547,024
 Total revenues	 <u>\$ 772,102,005</u>	 <u>\$ 1,087,922,106</u>	 <u>\$ 1,003,960,930</u>	 <u>\$ 902,509,225</u>

Source: School District financial records.

2021	2020	2019	2018	2017	2016
\$ 290,837,408	\$ 245,565,907	\$ 277,432,161	\$ 262,495,541	\$ 232,206,251	\$ 249,636,203
334,633	3,751,702	6,807,401	2,875,062	2,730,701	3,551,112
11,660,102	6,492,653	8,619,422	8,255,258	7,224,318	5,474,617
174,664	348,566	452,101	564,163	565,573	509,981
-	-	-	-	-	-
8,943,525	5,714,215	4,561,484	7,320,278	8,985,343	9,935,905
699,085	150,736	459,260	218,225	860,882	685,744
17,361,024	13,549,773	14,631,057	12,335,163	15,681,725	10,826,181
<u>330,010,441</u>	<u>275,573,552</u>	<u>312,962,886</u>	<u>294,063,690</u>	<u>268,255,056</u>	<u>280,619,743</u>
660,622,808	621,182,193	628,122,494	662,937,614	585,917,465	621,940,419
<u>\$ 990,633,249</u>	<u>\$ 896,755,745</u>	<u>\$ 941,085,380</u>	<u>\$ 957,001,304</u>	<u>\$ 854,172,521</u>	<u>\$ 902,560,162</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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Expenditures				
Current:				
Instructional:				
Regular	\$ 319,816,942	\$ 314,808,133	\$ 324,046,143	\$ 283,078,683
Special	158,128,848	160,635,912	162,198,127	144,953,532
Vocational	5,526,292	5,989,735	5,319,169	4,286,646
Adult/Continuing	-	420	-	-
Other	11,535,966	30,689,588	33,566,061	37,946,865
Support services:				
Pupil	47,008,873	54,156,176	50,121,100	48,397,301
Instructional staff	17,973,237	28,646,575	23,748,534	22,740,198
Board of education	282,441	275,002	313,898	209,766
Administration	52,958,282	50,779,101	52,686,835	51,045,779
Fiscal	27,894,651	25,467,472	18,030,250	24,513,570
Business	698,190	921,414	854,535	723,691
Operations and maintenance	80,977,774	89,080,718	78,228,916	71,428,038
Pupil transportation	41,829,119	38,933,595	46,986,875	28,726,585
Central	34,804,950	46,646,670	61,886,229	56,614,683
Operation of non-instructional services	38,871,025	39,287,377	40,418,386	41,655,800
Extracurricular activities	7,289,274	7,556,409	10,292,665	7,600,514
Facilities acquisition and construction	52,860,331	35,012,362	13,771,326	-
Capital outlay	11,175,961	-	23,102,604	3,582,562
Debt service:				
Principal retirement	17,668,794	17,170,406	56,373,362	6,966,090
Interest	10,449,243	11,069,896	11,017,521	12,490,332
Payment to refunding bond escrow agent	-	-	14,504,370	-
Issuance costs	667,732	-	301,500	-
Total expenditures	<u>\$ 938,417,925</u>	<u>\$ 957,126,961</u>	<u>\$ 1,027,768,406</u>	<u>\$ 846,960,635</u>
Capital expenditures	\$ 71,073,442	\$ 42,374,952	\$ 45,535,375	\$ 2,957,885
Debt service as a percentage of noncapital expenditures	3.24%	3.09%	8.34%	2.31%

Source: School District financial records.

2021	2020	2019	2018	2017	2016
\$ 333,759,110	\$ 325,168,805	\$ 352,929,842	\$ 339,487,720	\$ 338,992,197	\$ 324,618,371
209,314,822	211,891,853	199,760,057	191,218,576	175,476,604	172,622,234
4,604,973	6,342,285	7,293,836	7,327,860	8,289,369	9,061,911
-	-	-	-	384,463	64,500
42,327,849	10,474,580	12,965,233	12,872,149	9,124,540	7,948,798
45,735,807	44,035,270	45,755,347	44,099,186	38,840,456	34,931,451
22,323,037	23,603,995	30,471,215	30,748,271	32,052,227	32,344,941
265,867	233,180	326,564	256,007	283,108	257,321
57,615,254	57,783,579	66,389,362	63,174,115	58,651,736	51,041,593
18,694,633	17,157,417	20,585,345	15,346,518	12,095,073	16,527,158
1,157,190	1,173,518	1,403,358	1,629,759	1,395,552	1,325,568
57,481,142	73,220,004	74,560,006	74,417,192	66,993,138	70,242,266
21,689,323	35,629,344	40,171,126	37,521,557	30,774,583	30,536,879
26,161,100	23,860,941	30,791,372	28,302,605	37,076,806	29,169,898
34,651,285	35,073,609	39,730,683	38,382,727	37,339,474	35,427,070
2,477,957	4,496,921	5,756,944	5,930,679	5,757,733	6,332,299
-	-	-	-	-	-
10,144,296	47,255,815	109,974,721	98,739,344	45,068,587	26,687,322
7,725,746	6,105,000	5,880,000	5,585,000	8,488,640	20,405,143
12,743,521	13,012,599	13,232,322	13,404,512	13,572,360	13,207,413
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 908,872,912</u>	<u>\$ 936,518,715</u>	<u>\$ 1,057,977,333</u>	<u>\$ 1,008,443,777</u>	<u>\$ 920,656,646</u>	<u>\$ 882,752,136</u>
\$ 7,235,883	\$ 44,068,118	\$ 101,905,253	\$ 94,897,782	\$ 43,638,438	\$ 18,739,931
2.27%	2.14%	2.00%	2.08%	2.52%	3.89%

**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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Excess of revenues over (under) expenditures	\$ (166,315,920)	\$ 130,795,145	\$ (23,807,476)	\$ 55,548,590
Other Financing Sources (Uses)				
Lease transaction	794,296	-	21,046,956	-
General obligation bonds issued	75,000,000	-	113,205,000	-
Payment of refunded bond escrow agent	-	-	(68,283,150)	-
Premiums on bonds issued	3,101,233	-	-	-
SBITA transaction	10,381,665	-	1,918,331	-
Sale of capital assets	-	-	-	433,182
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>89,277,194</u>	<u>-</u>	<u>67,887,137</u>	<u>433,182</u>
Net change in fund balances	<u>\$ (77,038,726)</u>	<u>\$ 130,795,145</u>	<u>\$ 44,079,661</u>	<u>\$ 55,981,772</u>

Source: School District financial records.

2021	2020	2019	2018	2017	2016
\$ 81,760,337	\$ (39,762,970)	\$ (116,891,953)	\$ (51,442,473)	\$ (66,484,125)	\$ 19,808,026
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
489,121	-	-	605,061	-	-
36,307,741	4,856,076	1,972,898	3,799,964	1,655,767	7,960,673
(36,307,741)	(1,000,000)	(4,856,076)	(1,972,898)	(6,455,731)	(8,960,673)
489,121	3,856,076	(2,883,178)	2,432,127	(4,799,964)	(1,000,000)
\$ 82,249,458	\$ (35,906,894)	\$ (119,775,131)	\$ (49,010,346)	\$ (71,284,089)	\$ 18,808,026

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**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		Public Utility			Total		Total Direct Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio			
2025	\$ 7,167,912	\$ 20,479,749	\$ 625,443	\$ 710,731	\$ 7,793,355	\$ 21,190,480	36.78%	\$ 92.70		
2024	5,480,972	15,659,920	573,456	651,655	6,054,428	16,311,575	37.12%	84.10		
2023	5,427,325	15,506,643	555,606	631,370	5,982,931	16,138,013	37.07%	84.10		
2022	5,395,065	15,414,471	523,080	594,409	5,918,145	16,008,880	36.97%	84.10		
2021	4,725,624	13,501,783	498,952	566,991	5,224,576	14,068,774	37.14%	84.30		
2020	4,722,560	13,493,029	470,690	534,875	5,193,250	14,027,904	37.02%	79.30		
2019	4,722,561	13,493,031	470,690	534,875	5,193,251	14,027,906	37.02%	79.30		
2018	4,883,583	13,953,094	439,426	499,348	5,323,009	14,452,442	36.83%	79.30		
2017	4,297,763	12,279,323	390,044	443,232	4,687,807	12,722,555	36.85%	79.30		
2016	4,315,725	12,330,643	333,849	379,374	4,649,574	12,710,017	36.58%	79.40		

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.

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

**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
2015-2024

Tax Year/ Collection Year	City of Cleveland	Cuyahoga County	Cleveland Public Library	Cleveland Metro Parks	Cleveland - Cuyahoga Port Authority	Community College	Total	Cleveland Municipal School District					Total (1)
								General Fund	Building Maintenance	Bond Retirement	CMSD Total		
2024/2025	\$ 12.70	\$ 14.85	\$ 8.80	\$ 2.75	\$ 0.13	\$ 5.30	\$ 44.53	\$ 86.80	\$ 1.00	\$ 4.90	\$ 92.70	\$ 137.23	
2023/2024	12.70	14.85	8.80	2.75	0.13	5.30	44.53	78.20	1.00	4.90	84.10	128.63	
2022/2023	12.70	14.85	8.80	2.75	0.13	4.90	44.13	78.20	1.00	4.90	84.10	128.23	
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	

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>	
\$	13.50	\$	31.80	\$	2.80	\$	30.30	\$	4.75
	13.50		31.80		2.80		28.90		4.75
	13.50		31.80		2.80		28.50		4.75
	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

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

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

		2024	
Name of Taxpayer		Assessed Value	Percent of Real Property Assessed Value
Cleveland Electric Illuminating Co.	1	\$ 280,361,070	3.60%
East Ohio Gas Co.	2	174,235,340	2.24%
Cleveland Clinic Foundation	3	141,779,640	1.82%
American Transmission System	4	141,465,160	1.82%
City of Cleveland, Ohio	5	123,925,360	1.59%
K&D Properties	6	85,845,330	1.10%
127 PS Fee Owner, LLC	7	82,988,820	1.06%
Cleveland-Cuyahoga Port Authority	8	72,049,630	0.92%
Cleveland Propco II, LLC	9	38,869,230	0.50%
Flats East Office Tower LLC	10	30,701,390	0.39%
Totals		<u>\$ 1,172,220,970</u>	<u>15.04%</u>
Total Assessed Valuation		<u>\$ 7,793,354,590</u>	

		2015	
Name of Taxpayer		Assessed Value	Percent of Real Property Assessed Value
Cleveland Electric Illuminating Co.	1	\$ 204,079,950	4.39%
Cuyahoga County, Ohio	2	84,938,640	1.83%
East Ohio Gas Co.	3	81,294,510	1.75%
Key Center Properties LLC	4	80,915,000	1.74%
City of Cleveland, Ohio	5	74,169,060	1.60%
Cleveland Clinic Foundation	6	50,592,610	1.09%
Rock Ohio Ceasars Cleveland LLC	7	49,792,550	1.07%
Cleveland Financial Associates LLC	8	43,903,130	0.94%
American Transmission System	9	43,142,090	0.93%
National City Bank	10	33,508,720	0.72%
Totals		<u>\$ 746,336,260</u>	<u>16.05%</u>
Total Assessed Valuation		<u>\$ 4,649,574,000</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
2025	\$ 424,361	\$ 364,806	85.97%	\$ 21,811	\$ 386,617	91.11%
2024	343,932	313,104	91.04%	24,074	337,178	98.04%
2023	336,374	307,757	91.49%	25,228	332,985	98.99%
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%

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
2015-2024

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
2025	367,333	\$ 21,190,480,000	\$ 280,591,835	0.01	\$ 764
2024	362,656	16,311,575,000	216,920,000	0.01	598
2023	361,607	16,138,013,000	230,910,000	0.01	639
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

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					
Notes		Lease Payable/ SBITAs/ Capital Lease Obligation	Total Debt	Percentage of Personal Income	Per Capita
\$	-	\$ 30,873,681	\$ 311,465,516	3.13%	\$ 848
	-	22,946,514	239,866,514	2.44%	661
	-	26,126,920	257,036,920	3.04%	711
	-	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

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

**COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed Value	\$ 7,793,354,590
Debt Limit (9% of assessed value)	701,401,913
Debt Applicable to Limit	<u>277,500,000</u>
Legal Debt Margin	<u><u>\$ 423,901,913</u></u>

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Debt Limit - 9% of Taxable Valuation	\$ 701,401,913	\$ 544,898,553	\$ 538,463,811	\$ 532,633,048
Total Net Debt Applicable to Limit	<u>277,500,000</u>	<u>216,920,000</u>	<u>230,910,000</u>	<u>251,175,000</u>
Legal Debt Margin	<u><u>\$ 423,901,913</u></u>	<u><u>\$ 327,978,553</u></u>	<u><u>\$ 307,553,811</u></u>	<u><u>\$ 281,458,048</u></u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	39.56%	39.81%	42.88%	47.16%

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 470,211,827	\$ 467,392,596	\$ 479,070,778	\$ 430,830,755	\$ 421,902,602	\$ 418,461,602
<u>203,259,198</u>	<u>233,508,202</u>	<u>242,385,347</u>	<u>251,108,048</u>	<u>259,589,396</u>	<u>268,001,993</u>
<u>\$ 266,952,629</u>	<u>\$ 233,884,394</u>	<u>\$ 236,685,431</u>	<u>\$ 179,722,707</u>	<u>\$ 162,313,206</u>	<u>\$ 150,459,609</u>
43.23%	49.96%	50.59%	58.28%	61.53%	64.04%

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

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2025

Governmental Unit	Gross General Obligation	Percent Applicable to School District (1)	Amount Applicable to School District
Direct:			
Cleveland Municipal School District	\$ 311,465,516	100.00%	\$ 311,465,516
Overlapping:			
Cuyahoga County	272,195,000	17.58%	47,851,881
Brook Park City	6,455,000	4.19%	270,465
Cleveland City	212,295,000	98.17%	208,410,002
Garfield Heights City	5,855,000	5.18%	303,289
Bratenahl Village	2,365,000	100.00%	2,365,000
Newburgh Heights Village	540,000	100.00%	540,000
Cuyahoga Community College	177,515,000	17.58%	31,207,137
Total overlapping	<u>\$ 677,220,000</u>		<u>\$ 290,947,774</u>
Total direct and overlapping debt	<u><u>\$ 988,685,516</u></u>		<u><u>\$ 602,413,290</u></u>

Source: Ohio Municipal Advisory Council (OMAC)

** Amount includes premiums and accreted debt associated with the general obligation bonds.

(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
2025	367,333	\$ 9,946,642,974	\$ 27,078	5.0%
2024	362,656	9,819,999,168	27,078	4.4%
2023	361,607	8,467,027,905	26,040	3.4%
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%

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	2024			2015		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Cleveland Clinic	51,351	1	32.79%	32,269	1	21.36%
University Hospitals	25,936	2	16.56%	15,447	2	10.22%
U.S. Federal Government	16,665	3	10.64%			
The MetroHealth System	7,688	4	4.91%	5,839	7	3.86%
City of Cleveland	7,457	5	4.76%	6,666	6	4.41%
Cuyahoga County	7,074	6	4.52%	7,772	4	5.14%
Sherwin-Williams Co.	6,462	7	4.13%			
VA Northeast Ohio Healthcare System	6,090	8	3.89%			
KeyCorp	5,726	9	3.66%	4,708	8	3.12%
Cleveland Metropolitan School District	5,640	10	3.60%	7,203	5	4.77%
U.S. Office of Personnel Management				11,536	3	7.63%
Case Western Reserve University				4,443	9	2.94%
U.S. Postal Services				3,941	10	2.61%
Total	140,089		89.46%	99,824		66.06%
Total Employment within the School District	156,600			151,100		

Source: City of Cleveland 2024 ACFR

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

**FULL-TIME EQUIVALENT SCHOOL DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	Percentage Change 2016-2025
Educational Staff:											
Regular Education	1,879	2,041	1,972	2,022	1,865	1,985	1,985	1,982	2,060	1,744	7.74%
Special Education	804	861	781	797	775	898	898	920	868	813	-1.11%
Other Professional - Educational	15	17	53	15	54	13	13	15	21	45	-66.67%
Total Educational	2,698	2,918	2,806	2,834	2,694	2,896	2,896	2,917	2,949	2,602	3.69%
Student Services:											
Curriculum Specialist	6	10	12	12	2	37	37	71	74	66	-90.91%
Paraprofessional	524	496	503	491	615	212	212	173	163	153	242.48%
Counseling	42	46	43	44	43	50	50	50	48	50	-16.00%
Librarian/Media	22	29	25	25	25	24	24	21	19	26	-15.38%
Remedial Specialist	-	-	-	-	33	-	-	-	-	261	-100.00%
Psychologist	82	73	77	78	74	78	78	68	68	68	20.59%
Registered Nurse	50	47	48	47	52	52	52	51	55	42	19.05%
Social Work	-	-	-	-	6	4	4	4	7	7	-100.00%
Physical Therapist	10	10	9	9	9	9	9	9	8	7	42.86%
Speech/Language Therapist	82	82	84	80	81	83	83	80	76	71	15.49%
Occ/Mobility Therapist	52	51	49	50	40	58	58	34	32	25	108.00%
Other Professional Services	51	55	54	56	158	46	46	47	67	81	-37.04%
Total Student Services	921	898	904	892	1,138	653	653	608	617	857	7.47%
Support Staff:											
Bookkeeping	7	7	7	6	24	24	24	21	32	19	-63.16%
Clerical Assignment	117	114	117	112	180	210	210	195	213	202	-42.08%
Teaching Aide	309	287	296	304	93	710	710	781	543	537	-42.46%
Other Office/Clerical	-	-	-	-	13	19	19	16	33	27	-100.00%
Attendance Officer	-	-	-	-	12	12	12	8	10	12	-100.00%
Maintenance	61	62	60	67	36	40	40	33	40	37	64.86%
Custodial	314	301	312	305	319	334	334	298	333	323	-2.79%
Food Service/Dietician	317	294	288	278	116	6	6	6	8	3	10466.67%
Guard/Watchman	138	107	122	123	164	201	201	182	193	226	-38.94%
Mechanic/Foreman	20	21	22	21	44	46	46	40	47	50	-60.00%
Vehicle Operating/Dispatch	202	213	221	236	211	146	146	262	113	29	596.55%
Computer Operating/Programming	19	25	26	23	18	15	15	20	22	25	-24.00%
Total Support	1,504	1,431	1,471	1,475	1,230	1,763	1,763	1,862	1,587	1,490	0.94%
Administrative Staff:											
Administrative Assistant	29	36	41	37	11	14	14	12	10	8	262.50%
Deputy/Associate	-	-	-	35	37	25	25	21	26	40	-100.00%
Director	42	38	37	44	14	31	31	30	33	5	740.00%
Principal	100	101	101	101	107	114	114	108	113	113	-11.50%
Assistant Principal	99	84	91	96	72	84	84	101	97	81	22.22%
Supervisor/Manager	137	135	170	152	210	211	211	201	128	92	48.91%
Coordinator	72	74	73	57	89	63	63	58	81	44	63.64%
Education Administrative Specialist	-	-	-	-	10	7	7	8	6	10	-100.00%
Other Official/Administrator	150	157	144	180	159	93	93	110	66	59	154.24%
Total Administrative	629	625	657	702	709	642	642	649	560	452	39.16%
Total Employees	5,752	5,872	5,838	5,903	5,771	5,954	5,954	6,036	5,713	5,401	6.50%

Source: School District records

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

**CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS**

Governmental Activities

	2025	2024	2023	2022	2021
Land	\$ 31,597,774	\$ 31,597,774	\$ 31,597,774	\$ 31,597,774	\$ 31,597,774
Construction in progress	93,197,022	40,181,520	13,924,754	15,018,318	14,112,322
Land improvements	15,578	72,471	84,020	93,142	102,191
Buildings and improvements	816,526,877	848,936,103	869,619,267	887,519,752	918,193,252
Vehicles and Equipment	25,554,445	22,126,653	18,259,349	11,093,345	11,756,598
Internal Generated Software	293,934	293,934	293,934	293,934	293,934
Intangible right-to-use-assets	29,196,434	21,901,891	25,905,218	6,792,137	1,407,724
Total Governmental Activities					
Capital Assets, net	<u>\$ 996,382,064</u>	<u>\$ 965,110,346</u>	<u>\$ 959,684,316</u>	<u>\$ 952,408,402</u>	<u>\$ 977,463,795</u>

Governmental Activities

	2020	2019	2018	2017	2016
Land	\$ 31,814,081	\$ 31,814,081	\$ 31,814,081	\$ 31,814,081	\$ 31,814,081
Construction in progress	94,277,459	60,006,978	85,500,350	48,949,415	20,645,660
Land improvements	113,160	50,484	62,034	74,900	89,084
Buildings and improvements	863,038,409	859,845,018	761,507,524	731,633,466	742,456,894
Vehicles and Equipment	12,901,271	12,516,009	13,375,915	14,313,962	15,465,625
Internal Generated Software	293,934	10,092	211,598	553,728	916,496
Intangible right-to-use-assets	-	-	-	-	-
Total Governmental Activities					
Capital Assets, net	<u>\$ 1,002,438,314</u>	<u>\$ 964,242,662</u>	<u>\$ 892,471,502</u>	<u>\$ 827,339,552</u>	<u>\$ 811,387,840</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation/amortization.

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

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change
2025	31,661	\$ 845,595,864	\$ 26,708	3.37%
2024	34,598	893,874,297	25,836	-5.75%
2023	33,149	908,697,723	27,413	16.08%
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%

Source: Ohio Department of Education and Workforce

- (1) Operating expenditures are total expenditures for all governmental funds less debt service and capital outlay.
- (2) Total Program Expenses for all governmental funds less Interest and Fiscal Charges.
- (3) Meal percentage includes lunch only

Expenses (2)		Cost Per Pupil	Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free and Reduced - Paid Meals (3)
\$	849,485,925	26,831	2,698	11.7	100.00%
	884,701,816	25,571	2,918	11.9	100.00%
	904,270,634	27,279	2,806	11.8	100.00%
	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%

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

TEACHER BASE SALARIES
LAST TEN YEARS
2015-2024

Year	Minimum Salary		Maximum Salary		Statewide Average Salary
2025	\$	53,233	\$	107,266	N/A
2024		52,189		105,163	\$ 68,224
2023		49,198		99,135	66,399
2022		47,765		96,248	69,081
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

Sources: Ohio Department of Education and Workforce
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 3/24/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov