

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Schedule of Federal Awards Expenditures .....	1
Notes to the Schedule of Federal Awards Expenditures .....	6
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	7
Report on Compliance with Requirements Applicable to the Major Federal Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i> .....	9
Schedule of Findings OMB Circular A-133 § .505 .....	11
Schedule of Prior Audit Findings OMB Circular A-133 § .315(b) .....	13
Corrective Action Plan .....	14

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	NA	10.550	\$0	\$1,740,008	\$0	\$1,904,388
School Breakfast Program	04278605PU1999	10.553	357,544	0	357,544	0
	04278605PU2000		1,784,505	0	1,784,505	0
	04278605PU2001		3,981,599	0	3,981,599	0
Subtotal CFDA 10.553			6,123,648	0	6,123,648	0
National School Lunch Program	04378603LLP12000	10.555	4,241,200	0	4,241,200	0
	04378603LLP12001		10,510,473		10,510,473	
	04378603LLP42000		578,798		578,798	
	04378603LLP42001		1,485,865	0	1,485,865	0
Subtotal CFDA 10.555			16,816,336	0	16,816,336	0
Total Department of Agriculture - Nutrition Cluster			22,939,984	1,740,008	22,939,984	1,904,388
<b>U.S. DEPARTMENT OF DEFENSE</b>						
<i>Direct Assistance:</i>						
Junior ROTC	NA-01	12.000	23,093	0	37,827	0
Total U.S. Department of Defense			23,093	0	37,827	0
<b>U.S. DEPARTMENT OF LABOR</b>						
<i>Passed Through Ohio Department of Education:</i>						
School to Work	EZ56151A	17.249	370,988	0	352,266	0
	AM56151A		216,438	0	220,117	0
Youth Offender Demonstration	NA - 01		0	0	21,960	0
Subtotal CFDA 17.249			587,426	0	594,343	0
<i>Passed Through the City of Cleveland:</i>						
Job Training Partnership Act	SYETP & CY 98	17.250	(115,938)	0	(5,517)	0
	SYETP & CY 99		78,297	0	(4,219)	0
	NA - 99		0	0	20,119	0
	NA - 00		111,045	0	381,989	0
	NA - 01		1,421,874	0	1,731,368	0
	NA - 02		0	0	138,045	0
Subtotal CFDA 17.250			1,495,278	0	2,261,785	0
Total U.S. Department of Labor			2,082,704	0	2,856,128	0
<b>NATIONAL SCIENCE FOUNDATION</b>						
<i>Direct Assistance</i>						
Cleveland Urban System Initiative	NA - 96	47.076	0	0	17,386	0
	NA - 99		933,422	0	(11,258)	0
	NA - 00		0	0	(252,156)	0
	NA - 02		0	0	260	0
Total National Science Foundation			933,422	0	(245,768)	0

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Direct Assistance:</i>						
Pell Grants	NA - 00	84.063	24,046	0	105,086	0
	NA - 01		121,706	0	51,771	0
Subtotal CFDA 84.063			145,752	0	156,857	0
Safe Schools/Healthy Start	043786 S184L 00	84.184	3,372,529	0	3,696,842	0
Total U.S. Department of Education Direct Assistance			3,518,281	0	3,853,699	0
<i>Passed Through Cuyahoga County:</i>						
Handicapped - State Grant	NA-99	84.027	0	0	35,194	0
	NA-00		0	0	30,589	0
Subtotal CFDA 84.027			0	0	65,783	0
Refugee Dollars and English as a Second Lang	NA - 98	84.146	(272,818)	0	(76,603)	0
	NA - 99		214,265	0	28,220	0
	NA - 00		175,275	0	103,951	0
Subtotal CFDA 84.146			116,722	0	55,568	0
Job Search	NA - 00	84.213	13,300	0	173,875	0
Total Passed Through Cuyahoga County			130,022	0	295,226	0
<i>Passed Through Cuyahoga Community College:</i>						
Technology Challenge		84.303	71,690	0	85,660	0
<i>Passed Through Ohio Department of Education:</i>						
Adult Basic and Literacy Education	043786 AB-S1 99	84.002	0	0	80,409	0
	043786 AB-S1 00		1,441,856	0	(121,381)	0
	043786 AB-S1 01		2,188,903	0	2,424,889	0
Subtotal CFDA 84.002			3,630,759	0	2,383,917	0
Title 1 -ESEA	043786 C1-S1 99	84.010	24,114,023	0	747,414	0
	043786 C1-S1 00		199,348	0	2,693,305	0
	043786 C1-S1 00C		0	0	4,805,257	0
	043786 C1-SS 01P		15,000	0	15,009	0
	043786 C1-S1 01		26,957,839	0	25,205,173	0
	043786 C1-SD 01		82,140	0	128,488	0
	043786 CI-S1 01C		4,062,842	0	0	0
	043786 CI-SD 02C		17,935	0	18,757	0
Subtotal CFDA 84.010			55,449,127	0	33,613,403	0
<i>Special Education Cluster:</i>						
Preschool Subsidy - Flowthru	043786 PG-S1 99P	84.173	43,900	0	(14,397)	0
	043786 PG-S1 00P		287,248	0	96,047	0
	043786 PG-S1 01P		260,642	0	202,917	0
Handicapped - Preschool Grant	043786 PG-SC 00P	84.173	4,022	0	3,875	0
	043786 PG-SC 01P		94,962	0	76,277	0
Subtotal CFDA 84.173			690,774	0	364,719	0
Handicapped - State Grant	043786 6B-SF 99P	84.027	425,634	0	0	0
	043786 6B-SF 00P		4,080,913	0	1,947,774	0
	043786 6B-SF 01P		6,515,145	0	5,320,628	0
Subtotal CFDA 84.027			11,021,692	0	7,268,402	0
Total Special Education Cluster			11,712,466	0	7,633,121	0

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
Vocational Education - Basic Grant -VI-B	043786 20-C1 98	84.048	0	0	1,894	0
	043786 20-C1 99		0	0	(6,082)	0
	043786 20-C2 99		0		(86,740)	
	043786 20-C1 00		439,375	0	1,184,259	0
	043786 20-C2 00		30,576		35,371	
	043786 20-C1 01		1,420,493	0	1,663,284	0
	043786 20-C2 01		78,814		178,059	
	043786 20-C1 02		367,394	0	0	0
Opportunities - Single Parents/Displaced	CG2000-023259		0	0	22,000	0
Sex Equity	043786 20-A4 99		0	0	17,972	0
	043786 20-A5 99		0	0	189,806	0
Subtotal CFDA 84.048			2,336,652	0	3,199,823	0
Emergency Immigrant Assistance	043786 EL-S1 98	84.162	0	0	8,383	0
	043786 EL-S1 99		0	0	(11,451)	0
	043786 EL-S1 99C		0	0	(2,247)	0
	043786 EL-S1 00		8,028	0	47,186	0
	043786 EL-S1 01		63,352	0	23,395	0
Subtotal CFDA 84.162			71,380	0	65,266	0
<i>Passed Through Ohio Department of Education:</i>						
Drug Free Schools and Communities	043786 DR-S1 98	84.186	176,365	0	0	0
	043786 DR-S1 99		0	0	137,069	0
	043786 DR-S1 00		540,990	0	267,450	0
	043786 DR-S1 01		523,047	0	544,281	0
Subtotal CFDA 84.186			1,240,402	0	948,800	0
Title VII - Bilingual Education Tech. Assistance	043786 T7-51 99	84.194	0	0	(4,803)	0
	043786 T7-51 00		5,000	0	11,679	0
Subtotal CFDA 84.194			5,000	0	6,876	0
Homeless Care Education	043786 HC-S1 99	84.196	0	0	926	0
	043786 HC-S1 00		134,171		41,316	
	043786 HC-S1 01		51,752	0	98,892	0
Subtotal CFDA 84.196			185,923	0	141,134	0
Javits Gifted Project	NA - 00	84.206	0	0	1,823	0
Even Start	043786 EV-S1 99	84.213	38,677	0	1,158	0
	043786 EV-S1 00		0	0	168,446	0
	043786 EV-S1 01		120,436	0	162,326	0
Subtotal CFDA 84.213			159,113	0	331,930	0
Character Education	043786 PIS1 00	84.215	0	0	978	0
	043786 PIS1 01		10,937	0	7,106	0
Smaller Learning Communities			0	0	71,892	0
Subtotal CFDA 84.215			10,937	0	79,976	0

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
Capital Expenses - Title 1	043786 CX-S1 99	84.216	0	0	26,195	0
Goals 2000	043786 G2S3 98C	84.276	(13,707)	0	1,186	0
	043786 G2SP 98C		60,786	0	(142,818)	0
	043786 G2S4 98P		(3,620)	0	0	0
	043786 G2ST 99		15,258	0	33,637	0
	043786 G2SP 99P		(437)	0	0	0
	043786 G2S1 00		202,125	0	73,165	0
	043786 G2S2 00		90,000	0	84,576	0
	043786 G2S8 00		0	0	15,457	0
	043786 G2S1 01		126,875	0	0	0
	043786 G2S2 01		52,100	0	0	0
Subtotal CFDA 84.276			529,380	0	65,203	0
Eisenhower Professional Development	043786 MS-S1 98C	84.281	79,064	0	5,175	0
	043786 MS-S4 99		586,334	0	564,445	0
	043786 MS-S1 00		620,791	0	475,112	0
	043786 MS-S1 01		281,807	0	41	0
Subtotal CFDA 84.281			1,567,996	0	1,044,773	0
21st Century Community Learning Ctr Program	043786 R287B 00	84.287	437,071	0	437,634	0
	043786 S287A 00		192,464	0	632,475	0
Subtotal CFDA 84.287			629,535	0	1,070,109	0
Innovative Education Program Strategy - Title V	043786 C2-S1 00	84.298	600,940	0	334,340	0
	043786 C2-S1 00C		0	0	321,143	0
	043786 C2-S1 01		193,998	0	415,290	0
Subtotal CFDA 84.298			794,938	0	1,070,773	0
Family Literacy	043786 FV-S1 00	84.314	7,000	0	0	0
Technical Literacy Challenge Fund	043786 TF-S1 97	84.318	0	0	6,666	0
	043786 TF-S2 98		0	0	7,940	0
	043786 TF-13 98		0	0	16,420	0
	043786 TF-23 99		0	0	6,500	0
	043786 TF-31 99		0	0	4,912	0
	043786 TF-25 00		(3,898)	0	21,086	0
	043786 TF-34 00		(9,482)	0	52,682	0
	043786 TF-25 00		(1,585)	0	23,489	0
	NA - 00		32,133	0	437,872	0
	NA - 01		710,037	0	654,306	0
Subtotal CFDA 84.318			727,205	0	1,231,873	0
Reform Demonstration	043786 RFS1 99	84.332	331,186	0	158,737	0
	043786 RFS1 00		180,435	0	322,134	0
Subtotal CFDA 84.332			511,621	0	480,871	0
Reading Excellence	043786 RN-S1 00	84.338	443,954	0	550,032	0
	043786 RN-S2 00		15,452	0	10,815	0
Subtotal CFDA 84.338			459,406	0	560,847	0
Title VI-R Reducing Class Size Reduction	043786 CR-S1 00	84.340	985,616	0	2,870,933	0
	043786 CR-S1 01		2,707,976	0	282,588	0
Subtotal CFDA 84.340			3,693,592	0	3,153,521	0



**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
Title I - School Improvement	043786 AK-S1-01	84.348	126,147	0	61,029	0
Total Pass Through Ohio Department of Education			83,848,579	0	57,171,263	0
Total U.S. Department of Education			87,568,572	0	61,405,848	0
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed Through Ohio Department of Education:</i>						
Refugee Impact Subsidy	043786 RI-S1 00	93.576	19,972	0	78,385	0
	043786 RI-S1 01		38,790	0	0	0
Subtotal CFDA 93.576			58,762	0	78,385	0
<i>Passed Through Cuyahoga County:</i>						
Youth Development Initiative	NA - 01	93.558	35,213	0	173,772	0
Dependent Care Plan	NA - 98	93.673	456,772	0	42,721	0
<i>Passed Through Jobs and Family Services:</i>						
Medicaid Assistance Program	NA-00	93.778	5,101,826	0	5,101,826	0
<i>Passed Through City of Cleveland</i>						
Healthy Family Healthy Start	NA-99	93.926	0	0	(303,776)	0
	NA-00		379,095	0	308,149	0
	NA-01		151,377	0	303,906	0
Subtotal CFDA 93.926			530,472	0	308,279	0
Total U.S. Department of Health and Human Services			6,183,045	0	5,704,983	0
Total Federal Assistance			\$119,730,820	\$1,740,008	\$92,699,002	\$1,904,388

*The accompanying notes to this schedule are an integral part of this schedule.*

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes the activity of the District's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

**NOTE C - NEGATIVE AMOUNTS**

Negative amounts are due to adjustments made to the District's account codes for this program. Some adjustments are made in order to reflect receipts and expenditures in the proper program year.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**N/A** - Not applicable.

**CFDA** - Catalog of Federal Domestic Assistance



**STATE OF OHIO  
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Board of Education  
Cleveland Municipal School District  
Cuyahoga County  
1380 East Sixth Street  
Cleveland, Ohio 44114

We have audited the financial statements of the Cleveland Municipal School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 13, 2001 in which we noted a restatement of the General and Student Managed Activity Agency funds. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated December 13, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the District in a separate letter dated December 13, 2001.

Cleveland Municipal School District  
Cuyahoga County  
Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

December 13, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR  
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education  
Cleveland Municipal School District  
Cuyahoga County  
1380 East Sixth Street  
Cleveland, Ohio 44114

**Compliance**

We have audited the compliance of the Cleveland Municipal School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to the each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying schedule of findings as item 2001-10818-01. We also noted certain instances of noncompliance that do not require inclusion in this report that we have reported to management of the District in a separate letter dated December 13, 2001.

### **Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 13, 2001.

### **Schedule of Federal Awards Expenditures**

We have audited the general-purpose financial statements of the District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 13, 2001. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended for the information and use of the management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

December 13, 2001

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2001**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

(d)(1)(i)	<b>Type of Financial Statement Opinion</b>	Unqualified
(d)(1)(ii)	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
(d)(1)(ii)	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
(d)(1)(iii)	<b>Was there any reported non-compliance at the financial statement level (GAGAS)?</b>	No
(d)(1)(iv)	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
(d)(1)(iv)	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
(d)(1)(v)	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
(d)(1)(vi)	<b>Are there any reportable findings under § .510?</b>	Yes
(d)(1)(vii)	<b>Major Programs (list)</b>	<i>Special Education Cluster:</i> Sp. Ed. Grants to States, CFDA #84.027; and Sp. Education PreSchool Grant, CFDA #84.173; <i>Child Nutrition Cluster:</i> Gov't Donated Foods Program, CFDA #10.550, School Breakfast Program, CFDA #10.553, and Nat'l School Lunch Program, CFDA #10.555; Title I, CFDA #84.010; Vocational Education, CFDA #84.048; Safe Schools/Healthy Start, CFDA #84.184; and Title VI-R Reducing Class Size, #84.340; Medical Assistance Program CFDA#93.778
(d)(1)(viii)	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$2,838,102 Type B: all others
(d)(1)(ix)	<b>Low Risk Auditee?</b>	No

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2001**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	
-----------------------	--

None

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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**TITLE VI-B - NONCOMPLIANCE**

<b>Finding Number</b>	2001-10818-01
<b>CFDA Title and Number</b>	Special Education Cluster: Special Education Grants to States, CFDA #84.027; Special Education Preschool Grants, CFDA #84.173
<b>Federal Award Number / Year</b>	043786-6B-SF-00 / 2000
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

34 CFR 300.342 requires the development and implementation of an individualized education program (IEP) for each of its handicapped children and ensures that an IEP is developed for each handicapped child who is placed in or referred to a private school or facility by a public agency or who is enrolled in a private school and receives special education or related services from a public agency. 34 CFR 300.343 also requires reviews of each IEP periodically, but not less than annually, to determine whether the annual goals for the child are being achieved.

During our testing of 60 student files, we noted five of the students did not have a current IEP and three did not contain any IEP.

Lack of a current IEP could result in unnecessary and ineligible services being rendered with federal grant funds. As a result, we recommend implementation of procedures to ensure that all students receiving special education services be eligible by having a current IEP on file.



**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
 CUYAHOGA COUNTY  
 JUNE 30, 2001**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
 OMB CIRCULAR A -133 § .315 (b)**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2000-10818-01	Student Activities	Yes	Corrected: The District has accounted for funds in the agency fund.
2000-10818-02	Title VI-B	No	Partially Corrected: Exceptions were related to a change in timing and not anticipated to recur in the future.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**CORRECTIVE ACTION PLAN**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2001-10818-01	<p>The District has been working continuously to update and maintain its IEP files. A central records function has been established and is staffed by three individuals. All new IEPs are filed in the student jackets and are reviewed by professional staff before filing.</p> <p>In the District plans for the IEP development and review process for the upcoming year, the District will incorporate guidelines for greater care and oversight and review at the individual school level. Additionally, the District is evaluating computerized methods for IEP preparation as a means to address IEP quality and preparation efficiency.</p>	June 30, 2002	Robert Hacking, Director of Special Education

# **Comprehensive Annual Financial Report**

Of the

**Cleveland Municipal School District**

For the

**FISCAL YEAR ENDED  
JUNE 30, 2001**

Prepared by

**Finance Department**

Erbert C. Johnson  
Chief Financial Officer/Treasurer

**Cover Art**

Donte P. Jones  
Paul Revere Elementary

**1380 East Sixth Street \* Cleveland, Ohio 44114**



# Cleveland Board of Education



Rev. Hilton O. Smith, *Chair*



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Dr. Jerry Sue Thornton  
*ex officio*



Dr. Claire Van Ummersen  
*ex officio*



Barbara Byrd-Bennett  
*Chief Executive Officer*



Erbert C. Johnson  
*CFO/Treasurer*

# **INTRODUCTORY SECTION**

# Cleveland Municipal School District

## TABLE OF CONTENTS

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### I. INTRODUCTORY SECTION

Table of Contents.....	T1
Letter of Transmittal.....	T3
Board Members.....	T17
Senior Appointed Officials.....	T18
Organizational Chart.....	T19
GFOA Certificate of Achievement.....	T20
ASBO Certificate of Excellence.....	T21

### II. FINANCIAL SECTION

Independent Accountants Report.....	1
-------------------------------------	---

#### **General Purpose Financial Statements (Combined Statements-Overview)**

Combined Balance Sheet - All Fund Types and Account Groups.....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds .....	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - (Non-GAAP Basis) Budget and Actual - All Governmental Fund Types and Expendable Trust Funds .....	10
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types .....	14
Combined Statement of Cash Flows - All Proprietary Fund Types .....	15
Notes to the General Purpose Financial Statements.....	17

#### **Combining, Individual Fund and Account Group Statements and Schedules**

##### **Governmental Funds:**

##### Special Revenue Funds:

Description of Funds .....	48
Combining Balance Sheet.....	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - (Non-GAAP Basis) Budget and Actual .....	58

##### Capital Projects Funds:

Description of Funds .....	73
Combining Balance Sheet.....	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	76
Schedule of Revenues, Expenditures and Changes in Fund Balance - (Non-GAAP Basis) Budget and Actual .....	78

**Proprietary Funds:**

Enterprise Funds:

Description of Funds ..... 85  
Combining Balance Sheet..... 86  
Combining Statement of Revenues, Expenses and Changes in  
Retained Earnings..... 88  
Combining Statement of Cash Flows ..... 90

**Fiduciary Funds:**

Expendable Trusts and Agency Funds:

Description of Funds ..... 95  
Combining Balance Sheet-All Trust and Agency Funds..... 96  
Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances-All Expendable Trust Funds..... 98  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - (Non-GAAP Basis) Budget and Actual -  
All Expendable Trust Funds..... 99  
Combining Statement of Changes in Assets and Liabilities -  
All Agency Funds..... 102

**General Fixed Assets Account Group:**

Description of Account Group ..... 103  
Comparative Schedule of General Fixed Assets by Source ..... 104  
Schedule of General Fixed Assets by Function/Activity..... 105  
Schedule of Changes in General Fixed Assets by Source ..... 106  
Schedule of Changes in General Fixed Assets by Function/Activity..... 107

**III. STATISTICAL SECTION**

Summary of Revenues by Source - All Governmental Fund Types ..... S1  
Summary of Expenditures by Function - All Governmental Fund Types ..... S3  
Property Tax Levies and Collections..... S5  
Assessed and Estimated Actual Value of Taxable Property..... S6  
Ad Valorem Property Tax Rates - All Direct and Overlapping Governments ..... S7  
Ratio of Net General Bonded Debt to Assessed Value and Net  
General Obligation Bonded Debt Per Capita ..... S8  
Computation of Direct and Overlapping Debt..... S9  
Computation of Legal Debt Margin..... S10  
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total  
Governmental Fund Type Expenditures ..... S11  
Schedule of Insurance in Force..... S12  
Attendance Data..... S13  
Expenditures Per Pupil – All Governmental Fund Types..... S14  
School Lunch Program..... S16  
School Breakfast Program ..... S17  
Economic and Demographic Information..... S18  
Largest Employers ..... S19  
Major Taxpayers ..... S20  
Property Value, Bank Deposits and Construction ..... S21  
Miscellaneous Statistical Data..... S22



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*Barbara Byrd-Bennett  
Chief Executive Officer*

*Myrna Elliott-Lewis, Ed.D.  
Chief Academic Officer*

*Michael A. Eugene  
Chief Operating Officer*

*Erbert Johnson  
Chief Financial Officer*

*Leaura N. Materassi  
Chief Instructional Program Officer*

*Lisa Marie Fuda  
Chief of Staff*

*Alan A. A. Selfullah  
Chief Communications Officer*

*Adrian D. Thompson, Esq.  
Chief Legal Counsel*

December 13, 2001

Board of Education  
Cleveland Municipal School District  
1380 East Sixth Street  
Cleveland, Ohio 44114

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Cleveland Municipal School District (the "School District") for the fiscal year ended June 30, 2001. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental entities. 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 are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School District. This report will provide the taxpayers of the Cleveland Municipal 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.

The comprehensive annual financial report is presented in three sections as follows:

1. The Introductory Section, which contains a Table of Contents, Letter of Transmittal, List of Board Members, List of Senior Appointed Officials, an Organizational Chart of the School District, Government Finance Officers Association (GFOA) Certificate of Achievement and Association of School Business Officials (ASBO) Certificate of Excellence.
2. The Financial Section which begins with the Independent Accountant's Report includes the General Purpose Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements by Fund Type, and other schedules that provide detailed information relative to the General Purpose Financial Statements.
3. The Statistical Section presents social and economic data, financial trends and the fiscal capacity of the Cleveland Municipal School District.

## **The School District**

### ***The Board of Education and Administration***

The Board of Education of the Cleveland Municipal 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, together with the School District, 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 and whose terms run until June 30, 2003.

The appointment of a nine member School Board on September 9, 1998 marked another dramatic change in the governance structure of the School District. Between March 3, 1995 and September 9, 1998, the Federal District Court (the “Court”) overseeing the School District's desegregation case issued an order (the March 3<sup>rd</sup> Order) transferring all authority for the operation of the School District from the old seven member elected School Board to the State Superintendent of Public Instruction (“the State”). At that time, the State was ordered to institute structural, managerial and operational reforms to enable the School District to achieve financial stability and to successfully implement the terms of the desegregation orders. With this order, the old elected Board ceased to be the governing body for the School District. On September 9, 1998, the Court vacated the March 3<sup>rd</sup> Order, thereby ending three and one-half years of State Control of the School District. This release triggered the immediate implementation of the provisions of Ohio Substitute House Bill No. 269 (H.B. No. 269) which called for the transfer of the supervision and control of the School District to a new nine-member Board of Education appointed by the Mayor of the City of Cleveland. The legislation also provided for Mayoral appointment powers with respect to the Chief Executive Officer (formerly known as Superintendent) position for the School District. Additionally, the legislation provides for a referendum on the Mayor's authority to continue appointing board members, to take place at the general election in the first even-numbered year occurring at least four years after the transfer takes place (November 2002).

Up until September 9, 1998, the Superintendent of Schools, (the “Superintendent”) was the chief executive officer of the School District and had the responsibility for directing and assigning teachers and other employees, assigning the pupils to the proper schools and grades, and performing such other duties as determined by the elected Board. Pursuant to the authority assigned by the Court in its March 3<sup>rd</sup> Order, the State Superintendent of Public Instruction appointed Dr. Richard A. Boyd as Superintendent on April 5, 1995. Dr. Boyd was given a joint appointment as Superintendent and Deputy State Superintendent for the Cleveland Public Schools. Under the governance structure established by the Court, the Superintendent/Deputy State Superintendent reported to the State Superintendent, not the elected Board. Dr. Boyd resigned his dual posts in December 1997 and Mr. James Penning, the Chief Operating Officer - Operations, was named to succeed him in January 1998. Following the lifting of the March 3<sup>rd</sup> Order, on September 9, 1998, Mayor Michael R. White appointed Mr. Louis J. Erste, the School District's Chief of Staff, as the Interim Chief Executive Officer, replacing Mr. Penning, who had resigned his superintendent position. On November 16, 1998, the Mayor appointed Mrs. Barbara Byrd-Bennett as the School District's Chief Executive Officer with a four-year contract.

The Treasurer is the chief fiscal officer of the Board and the School District. Following the March 3<sup>rd</sup> Order, a new administrative structure was implemented in which the Treasurer reports to the Superintendent. Mr. Bryan Christman, Controller for the School District, was appointed in July 1996 to the position of Interim Chief Financial Officer/Treasurer. In December 1996, Mr Christman's appointment was made permanent. On September 9, 1998, Mr. Christman was appointed Chief Financial Officer of the District when the new authority of the Chief Executive Officer as granted under House Bill No. 269 became effective. In September 1999, a new Chief Financial Officer/Treasurer, Mr. Erbert Johnson, was appointed by the Chief Executive Officer.

In accordance with H.B. No. 269, following September 9, 1998, the School District is now referred to as the Cleveland Municipal School District. Other key provisions of the legislation include a requirement that all administrators submit their resignation from their respective positions, and that all such administrators become employees on an at-will basis. These requirements were met on September 9, 1998.

### ***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.

In fiscal year 2001, the School District enrolled 74,193 students (compared to 76,323 the previous year) in 82 elementary schools, 26 middle schools, and 17 senior high schools. In addition classes are provided in five 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), four administration facilities (including a central kitchen) and three transportation depots.

### ***Employee Relations***

As of June 30, 2001 the School District had 12,990 full and part-time employees (compared to 12,244 the previous year). In the fiscal year ended June 30, 2001, the School District paid \$446.1 million in salaries and wages and \$111.6 million for fringe benefits such as employer retirement contributions, health care, life insurance, and certain other benefits.

The School District's certificated administrators and supervisors (such as principals, assistant principals and many central office staff) were previously represented by the Cleveland Council of Administrators and Supervisors ("CCAS"); however they are now employees on an at-will basis. Teachers and educational specialists, including aides, are represented by the Cleveland Teachers Union ("CTU").

Classified employees (secretarial-clerical, custodial, maintenance, transportation and cafeteria staff) of the School District are represented for collective bargaining purposes by a variety of unions: the International Brotherhood of Teamsters Local 407 (School bus drivers and attendants); the City, County, State Truck Drivers Union Local 244 (truck drivers); the International Brotherhood of Firemen and Oilers Locals 777 and 701 (custodians, assistant custodians, laborers, mechanics and security officers); the Service, Hospital, Nursing Home and Public Employees Union Local 47 (clerical, food service and cleaning staff); and the Cleveland Building Trades Council (tradesmen).

All labor contracts were renewed until June 30, 2003. In the opinion of the School District, labor relations with all of its employees are good.

## **The Reporting Entity**

The Cleveland Municipal School District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the Cleveland Municipal School District (the primary government) and its potential component units.

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 Library are related organizations whose relationships to the School District are described in Note 15 to the general purpose financial statements. The School District also participates in the Ohio Schools Council, which is a jointly governed organization. This relationship is described in Note 22 to the general purpose financial statements.

A complete discussion of the School District's reporting entity is provided in Note 1 to the general purpose 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 and personal property located within the School District. These two sources combined represent approximately 88 percent of the School District's fiscal year 2001 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 occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property 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. Public utility property taxes are assessed on tangible personal property at varying percentages of true value and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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.

The assessed valuation of real property is fixed at 35 percent of true value and is determined pursuant to rules of the State Tax Commissioner, except that real property devoted exclusively to agricultural use is assessed at not more than 35 percent of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50 percent of the local tax rate upon its true value.

Generally, tangible personal property used in business (except for public utility) is currently assessed for ad valorem taxation purposes at 25 percent of its true value (in general, the same as net book value). The Electric Utility Deregulation bill revised the tax assessment rates for most classes of public utility property. Beginning in tax year 2001, the tax assessment rates for all tangible personal property of an electric company, except transmission and distribution property is reduced to 25%. By enacting a new kilowatt-hour excise tax and requiring the funding of a school property tax replacement fund (to make up for the loss in assessed value) the legislature intends to hold school districts financially harmless due to electric deregulation. There is also a

similar "hold harmless" provision dealing with the reevaluation of public utility property for natural gas utilities. The first \$10,000 of taxable value of tangible personal property is exempted from taxation; partial reimbursement of reduced collections resulting from the partial exemption will be paid from State sources.

The General Assembly has periodically exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

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.

### ***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.

The following table presents certain information concerning School Foundation Program payments to the School District for the last ten years (in thousands):

Fiscal Year	Total Foundation Revenue (c)	Less Disadvantaged Pupil Impact Aid (b)	Net Foundation Revenue	General Fund Revenues (a)	Net Foundation Revenues as Percent of General Fund Revenues
1992	\$ 163,287	\$ 13,526	\$ 149,761	\$ 350,935	42.67%
1993	168,132	18,837	149,295	355,102	42.04
1994	169,731	23,393	146,338	347,189	42.15
1995	182,199	28,939	153,260	376,436	40.71
1996	200,895	38,006	162,889	390,314	41.73
1997	207,088	37,191	169,897	413,271	41.11
1998	232,467	36,840	195,627	497,395	39.33
1999	291,947	27,392	264,555	551,826	47.94
2000	317,550	38,962	278,588	552,041	50.47
2001	336,131	48,733	287,398	551,709	52.09

- (a) These amounts represent budget basis and excludes the proceeds of cash flow borrowing and sale of fixed assets.

- (b) The Disadvantaged Pupil Impact Aid is included as a special revenue fund.
- (c) Prior to fiscal year 1996, Disadvantaged Pupil Program Fund monies were not included.

Basic eligibility for School Foundation Program payments is based on a School District's compliance with State-mandated minimum standards. The School District is in compliance with those standards and has no reason to believe it will not remain in compliance.

On March 24, 1997 the Ohio Supreme Court ("Supreme Court") rendered a decision declaring certain portions of the Ohio school funding plan (including the State's Foundation Program) unconstitutional (DeRolph I decision). Since this Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Supreme Court. However, on May 11, 2000 the Supreme Court rendered an opinion stating that the legislation adopted was not sufficiently responsive to the constitutional issues and decided to maintain jurisdiction until at least June 15, 2001 (DeRolph II decision). On June 6, 2001, the Governor of Ohio approved H.B. 94, which contained new State school funding provisions. On September 6, 2001 the Supreme Court issued its decision regarding these new State school funding provisions (DeRolph III decision). This decision also modified certain portions of the State's new funding plan and on September 17, 2001 the State of Ohio filed a motion asking the Supreme Court to reconsider its modifications. On November 2, 2001 the Supreme Court granted this motion. As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on future State funding and on its operations. This issue is further discussed in Note 17 to the general-purpose financial statements.

### ***Local Economy***

The City of Cleveland, located on the southern shores of Lake Erie, is the central city within the largest metropolitan area in the State of Ohio. It is home to an estimated 500,000 residents. Founded in 1796, Cleveland quickly established economic strengths in heavy industry, including 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. Though manufacturing continues to play a key role in Cleveland's local economy, the emergence of newer non-smokestack related industries, mainly in services and trade, is expected to be more prominent in the next several decades.

The City of Cleveland and the Cleveland Primary Metropolitan Statistical Area (PMSA) continue to be attractive locations for industrial and service headquarters ranked in the Fortune 500. Currently, eleven Fortune 500 corporations are located within the Greater Cleveland area, including seven in the City of Cleveland. Cleveland's major employers include internationally recognized health care institutions, a major automotive manufacturer, a major steel manufacturer, municipal, state and federal government agencies, and banking and insurance firms. It's major steel manufacturer/employer, LTV Corporation, filed for Chapter 11 reorganization in December 2000.

The overall unemployment rate within the PMSA has held steady at approximately 4.4% for the past three years, which approximates the national averages. Subsequent to fiscal year-end, the September 11 terrorist attack occurred. The long-term impact of this event on Cleveland's employment rate and economy remain uncertain.

### **Major Initiative - Educating Cleveland's Children**

With the appointment of Barbara Byrd-Bennett, Chief Executive Officer, the Cleveland Municipal School District began to reemphasize student achievement. The document setting forth the roadmap for organizational success was documented in the School District's 5-year strategic plan *Educating Cleveland's Children*.

## ***Our Vision***

Each student in the Cleveland Municipal School District will be successful in a rigorous instructional program, and our teachers, principals and administrative staff will be valued, will hold themselves responsible and accountable and will be rewarded for their professionalism.

## ***Our Strategic Focus***

The following six strategic focal points are critical to our achievement of our vision:

1. High Standard/Rigorous Curriculum-Insist upon high standards and a strong curriculum that will prepare our students for life, work, higher education, and citizenship. We will begin to accomplish this by:
  - Establishing/implementing content and performance standards.
  - Instituting a comprehensive literacy program.
  - Improving early childhood preparation.
  - Developing and implementing an instructional technology plan.
  - Strengthening multilingual/multicultural programs and policies.
  - Restructuring and improving special education.
  - Infusing arts into the curriculum.
2. Effective and Committed Workforce-Instill among our workforce - particularly teachers and principals - a commitment to excellence, individual student achievement, continuous professional development, and a willingness to be held accountable. We will begin to accomplish this by:
  - Designing and implementing a coordinated professional development plan.
  - Improving teacher quality.
  - Improving principal leadership.
  - Improving customer service and support to and at schools.
3. Quality Schools-Guarantee that every school offers every student a safe, supportive, resource-rich learning environment that complements the child's learning abilities. We will begin to accomplish this by:
  - Increasing school capacity to provide quality instruction.
  - Adopting policies to support quality schools.
  - Ensuring safe, secure and orderly schools.
  - Providing schools with support and materials on a timely basis.
  - Improving facilities.
  - Redesigning, restructuring and creating new schools.
4. Sound Financial, Management, and Accountability Systems-Maximize the District's financial resources through performance-based management planning, implementation, and accountability systems. We will begin to accomplish this by:
  - Redesigning/restructuring central office to support schools.
  - Establishing measurable goals and benchmarks across the organization linked to an accountability framework.
  - Integrating data-driven decision making.
  - Using resources effectively.
  - Meeting federal and state requirements.
  - Regularly monitoring and reporting progress.
  - Improving management/labor relations.

5. Parent and Community Support-Engage parents and the broad community in meaningful support and reinforcement for academic achievement at the individual student and school building levels. We will begin to accomplish this by:
  - Strengthening organized parent engagement.
  - Expanding parents education - focus on academics.
  - Improving communications with parents and the community.
  - Increasing collaboration with business, universities and community organizations.
  
6. Student Needs-Deliver the types of services and educational opportunities that will meet both the academic and non-academic needs of students and their families. We will begin to accomplish this by:
  - Targeting underachieving students.
  - Better preparing students for career and post secondary education.
  - Addressing non-academic needs of students and families.
  - Promoting extracurricular activities.

### ***Significant Accomplishments***

The District has made great strides during the last year. Some of the key accomplishments include:

- By far, the District's biggest victory to date was the passage of a capital improvement bond levy authorizing the issuance of \$335 million in bonds. With the passage of this bond levy, the State of Ohio has promised to provide matching funding of approximately \$712 million. All of this funding will support a massive renovation/construction of the District's school facilities.
- 39 capital improvement projects are currently under way using existing funds. They include roof, window, door and boiler replacements.
- In December, the State reported that the District met 3 of 27 academic proficiency standards. This was the first time that the District had met any of the State's 27 academic proficiency standards.
- The District showed greater gains in proficiency scores than any of its urban district counterparts. It improved 69.9% across all 27 targeted measures, compared with an average improvement rate of 31.6% statewide and a 22.5% average improvement for the State's "Big 8" urban districts.
- The District introduced English Language Arts standards this year in every school, every classroom and at every grade. Now, for the first time, our children and their parents and teachers have a common set of expectations for reading and writing.
- The District's summer school program remains the largest in the state. 218 additional students graduated from high school as a result of their successful participation in summer school.
- The District opened two new option schools for over-age middle school students. We now have 14 option schools.
- We have spent some \$20 million this school year to ensure safe, secure and orderly schools – an increase of 60 percent over last year. This funding was used to provide the 223 security officers assigned to the schools and Phase I of the installation of state of the art security camera systems.
- We also received approval from the Ohio Department of Education to issue more than \$21 million in bonds under the Qualified Zone Academy Bond (QZAB) program, which will fund major renovations at seven of the District's schools.
- In cooperation with the city, we are continuing our aggressive campaign to immunize students.
- As part of the continuing upgrading of our fleet of 600 buses, we have purchased 180 new buses over the past two school years with another 100 buses scheduled for delivery in December 2001.
- We also reduced the high school walk school zone from 4 to 3 miles. This provided an additional 1,465 students with transportation at no cost to them or their families.
- We've continued our open communication with the third series of "Conversations with the CEO," attended by more than 650 parents, guardians and community members throughout the District.
- The school year began with the ratification of a new three-year contract with our teachers and other unionized labor. Our starting teachers' salaries are now the ninth highest in the county. Under this



contract, by extending the teachers' work day, our elementary students will receive the equivalent of 19 days of additional instructional time and our secondary students' will receive 20 minutes of additional instructional time daily.

- We've significantly improved teacher staffing, as we welcomed nearly 600 new teachers this year, including 49 teachers from India to fill "high-need" curriculum areas. A total of 93 percent of our teaching positions are now filled by certified teachers.

The listing above represents just a sample of what is being achieved. Things will continue to change for the better in the years to come.

### ***What Progress to Look For***

As the District moves toward our vision of excellence for students and teachers alike, the community will clearly note:

- Higher test scores on state proficiency exams.
- Increased attendance.
- Higher graduation rates.
- More graduates going to and remaining in post secondary education.
- Fewer students being suspended.
- Decreased referrals and placements in special education.
- More teachers and principals engaged in meaningful professional development targeted to District priorities.
- Recruitment efforts reaching more teacher prospects from a wider variety of colleges and universities.
- Teachers and principals actively seeking employment with Cleveland Municipal School District.
- People moving into the city and enrolling their children in our public schools.

## **Financial Information**

### ***Internal Accounting and Budgetary Control***

The School District's accounting system is organized on a "fund" basis. Each fund (and account group) is a distinct self-balancing accounting entity. Under this system, governmental funds, expendable trust funds and agency funds are presented on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Proprietary funds are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.

In developing the School District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The School District utilizes a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

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 Auditor 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 Auditor 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 function account level within a fund. All purchase order requests must be approved by the appropriate levels of authority and certified by the Treasurer; necessary funds are then encumbered and purchase orders 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 at each cost center site. As an additional safeguard, all employees are covered by a blanket bond, and certain individuals in policy-making roles are covered by a separate, higher limit bond.

The basis of accounting and the various funds and account groups utilized by the School District are fully described in Note 2 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

### ***General Governmental Functions***

The following schedule presents a summary of governmental funds' revenues (GAAP Basis) for the fiscal years ended June 30, 2000 and 2001, and the amount and percentage of increases and decreases in relation to the prior year's revenues (in thousands):

	2000 Amount	2001 Amount	Percent of Total	Change	Percent Change
<b><i>Revenues:</i></b>					
<i>Local Sources:</i>					
Taxes	\$217,138	\$224,285	31.64%	\$ 7,147	3.29%
Investment Income	16,861	18,285	2.58	1,424	8.45
Tuition and Fees	1,023	1,532	0.21	509	49.76
Extracurricular Activities	857	706	0.10	(151)	(17.62)
Rentals	101	16	0.00	(85)	(84.16)
Miscellaneous	1,827	7,126	1.00	5,299	290.04
<i>State Sources:</i>					
Unrestricted Grants-in-Aid	296,361	310,740	43.83	14,379	4.85
Restricted Grants-in-Aid	50,262	75,892	10.71	25,630	50.99
Desegregation Reimbursement	20,000	0	0.00	(20,000)	(100.00)
<i>Federal Sources:</i>					
Unrestricted Grants-in-Aid	4,109	5,304	0.75	1,195	29.08
Restricted Grants-in-Aid	52,037	65,045	9.18	13,008	25.00
<b><i>Total Revenues</i></b>	<b><u>\$660,576</u></b>	<b><u>\$708,931</u></b>	<b><u>100.00%</u></b>	<b><u>\$48,355</u></b>	<b><u>7.32%</u></b>

The increase in taxes is mainly due to the timing of the tax receipts from the County Auditor between fiscal years.

The increase in miscellaneous revenues resulted primarily from refunds/settlements received from the Ohio Bureau of Worker's Compensation and other vendors.

The increase in unrestricted grants-in-aid from State sources resulted primarily from increased State Foundation monies. State Foundation monies have been increased to offset some of the impact of the reduction in the desegregation monies. The desegregation order under which the District has operated since 1973 expired on June 30, 2000 and the \$20 million received for fiscal 2000 represents the last state payment to be received.

The increase in restricted grants-in-aid from State sources resulted primarily from increased monies for the School Facility Grant and the Disadvantaged Pupil Impact Aid Fund.

The increase in restricted grants-in-aid from Federal sources resulted primarily from increased monies for Title I, Safe Schools/Healthy Students and Title VI-R Class Size Reduction.

The following schedule presents a summary of governmental funds type expenditures (GAAP Basis) for the fiscal years ended June 30, 2000 and 2001, and the amount and percentage of increases and decreases in relation to the prior year's expenditures (in thousands).

	2000 Amount	2001 Amount	Percent of Total	Change	Percent Change
<b>Expenditures:</b>					
Current:					
Instruction	\$366,777	\$378,274	54.48%	\$11,497	3.13%
Support Services	224,921	252,214	36.32	27,293	12.13
Operation of Non- Instructional Activities	14,416	12,740	1.84	(1,676)	(11.63)
Extracurricular Activities	7,618	8,048	1.16	430	5.64
Capital Outlay	10,831	22,021	3.17	11,190	103.31
Debt Service:					
Principal Retirement	9,543	10,033	1.44	490	5.13
Interest and Fiscal Charges	11,962	11,030	1.59	(932)	(7.79)
<b>Total Expenditures</b>	<b>\$646,068</b>	<b>\$694,360</b>	<b>100.00%</b>	<b>\$48,292</b>	<b>7.47%</b>

The increase in instruction and support services resulted primarily from salary increases under the new labor union contracts, additional teachers and aids for special needs students and a new safety initiative which added new security officers to the schools and funded two new option schools for over-age children. In addition, professional development programs were expanded to support the District's literacy programs.

Capital outlay expenditures increased primarily due to an increase in school roofing repairs and replacements. Property taxes and Ohio School Facilities Commission matching funds mainly fund these repairs.

**Financial Highlights - Enterprise Funds**

Food service, consumer services rotary, and child care center are classified as enterprise operations since they resemble those activities found in private industry; management periodically desires to determine the amount of profit/loss resulting from these operations that are significantly financed from user fees. In total, the enterprise funds had a net income of \$1,971,950 for the fiscal year ended June 30, 2001.

### ***Financial Highlights - Internal Service Fund***

The District maintains only one internal service fund which records the financial activity related to its self-insurance program. This fund primarily accounts for the revenues and expenses related to the provision of general liability property damage claim settlements and judgments. The internal service fund had a net loss of \$1,680,692 in fiscal 2001 due mainly to higher than average claim costs. Management is analyzing claim history to determine the appropriate interfund charges for future years.

### ***Financial Highlights - Fiduciary Funds***

The trust funds carried on the financial records of the School District are the Educational Special Trust and the Administrative Special Trust expendable trust funds that have assets totaling \$2,787,579. In addition the District maintains an agency fund to account for its payroll withholdings and an agency fund to account for student managed activities. The agency funds have total assets of \$3,784,841.

### **Debt Administration**

At June 30, 2001, general obligation bonds outstanding totaled \$125,275,723. During fiscal year 2001, \$9,965,000 of general obligation bonds were retired. As of June 30, 2001, the overall debt margin was \$466,374,430 and the unvoted debt margin was \$6,099,470. All existing bond obligations are general obligation debt backed by the full faith and credit of the School District and will be retired fully by fiscal year 2015. At June 30, 2001, the School District had revenue anticipation notes outstanding of \$91,595,000.

### **Cash Management**

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 or the State of Ohio or insured by the Federal Deposit Insurance Corporation. The total amount of investment income earned was approximately \$18,472,000 for the year ended June 30, 2001, of which approximately \$16,324,000 was credited directly to the general fund. The program is beneficial because of access to daily balances which enables the School District to maintain minimum balance accounts and invest to the maximum extent.

Protection of the School District's deposits is provided by the federal deposit insurance corporation as well as 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 face 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 designated third party trustees of the financial institutions.

### **Risk Management**

The School District established a self insurance internal service fund to account for and finance its uninsured risks of loss and associated expenses attributable to the deductibles for general liability and property damage claim settlements and judgments. Excess insurance policies have been purchased to cap certain risks assumed. See Note 9 for a complete description of the District's risk retention.

All employees of Cleveland Municipal School District are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

The School District participates in the Workers' Compensation Retrospective Rating Plan. In the Retrospective Rating Plan, the School District assumes a portion of the risk in return for a reduction in current premiums.

## **Pension Plans**

All School District employees are covered by the state-wide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS).

The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. See notes 10 and 11 to the general purpose financial statements for complete details.

## **General Fixed Assets**

The general fixed assets of the Cleveland Municipal School District are used to carry on the main education and support function of the system and are not financial resources available for expenditure. The total general fixed assets at June 30, 2001, was \$380,797,721. The threshold for capitalization is \$5,000. Such assets continue to be accounted for at historical cost. Depreciation is not recognized on general fixed assets.

## **Independent Audit**

State statutes require the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor Jim Petro, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2001. The opinion appears at the beginning of the financial section of this report.

## **Awards**

### ***GFOA Certificate of Achievement***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cleveland Municipal School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2000. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### ***ASBO International Certificate of Excellence***

The School District received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2000. This award certifies that the report substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO. The award is granted only after an intensive review of financial reports by an expert ASBO Panel of review consisting of certified public accountants and practicing School business officials. Receiving the award is recognition that a School system has met the highest standards of excellence in School financial reporting.

A Certificate of Excellence is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO.

## **Acknowledgments**

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

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Erbert Johnson".

Erbert Johnson, CPA  
Chief Financial Officer/Treasurer

## Cleveland Municipal School District

### Board Members

Appointed by Mayor of City of Cleveland

---

<u>Name</u>	<u>Began Service As A Board Member (a)</u>	<u>Present Term Expires June 30 (a)</u>
Hilton O. Smith, Chairman	1998	2003
Margaret M. Hopkins, Vice Chairman	1998	2003
Rashidah Abdulhaqq	1998	2003
Erskine L. Bevel	1998	2003
David J. Carney	1998	2003
Louise P. Dempsey	1998	2003
George F. Dixon	1998	2003
Sandra Morgan	1998	2003
Elaine A. Murphy	2001 (b)	2003
Dr. Jerry Sue Thornton, ex-officio	1998	2003
Dr. Claire Van Ummersen, ex-officio	1998	2003

(a) On September 9, 1998 the School District was released by the Federal District court from State control that was instituted by March 3, 1995, Federal Court Order. This release triggered the implementation of the supervision and control of the School District to a nine-member Board of Education appointed by the Mayor of the City of Cleveland.

(b) Douglas D. Fear resigned his position on the Board in March 2001. The Mayor of the City of Cleveland subsequently appointed Elaine A. Murphy in his place.

# Cleveland Municipal School District

## Senior Appointed Officials

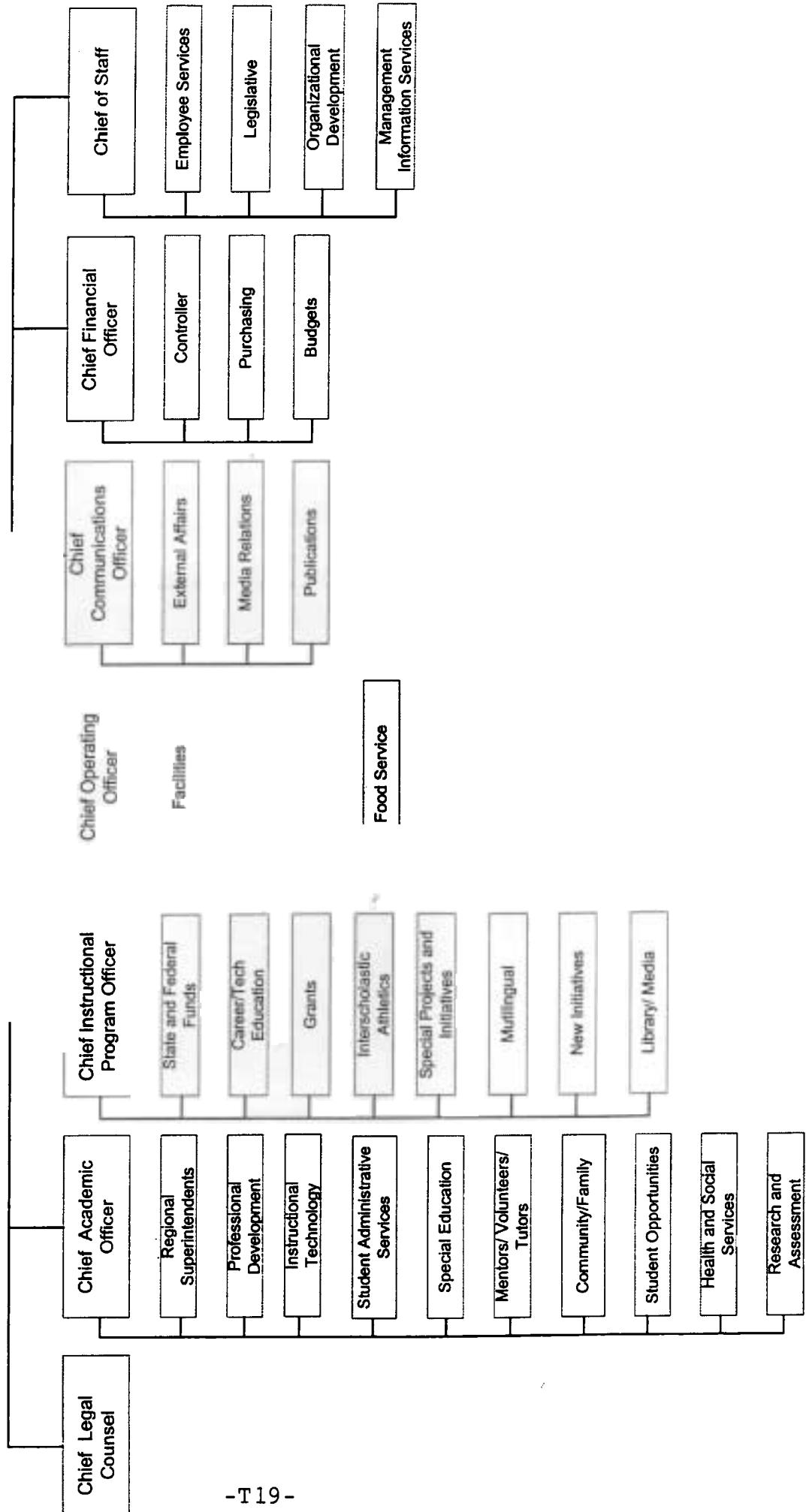
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Barbara Byrd-Bennett	Chief Executive Officer
Dr. Myrna Elliott-Lewis	Chief Academic Officer
Michael A. Eugene	Chief Operating Officer
Erbert Johnson, CPA	Chief Financial Officer/Treasurer
Leaura N. Materassi	Chief Instructional Program Officer
Lisa Marie Ruda	Chief of Staff
Alan A. Seifullah	Chief Communications Officer
Adrian D. Thompson, Esquire	Chief Legal Counsel
Julie Evanoff, CPA	Controller
Carol Hauser	Executive Director of Employee Services
Mark Hogan	Interim Executive Director of Management Information Services
Daniel Minnich	Executive Director of External Affairs
Peter A. Robertson	Executive Director of Research, Evaluation and Assessment
Sherry Ulery	Executive Director of Professional Development
James B. Wingo	Executive Director of Student and Family Support Services
Dr. Theresa Yeldell	Executive Director of Family and Community Engagement
Lincoln Haughton	Regional I Superintendent
Richard Larrabee	Regional II Superintendent
Elaine Davis	Regional III Superintendent
Dr. Esther M. Johnson	Regional IV Superintendent
Wayne Carter	Regional VI Superintendent
Thandiwe M.C. Peebles	Regional VII Superintendent



# Cleveland Municipal School District Organizational Chart

As of June 30, 2001



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cleveland Municipal School  
District, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Imelda Brune*  
President

*Jeffrey L. Esser*  
Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**CLEVELAND MUNICIPAL SCHOOL DISTRICT**

For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2000

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

*Linda White*  
President

*Don Hergen*  
Executive Director

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**FINANCIAL SECTION**

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

Lausche Bldg  
615 W Superior Ave  
Floor 12  
Cleveland OH 44113 - 1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education  
Cleveland Municipal School District  
Cuyahoga County  
1380 East Sixth Street  
Cleveland, Ohio 44114

We have audited the accompanying general-purpose financial statements of the Cleveland Municipal School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Cleveland Municipal School District, Cuyahoga County, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 23 to the accompanying general-purpose financial statements, the District restated the beginning fund balance in the Other Local Special Revenue Fund and Student Managed Activity Agency Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical ~~sections~~ of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

December 13, 2001



# **General Purpose Financial Statements**

**Cleveland Municipal School District**  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2001  
 (With Comparative Totals for June 30, 2000)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 190,312,477	\$ 23,905,997	\$ 20,116,161	\$ 37,133,172
Cash and Cash Equivalents With Fiscal Agents	0	0	34,253	0
Restricted Assets - Equity in Pooled Cash and Cash Equivalents	8,405,715	0	0	0
Investments with Fiscal Agents	0	0	3,215,975	0
Receivables:				
Taxes	312,794,060	2,485,475	37,959,830	0
Accounts	2,183	0	0	0
Intergovernmental	218,883	6,606,552	0	0
Interfund	6,313,394	0	0	0
Materials and Supplies Inventory	937,406	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$ 518,984,118</b>	<b>\$ 32,998,024</b>	<b>\$ 61,326,219</b>	<b>\$ 37,133,172</b>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	2001	2000
\$ 4,905,333	\$ 3,456,209	\$ 6,144,895	\$ 0	\$ 0	\$ 285,974,244	\$ 250,661,879
0	0	0	0	0	34,253	676
0	0	0	0	0	8,405,715	9,072,481
0	0	0	0	0	3,215,975	3,071,287
0	0	0	0	0	353,239,365	325,203,969
37,043	0	355,260	0	0	394,486	46,718
2,664,406	0	72,265	0	0	9,562,106	27,251,894
0	0	0	0	0	6,313,394	20,387,488
909,741	0	0	0	0	1,847,147	1,943,130
469,499	0	0	380,797,721	0	381,267,220	369,540,139
0	0	0	0	21,447,853	21,447,853	20,781,131
0	0	0	0	162,739,655	162,739,655	159,591,030
<u>\$ 8,986,022</u>	<u>\$ 3,456,209</u>	<u>\$ 6,572,420</u>	<u>\$ 380,797,721</u>	<u>\$ 184,187,508</u>	<u>\$ 1,234,441,413</u>	<u>\$ 1,187,551,822</u>

(continued)

**Cleveland Municipal School District**  
 Combined Balance Sheet  
 All Fund Types and Account Groups (continued)  
 June 30, 2001  
 (With Comparative Totals for June 30, 2000)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 4,961,605	\$ 1,099,604	\$ 0	\$ 1,622,576
Accrued Wages and Benefits	69,256,324	7,734,853	0	87,910
Interfund Payable	0	3,163,394	3,150,000	0
Intergovernmental Payable	953,759	15,583	0	0
Deferred Revenue	295,677,112	19,340,438	36,728,366	0
Due to Students	0	0	0	0
Payroll Withholdings	0	0	0	0
Accrued Interest Payable	415,794	0	0	0
Capital Lease Obligations	0	0	0	0
Notes Payable	91,595,000	0	0	0
Claims Payable	47,175	0	0	0
EPA Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>462,906,769</b>	<b>31,353,872</b>	<b>39,878,366</b>	<b>1,710,486</b>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	23,601,772	6,724,034	0	14,185,528
Reserved for Inventory	937,406	0	0	0
Reserved for Property Taxes	11,274,909	0	974,751	0
Reserved for Budget Stabilization	6,602,317	0	0	0
Reserved for Bus Purchases	1,803,398	0	0	0
Unreserved:				
Designations	24,729,867	0	0	0
Undesignated (Deficit)	(12,872,320)	(5,079,882)	20,473,102	21,237,158
<b>Total Fund Equity and Other Credits</b>	<b>56,077,349</b>	<b>1,644,152</b>	<b>21,447,853</b>	<b>35,422,686</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 518,984,118</b>	<b>\$ 32,998,024</b>	<b>\$ 61,326,219</b>	<b>\$ 37,133,172</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	2001	2000
\$ 268,661	\$ 9,118	\$ 185,910	\$ 0	\$ 0	\$ 8,147,474	\$ 8,833,243
1,268,940	0	233,838	0	45,737,531	124,319,396	136,677,562
0	0	0	0	0	6,313,394	20,387,488
0	0	450	0	0	969,792	3,268,416
524,681	0	2,367,381	0	0	354,637,978	323,535,119
0	0	609,696	0	0	609,696	664,149
0	0	3,175,145	0	0	3,175,145	3,004,829
0	0	0	0	0	415,794	468,877
0	0	0	0	4,819,078	4,819,078	0
0	0	0	0	0	91,595,000	104,335,000
0	2,689,524	0	0	7,952,463	10,689,162	23,280,212
0	0	0	0	402,713	402,713	470,927
0	0	0	0	125,275,723	125,275,723	112,614,539
2,062,282	2,698,642	6,572,420	0	184,187,508	731,370,345	737,540,361
0	0	0	380,797,721	0	380,797,721	369,073,384
6,923,740	757,567	0	0	0	7,681,307	7,390,049
0	0	776,576	0	0	45,287,910	42,930,543
0	0	0	0	0	937,406	925,735
0	0	0	0	0	12,249,660	12,384,112
0	0	0	0	0	6,602,317	7,400,000
0	0	0	0	0	1,803,398	1,672,481
0	0	0	0	0	24,729,867	4,989,202
0	0	(776,576)	0	0	22,981,482	3,245,955
6,923,740	757,567	0	380,797,721	0	503,071,068	450,011,461
\$ 8,986,022	\$ 3,456,209	\$ 6,572,420	\$ 380,797,721	\$ 184,187,508	\$ 1,234,441,413	\$ 1,187,551,822

(concluded)

## Cleveland Municipal School District

### Combined Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended June 30, 2001

(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>Revenues:</b>			
<i>Local Sources:</i>			
Taxes	\$ 211,659,946	\$ 0	\$ 12,624,964
Investment Income	16,324,248	306,522	1,489,078
Tuition and Fees	1,512,748	19,255	0
Extracurricular Activities	0	705,765	0
Rentals	16,115	0	0
Miscellaneous	7,122,997	2,709	0
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	310,739,648	0	0
Restricted Grants-in-Aid	833,770	61,741,802	0
Desegregation Reimbursement	0	0	0
<i>Federal Sources:</i>			
Unrestricted Grants-in-Aid	5,303,880	0	0
Restricted Grants-in-Aid	0	65,045,715	0
<b>Total Revenues</b>	<b>553,513,352</b>	<b>127,821,768</b>	<b>14,114,042</b>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	188,750,086	50,704,422	0
Special	85,260,412	29,434,195	0
Vocational	14,928,455	2,479,472	0
Adult/Continuing	2,432,193	2,539,655	0
Other	1,745,463	0	0
<i>Support Services:</i>			
Pupils	24,290,401	2,966,141	0
Instructional Staff	24,063,753	22,314,810	0
Board of Education	211,884	0	0
Administration	38,315,951	3,062,526	0
Fiscal	9,485,605	722,648	0
Business	753,006	727,082	0
Operation and Maintenance of Plant	62,725,961	1,281,126	0
Pupil Transportation	38,057,900	132,426	0
Central	22,215,153	887,272	0
Operation of Non-Instructional Services	2,882,130	9,858,234	0
Extracurricular Activities	7,257,982	789,995	0
Capital Outlay	8,028,367	80,899	0
<i>Debt Service:</i>			
Principal Retirement	1,428,214	0	8,605,000
Interest and Fiscal Charges	6,000,831	0	5,028,989
<b>Total Expenditures</b>	<b>538,833,747</b>	<b>127,980,903</b>	<b>13,633,989</b>
Excess of Revenues Over (Under) Expenditures	14,679,605	(159,135)	480,053
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Bonds	0	0	0
Sales of Fixed Assets	24,400	0	0
Other Financing Sources - Capital Lease	5,369,629	0	0
Operating Transfers In	5,278,325	119,810	944,394
Operating Transfers Out	(5,627,391)	0	(757,725)
<b>Total Other Financing Sources (Uses)</b>	<b>5,044,963</b>	<b>119,810</b>	<b>186,669</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	19,724,568	(39,325)	666,722
Fund Balances (Deficit) at Beginning of Year	36,352,781	1,683,477	20,781,131
<b>Fund Balances at End of Year</b>	<b>\$ 56,077,349</b>	<b>\$ 1,644,152</b>	<b>\$ 21,447,853</b>

See accompanying notes to the general purpose financial statements

Capital Projects	Fiduciary	Totals	
	Fund Type	(Memorandum Only)	
	Expendable Trust	2001	2000
\$ 0	\$ 0	\$ 224,284,910	\$ 217,137,676
165,490	186,743	18,472,081	16,861,000
0	17,463	1,549,466	1,027,843
0	20,934	726,699	861,535
0	0	16,115	100,771
0	6,371,888	13,497,594	4,965,323
0	0	310,739,648	296,361,566
13,316,749	0	75,892,321	50,261,774
0	0	0	20,000,000
0	0	5,303,880	4,109,302
0	0	65,045,715	52,036,799
<u>13,482,239</u>	<u>6,597,028</u>	<u>715,528,429</u>	<u>663,723,589</u>
0	13,751	239,468,259	253,119,426
0	0	114,694,607	89,282,118
0	4,973	17,412,900	18,193,372
0	0	4,971,848	4,848,478
0	0	1,745,463	1,334,029
0	659,094	27,915,636	26,283,497
0	4,669,922	51,048,485	36,722,446
0	0	211,884	187,039
0	232,124	41,610,601	44,589,717
0	0	10,208,253	3,609,819
0	0	1,480,088	467,520
0	752,143	64,759,230	59,546,136
0	826	38,191,152	32,681,926
0	302,939	23,405,364	24,361,516
0	0	12,740,364	14,416,050
0	8,288	8,056,265	7,617,561
13,911,728	0	22,020,994	10,831,630
0	0	10,033,214	9,543,215
0	0	11,029,820	11,962,186
<u>13,911,728</u>	<u>6,644,060</u>	<u>701,004,427</u>	<u>649,597,681</u>
<u>(429,489)</u>	<u>(47,032)</u>	<u>14,524,002</u>	<u>14,125,908</u>
21,250,000	0	21,250,000	0
0	0	24,400	0
0	0	5,369,629	0
6,046,871	67,759	12,457,159	11,448,125
<u>(6,196,062)</u>	<u>0</u>	<u>(12,581,178)</u>	<u>(11,448,125)</u>
<u>21,100,809</u>	<u>67,759</u>	<u>26,520,010</u>	<u>0</u>
20,671,320	20,727	41,044,012	14,125,908
<u>14,751,366</u>	<u>(20,727)</u>	<u>73,548,028</u>	<u>59,422,120</u>
<u>\$ 35,422,686</u>	<u>\$ 0</u>	<u>\$ 114,592,040</u>	<u>\$ 73,548,028</u>

**Cleveland Municipal School District**  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - (Non-GAAP Basis) Budget and Actual  
 All Governmental Fund Types and Expendable Trust Funds  
 For the Fiscal Year Ended June 30, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Taxes	\$ 228,864,314	\$ 209,795,379	\$ (19,068,935)
Investment Income	13,705,493	16,328,303	2,622,810
Tuition and Fees	1,585,292	1,585,292	0
Extracurricular Activities	0	0	0
Rentals	16,115	16,115	0
Miscellaneous	14,816,630	7,123,119	(7,693,511)
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	310,739,648	310,739,648	0
Restricted Grants-in-Aid	833,770	833,770	0
<i>Federal Sources:</i>			
Unrestricted Grants-in-Aid	5,287,779	5,287,779	0
Restricted Grants-in-Aid	0	0	0
<b>Total Revenues</b>	<b>575,849,041</b>	<b>551,709,405</b>	<b>(24,139,636)</b>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	225,635,011	225,354,875	280,136
Special	88,290,023	84,683,533	3,606,490
Vocational	16,119,840	15,269,402	850,438
Adult/Continuing	2,550,516	2,481,937	68,579
Other	2,751,683	2,750,789	894
<i>Support Services:</i>			
Pupils	26,081,438	24,358,594	1,722,844
Instructional Staff	29,786,438	26,677,097	3,109,341
Board of Education	353,501	213,418	140,083
Administration	46,320,136	45,733,552	586,584
Fiscal	14,072,175	13,928,268	143,907
Business	2,140,028	1,849,505	290,523
Operation and Maintenance of Plant	68,338,463	67,986,189	352,274
Pupil Transportation	41,833,888	41,709,091	124,797
Central	26,242,279	25,244,985	997,294
Operation of Non-Instructional Services	3,546,270	3,395,434	150,836
Extracurricular Activities	8,298,740	7,818,799	479,941
Capital Outlay	5,812,447	5,637,533	174,914
<i>Debt Service:</i>			
Principal Retirement	14,168,215	14,168,214	1
Interest and Fiscal Charges	6,053,914	6,053,914	0
<b>Total Expenditures</b>	<b>628,395,005</b>	<b>615,315,129</b>	<b>13,079,876</b>
Excess of Revenues Over (Under) Expenditures	(52,545,964)	(63,605,724)	(11,059,760)
<b>Other Financing Sources (Uses):</b>			
Proceeds From Sale of Bonds	0	0	0
Sale of Fixed Assets	24,400	24,400	0
Advances In	0	16,919,725	16,919,725
Advances Out	0	(3,163,394)	(3,163,394)
Operating Transfers In	757,725	5,278,325	4,520,600
Operating Transfers Out	(5,634,564)	(5,627,391)	7,173
<b>Total Other Financing Sources (Uses)</b>	<b>(4,852,439)</b>	<b>13,431,665</b>	<b>18,284,104</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(57,398,403)	(50,174,059)	7,224,344
Fund Balances at Beginning of Year	160,925,679	160,925,679	0
Prior Year Encumbrances Appropriated	36,791,527	36,791,527	0
<b>Fund Balances at End of Year</b>	<b>\$ 140,318,803</b>	<b>\$ 147,543,147</b>	<b>\$ 7,224,344</b>



Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 13,898,398	\$ 12,466,579	\$ (1,431,819)
306,522	306,522	0	0	1,449,866	1,449,866
19,255	19,255	0	0	0	0
879,000	705,765	(173,235)	0	0	0
0	0	0	0	0	0
2,449	2,449	0	0	0	0
0	0	0	0	0	0
64,448,617	61,322,364	(3,126,253)	0	0	0
0	0	0	0	0	0
112,329,101	91,556,099	(20,773,002)	0	0	0
177,984,944	153,912,454	(24,072,490)	13,898,398	13,916,445	18,047
50,908,929	50,747,118	161,811	0	0	0
42,123,102	29,479,548	12,643,554	0	0	0
5,334,742	3,287,373	2,047,369	0	0	0
4,306,068	2,651,305	1,654,763	0	0	0
0	0	0	0	0	0
6,463,555	3,521,921	2,941,634	0	0	0
41,834,570	24,538,242	17,296,328	0	0	0
0	0	0	0	0	0
5,092,369	3,165,763	1,926,606	0	0	0
2,058,400	735,398	1,323,002	0	0	0
87,500	1,130	86,370	0	0	0
4,606,586	2,618,696	1,987,890	0	0	0
425,331	153,703	271,628	0	0	0
2,257,489	1,056,707	1,200,782	0	0	0
13,364,711	12,388,336	976,375	0	0	0
2,058,135	841,493	1,216,642	0	0	0
80,899	80,899	0	0	0	0
0	0	0	8,605,000	8,605,000	0
0	0	0	5,053,907	5,028,989	24,918
181,002,386	135,267,632	45,734,754	13,658,907	13,633,989	24,918
(3,017,442)	18,644,822	21,662,264	239,491	282,456	42,965
0	0	0	0	0	0
0	0	0	0	0	0
3,137,394	3,163,394	26,000	0	0	0
0	(16,919,725)	(16,919,725)	0	0	0
119,810	119,810	0	0	944,394	944,394
(37,000)	0	37,000	(757,726)	(757,725)	1
3,220,204	(13,636,521)	(16,856,725)	(757,726)	186,669	944,395
202,762	5,008,301	4,805,539	(518,235)	469,125	987,360
3,259,691	3,259,691	0	22,889,013	22,889,013	0
7,955,929	7,955,929	0	0	0	0
\$ 11,418,382	\$ 16,223,921	\$ 4,805,539	\$ 22,370,778	\$ 23,358,138	\$ 987,360

(continued)

# Cleveland Municipal School District

Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - (Non-GAAP Basis) Budget and Actual  
All Governmental Fund Types and Expendable Trust Funds (continued)  
For the Fiscal Year Ended June 30, 2001

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Taxes	\$ 0	\$ 0	\$ 0
Investment Income	152,839	165,490	12,651
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Rentals	0	0	0
Miscellaneous	5,197,161	0	(5,197,161)
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	0	0	0
Restricted Grants-in-Aid	17,962,391	13,316,749	(4,645,642)
<i>Federal Sources:</i>			
Unrestricted Grants-in-Aid	0	0	0
Restricted Grants-in-Aid	0	0	0
<b>Total Revenues</b>	<b>23,312,391</b>	<b>13,482,239</b>	<b>(9,830,152)</b>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	916,917	50,324	866,593
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Other	0	0	0
<i>Support Services:</i>			
Pupils	0	0	0
Instructional Staff	4,612,204	1,594,838	3,017,366
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	29,666,759	26,379,057	3,287,702
Pupil Transportation	0	0	0
Central	88,846	49,650	39,196
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	776,740	753,310	23,430
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>36,061,466</b>	<b>28,827,179</b>	<b>7,234,287</b>
Excess of Revenues Over (Under) Expenditures	(12,749,075)	(15,344,940)	(2,595,865)
<b>Other Financing Sources (Uses):</b>			
Proceeds From Sale of Bonds	21,250,000	21,250,000	0
Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	6,046,871	6,046,871	0
Operating Transfers Out	(6,196,062)	(6,196,062)	0
<b>Total Other Financing Sources (Uses)</b>	<b>21,100,809</b>	<b>21,100,809</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	8,351,734	5,755,869	(2,595,865)
Fund Balances at Beginning of Year	8,694,851	8,694,851	0
Prior Year Encumbrances Appropriated	6,946,817	6,946,817	0
<b>Fund Balances at End of Year</b>	<b>\$ 23,993,402</b>	<b>\$ 21,397,537</b>	<b>\$ (2,595,865)</b>

See accompanying notes to the general purpose financial statements

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 242,762,712	\$ 222,261,958	\$ (20,500,754)
186,743	186,743	0	14,351,597	18,436,924	4,085,327
0	0	0	1,604,547	1,604,547	0
20,934	20,934	0	899,934	726,699	(173,235)
0	0	0	16,115	16,115	0
9,474,564	5,519,157	(3,955,407)	29,490,804	12,644,725	(16,846,079)
0	0	0	310,739,648	310,739,648	0
0	0	0	83,244,778	75,472,883	(7,771,895)
0	0	0	5,287,779	5,287,779	0
0	0	0	112,329,101	91,556,099	(20,773,002)
<u>9,682,241</u>	<u>5,726,834</u>	<u>(3,955,407)</u>	<u>800,727,015</u>	<u>738,747,377</u>	<u>(61,979,638)</u>
32,776	14,830	17,946	277,493,633	276,167,147	1,326,486
0	0	0	130,413,125	114,163,081	16,250,044
237,366	4,973	232,393	21,691,948	18,561,748	3,130,200
0	0	0	6,856,584	5,133,242	1,723,342
0	0	0	2,751,683	2,750,789	894
1,794,012	647,759	1,146,253	34,339,005	28,528,274	5,810,731
7,404,022	5,442,465	1,961,557	83,637,234	58,252,642	25,384,592
0	0	0	353,501	213,418	140,083
330,705	243,392	87,313	51,743,210	49,142,707	2,600,503
2,698	0	2,698	16,133,273	14,663,666	1,469,607
4,989	0	4,989	2,232,517	1,850,635	381,882
1,145,210	846,603	298,607	103,757,018	97,830,545	5,926,473
21,655	1,416	20,239	42,280,874	41,864,210	416,664
779,854	329,991	449,863	29,368,468	26,681,333	2,687,135
0	0	0	16,910,981	15,783,770	1,127,211
23,962	8,733	15,229	10,380,837	8,669,025	1,711,812
0	0	0	6,670,086	6,471,742	198,344
0	0	0	22,773,215	22,773,214	1
0	0	0	11,107,821	11,082,903	24,918
<u>11,777,249</u>	<u>7,540,162</u>	<u>4,237,087</u>	<u>870,895,013</u>	<u>800,584,091</u>	<u>70,310,922</u>
(2,095,008)	(1,813,328)	281,680	(70,167,998)	(61,836,714)	8,331,284
0	0	0	21,250,000	21,250,000	0
0	0	0	24,400	24,400	0
0	0	0	3,137,394	20,083,119	16,945,725
0	0	0	0	(20,083,119)	(20,083,119)
67,759	67,759	0	6,992,165	12,457,159	5,464,994
0	0	0	(12,625,352)	(12,581,178)	44,174
<u>67,759</u>	<u>67,759</u>	<u>0</u>	<u>18,778,607</u>	<u>21,150,381</u>	<u>2,371,774</u>
(2,027,249)	(1,745,569)	281,680	(51,389,391)	(40,686,333)	10,703,058
2,194,570	2,194,570	0	197,963,804	197,963,804	0
990,259	990,259	0	52,684,532	52,684,532	0
<u>\$ 1,157,580</u>	<u>\$ 1,439,260</u>	<u>\$ 281,680</u>	<u>\$ 199,258,945</u>	<u>\$ 209,962,003</u>	<u>\$ 10,703,058</u>

(concluded)

**Cleveland Municipal School District**

Combined Statement of Revenues,  
Expenses and Changes in Retained Earnings  
All Proprietary Fund Types

For the Fiscal Year Ended June 30, 2001

(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2001	2000
	Enterprise	Internal Service	2001	2000
<b>Operating Revenues:</b>				
Sales	\$ 2,035,035	\$ 0	\$ 2,035,035	\$ 2,108,407
Charges for Services	203,655	1,000,000	1,203,655	1,006,920
Contributions and Donations	297,058	0	297,058	171,793
Other	71,357	0	71,357	357,679
<b>Total Operating Revenues</b>	<b>2,607,105</b>	<b>1,000,000</b>	<b>3,607,105</b>	<b>3,644,799</b>
<b>Operating Expenses:</b>				
Salaries	8,911,656	0	8,911,656	7,923,629
Fringe Benefits	4,310,755	0	4,310,755	3,874,017
Purchased Services	1,511,021	0	1,511,021	1,164,086
Materials and Supplies	14,120,692	0	14,120,692	12,374,428
Depreciation	52,991	0	52,991	57,402
Claims	0	2,680,692	2,680,692	565,057
Capital Outlay	819,659	0	819,659	242,957
Other	155,740	0	155,740	120,717
<b>Total Operating Expenses</b>	<b>29,882,514</b>	<b>2,680,692</b>	<b>32,563,206</b>	<b>26,322,293</b>
<i>Operating Income (Loss)</i>	<i>(27,275,409)</i>	<i>(1,680,692)</i>	<i>(28,956,101)</i>	<i>(22,677,494)</i>
<b>Non-Operating Revenues (Expenses):</b>				
Investment Income	168,613	0	168,613	140,943
Donated Commodities	1,904,388	0	1,904,388	1,001,200
Operating Grants	27,050,339	0	27,050,339	19,858,798
<b>Total Non-Operating Revenues</b>	<b>29,123,340</b>	<b>0</b>	<b>29,123,340</b>	<b>21,000,941</b>
<i>Income (Loss) Before Operating Transfers</i>	<i>1,847,931</i>	<i>(1,680,692)</i>	<i>167,239</i>	<i>(1,676,553)</i>
Operating Transfers In	124,019	0	124,019	0
<i>Net Income(Loss)</i>	<i>1,971,950</i>	<i>(1,680,692)</i>	<i>291,258</i>	<i>(1,676,553)</i>
Retained Earnings at Beginning of Year	4,951,790	2,438,259	7,390,049	9,066,602
<b>Retained Earnings at End of Year</b>	<b>\$ 6,923,740</b>	<b>\$ 757,567</b>	<b>\$ 7,681,307</b>	<b>\$ 7,390,049</b>

See accompanying notes to the general purpose financial statements

**Cleveland Municipal School District**

Combined Statement of Cash Flows

All Proprietary Fund Types

For the Fiscal Year Ended June 30, 2001

(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2001	2000
<b>Increase (Decrease) In Cash and Cash Equivalents:</b>				
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$ 2,035,035	\$ 0	\$ 2,035,035	\$ 2,144,140
Cash Received from Quasi-External Transactions with Other Funds	0	1,000,000	1,000,000	1,006,920
Cash Received from Other Operating Sources	475,908	0	475,908	490,426
Cash Payments to Suppliers for Goods and Services	(14,764,248)	0	(14,764,248)	(13,046,794)
Cash Payments to Employees for Services	(8,848,464)	0	(8,848,464)	(7,835,104)
Cash Payments for Employee Benefits	(4,307,360)	0	(4,307,360)	(3,858,522)
Cash Payments for Claims	0	(666,158)	(666,158)	(468,625)
Cash Payments for Other Operating Activities	(100,005)	0	(100,005)	(120,717)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(25,509,134)</b>	<b>333,842</b>	<b>(25,175,292)</b>	<b>(21,688,276)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Operating Grants Received	24,469,204	0	24,469,204	22,562,490
Transfer In	124,019	0	124,019	0
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>24,593,223</b>	<b>0</b>	<b>24,593,223</b>	<b>22,562,490</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Payments for Capital Acquisitions	(55,735)	0	(55,735)	0
<b>Cash Flows from Investing Activities:</b>				
Interest Received on Investments	168,613	0	168,613	140,943
Net (Decrease) Increase in Cash and Cash Equivalents	(803,033)	333,842	(469,191)	1,015,157
Cash and Cash Equivalents at Beginning of Year	5,708,366	3,122,367	8,830,733	7,815,576
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 4,905,333</b>	<b>\$ 3,456,209</b>	<b>\$ 8,361,542</b>	<b>\$ 8,830,733</b>

(continued)

**Cleveland Municipal School District**

Combined Statement of Cash Flows

All Proprietary Fund Types (continued)

For the Fiscal Year Ended June 30, 2001

(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2001	2000
	Enterprise	Internal Service	2001	2000
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:</b>				
<i>Operating Loss</i>	\$ (27,275,409)	\$ (1,680,692)	\$ (28,956,101)	\$ (22,677,494)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</i>				
Depreciation Expense	52,991	0	52,991	57,402
Donated Commodities Expense Related to Noncash Grant	1,904,388	0	1,904,388	1,001,200
<i>Changes in Assets and Liabilities:</i>				
(Increase) Decrease in Accounts Receivable	(37,043)	0	(37,043)	36,792
(Increase) Decrease in Intergovernmental Receivable	(59,119)	0	(59,119)	(3,800)
(Increase) Decrease in Materials and Supplies Inventory	107,654	0	107,654	(566,593)
Increase (Decrease) in Accounts Payable	(104,803)	9,118	(95,685)	(55,295)
Increase (Decrease) in Accrued Wages and Benefits	66,587	0	66,587	69,462
Increase (Decrease) in Deferred Revenue	(164,380)	0	(164,380)	351,307
Increase (Decrease) in Claims Payable	0	2,005,416	2,005,416	98,743
<i>Total Adjustments</i>	<u>1,766,275</u>	<u>2,014,534</u>	<u>3,780,809</u>	<u>989,218</u>
<b><i>Net Cash Provided by (Used for) Operating Activities</i></b>	<b><u>\$ (25,509,134)</u></b>	<b><u>\$ 333,842</u></b>	<b><u>\$ (25,175,292)</u></b>	<b><u>\$ (21,688,276)</u></b>
See accompanying notes to the general purpose financial statements				(concluded)

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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**Note 1 - Description of The School District And Reporting Entity**

The Board of Education of the Cleveland Municipal 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, together with the School District, 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 and whose terms run until June 30, 2003.

The appointment of a new nine member School Board on September 9, 1998 marked another dramatic change in the governance structure of the School District. Between March 3, 1995 and September 9, 1998, the Federal District Court (the "Court") overseeing the School District's desegregation case issued an order (the March 3<sup>rd</sup> Order) transferring all authority for the operation of the School District from the old seven member elected School Board to the State Superintendent of Public Instruction. At that time, the State was ordered to institute structural, managerial and operational reforms to enable the School District to achieve financial stability and to successfully implement the terms of the desegregation orders. With this order, the old elected Board ceased to be the governing body for the School District. On September 9, 1998, the Court vacated the March 3<sup>rd</sup> Order, thereby ending three and one-half years of State Control of the School District. This release triggered the immediate implementation of the provisions of Ohio Substitute House Bill No. 269 (H.B. No. 269) which called for the transfer of the supervision and control of the School District to a new nine-member Board of Education appointed by the Mayor of the City of Cleveland. The legislation also provided for Mayoral appointment powers with respect to the Chief Executive Officer (formerly known as Superintendent) position for the School District. Additionally, the legislation provides for a referendum on the Mayor's authority to continue appointing board members, to take place at the general election in the first even-numbered year occurring at least four years after the transfer takes place (November 2002).

Until September 9, 1998, the Superintendent of Schools, (the "Superintendent") was the chief executive officer of the School District and had the responsibility for directing and assigning teachers and other employees, assigning the pupils to the proper schools and grades, and performing such other duties as determined by the elected Board. Pursuant to the authority assigned by the Court in its March 3<sup>rd</sup> Order, the State Superintendent of Public Instruction appointed Dr. Richard A. Boyd as Superintendent on April 5, 1995. Dr. Boyd was given a joint appointment as Superintendent and Deputy State Superintendent for the Cleveland Public Schools. Under the governance structure established by the Court, the Superintendent/Deputy State Superintendent reported to the State Superintendent, not the elected Board. Dr. Boyd resigned his dual posts in December 1997 and Mr. James Penning, the Chief Operating Officer - Operations, was named to succeed him in January 1998. Following the lifting of the March 3<sup>rd</sup> Order, on September 9, 1998, Mayor Michael R. White appointed Mr. Louis J. Erste, the School District's Chief of Staff, as the Interim Chief Executive Officer, replacing Mr. Penning, who had resigned his superintendent positions. On November 16, 1998, the Mayor appointed Mrs. Barbara Byrd-Bennett as the School District's Chief Executive Officer with a four-year contract.

In accordance with H.B. No. 269, following September 9, 1998, the School District is now referred to as the Cleveland Municipal School District. Other key provisions of the legislation include a requirement that all administrators submit their resignation from their respective positions, and that all such administrators become employees on an at-will basis. These requirements were met on September 9, 1998.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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***A. Desegregation Court Case***

The Cleveland School Desegregation court case, Reed v. Rhodes was initiated in 1973 on behalf of all African-American students in the Cleveland Public Schools and their parents (the plaintiffs). In 1976 the United States District Court (the Court) found that the State defendants (the Ohio State Board of Education and the State Superintendent of Public Instruction, collectively the State) and the local defendants (the School District's Board of Education and the Superintendent) had violated the plaintiff's constitutional right to equal protection of the laws by intentionally fostering and maintaining a segregated school system. The Court's 1978 Remedial Order required the School District to implement changes in virtually all areas of School District operations. The State, by virtue of its supervisory responsibilities over the School District as well as its co-defendant status in the case, is required to finance 50 percent of all incremental desegregation costs incurred by the School District resulting from the Remedial Order. All such State desegregation expenditure reimbursements are recognized in the General Fund.

In May 1994, the Court issued a Consent Decree implementing a Settlement Agreement (the Agreement) approved by all parties to the case. The Agreement, which is designed to bring Reed v. Rhodes to an orderly and just resolution, calls for a seven-year phaseout period which began July 1, 1993, after which the defendants shall be released from all further obligations thereunder. An integral part of the Agreement is the School District's implementation of Vision 21, a seven-year educational improvement and desegregation plan to improve the educational achievement of children in the School District. The provisions of the Agreement were funded jointly by the State and the School District. The State provided \$295 million over the seven-year period, while the School District matched \$275 million of the State's payments.

On July 1, 1997, the School District and the State filed a motion requesting unitary status with regard to the School District's continuing Desegregation Court Case. In April 1998, after a lengthy hearing, the Court issued a ruling, which granted the defendants' request and declared the School District to be unitary. Under the terms of the ruling, the School District and the State were still under obligation to carry out the provisions of the May 1994 Consent Decree, which required continuing certain previously specified desegregation programs through June 30, 2000.

***B. State Assumption of Control***

On March 3, 1995, the Court issued an order transferring all authority for the operation of the School District from the Board of Education to the State Superintendent of Public Instruction, thereby suspending the Board's governing powers over the School District. The Court had concluded that the resignations of the School Superintendent and her two top deputies in fiscal year 1995, in conjunction with the School District's severe financial status, had impaired the School District's ability to implement the Court's previously issued desegregation orders, including the May 1994 Consent Decree.

Additionally, the March 3rd Court order included provisions ordering the State to institute structural, managerial and operational reforms to enable the School District to achieve financial stability and to successfully implement the terms of the desegregation orders. The Court, at that time, expressed a desire to return the School District to local control at the earliest practicable date.

The March 3rd Court order also included a mandate to identify and close 13 of the School District's 136 facilities. The School District implemented the closure of nine elementary schools, two high schools and two administrative sites. As a result of changed circumstances and increased enrollment, neither administrative sites closed and two schools were required to be reopened.



**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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***C. Change in Governance Structure***

On September 9, 1998, the School District was released by the Federal District Court from State control that was instituted by the March 3, 1995, Federal Court Order. This release triggered the implementation of the provisions of Ohio Substitute House Bill No. 269 which calls for the transfer of the supervision and control of the School District to a new nine member Board of Education appointed by the Mayor of the City of Cleveland. The legislation also provides for Mayoral appointment powers with respect to the Chief Executive Officer (formerly known as Superintendent) position for the School District. Additionally the legislation provides for a referendum on the Mayor's authority to continue appointing board members, to take place at the general election in the first even-numbered year occurring at least four years after the transfer takes place.

***D. Fiscal Emergency/Watch***

In October 1996, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State. New legislation effective September 1996, permitted this declaration due to the School District's declining financial condition. In accordance with the new law, a seven-member Financial Planning and Supervision Commission was established to oversee all financial affairs of the School District. The Commission's primary charge is to develop, adopt, and implement a five-year financial recovery plan (Plan). The Commission accordingly adopted the School District's Plan in March 1997. The Commission is comprised of the State Superintendent of Public Instruction, the School District Superintendent, the Mayor of the City of Cleveland, State Director of Budget and Management, an appointee of the Superintendent of Public Instruction, an appointee of the governor and an appointee of the mayor.

The three primary financial components of the Plan consisted of (1) achieving budget reductions in fiscal year 1997, (2) passing a 13.5 mill levy, and (3) restructuring the School District's operating debt over a ten year period. Budget reductions were achieved in the fall of 1996 as a result of the successful conclusion of contract negotiations and the implementation of other budget reductions. The levy attempt was successful in November 1996 and the operating debt was restructured in May 1997.

On September 9, 1999, the Auditor of State released the district from "fiscal emergency" and upgraded its financial status to "fiscal watch". The related certification excerpt read as follows:

Pursuant to a request to the Auditor of State by the Cleveland Municipal School District Financial Planning and Supervision Commission, the Auditor of State has determined that the Cleveland Municipal School District no longer meets the fiscal emergency conditions set forth in Section 3316.03 (B), Revised Code, and the Cleveland Municipal School District has met the requirements of Section 3316.16, Revised Code, for termination of the Cleveland Municipal School District Financial Planning and Supervision Commission. Therefore, the existence of the Cleveland Municipal School District Financial Planning and Supervision Commission and its role in the operation of the Cleveland Municipal School District is terminated as of September 9, 1999.

Section 3316.03, Revised Code, requires the Cleveland Municipal School District to remain in a state of fiscal watch for the duration of the repayment period of any restructured loan issued while in a state of fiscal emergency. The debt, authorized under Section 3316.06, Revised Code, will mature on June 1, 2007.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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***E. 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 Cleveland Municipal School District, this includes general operations; food service and student related activities of the School District.

Within the School District boundaries, there are also various non-public schools. Current State legislature 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 as a jointly governed organization. These organizations are discussed further in Note 15 and Note 22 to the general purpose financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. For this fiscal year, the School District has implemented GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions". The more significant of the School District's accounting policies are described below.

***A. Basis Of Presentation - Fund Accounting***

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial 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 recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

*Governmental Fund Types:*

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

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.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

*Proprietary Fund Types:*

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund - This fund accounts 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.

*Fiduciary Fund Types:*

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*Account Groups:*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

***B. Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, investment income, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of the fiscal year end and delinquent property taxes, whose availability is indeterminable and which are intended to finance the ensuing fiscal year operations, have been recorded as deferred revenue.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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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 the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. 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 reported as deferred revenue.

***C. Budgetary Data***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Even though annual budgets are legally adopted, proprietary budgetary statements have not been presented since they are not required under GAAP. The legal level of budgetary control is at the function level within each individual fund. Any budgetary modifications at this level may only be made by resolution of the School District.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

*Tax Budget*

Prior to January 15, the Chief Executive Officer and Chief Financial Officer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Cuyahoga County Budget Commission for rate determination.

*Estimated Resources*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Chief Financial Officer. The amounts reported in the budgetary statement reflect the amounts in the final amended certificate issued during the fiscal year.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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*Appropriations*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund and function level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

*Encumbrances*

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

*Lapsing of Appropriations*

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

***D. Cash and Investments***

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, 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" on the balance sheet.

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 balance sheet as "cash and cash equivalents with fiscal agents" and "investments with fiscal agents".

During fiscal year 2001, investments were limited to STAR Ohio, repurchase agreements, treasury notes, federal agency securities, commercial paper, Armada Government Money Market and the Victory Federated Money Market Fund.

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

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the School District has, by resolution, specified the funds to receive an allocation of investment earnings.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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.

***E. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve and a bus purchase reserve. The reserve for budget stabilization is no longer required by State statute. It has been maintained at the discretion of the School District. The bus purchase reserve can only be spent for qualifying bus purchase expenditures. The bus purchase reserve was originally established in fiscal year 1999 from State Foundation receipts set aside for bus purchases. Receipts are received annually from the State Foundation for this purpose. A fund balance reserve for both types of restricted assets has also been established. See Note 19 for further discussion.

***F. Materials and Supplies Inventory***

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

***G. Fixed Assets and Depreciation***

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not have 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 general fixed assets is also not capitalized.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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Assets in the general fixed assets account group are not depreciated. Depreciation of fixed assets in the enterprise funds is computed using the straight-line method over an estimated useful life of five years for furniture and equipment and twenty years for buildings and improvements. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

During the last decade, studies performed by outside organizations have been conducted in order to evaluate the extent of capital repair or replacement that would be necessary to bring the School District's physical facilities up to a certain minimal condition. The studies indicate the necessity of significant capital expenditures. The School District is currently in the process of developing a long-term capital improvement plan for the express purpose of addressing all potential options with regard to necessary repair and/or replacement of certain facilities.

In conjunction with the passage of a 13.5 mill operating levy in November 1996, the School District is continuing its program of using \$22 million of the new revenues for roof replacements and related capital repairs. These projects are ongoing and are being supplemented by \$24 million in State matching funds for qualifying capital repairs and replacement projects.

The District also issued \$21.25 million in Qualified Zone Academy Bonds in April – June, 2001 to renovate seven school buildings.

An additional bond levy was passed in May 2001 which will enable the District to continue and significantly expand its capital renovation programs during upcoming fiscal years.

***H. Intergovernmental Revenues***

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Reimbursement type grants received before the revenue recognition criteria have been met are reported as deferred revenue. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

***I. Interfund Assets and Liabilities***

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

***J. Compensated Absences***

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on actuarial calculations prepared by an outside actuarial firm.



**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued wages and benefits payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

***K. Accrued Liabilities and Long-Term Obligations***

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, workers' compensation claims, compensated absences, contractually required pension contributions, capital lease obligations, and EPA asbestos abatement loans that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than sixty days after year end are considered not to have been made with current available financial resources. Bonds and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

***L. Contributed Capital***

No contributed capital was supplied by the School District or other agencies on inception of the enterprise funds. Start-up costs were funded through advances, which were subsequently reimbursed to the advancing fund.

***M. Interfund Transactions***

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

***N. Fund Balance Reserves and Designations***

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Designations represent tentative plans for future use of financial resources. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization and future bus purchases in accordance with new Ohio Revised Code requirements. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

The designation for carryover represents amounts set aside by the School District for educational programs delineated as part of the 1996 successful operating levy and for other programs designated by the Board of Education.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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***O. 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.

***P. Totals - Memorandum Only Columns***

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

***Q. Comparative Data***

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the School District's financial position and operations. Certain restatements and reclassifications have been made to the 2000 comparative data to conform with current year presentation. However, comparative data have not been presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - (Non-GAAP Basis) Budget and Actual, as their inclusion would make the statements unduly complex.

***R. Changes in Accounting Principles***

For fiscal year 2001, the School District implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." These changes in accounting principle had no effect on fund balances from the prior year.

**Note 3 - Legal Compliance**

The following funds had total appropriations in excess of estimated resources plus carryover balances in violation of Ohio Revised Code section 5705.39.

Fund	Estimated Resources	Appropriations	Excess
<b>Special Revenue Funds:</b>			
Other Federal	\$ 5,900,203	\$ 6,440,636	\$ 540,433

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

**Note 4 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - (Non-GAAP Basis) Budget and Actual, All Governmental Fund Types and Expendable Trust Funds 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 GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).
4. Principal payments on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types and Expendable Trust Funds				
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$ 19,724,568	(\$ 39,325)	\$ 666,722	\$ 20,671,320	\$ 20,727
Net Adjustment for Revenue Accruals	(7,173,576)	26,090,686	(197,597)	0	(870,194)
Advance In	16,919,725	3,163,394	0	0	0
Advance Out	(3,163,394)	(16,919,725)	0	0	0
Principal Retirement	(12,740,000)	0	0	0	0
Net Adjustment for Expenditure Accruals	(12,566,337)	395,347	0	820,184	24,692
Encumbrances	(51,175,045)	(7,682,076)	0	(15,735,635)	(920,794)
Budget Basis	<u>(\$50,174,059)</u>	<u>\$ 5,008,301</u>	<u>\$ 469,125</u>	<u>\$ 5,755,869</u>	<u>(\$1,745,569)</u>

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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**Note 5 - Deposits and Investments**

State statutes classify monies held by the School District into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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 of Education has identified as not required for use within the current two 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 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, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 obligation's of the State of Ohio;
5. 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;

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

***A. Deposits***

At fiscal year end, the carrying amount of the School District's deposits was (\$15,026,638) and the bank balance was \$391,782. Of the bank balance, \$184,792 was covered by federal depository insurance and \$206,990 uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance by the financial institution with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

***B. Investments***

The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreements	\$ 357,000	\$ 357,000	\$ 357,000
Money Market Mutual Funds	59,140,059	59,140,059	59,140,059
Corporate Notes	2,725,418	2,725,418	2,725,418
U.S. Agency Obligations	490,557	490,557	490,557
Investment in STAR Ohio		<u>249,943,791</u>	<u>249,943,791</u>
Total		<u>\$ 312,656,825</u>	<u>\$ 312,656,825</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 294,414,212	\$ 3,215,975
Investments which are part of a cash management pool:		
STAR Ohio	(249,943,791)	249,943,791
Repurchase Agreement	(357,000)	357,000
Money Market Mutual Funds	<u>(59,140,059)</u>	<u>59,140,059</u>
GASB Statement 3	<u>\$ (15,026,638)</u>	<u>\$ 312,656,825</u>

**Note 6 - Property Taxes**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property 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. Public utility property taxes are assessed on real property at 35 percent of true value and on tangible personal property at varying percentages of true value.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments (except for public utilities) are 25 percent of true 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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30 and are intended to finance the fiscal year in which they are paid. This year tangible personal property tax settlement was not received from the County until July 2001.

The School District receives property taxes through the Cuyahoga County Auditor. The County Auditor 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, 2001 are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding, the late settlement of personal property taxes and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$11,274,909 in the general fund and \$974,751 in the debt service fund.

The assessed values upon which the fiscal year 2001 taxes were collected are (in thousands):

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$4,139,968	74.73%	\$4,656,974	76.35%
Public Utility Personal	444,748	8.03	453,054	7.43
Tangible Personal Property	955,316	17.24	989,442	16.22
	<u>\$5,540,032</u>	<u>100.00%</u>	<u>\$6,099,470</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed valuation	<u>\$60.80</u>		<u>\$60.60</u>	

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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**Note 7 - Receivables**

Receivables at June 30, 2001, consisted of taxes, accounts (rent and student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
General Fund	
City of Cleveland	\$ 84,641
Miscellaneous	38,742
Various School Districts	95,500
Total General Fund	218,883
Special Revenue Funds:	
Auxiliary Services (NPSS)	12,426
Other State	1,124,754
Adult Basic Education	1,119,830
Job Training Partnership Act (JTPA)	471,785
Title VI-B Special Education	551,489
Vocational Education	976,986
Miscellaneous Federal Grants	1,832,123
Other Federal	517,159
Total Special Revenue Funds	6,606,552
Enterprise Funds:	
Food Service	2,581,135
Consumer Services Rotary	18,759
Child Care Center	64,512
Total Enterprise Funds	2,664,406
Expendable Trust Fund:	
Educational Special Trust	72,265
Total Intergovernmental Receivables	\$ 9,562,106



**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

**Note 8 - Fixed Assets**

A summary of the enterprise fund fixed assets at June 30, 2001, follows:

	Totals
Land and Improvements	\$ 286,348
Buildings and Improvements	932,894
Vehicles and Equipment	1,199,346
Less Accumulated Depreciation	(1,949,089)
Net Fixed Assets	\$ 469,499

The School District raised its capitalization threshold from \$2,000 to \$5,000. This resulted in a \$2,450,660 reduction in vehicles and equipment and accumulated depreciation within Food Service.

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Balance June 30, 2000	Additions	Disposals	Balance June 30, 2001
Land and Improvements	\$ 29,779,803	\$ 301,465	\$ 0	\$ 30,081,268
Buildings and Improvements	307,681,409	7,297,673	5,331,792	309,647,290
Vehicles and Equipment	31,612,172	5,600,578	3,330,074	33,882,676
Construction in Process	0	7,186,487	0	7,186,487
Total	\$ 369,073,384	\$20,386,203	\$ 8,661,866	\$380,797,721

Construction in progress is composed of the following at June 30, 2001:

	Project Authorization	Expended to June 30, 2001	Committed
Senior High Schools	\$ 6,354,525	\$ 2,190,610	\$ 4,163,915
Intermediate Schools	4,840,246	1,408,351	3,431,895
Elementary Schools	12,016,062	3,587,526	8,428,536
Total	\$ 23,210,833	\$ 7,186,487	\$16,024,346

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

**Note 9 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, 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	Liability Limits	Deductible
School Leaders Errors and Omissions	\$1,000,000	\$ 250,000
Employed Attorneys Professional Liability	1,000,000	25,000
Treasurer's and Employee's Blanket Fidelity Bond	1,000,000	10,000
School Nurses Professional Liability	2,000,000	500
Property (Physical Damage) Insurance	75,000,000	500,000
General Liability, Automobile Liability	5,000,000	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past five years. There have been no significant reductions 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 associated expenses attributing to general 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 third party administrator for all outstanding unsettled claims total \$2,689,524 as of June 30, 2001, and are recorded in the self insurance internal service fund.

The School District participates in the Ohio Bureau of Workers' Compensation (the Bureau) 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. Current limits for claims incurred in calendar year 2001 are no limit per claim and \$9,120,000 in the aggregate. Estimates of claims liabilities based on actuarial methods, for incurred claims as calculated by the Bureau for the cumulative retrospective rating period January 1, 1992, through June 30, 2001, total \$0 (the School District paid the estimated claims liabilities in June 2001) and are recorded, in addition to an estimate for incurred but not reported (IBNR) claims totaling \$7,952,463, in the general long-term obligations account group. Additionally, claims in process amounting to \$47,175 are recorded as claims payable in the general fund.

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.

The claims liability of \$10,689,162 reported in the general and internal service funds and general long-term obligations account group at June 30, 2001, is based on the requirements of GASB No. 10 which requires that a liability for unpaid claim 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 the past two fiscal years are as follows:

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2000	\$20,960,271	\$ 4,754,162	\$ 2,434,221	\$23,280,212
2001	\$23,280,212	\$ 2,680,692	\$15,271,742	\$10,689,162

**Note 10 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions to SERS (including contributions collected from employees) for the fiscal years ended June 30, 2001, 2000, and 1999 were \$14,551,223, \$14,019,207 and \$14,021,384, respectively. 72.62% has been contributed for fiscal year 2001 and 100% for fiscal years 2000 and 1999. \$3,350,782 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and the general long-term obligations account group.

***B. State Teachers Retirement System***

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions (including contributions collected from employees) for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$62,031,322, \$47,211,703 and \$43,916,607, respectively. 89.76% has been contributed for fiscal year 2001 and 100% for fiscal years 2000 and 1999. \$6,351,924 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System.

**Note 11 - Post Employment Benefits**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$14,847,923 during fiscal 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.4 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent over the prior fiscal year. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available) were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including the surcharge equaled \$11,446,126 during the 2001 fiscal year.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

**Note 12 - 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 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. Upon retirement, the Cleveland Teachers' Union (CTU) contract provides for payments of accumulated sick leave up to 40 percent or \$40,000 (whichever is lower) for fiscal years 2000 through 2003. Remaining employees receive payment for up to 30 percent (varying by bargaining group) of accumulated sick leave up to varying maximums of as much as \$30,000.

**B. Insurance**

The School District provides life insurance to most employees through Medical Life Insurance in the amount of \$10,000 for each employee. The School District also provides medical/surgical and dental benefits primarily through Medical Mutual of Ohio, QualChoice Health Plan, Inc. and Kaiser Permanente to all eligible employees.

**Note 13 - Long Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Retirements	Principal Outstanding 6/30/01
<b>General Long-Term Obligations</b>				
<i>General Obligation Bonds:</i>				
1992 Library Improvement Bonds	\$ 68,665,000	\$ 0	\$ 3,920,000	\$ 64,745,000
1992 School Improvement Refunding Bonds	13,840,000	0	4,685,000	9,155,000
1992 School Improvement Capital Appreciation Bonds	23,229,539	1,376,184	0	24,605,723
1994 Energy Conservation Improvement Bonds	6,880,000	0	1,360,000	5,520,000
2001 QZAB – Arts Academy	0	5,750,000	0	5,750,000
2001 QZAB – Technology Academy	0	5,500,000	0	5,500,000
2001 QZAB – Literacy Academy	0	10,000,000	0	10,000,000
<b>Total General Obligation Bonds</b>	<u>112,614,539</u>	<u>22,626,184</u>	<u>9,965,000</u>	<u>125,275,723</u>
Compensated Absences	43,083,782	0	3,507,711	39,576,071
Workers' Compensation Claims	18,390,000	0	10,437,537	7,952,463
Pension Obligation	5,812,913	6,161,460	5,812,913	6,161,460
EPA Loans	470,927	0	68,214	402,713
Capital Lease Obligation	0	5,369,629	550,551	4,819,078
<b>Total General Long-Term Obligations</b>	<u>\$180,372,161</u>	<u>\$34,157,273</u>	<u>\$30,341,926</u>	<u>\$184,187,508</u>

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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Library Improvement Bonds - On August 12, 1992, the School District issued \$90,000,000 in voted general obligation bonds for the purpose of improving the Cleveland Public Library. The library bond issuance consists of \$43,895,000 of current interest serial bonds which have yields ranging from 2.90 percent to 5.7 percent, and \$46,105,000 of term bonds with a yield of 5.875 percent. The bonds were issued for a twenty-year period with final maturity at December 1, 2004 for the interest serial bonds and December 1, 2011 for the term bonds. The bonds will be retired from the debt service fund.

School Improvement Refunding Bonds - On August 12, 1992, the School District issued \$80,554,320 in voted general obligation bonds for the purpose of advance refunding the outstanding balance of the school improvement bonds of \$70,290,000. The school improvement refunding issuance consists of \$65,895,000 of current interest serial bonds which have yield rates ranging from 2.55 to 5.40 percent, and \$14,659,320 of capital appreciation (zero coupon) serial bonds which have yield rates ranging from 5.70 to 6.15 percent. The refunding bonds replaced bonds, which had interest rates ranging from 5.125 to 9.0 percent. The bond was issued for an eighteen-year period with final maturity at December 1, 2002 for the current interest bonds and December 1, 2008 for the capital appreciation bonds. Because of the deep discount associated with the issuance of capital appreciation bonds (otherwise known as zero-coupon bonds), the School District records the annual accretion of discount interest in the general long-term obligations account group. The bonds will be retired from the debt service fund. As of June 30, 2001, the remaining \$8,430,000 of the refunded school improvement bonds are considered defeased by assets of \$5,455,709 (market value of \$8,803,281) held in the irrevocable trust.

Energy Conservation Bonds - On September 15, 1994, the School District issued \$12,535,000 of bonds yielding 6.53 percent, in order to remodel approximately fifteen school buildings so as to conserve energy. The bonds were issued for a ten-year period with final maturity at September 15, 2004. The bonds will be retired from the general fund.

Qualified Zone Academy Bonds-Arts Academy - On April 3, 2001, the School District issued \$5,750,000 of bonds yielding 0.87 percent in order to remodel the Cleveland School of the Arts and Newton D. Baker Elementary School. The bonds were issued for a fourteen-year period with final maturity at April 2, 2015. The bonds will be retired from the debt service fund.

Qualified Zone Academy Bonds-Technology Academy - On April 3, 2001, the School District issued \$5,500,000 of bonds yielding 0.87 percent in order to remodel the Collinwood School. The bonds were issued for a fourteen-year period with final maturity at April 2, 2015. The bonds will be retired from the debt service fund.

Qualified Zone Academy Bonds-Literacy Academy - On June 7, 2001, the School District issued \$10,000,000 of non-interest-bearing bonds in order to remodel Central Middle School, Franklin D. Roosevelt Middle School, Harry E. Davis Middle School, and Martin Luther King, Jr. Middle School. The bonds were issued for a fourteen-year period with final maturity at June 6, 2015. The bonds will be retired from the debt service fund.

EPA Asbestos Loans - The School District has received various non-interest-bearing loans from the Environmental Protection Agency (EPA) for use in asbestos removal projects throughout the School District, under the authority of Ohio Revised Code section 3317.22. The loans were issued for twenty-year periods, with final maturity during fiscal year 2010. The loans will be retired from the general fund.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

Workers' compensation will be paid from the general fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$466,374,430 with an unvoted debt margin of \$6,099,470 at June 30, 2001.

Principal and interest requirements to retire general obligation debt, including EPA loans, outstanding at June 30, 2001, are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2002	\$ 10,578,214	\$ 4,808,860	\$ 15,387,074
2003	11,053,703	4,128,394	15,182,097
2004	11,266,946	4,069,203	15,336,149
2005	10,472,079	3,938,197	14,410,276
2006	9,635,827	3,854,160	13,489,987
Thereafter	<u>72,671,667</u>	<u>13,498,052</u>	<u>86,169,719</u>
Total	<u>\$125,678,436</u>	<u>\$34,296,866</u>	<u>\$159,975,302</u>

In 2001, the School District entered into an agreement to lease buses, which have a carrying value of \$5,369,629. This agreement is, in substance, a lease purchase (capital lease) and is classified as a long-term lease obligation in the financial statements.

The following is a schedule of future lease payments and the present value of net minimum lease payments at June 30, 2001:

	Amount
2002	\$ 702,853
2003	702,853
2004	702,853
2005	702,853
2006	702,853
Thereafter	<u>2,811,413</u>
Total minimum lease payments	6,325,678
Less:	
Amount representing interest	<u>1,506,600</u>
Present value of net minimum lease payments	<u>\$ 4,819,078</u>

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

**Note 14 - Notes Payable**

The School District's note activity, including amounts outstanding, interest rates and the purpose for which the note was issued is as follows:

	Balance 6/30/00	Issued	Retired	Balance 6/30/01
<b>General Fund:</b>				
1997 4.60%-6.00%				
Revenue Anticipation Notes	\$104,335,000	\$ 0	\$12,740,000	\$91,595,000
	\$104,335,000	\$ 0	\$12,740,000	\$91,595,000

The revenue anticipation note series are collateralized by anticipated general fund taxes and State Foundation revenues, which have been appropriated by the School District for the payment of such notes.

Principal and interest requirements to retire notes outstanding at June 30, 2001 are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2002	\$13,380,000	\$ 4,989,525	\$ 18,369,525
2003	14,050,000	4,320,525	18,370,525
2004	14,725,000	3,646,125	18,371,125
2005	15,605,000	2,762,625	18,367,625
2006	16,465,000	1,904,350	18,369,350
Thereafter	17,370,000	998,775	18,368,775
	\$91,595,000	\$18,621,925	\$110,216,925

**Note 15 - Related Organizations**

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

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 Cleveland Public Library, Joan Tompkins, Business Director, at 325 Superior Avenue, NE, Cleveland, Ohio 44114.

City of Cleveland - In November 1998, the Mayor of the City of Cleveland was given appointment authority for the Cleveland Municipal 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 of Education. Mrs. Barbara Byrd-Bennett was appointed to the position of Chief Executive Officer by the Mayor on November 16, 1998 and was approved by the Board of Education. The Board of Education is comprised of nine members who were appointed by the Mayor from a pool of candidates presented to the Mayor by an



**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

independent nominating panel. The City of Cleveland 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 comprehensive annual financial report can be obtained from the Finance Director of the City of Cleveland at 601 Lakeside Avenue, Cleveland, Ohio 44114.

**Note 16 - Interfund Transactions**

As of June 30, 2001, receivable and payables that resulted from various interfund transactions were as follows:

Fund	Receivable	Payable
General	\$6,313,394	\$ 0
Special Revenue Funds:		
Other State	0	26,000
Adult Basic Education	0	855,000
JTPA	0	424,000
Vocational Education	0	1,559,394
Other Federal	0	299,000
Total Special Revenue Funds	0	3,163,394
Debt Service	0	3,150,000
Total All Funds	\$6,313,394	\$6,313,394

**Note 17 - State School Funding Decision**

On March 24, 1997 the Ohio Supreme Court ("Supreme Court") rendered a decision declaring certain portions of the Ohio school funding plan (including the State's Foundation Program) unconstitutional (DeRolph I decision). Since this Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Supreme Court. However, on May 11, 2000 the Supreme Court rendered an opinion stating that the legislation adopted was not sufficiently responsive to the constitutional issues and decided to maintain jurisdiction until at least June 15, 2001 (DeRolph II decision). On June 6, 2001, the Governor of Ohio approved H.B. 94, which contained new State school funding provisions. On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of the fiscal year 2004, rather than fiscal year 2006.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 13, 2001, the Ohio General assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may reexamine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**Note 18 - 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 and is 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, 2001.

***B. 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.

**Note 19 - 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 purchase of textbooks and other instructional materials and an equal amount 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 textbooks, capital acquisitions, budget stabilization, and bus purchases. Disclosure of this information is required by State statute.

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

	Textbooks	Capital Improvements	Budget Reserve	Total
Set-aside balance carried forward at July 1, 2000	(\$10,608,076)	\$ 0	\$ 7,400,000	
Current year set-aside requirement	12,503,766	12,503,766		
Qualifying expenditures	(11,670,486)	(18,177,663)	(797,683)	
Total	<u>(\$ 9,774,796)</u>	<u>(\$ 5,673,897)</u>	<u>\$ 6,602,317</u>	
Cash balance carried forward to fiscal year 2001-2002				\$6,602,317
Amount restricted for bus purchases				1,803,398
Total restricted assets				<u>\$8,405,715</u>

Although the School District had qualifying disbursements during the year that reduced the set-aside amounts to below zero for both textbooks and capital improvements, the extra amount for capital improvements may not be used to reduce the set-aside requirements of future years. However, the extra amount for textbooks may be used to reduce future set-aside requirements.

**Note 20 - Segment Information for Enterprise Funds**

The School District maintains three Enterprise funds to account for the operations of food service, consumer services and child care center. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds of the Cleveland Municipal School District as of and for the fiscal year ended June 30, 2001.

	Food Service	Consumer Services Rotary	Child Care Center	Totals
Operating Revenues	\$ 2,077,301	\$ 256,193	\$ 273,611	\$ 2,607,105
Depreciation Expense	52,991	0	0	52,991
Operating Income (Loss)	(27,005,433)	(87,692)	(182,284)	(27,275,409)
Federal Donated Commodities	1,904,388	0	0	1,904,388
Operating Grants	27,050,339	0	0	27,050,339
Operating Transfers In	0	0	124,019	124,019
Net Income (Loss)	2,117,907	(87,692)	(58,265)	1,971,950
Fixed Asset Additions	55,735	0	0	55,735
Net Working Capital	6,675,448	107,924	135,881	6,919,253
Total Assets	8,688,236	126,262	171,524	8,986,022
Total Long-Term Liabilities	464,555	339	118	465,012
Total Equity	6,680,392	107,585	135,763	6,923,740

**Cleveland Municipal School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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**Note 21 - Contractual Commitments**

As of June 30, 2001, the Cleveland Municipal School District had commitments outstanding for various building improvements in the amount of \$16.0 million of which 14.9 million is encumbered. These contractual commitments are in the Building Renovation Fund and the School Facility Grant Fund.

**Note 22 - Jointly Governed Organizations**

The Ohio Schools Council (Council) is a jointly governed organization among eighty-two school districts. 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 Joseph Lesak, the Executive Secretary of the Ohio Schools Council at 155 Center Road, Bedford, Ohio 44146.

**Note 23 – Restatement of Prior Year's Fund Balance**

Certain revenues and expenditures were reclassified from the Other Local Special Revenue Funds to the Student Managed Activity Agency Fund. The fund balance at the beginning of the year has been decreased in the Other Local Funds by \$664,149 while the assets and liabilities were increased in the Student Managed Activity Fund by \$664,149.

**Note 24 – Subsequent Events**

On July 12, 2001, the Cleveland Municipal School District entered into a 15-year installment payment agreement with Citicorp North America, Incorporated for \$11,500,000, bearing interest at the rate of 5.20% per annum. The proceeds will be used for the purpose of renovating and otherwise improving school facilities. This agreement was made in accordance with Ohio H.B. 264 and is therefore exempt from the debt limit set by Ohio bond statute.

On November 7, 2001, the Cleveland Municipal School District issued \$35,000,000 of General Obligation Bond Anticipation Notes, bearing interest at the rate of 3.00% per annum. The proceeds will be used for the purpose of renovating, rehabilitating, constructing, furnishing, equipping and otherwise improving school facilities and acquiring and improving their sites. This represents the first drawdown of the \$335 million approved by voters on May 8, 2001 (Issue 14).

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# CLEVELAND MUNICIPAL SCHOOL DISTRICT

## SPECIAL REVENUE FUNDS

### COMBINING FINANCIAL STATEMENTS

**SPECIAL REVENUE FUNDS ARE ESTABLISHED  
TO ACCOUNT FOR REVENUES FROM SPECIFIC SOURCES  
WHICH LEGALLY, OR OTHERWISE, ARE RESTRICTED TO  
EXPENDITURES FOR SPECIFIC PURPOSES**

#### **LOCAL FUNDS**

**Other Local Funds** - This fund accounts for all activity in other local funds including Public School Support, School Improvement Models, Classroom Facilities Maintenance and District Managed Student Activity.

#### **STATE FUNDS**

**Auxiliary Services (NPSS) Fund** - This fund accounts for funds which provide services and materials to pupils attending non-public schools within the School District.

**Disadvantaged Pupil Impact Aid Fund** - This fund accounts for monies received for disadvantaged pupil impact aid.

**Summer Intervention Fund** - This fund accounts for summer intervention services satisfying criteria defined in division (E) of section 3313.608 of the Revised Code.

**Miscellaneous State Grants Fund** - This fund accounts for various monies received from State agencies which are not required to be in a separate fund.

**Other State Funds** - This fund accounts for all activity in other state funds including Consumer Education Projects, Career Development, Post-Secondary Vocational Education, Teacher Development, Excellence in Education, Early Childhood Education, Career Enhancement, Gifted Education, Management Information Systems, School Building Incentive Grants, Public School Preschool, Entry Year Programs, Data Communications for School Buildings, School Net Professional Development, Interactive Video Distance Learning, Ohio Reads and Alternate Schools.

#### **FEDERAL FUNDS**

**Adult Basic Education Fund** - This fund accounts for State and Federal monies used to provide financial support to programs in reading, writing and math competency for adults that do not have a high school diploma.

**Job Training Partnership Act (JTPA) Fund** - This fund accounts for monies used for planning and conducting programs that provide for the training and upgrading of unemployed persons; reimbursement to boards of education and private schools for developing approved projects and the expansion of State direction and supervision of manpower programs.

**Title VI-B, Special Education Fund** - This fund accounts for federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restricted alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

**Vocational Education Fund** - 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.

**Title I Fund** - This fund accounts for federal monies used to assist the School District in meeting the special needs of educationally deprived children.

**Miscellaneous Federal Grant Fund** - 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.

**Other Federal Funds** - This fund accounts for all activity in other federal funds including NDEA Title II, Bilingual Education Program, Scientific Personnel Improvement, Transition for Refugee Children, Title VI, Emergency Immigrant Education Assistance Grant, Drug Free School Grant, Early Childhood Educational Development Grant and EHA Preschool Grants for the Handicapped.

**Cleveland Municipal School District**

Combining Balance Sheet

All Special Revenue Funds

June 30, 2001

(With Comparative Totals for June 30, 2000)

	<u>Other Local</u>	<u>Auxiliary Services (NPSS)</u>	<u>DPIA</u>	<u>Summer Intervention</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,655,319	\$ 2,354,566	\$ 0	\$ 0
Receivables:				
Taxes	2,485,475	0	0	0
Intergovernmental	<u>0</u>	<u>12,426</u>	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<u><u>\$ 4,140,794</u></u>	<u><u>\$ 2,366,992</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
<b>Liabilities:</b>				
Accounts Payable	\$ 9,721	\$ 94,871	\$ 0	\$ 0
Accrued Wages and Benefits	1,446	365,684	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	0	8,383	0	0
Deferred Revenue	<u>2,485,475</u>	<u>1,898,054</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities</b>	<u>2,496,642</u>	<u>2,366,992</u>	<u>0</u>	<u>0</u>
<b>Fund Equity:</b>				
Fund Balance:				
Reserved for Encumbrances	22,738	1,576,393	0	0
Unreserved, Undesignated (Deficit)	<u>1,621,414</u>	<u>(1,576,393)</u>	<u>0</u>	<u>0</u>
<b>Total Fund Equity</b>	<u>1,644,152</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$ 4,140,794</u></u>	<u><u>\$ 2,366,992</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>



Miscellaneous State Grants	Other State	Adult Basic Education	Job Training Partnership Act (JTPA)	Title VI-B Special Education	Vocational Education
\$ 531,327	\$ 3,230,082	\$ 135,177	\$ 109,975	\$ 1,243,316	\$ 1,155,323
0	0	0	0	0	0
0	1,124,754	1,119,830	471,785	551,489	976,986
<u>\$ 531,327</u>	<u>\$ 4,354,836</u>	<u>\$ 1,255,007</u>	<u>\$ 581,760</u>	<u>\$ 1,794,805</u>	<u>\$ 2,132,309</u>
\$ 102,734	\$ 31,586	\$ 13,631	\$ 81,000	\$ 133,291	\$ 231,979
44,158	166,728	382,797	97	924,121	189,823
0	26,000	855,000	424,000	0	1,559,394
0	0	0	0	0	0
384,435	4,130,522	3,579	76,663	737,393	151,113
531,327	4,354,836	1,255,007	581,760	1,794,805	2,132,309
411,622	617,462	121,255	26,152	178,844	948,697
(411,622)	(617,462)	(121,255)	(26,152)	(178,844)	(948,697)
0	0	0	0	0	0
<u>\$ 531,327</u>	<u>\$ 4,354,836</u>	<u>\$ 1,255,007</u>	<u>\$ 581,760</u>	<u>\$ 1,794,805</u>	<u>\$ 2,132,309</u>

(continued)

**Cleveland Municipal School District**

Combining Balance Sheet

All Special Revenue Funds (continued)

June 30, 2001

(With Comparative Totals for June 30, 2000)

	<u>Title I</u>	<u>Miscellaneous Federal Grants</u>	<u>Other Federal</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 11,151,741	\$ 1,386,305	\$ 952,866
Receivables:			
Taxes	0	0	0
Intergovernmental	<u>0</u>	<u>1,832,123</u>	<u>517,159</u>
<b>Total Assets</b>	<u><u>\$ 11,151,741</u></u>	<u><u>\$ 3,218,428</u></u>	<u><u>\$ 1,470,025</u></u>
<b>Liabilities:</b>			
Accounts Payable	\$ 186,229	\$ 157,415	\$ 57,147
Accrued Wages and Benefits	4,028,096	1,437,927	193,976
Interfund Payable	0	0	299,000
Intergovernmental Payable	7,200	0	0
Deferred Revenue	<u>6,930,216</u>	<u>1,623,086</u>	<u>919,902</u>
<b>Total Liabilities</b>	<u>11,151,741</u>	<u>3,218,428</u>	<u>1,470,025</u>
<b>Fund Equity:</b>			
Fund Balance:			
Reserved for Encumbrances	1,623,208	723,741	473,922
Unreserved, Undesignated (Deficit)	<u>(1,623,208)</u>	<u>(723,741)</u>	<u>(473,922)</u>
<b>Total Fund Equity</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$ 11,151,741</u></u>	<u><u>\$ 3,218,428</u></u>	<u><u>\$ 1,470,025</u></u>

TOTALS	
2001	2000
\$ 23,905,997	\$ 11,215,620
2,485,475	0
<u>6,606,552</u>	<u>25,496,956</u>
<u>\$ 32,998,024</u>	<u>\$ 36,712,576</u>
\$ 1,099,604	\$ 1,291,200
7,734,853	7,160,365
3,163,394	16,919,725
15,583	3,128
<u>19,340,438</u>	<u>9,654,681</u>
<u>31,353,872</u>	<u>35,029,099</u>
6,724,034	6,928,787
<u>(5,079,882)</u>	<u>(5,245,310)</u>
<u>1,644,152</u>	<u>1,683,477</u>
<u>\$ 32,998,024</u>	<u>\$ 36,712,576</u>

(concluded)

**Cleveland Municipal School District**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Special Revenue Funds

For the Fiscal Year Ended June 30, 2001

(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Other Local	Auxiliary Services (NPSS)	DPIA	Summer Intervention
<b>Revenues:</b>				
<i>Local Sources:</i>				
Investment Income	\$ 96,000	\$ 210,522	\$ 0	\$ 0
Tuition and Fees	0	0	0	0
Extracurricular Activities	705,765	0	0	0
Miscellaneous	0	0	0	0
<i>State Sources:</i>				
Restricted Grants-in-Aid	150,000	6,818,543	48,733,148	1,407,268
<i>Federal Sources:</i>				
Restricted Grants-in-Aid	0	0	0	0
<b>Total Revenues</b>	<b>951,765</b>	<b>7,029,065</b>	<b>48,733,148</b>	<b>1,407,268</b>
<b>Expenditures:</b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	0	0	48,733,148	1,407,268
Special	0	0	0	0
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
<i>Support Services:</i>				
Pupils	0	0	0	0
Instructional Staff	197,601	0	0	0
Administration	0	0	0	0
Fiscal	0	0	0	0
Business	0	0	0	0
Operation and Maintenance of Plant	2,461	17,746	0	0
Pupil Transportation	0	0	0	0
Central	1,025	0	0	0
Operation of Non-Instructional Services	0	7,011,319	0	0
Extracurricular Activities	789,995	0	0	0
Capital Outlay	0	0	0	0
<b>Total Expenditures</b>	<b>991,082</b>	<b>7,029,065</b>	<b>48,733,148</b>	<b>1,407,268</b>
Excess of Revenues Over (Under) Expenditure:	(39,317)	0	0	0
<b>Other Financing Sources :</b>				
Operating Transfers In	0	0	0	0
<b>Total Other Financing Sources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(39,317)	0	0	0
Fund Balances at Beginning of Year	1,683,469	0	0	0
<b>Fund Balances at End of Year</b>	<b>\$ 1,644,152</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

Miscellaneous State Grants	Other State	Adult Basic Education	Job Training Partnership Act (JTPA)	Title VI-B Special Education	Vocational Education
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	19,255	0	0	0	0
0	0	0	0	0	0
0	260	0	0	0	0
1,722,243	2,910,600	0	0	0	0
0	0	2,854,210	1,613,557	7,681,248	3,341,114
<u>1,722,243</u>	<u>2,930,115</u>	<u>2,854,210</u>	<u>1,613,557</u>	<u>7,681,248</u>	<u>3,341,114</u>
29,414	198,126	0	114,406	0	0
1,356	65,156	7,466	0	1,825,471	0
1,158	10,674	0	0	0	2,236,036
6,244	0	2,311,368	0	0	14,866
150,365	1,254,133	11,070	81,728	952,919	399,570
1,396,656	1,014,113	492,007	829	3,585,358	314,715
6,000	178,130	0	1,407,293	541,763	3,027
817	14,134	30,583	123	97,753	61,508
0	0	0	0	0	0
107,204	254	1,716	9,178	0	5,565
9,530	7,828	0	0	473	0
11,477	223,198	0	0	0	305,827
2,022	131	0	0	677,511	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,722,243</u>	<u>2,965,877</u>	<u>2,854,210</u>	<u>1,613,557</u>	<u>7,681,248</u>	<u>3,341,114</u>
0	(35,762)	0	0	0	0
0	35,754	0	0	0	0
0	35,754	0	0	0	0
0	(8)	0	0	0	0
0	8	0	0	0	0
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(continued)

## Cleveland Municipal School District

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

All Special Revenue Funds (continued)

For the Fiscal Year Ended June 30, 2001

(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Title I	Miscellaneous Federal Grants	Other Federal
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 0	\$ 0	\$ 0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	2,449
<i>State Sources:</i>			
Restricted Grants-in-Aid	0	0	0
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	33,678,845	12,868,924	3,007,817
<b>Total Revenues</b>	<b>33,678,845</b>	<b>12,868,924</b>	<b>3,010,266</b>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	0	216,082	5,978
Special	23,410,489	3,765,532	358,725
Vocational	0	231,604	0
Adult/Continuing	0	158,622	48,555
<i>Support Services:</i>			
Pupils	0	102,609	13,747
Instructional Staff	5,714,750	7,230,025	2,368,756
Administration	873,424	52,889	0
Fiscal	382,666	131,710	3,354
Business	725,869	0	1,213
Operation and Maintenance of Plant	1,708	1,049,954	85,340
Pupil Transportation	94,283	3,486	16,826
Central	285,517	3,390	56,838
Operation of Non-Instructional Services	2,109,240	7,077	50,934
Extracurricular Activities	0	0	0
Capital Outlay	80,899	0	0
<b>Total Expenditures</b>	<b>33,678,845</b>	<b>12,952,980</b>	<b>3,010,266</b>
Excess of Revenues Over (Under) Expenditures	0	(84,056)	0
<b>Other Financing Sources:</b>			
Operating Transfers In	0	84,056	0
<b>Total Other Financing Sources</b>	<b>0</b>	<b>84,056</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	0	0	0
Fund Balances at Beginning of Year	0	0	0
<b>Fund Balances at End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

TOTALS	
2001	2000
\$ 306,522	\$ 226,872
19,255	12,837
705,765	857,343
2,709	48,347
61,741,802	49,339,618
<u>65,045,715</u>	<u>52,036,799</u>
<u>127,821,768</u>	<u>102,521,816</u>
50,704,422	39,246,889
29,434,195	21,980,694
2,479,472	1,354,024
2,539,655	2,323,709
2,966,141	2,516,071
22,314,810	16,284,069
3,062,526	3,231,797
722,648	284,779
727,082	39,064
1,281,126	1,607,986
132,426	140,690
887,272	1,054,927
9,858,234	10,999,092
789,995	1,112,891
80,899	172,924
<u>127,980,903</u>	<u>102,349,606</u>
<u>(159,135)</u>	<u>172,210</u>
<u>119,810</u>	<u>33,739</u>
<u>119,810</u>	<u>33,739</u>
<u>(39,325)</u>	<u>205,949</u>
<u>1,683,477</u>	<u>1,477,528</u>
<u>\$ 1,644,152</u>	<u>\$ 1,683,477</u>
	(concluded)

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Other Local Funds  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 96,000	\$ 96,000	\$ 0
Extracurricular Activities	879,000	705,765	(173,235)
<i>State Sources:</i>			
Restricted Grants-in-Aid	1,000,000	150,000	(850,000)
<b>Total Revenues</b>	<u>1,975,000</u>	<u>951,765</u>	<u>(1,023,235)</u>
<b>Expenditures:</b>			
<i>Support Services:</i>			
Instructional Staff	1,319,074	221,431	1,097,643
Fiscal	5,008	0	5,008
Business	1,511	0	1,511
Operation and Maintenance of Plant	20,375	4,309	16,066
Central	22,367	1,490	20,877
Extracurricular Activities	2,058,135	841,493	1,216,642
<b>Total Expenditures</b>	<u>3,426,470</u>	<u>1,068,723</u>	<u>2,357,747</u>
Excess of Revenues Over (Under) Expenditures	(1,451,470)	(116,958)	1,334,512
Fund Balance at Beginning of Year	1,656,057	1,656,057	0
Prior Year Encumbrances Appropriated	92,077	92,077	0
<b>Fund Balance at End of Year</b>	<u>\$ 296,664</u>	<u>\$ 1,631,176</u>	<u>\$ 1,334,512</u>



**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Auxiliary Services Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 210,522	\$ 210,522	\$ 0
<i>State Sources:</i>			
Restricted Grants-in-Aid	7,039,478	6,458,877	(580,601)
<b>Total Revenues</b>	<u>7,250,000</u>	<u>6,669,399</u>	<u>(580,601)</u>
<b>Expenditures:</b>			
Current:			
<i>Support Services:</i>			
Operation and Maintenance of Plant	18,625	17,746	879
Operation of Non-Instructional Services	9,016,287	8,957,504	58,783
<b>Total Expenditures</b>	<u>9,034,912</u>	<u>8,975,250</u>	<u>59,662</u>
Excess of Revenues Over (Under) Expenditures	(1,784,912)	(2,305,851)	(520,939)
<b>Other Financing Sources (Uses):</b>			
Operating Transfers Out	(37,000)	0	37,000
<b>Total Other Financing Sources (Uses)</b>	<u>(37,000)</u>	<u>0</u>	<u>37,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,821,912)	(2,305,851)	(483,939)
Fund Balance at Beginning of Year	1,902,631	1,902,631	0
Prior Year Encumbrances Appropriated	1,089,023	1,089,023	0
<b>Fund Balance at End of Year</b>	<u>\$ 1,169,742</u>	<u>\$ 685,803</u>	<u>\$ (483,939)</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
DPIA Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 48,733,148	\$ 48,733,148	\$ 0
<b>Total Revenues</b>	<u>48,733,148</u>	<u>48,733,148</u>	<u>0</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	48,733,148	48,733,148	0
<b>Total Expenditures</b>	<u>48,733,148</u>	<u>48,733,148</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Summer Intervention Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 1,500,000	\$ 1,407,268	\$ (92,732)
<b>Total Revenues</b>	<u>1,500,000</u>	<u>1,407,268</u>	<u>(92,732)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	1,407,268	1,407,268	0
<b>Total Expenditures</b>	<u>1,407,268</u>	<u>1,407,268</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	92,732	0	(92,732)
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 92,732</u>	<u>\$ 0</u>	<u>\$ (92,732)</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Miscellaneous State Grants Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 2,200,000	\$ 1,181,873	\$ (1,018,127)
<b>Total Revenues</b>	<u>2,200,000</u>	<u>1,181,873</u>	<u>(1,018,127)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	70,875	43,022	27,853
Special	1,356	1,356	0
Vocational	43,877	23,251	20,626
Adult/Continuing	7,037	6,244	793
<i>Support Services:</i>			
Pupils	218,471	202,355	16,116
Instructional Staff	2,137,425	1,824,688	312,737
Administration	6,000	6,000	0
Fiscal	22,727	817	21,910
Business	677	0	677
Operation and Maintenance of Plant	192,317	171,419	20,898
Pupil Transportation	17,363	9,530	7,833
Central	19,998	11,977	8,021
Operation of Non-Instructional Services	3,065	2,255	810
<b>Total Expenditures</b>	<u>2,741,188</u>	<u>2,302,914</u>	<u>438,274</u>
Excess of Revenues Over (Under) Expenditures	(541,188)	(1,121,041)	(579,853)
Fund Balance at Beginning of Year	679,195	679,195	0
Prior Year Encumbrances Appropriated	465,614	465,614	0
<b>Fund Balance at End of Year</b>	<u>\$ 603,621</u>	<u>\$ 23,768</u>	<u>\$ (579,853)</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Other State Funds  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Tuition and Fees	\$ 19,255	\$ 19,255	\$ 0
<i>State Sources:</i>			
Restricted Grants-in-Aid	3,975,991	3,391,198	(584,793)
<b>Total Revenues</b>	<u>3,995,246</u>	<u>3,410,453</u>	<u>(584,793)</u>
<b>Expenditures:</b>			
Current:			
<i>Instruction:</i>			
Regular	202,916	202,659	257
Special	64,732	64,732	0
Vocational	9,786	4,243	5,543
<i>Support Services:</i>			
Pupils	1,754,925	1,560,309	194,616
Instructional Staff	2,252,260	1,229,142	1,023,118
Administration	320,254	216,635	103,619
Fiscal	28,773	14,134	14,639
Business	1,241	0	1,241
Operation and Maintenance of Plant	371,362	254	371,108
Pupil Transportation	19,778	8,253	11,525
Central	386,767	224,151	162,616
Operation of Non-Instructional Services	10,520	131	10,389
<b>Total Expenditures</b>	<u>5,423,314</u>	<u>3,524,643</u>	<u>1,898,671</u>
Excess of Revenues Over (Under) Expenditures	(1,428,068)	(114,190)	1,313,878
<b>Other Financing Sources (Uses):</b>			
Advances In	0	26,000	26,000
Advances Out	0	(114,000)	(114,000)
Operating Transfers In	35,754	35,754	0
<b>Total Other Financing Sources (Uses)</b>	<u>35,754</u>	<u>(52,246)</u>	<u>(88,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,392,314)	(166,436)	1,225,878
Fund Balance at Beginning of Year	2,600,386	2,600,386	0
Prior Year Encumbrances Appropriated	149,689	149,689	0
<b>Fund Balance at End of Year</b>	<u>\$ 1,357,761</u>	<u>\$ 2,583,639</u>	<u>\$ 1,225,878</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Adult Basic Education Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 4,745,000	\$ 3,725,130	\$ (1,019,870)
<b>Total Revenues</b>	<u>4,745,000</u>	<u>3,725,130</u>	<u>(1,019,870)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Special	103,006	14,882	88,124
Adult/Continuing	4,000,080	2,418,219	1,581,861
<i>Support Services:</i>			
Pupils	98,582	33,827	64,755
Instructional Staff	612,116	494,142	117,974
Administration	307,414	12,913	294,501
Fiscal	227,418	33,329	194,089
Business	696	0	696
Operation and Maintenance of Plant	20,986	1,716	19,270
Pupil Transportation	16,507	0	16,507
Central	2,239	0	2,239
<b>Total Expenditures</b>	<u>5,389,044</u>	<u>3,009,028</u>	<u>2,380,016</u>
Excess of Revenues Over (Under) Expenditures	(644,044)	716,102	1,360,146
<b>Other Financing Sources (Uses):</b>			
Advances In	855,000	855,000	0
Advances Out	0	(1,571,500)	(1,571,500)
<b>Total Other Financing Sources (Uses)</b>	<u>855,000</u>	<u>(716,500)</u>	<u>(1,571,500)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	210,956	(398)	(211,354)
Fund Balance at Beginning of Year	(104,104)	(104,104)	0
Prior Year Encumbrances Appropriated	104,991	104,991	0
<b>Fund Balance at End of Year</b>	<u>\$ 211,843</u>	<u>\$ 489</u>	<u>\$ (211,354)</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
JTPA/OWA Youth Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 2,326,000	\$ 1,535,079	\$ (790,921)
<b>Total Revenues</b>	<u>2,326,000</u>	<u>1,535,079</u>	<u>(790,921)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	130,000	115,083	14,917
<i>Support Services:</i>			
Pupils	498,754	94,449	404,305
Instructional Staff	829	829	0
Administration	1,533,147	1,463,078	70,069
Fiscal	9,916	500	9,416
Operation and Maintenance of Plant	18,916	9,081	9,835
<b>Total Expenditures</b>	<u>2,191,562</u>	<u>1,683,020</u>	<u>508,542</u>
Excess of Revenues Over (Under) Expenditures	134,438	(147,941)	(282,379)
<b>Other Financing Sources (Uses):</b>			
Advances In	424,000	424,000	0
Advances Out	0	(275,000)	(275,000)
<b>Total Other Financing Sources (Uses)</b>	<u>424,000</u>	<u>149,000</u>	<u>(275,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	558,438	1,059	(557,379)
Fund Balance at Beginning of Year	(448,117)	(448,117)	0
Prior Year Encumbrances Appropriated	449,881	449,881	0
<b>Fund Balance at End of Year</b>	<u>\$ 560,202</u>	<u>\$ 2,823</u>	<u>\$ (557,379)</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Title VI-B Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 18,000,000	\$ 11,613,481	\$ (6,386,519)
<b>Total Revenues</b>	<u>18,000,000</u>	<u>11,613,481</u>	<u>(6,386,519)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Special	5,827,075	1,932,682	3,894,393
<i>Support Services:</i>			
Pupils	2,356,262	967,492	1,388,770
Instructional Staff	6,475,886	3,769,078	2,706,808
Administration	1,323,779	528,952	794,827
Fiscal	465,096	97,753	367,343
Business	54,696	0	54,696
Operation and Maintenance of Plant	119,850	0	119,850
Pupil Transportation	10,357	1,848	8,509
Central	142,221	0	142,221
Operation of Non-Instructional Services	926,556	594,213	332,343
<b>Total Expenditures</b>	<u>17,701,778</u>	<u>7,892,018</u>	<u>9,809,760</u>
Excess of Revenues Over (Under) Expenditures	298,222	3,721,463	3,423,241
<b>Other Financing Sources (Uses):</b>			
Advances Out	0	(2,785,000)	(2,785,000)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(2,785,000)</u>	<u>(2,785,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	298,222	936,463	638,241
Fund Balance at Beginning of Year	(253,757)	(253,757)	0
Prior Year Encumbrances Appropriated	287,345	287,345	0
<b>Fund Balance at End of Year</b>	<u>\$ 331,810</u>	<u>\$ 970,051</u>	<u>\$ 638,241</u>



**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Vocational Education Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 7,440,606	\$ 1,969,259	\$ (5,471,347)
<b>Total Revenues</b>	<u>7,440,606</u>	<u>1,969,259</u>	<u>(5,471,347)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Vocational	4,999,678	3,017,451	1,982,227
Adult/Continuing	48,742	14,685	34,057
<i>Support Services:</i>			
Pupils	871,058	473,451	397,607
Instructional Staff	882,708	364,766	517,942
Administration	39,844	3,027	36,817
Fiscal	61,508	61,508	0
Business	140	0	140
Operation and Maintenance of Plant	102,425	5,565	96,860
Pupil Transportation	57,388	0	57,388
Central	762,052	396,489	365,563
<b>Total Expenditures</b>	<u>7,825,543</u>	<u>4,336,942</u>	<u>3,488,601</u>
Excess of Revenues Over (Under) Expenditures	(384,937)	(2,367,683)	(1,982,746)
<b>Other Financing Sources (Uses):</b>			
Advances In	1,559,394	1,559,394	0
<b>Total Other Financing Sources (Uses)</b>	<u>1,559,394</u>	<u>1,559,394</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,174,457	(808,289)	(1,982,746)
Fund Balance at Beginning of Year	(799,077)	(799,077)	0
Prior Year Encumbrances Appropriated	1,607,372	1,607,372	0
<b>Fund Balance at End of Year</b>	<u>\$ 1,982,752</u>	<u>\$ 6</u>	<u>\$ (1,982,746)</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Title I Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 45,000,000	\$ 55,627,027	\$ 10,627,027
<b>Total Revenues</b>	<u>45,000,000</u>	<u>55,627,027</u>	<u>10,627,027</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Special	27,079,635	24,028,409	3,051,226
<i>Support Services:</i>			
Instructional Staff	6,939,434	5,979,392	960,042
Administration	1,432,585	892,850	539,735
Fiscal	382,677	382,677	0
Operation and Maintenance of Plant	1,404,215	1,003,134	401,081
Pupil Transportation	238,091	112,888	125,203
Central	593,551	360,249	233,302
Operation of Non-Instructional Services	3,281,014	2,752,107	528,907
Capital Outlay	80,899	80,899	0
<b>Total Expenditures</b>	<u>41,432,101</u>	<u>35,592,605</u>	<u>5,839,496</u>
Excess of Revenues Over (Under) Expenditures	3,567,899	20,034,422	16,466,523
<b>Other Financing Sources (Uses):</b>			
Advances Out	0	(10,677,000)	(10,677,000)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(10,677,000)</u>	<u>(10,677,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,567,899	9,357,422	5,789,523
Fund Balance at Beginning of Year	(1,856,808)	(1,856,808)	0
Prior Year Encumbrances Appropriated	<u>1,858,042</u>	<u>1,858,042</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 3,569,133</u>	<u>\$ 9,358,656</u>	<u>\$ 5,789,523</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Miscellaneous Federal Grants Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 28,915,944	\$ 12,139,590	\$ (16,776,354)
<b>Total Revenues</b>	<u>28,915,944</u>	<u>12,139,590</u>	<u>(16,776,354)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	348,472	239,960	108,512
Special	8,486,073	2,994,008	5,492,065
Vocational	281,401	242,428	38,973
Adult/Continuing	171,620	161,294	10,326
<i>Support Services:</i>			
Pupils	630,619	167,724	462,895
Instructional Staff	16,049,444	7,963,976	8,085,468
Administration	129,346	42,308	87,038
Fiscal	354,323	140,963	213,360
Business	3,527	225	3,302
Operation and Maintenance of Plant	2,018,493	1,113,654	904,839
Pupil Transportation	45,598	3,486	42,112
Central	88,634	4,318	84,316
Operation of Non-Instructional Services	12,749	7,147	5,602
<b>Total Expenditures</b>	<u>28,620,299</u>	<u>13,081,491</u>	<u>15,538,808</u>
Excess of Revenues Over (Under) Expenditures	295,645	(941,901)	(1,237,546)
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	84,056	84,056	0
<b>Total Other Financing Sources (Uses)</b>	<u>84,056</u>	<u>84,056</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	379,701	(857,845)	(1,237,546)
Fund Balance at Beginning of Year	186,082	186,082	0
Prior Year Encumbrances Appropriated	<u>1,216,772</u>	<u>1,216,772</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 1,782,555</u>	<u>\$ 545,009</u>	<u>\$ (1,237,546)</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Other Federal Funds  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Miscellaneous	\$ 2,449	\$ 2,449	\$ 0
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	5,901,551	4,946,533	(955,018)
<b>Total Revenues</b>	<u>5,904,000</u>	<u>4,948,982</u>	<u>(955,018)</u>
<b>Expenditures:</b>			
Current:			
<i>Instruction:</i>			
Regular	16,250	5,978	10,272
Special	561,225	443,479	117,746
Adult/Continuing	78,589	50,863	27,726
<i>Support Services:</i>			
Pupils	34,884	22,314	12,570
Instructional Staff	5,165,394	2,690,798	2,474,596
Fiscal	500,954	3,717	497,237
Business	25,012	905	24,107
Operation and Maintenance of Plant	319,022	291,818	27,204
Pupil Transportation	20,249	17,698	2,551
Central	239,660	58,033	181,627
Operation of Non-Instructional Services	114,520	74,979	39,541
<b>Total Expenditures</b>	<u>7,075,759</u>	<u>3,660,582</u>	<u>3,415,177</u>
Excess of Revenues Over (Under) Expenditures	(1,171,759)	1,288,400	2,460,159
<b>Other Financing Sources (Uses):</b>			
Advances In	299,000	299,000	0
Advances Out	0	(1,497,225)	(1,497,225)
<b>Total Other Financing Sources (Uses)</b>	<u>299,000</u>	<u>(1,198,225)</u>	<u>(1,497,225)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(872,759)	90,175	962,934
Fund Balance at Beginning of Year	(302,797)	(302,797)	0
Prior Year Encumbrances Appropriated	635,123	635,123	0
<b>Fund Balance at End of Year</b>	<u>\$ (540,433)</u>	<u>\$ 422,501</u>	<u>\$ 962,934</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
All Special Revenue Funds  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 306,522	\$ 306,522	\$ 0
Tuition and Fees	19,255	19,255	0
Extracurricular Activities	879,000	705,765	(173,235)
Miscellaneous	2,449	2,449	0
<i>State Sources:</i>			
Restricted Grants-in-Aid	64,448,617	61,322,364	(3,126,253)
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	112,329,101	91,556,099	(20,773,002)
<b>Total Revenues</b>	<u>177,984,944</u>	<u>153,912,454</u>	<u>(24,072,490)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	50,908,929	50,747,118	161,811
Special	42,123,102	29,479,548	12,643,554
Vocational	5,334,742	3,287,373	2,047,369
Adult/Continuing	4,306,068	2,651,305	1,654,763
<i>Support Services:</i>			
Pupils	6,463,555	3,521,921	2,941,634
Instructional Staff	41,834,570	24,538,242	17,296,328
Administration	5,092,369	3,165,763	1,926,606
Fiscal	2,058,400	735,398	1,323,002
Business	87,500	1,130	86,370
Operation and Maintenance of Plant	4,606,586	2,618,696	1,987,890
Pupil Transportation	425,331	153,703	271,628
Central	2,257,489	1,056,707	1,200,782
Operation of Non-Instructional Services	13,364,711	12,388,336	976,375
Extracurricular Activities	2,058,135	841,493	1,216,642
Capital Outlay	80,899	80,899	0
<b>Total Expenditures</b>	<u>181,002,386</u>	<u>135,267,632</u>	<u>45,734,754</u>

(continued)

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
All Special Revenue Funds (Continued)  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Excess of Revenues Over (Under) Expenditures	\$ (3,017,442)	\$ 18,644,822	\$ 21,662,264
<b><i>Other Financing Sources (Uses):</i></b>			
Advances In	3,137,394	3,163,394	26,000
Advances Out	0	(16,919,725)	(16,919,725)
Operating Transfers In	119,810	119,810	0
Operating Transfers Out	(37,000)	0	37,000
<b><i>Total Other Financing Sources (Uses)</i></b>	<u>3,220,204</u>	<u>(13,636,521)</u>	<u>(16,856,725)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	202,762	5,008,301	4,805,539
Fund Balance at Beginning of Year	3,259,691	3,259,691	0
Prior Year Encumbrances Appropriated	<u>7,955,929</u>	<u>7,955,929</u>	<u>0</u>
<b><i>Fund Balance at End of Year</i></b>	<u>\$ 11,418,382</u>	<u>\$ 16,223,921</u>	<u>\$ 4,805,539</u>

(concluded)

# CLEVELAND MUNICIPAL SCHOOL DISTRICT

## CAPITAL PROJECTS FUNDS

### COMBINING FINANCIAL STATEMENTS

#### CAPITAL PROJECTS FUNDS ACCOUNT FOR THE ACQUISITION, CONSTRUCTION OR IMPROVEMENT OF CAPITAL FACILITIES OTHER THAN THOSE FINANCED BY PROPRIETARY AND TRUST FUNDS

**Permanent Improvement Fund**

This fund accounts for transactions related to acquiring, constructing or improving capital facilities.

**Building Renovation Fund**

This fund accounts for the receipts and expenditures related to the Qualified Zone Academy Bonds.

**Energy Conservation Assistance Fund**

This fund accounts for grant monies received to implement energy conservation measures.

**School Net Plus Fund**

This fund accounts for State monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

**School Facility Grant Fund**

This fund accounts for State monies received for school facility improvements.

**Ohio School Net Telecommunications Fund**

This fund accounts for State monies to be used for telecommunication equipment.

# Cleveland Municipal School District

Combining Balance Sheet

All Capital Projects Funds

June 30, 2001

(With Comparative Totals for June 30, 2000)

	<u>Permanent Improvement</u>	<u>Building Renovation</u>	<u>Energy Conservation Assistance</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 19,940,355	\$ 0
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 19,940,355</u>	<u>\$ 0</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 0	\$ 549,259	\$ 0
Accrued Wages and Benefits	0	0	0
<b>Total Liabilities</b>	<u>0</u>	<u>549,259</u>	<u>0</u>
<b>Fund Equity:</b>			
Fund Balance:			
Reserved for Encumbrances	0	3,070,569	0
Unreserved, Undesignated (Deficit)	0	16,320,527	0
<b>Total Fund Equity</b>	<u>0</u>	<u>19,391,096</u>	<u>0</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 0</u>	<u>\$ 19,940,355</u>	<u>\$ 0</u>



School Net Plus	School Facility Grant	Ohio School Net Telecommunications	TOTALS	
			2001	2000
\$ 4,784,969	\$ 12,057,192	\$ 350,656	\$ 37,133,172	\$ 15,641,668
<u>\$ 4,784,969</u>	<u>\$ 12,057,192</u>	<u>\$ 350,656</u>	<u>\$ 37,133,172</u>	<u>\$ 15,641,668</u>
\$ 18,340	\$ 979,785	\$ 75,192	\$ 1,622,576	\$ 703,742
87,910	0	0	87,910	186,560
<u>106,250</u>	<u>979,785</u>	<u>75,192</u>	<u>1,710,486</u>	<u>890,302</u>
527,032	10,340,163	247,764	14,185,528	6,243,073
4,151,687	737,244	27,700	21,237,158	8,508,293
<u>4,678,719</u>	<u>11,077,407</u>	<u>275,464</u>	<u>35,422,686</u>	<u>14,751,366</u>
\$ 4,784,969	\$ 12,057,192	\$ 350,656	\$ 37,133,172	\$ 15,641,668
<u>\$ 4,784,969</u>	<u>\$ 12,057,192</u>	<u>\$ 350,656</u>	<u>\$ 37,133,172</u>	<u>\$ 15,641,668</u>

**Cleveland Municipal School District**  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Capital Projects Funds  
For the Fiscal Year Ended June 30, 2001  
(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Permanent Improvement	Building Renovation	Energy Conservation Assistance
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 102,839	\$ 62,651	\$ 0
Miscellaneous	0	0	0
<i>State Sources:</i>			
Restricted Grants-in-Aid	0	0	0
<b>Total Revenues</b>	<u>102,839</u>	<u>62,651</u>	<u>0</u>
<b>Expenditures:</b>			
Capital Outlay	753,310	1,921,555	48,358
<b>Total Expenditures</b>	<u>753,310</u>	<u>1,921,555</u>	<u>48,358</u>
Excess of Revenues Over (Under) Expenditures	<u>(650,471)</u>	<u>(1,858,904)</u>	<u>(48,358)</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Bonds	0	21,250,000	0
Operating Transfers In	0	0	0
Operating Transfers Out	(6,196,062)	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(6,196,062)</u>	<u>21,250,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,846,533)	19,391,096	(48,358)
Fund Balances at Beginning of Year	<u>6,846,533</u>	<u>0</u>	<u>48,358</u>
<b>Fund Balances at End of Year</b>	<u>\$ 0</u>	<u>\$ 19,391,096</u>	<u>\$ 0</u>

School Net Plus	School Facility Grant	Ohio School Net Telecommunications	TOTALS	
			2001	2000
\$ 0	\$ 0	\$ 0	\$ 165,490	\$ 507
0	0	0	0	129,066
<u>4,143,250</u>	<u>8,019,499</u>	<u>1,154,000</u>	<u>13,316,749</u>	<u>922,156</u>
<u>4,143,250</u>	<u>8,019,499</u>	<u>1,154,000</u>	<u>13,482,239</u>	<u>1,051,729</u>
<u>2,356,216</u>	<u>7,691,005</u>	<u>1,141,284</u>	<u>13,911,728</u>	<u>9,674,122</u>
<u>2,356,216</u>	<u>7,691,005</u>	<u>1,141,284</u>	<u>13,911,728</u>	<u>9,674,122</u>
<u>1,787,034</u>	<u>328,494</u>	<u>12,716</u>	<u>(429,489)</u>	<u>(8,622,393)</u>
0	0	0	21,250,000	0
0	6,046,871	0	6,046,871	4,897,765
0	0	0	(6,196,062)	0
<u>0</u>	<u>6,046,871</u>	<u>0</u>	<u>21,100,809</u>	<u>4,897,765</u>
1,787,034	6,375,365	12,716	20,671,320	(3,724,628)
<u>2,891,685</u>	<u>4,702,042</u>	<u>262,748</u>	<u>14,751,366</u>	<u>18,475,994</u>
<u>\$ 4,678,719</u>	<u>\$ 11,077,407</u>	<u>\$ 275,464</u>	<u>\$ 35,422,686</u>	<u>\$ 14,751,366</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Permanent Improvement Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 102,839	\$ 102,839	\$ 0
Miscellaneous	5,197,161	0	(5,197,161)
<b>Total Revenues</b>	<u>5,300,000</u>	<u>102,839</u>	<u>(5,197,161)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
Capital Outlay	776,740	753,310	23,430
<b>Total Expenditures</b>	<u>776,740</u>	<u>753,310</u>	<u>23,430</u>
Excess of Revenues Over (Under) Expenditures	4,523,260	(650,471)	(5,173,731)
<b>Other Financing Sources (Uses):</b>			
Operating Transfers Out	(6,196,062)	(6,196,062)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(6,196,062)</u>	<u>(6,196,062)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,672,802)	(6,846,533)	(5,173,731)
Fund Balance at Beginning of Year	6,354,710	6,354,710	0
Prior Year Encumbrances Appropriated	491,823	491,823	0
<b>Fund Balance at End of Year</b>	<u>\$ 5,173,731</u>	<u>\$ 0</u>	<u>\$ (5,173,731)</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Building Renovation Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 50,000	\$ 62,651	\$ 12,651
<b>Total Revenues</b>	<u>50,000</u>	<u>62,651</u>	<u>12,651</u>
<b>Expenditures:</b>			
<i>Support Services:</i>			
Operation and Maintenance of Plant	5,221,003	4,992,124	228,879
<b>Total Expenditures</b>	<u>5,221,003</u>	<u>4,992,124</u>	<u>228,879</u>
Excess of Revenues Over (Under) Expenditures	(5,171,003)	(4,929,473)	241,530
<b>Other Financing Sources (Uses):</b>			
Proceeds From the Sale of Bonds	21,250,000	21,250,000	0
<b>Total Other Financing Sources (Uses)</b>	<u>21,250,000</u>	<u>21,250,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	16,078,997	16,320,527	241,530
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 16,078,997</u>	<u>\$ 16,320,527</u>	<u>\$ 241,530</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Energy Conservation Assistance Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures:</b>			
<i>Support Services:</i>			
Operation and Maintenance of Plant	48,358	48,358	0
<b>Total Expenditures</b>	<u>48,358</u>	<u>48,358</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(48,358)	(48,358)	0
Fund Balance at Beginning of Year	48,358	48,358	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
School Net Plus Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 5,400,000	\$ 4,143,250	\$ (1,256,750)
<b>Total Revenues</b>	<u>5,400,000</u>	<u>4,143,250</u>	<u>(1,256,750)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	916,917	50,324	866,593
<i>Support Services:</i>			
Instructional Staff	3,511,677	494,311	3,017,366
Operation and Maintenance of Plant	2,474,545	2,428,462	46,083
Central	88,846	49,650	39,196
<b>Total Expenditures</b>	<u>6,991,985</u>	<u>3,022,747</u>	<u>3,969,238</u>
Excess of Revenues Over (Under) Expenditures	(1,591,985)	1,120,503	2,712,488
Fund Balance at Beginning of Year	1,625,991	1,625,991	0
Prior Year Encumbrances Appropriated	<u>1,493,272</u>	<u>1,493,272</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 1,527,278</u>	<u>\$ 4,239,766</u>	<u>\$ 2,712,488</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
School Facility Grant Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 10,562,391	\$ 8,019,499	\$ (2,542,892)
<b>Total Revenues</b>	<u>10,562,391</u>	<u>8,019,499</u>	<u>(2,542,892)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Support Services:</i>			
Operation and Maintenance of Plant	21,706,632	18,693,892	3,012,740
<b>Total Expenditures</b>	<u>21,706,632</u>	<u>18,693,892</u>	<u>3,012,740</u>
Excess of Revenues Over (Under) Expenditures	(11,144,241)	(10,674,393)	469,848
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	6,046,871	6,046,871	0
<b>Total Other Financing Sources (Uses)</b>	<u>6,046,871</u>	<u>6,046,871</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,097,370)	(4,627,522)	469,848
Fund Balance at Beginning of Year	1,166,041	1,166,041	0
Prior Year Encumbrances Appropriated	4,198,725	4,198,725	0
<b>Fund Balance at End of Year</b>	<u>\$ 267,396</u>	<u>\$ 737,244</u>	<u>\$ 469,848</u>



**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Ohio School Net Telecommunications Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 2,000,000	\$ 1,154,000	\$ (846,000)
<b>Total Revenues</b>	<u>2,000,000</u>	<u>1,154,000</u>	<u>(846,000)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Support Services:</i>			
Instructional Staff	1,100,527	1,100,527	0
Operation and Maintenance of Plant	216,221	216,221	0
<b>Total Expenditures</b>	<u>1,316,748</u>	<u>1,316,748</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	683,252	(162,748)	(846,000)
Fund Balance at Beginning of Year	(500,249)	(500,249)	0
Prior Year Encumbrances Appropriated	762,997	762,997	0
<b>Fund Balance at End of Year</b>	<u>\$ 946,000</u>	<u>\$ 100,000</u>	<u>\$ (846,000)</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
All Capital Projects Funds  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 152,839	\$ 165,490	\$ 12,651
Miscellaneous	5,197,161	0	(5,197,161)
<i>State Sources:</i>			
Restricted Grants-in-Aid	17,962,391	13,316,749	(4,645,642)
<b>Total Revenues</b>	<u>23,312,391</u>	<u>13,482,239</u>	<u>(9,830,152)</u>
<b>Expenditures:</b>			
Current:			
<i>Instruction:</i>			
Regular	916,917	50,324	866,593
<i>Support Services:</i>			
Instructional Staff	4,612,204	1,594,838	3,017,366
Operation and Maintenance of Plant	29,666,759	26,379,057	3,287,702
Central	88,846	49,650	39,196
Capital Outlay	776,740	753,310	23,430
<b>Total Expenditures</b>	<u>36,061,466</u>	<u>28,827,179</u>	<u>7,234,287</u>
Excess of Revenues Over (Under) Expenditures	(12,749,075)	(15,344,940)	(2,595,865)
<b>Other Financing Sources (Uses):</b>			
Proceeds From the Sale of Bonds	21,250,000	21,250,000	0
Operating Transfers In	6,046,871	6,046,871	0
Operating Transfers Out	(6,196,062)	(6,196,062)	0
<b>Total Other Financing Sources (Uses)</b>	<u>21,100,809</u>	<u>21,100,809</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	8,351,734	5,755,869	(2,595,865)
Fund Balance at Beginning of Year	8,694,851	8,694,851	0
			0
Prior Year Encumbrances Appropriated	6,946,817	6,946,817	0
<b>Fund Balance at End of Year</b>	<u>\$ 23,993,402</u>	<u>\$ 21,397,537</u>	<u>\$ (2,595,865)</u>

# **CLEVELAND MUNICIPAL SCHOOL DISTRICT**

## **ENTERPRISE FUNDS**

### **COMBINING FINANCIAL STATEMENTS**

**THE ENTERPRISE FUNDS ARE ESTABLISHED TO ACCOUNT FOR THE ACQUISITION AND OPERATION OF GOVERNMENTAL FACILITIES AND SERVICES THAT ARE ENTIRELY OR PREDOMINANTLY SELF-SUPPORTING FROM USER CHARGES.**

#### **Food Service Fund**

This fund accounts for the financial transactions related to the food service operations of the School District.

#### **Consumer Services Rotary Fund**

This fund accounts for receipts and purchases made in connection with the sale of consumer services provided by vocational students.

#### **Child Care Center Fund**

This fund accounts for income and expenses made in connection with providing child care to parents enrolled in a vocational program.

## Cleveland Municipal School District

Combining Balance Sheet

All Enterprise Funds

June 30, 2001

(With Comparative Totals for June 30, 2000)

	Food Service	Consumer Services Rotary	Child Care Center
<b>Assets:</b>			
<b>Current Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 4,693,428	\$ 104,893	\$ 107,012
Receivables:			
Accounts	34,433	2,610	0
Intergovernmental	2,581,135	18,759	64,512
Materials and Supplies Inventory	909,741	0	0
<b>Total Current Assets</b>	<b>8,218,737</b>	<b>126,262</b>	<b>171,524</b>
<b>Non-Current Assets:</b>			
Fixed Assets (Net of Accumulated Depreciation)	469,499	0	0
<b>Total Assets</b>	<b>\$ 8,688,236</b>	<b>\$ 126,262</b>	<b>\$ 171,524</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 229,110	\$ 16,312	\$ 23,239
Accrued Wages and Benefits	789,498	2,026	12,404
Interfund Payable	0	0	0
Intergovernmental Payable	0	0	0
Deferred Revenue	524,681	0	0
<b>Total Current Liabilities</b>	<b>1,543,289</b>	<b>18,338</b>	<b>35,643</b>
<b>Long-Term Liabilities:</b>			
Accrued Wages and Benefits	464,555	339	118
<b>Total Liabilities</b>	<b>2,007,844</b>	<b>18,677</b>	<b>35,761</b>
<b>Fund Equity:</b>			
Retained Earnings:			
Unreserved	6,680,392	107,585	135,763
<b>Total Liabilities and Fund Equity</b>	<b>\$ 8,688,236</b>	<b>\$ 126,262</b>	<b>\$ 171,524</b>

TOTALS	
2001	2000
\$ 4,905,333	\$ 5,708,366
37,043	0
2,664,406	24,152
909,741	1,017,395
<u>8,516,523</u>	<u>6,749,913</u>
469,499	466,755
<u>\$ 8,986,022</u>	<u>\$ 7,216,668</u>
\$ 268,661	\$ 373,464
803,928	676,792
0	0
0	0
524,681	689,061
<u>1,597,270</u>	<u>1,739,317</u>
465,012	525,561
<u>2,062,282</u>	<u>2,264,878</u>
6,923,740	4,951,790
<u>\$ 8,986,022</u>	<u>\$ 7,216,668</u>

## Cleveland Municipal School District

Combining Statement of Revenues,  
Expenses and Changes in Retained Earnings  
All Enterprise Funds

For the Fiscal Year Ended June 30, 2001

(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Food Service	Consumer Services Rotary	Child Care Center
<b>Operating Revenues:</b>			
Sales	\$ 2,035,035	\$ 0	\$ 0
Charges for Services	0	203,655	0
Contribution and Donations	0	23,447	273,611
Other	42,266	29,091	0
<b>Total Operating Revenues</b>	<b>2,077,301</b>	<b>256,193</b>	<b>273,611</b>
<b>Operating Expenses:</b>			
Salaries	8,622,856	112,938	175,862
Fringe Benefits	4,240,845	23,278	46,632
Purchased Services	1,122,248	158,559	230,214
Materials and Supplies	14,097,115	22,818	759
Depreciation	52,991	0	0
Capital Outlay	790,939	26,292	2,428
Other	155,740	0	0
<b>Total Operating Expenses</b>	<b>29,082,734</b>	<b>343,885</b>	<b>455,895</b>
<i>Operating Income (Loss)</i>	<i>(27,005,433)</i>	<i>(87,692)</i>	<i>(182,284)</i>
<b>Non-Operating Revenues:</b>			
Investment Income	168,613	0	0
Donated Commodities	1,904,388	0	0
Operating Grants	27,050,339	0	0
<b>Total Non-Operating Revenues</b>	<b>29,123,340</b>	<b>0</b>	<b>0</b>
<i>Income (Loss) Before Operating Transfers</i>	<i>2,117,907</i>	<i>(87,692)</i>	<i>(182,284)</i>
Operating Transfers In	0	0	124,019
<i>Net Income (Loss)</i>	<i>2,117,907</i>	<i>(87,692)</i>	<i>(58,265)</i>
Retained Earnings (Deficit) at Beginning of Year	4,562,485	195,277	194,028
<b>Retained Earnings at End of Year</b>	<b>\$ 6,680,392</b>	<b>\$ 107,585</b>	<b>\$ 135,763</b>

TOTALS	
2001	2000
\$ 2,035,035	\$ 2,108,407
203,655	6,920
297,058	171,793
71,357	357,679
<u>2,607,105</u>	<u>2,644,799</u>
8,911,656	7,923,629
4,310,755	3,874,017
1,511,021	1,164,086
14,120,692	12,374,428
52,991	57,402
819,659	242,957
155,740	120,717
<u>29,882,514</u>	<u>25,757,236</u>
<u>(27,275,409)</u>	<u>(23,112,437)</u>
168,613	140,943
1,904,388	1,001,200
<u>27,050,339</u>	<u>19,858,798</u>
<u>29,123,340</u>	<u>21,000,941</u>
1,847,931	(2,111,496)
<u>124,019</u>	<u>0</u>
1,971,950	(2,111,496)
<u>4,951,790</u>	<u>7,063,286</u>
<u>\$ 6,923,740</u>	<u>\$ 4,951,790</u>

**Cleveland Municipal School District**  
Combining Statement of Cash Flows  
All Enterprise Funds  
For the Fiscal Year Ended June 30, 2001  
(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Food Service	Consumer Services Rotary	Child Care Center
<b><i>Increase (Decrease) In Cash and Cash Equivalents:</i></b>			
<b><i>Cash Flows from Operating Activities:</i></b>			
Cash Received from Customers	\$ 2,035,035	\$ 0	\$ 0
Cash Received from Quasi-External Transaction with Other Funds	0	0	0
Cash Received from Other Operating Sources	7,833	241,984	226,091
Cash Payments to Suppliers for Goods and Services	(14,357,327)	(196,634)	(210,287)
Cash Payments to Employees for Services	(8,571,598)	(111,774)	(165,092)
Cash Payments for Employee Benefits	(4,239,249)	(23,097)	(45,014)
Cash Payments for Other Operating Activities	(100,005)	0	0
<b><i>Net Cash Provided by (Used for) Operating Activities</i></b>	<b>(25,225,311)</b>	<b>(89,521)</b>	<b>(194,302)</b>
<b><i>Cash Flows from Noncapital Financing Activities:</i></b>			
Operating Grants Received	24,469,204	0	0
Transfer In	0	0	124,019
<b><i>Net Cash Provided by Noncapital Financing Activities</i></b>	<b>24,469,204</b>	<b>0</b>	<b>124,019</b>
<b><i>Cash Flows from Capital and Related Financing Activities:</i></b>			
Payments for Capital Acquisitions	(55,735)	0	0
<b><i>Cash Flows from Investing Activities:</i></b>			
Interest Received on Investments	168,613	0	0
Net (Decrease) Increase in Cash and Cash Equivalents	(643,229)	(89,521)	(70,283)
Cash and Cash Equivalents at Beginning of Year	5,336,657	194,414	177,295
<b><i>Cash and Cash Equivalents at End of Year</i></b>	<b>\$ 4,693,428</b>	<b>\$ 104,893</b>	<b>\$ 107,012</b>



TOTALS	
2001	2000
\$ 2,035,035	\$ 2,144,140
0	6,920
475,908	490,426
(14,764,248)	(13,046,794)
(8,848,464)	(7,835,104)
(4,307,360)	(3,858,522)
(100,005)	(120,717)
<u>(25,509,134)</u>	<u>(22,219,651)</u>
24,469,204	22,562,490
124,019	0
<u>24,593,223</u>	<u>22,562,490</u>
<u>(55,735)</u>	<u>0</u>
<u>168,613</u>	<u>140,943</u>
(803,033)	483,782
<u>5,708,366</u>	<u>5,224,584</u>
<u>\$ 4,905,333</u>	<u>\$ 5,708,366</u>

(continued)

**Cleveland Municipal School District**  
Combining Statement of Cash Flows  
All Enterprise Funds (continued)  
For the Fiscal Year Ended June 30, 2001  
(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Food Service	Consumer Services Rotary	Child Care Center
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:</b>			
<i>Operating Loss</i>	\$ (27,005,433)	\$ (87,692)	\$ (182,284)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</i>			
Depreciation Expense	52,991	0	0
Donated Commodities Expense Related to Noncash Grant	1,904,388	0	0
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(34,433)	(2,610)	0
(Increase) Decrease in Intergovernmental Receivable	0	(11,599)	(47,520)
(Increase) Decrease in Materials and Supplies Inventory	107,654	0	0
Increase (Decrease) in Accounts Payable	(138,952)	11,035	23,114
Increase (Decrease) in Accrued Wages and Benefits	52,854	1,345	12,388
Increase (Decrease) in Deferred Revenue	(164,380)	0	0
<i>Total Adjustments</i>	1,780,122	(1,829)	(12,018)
<b>Net Cash Provided by (Used For) Operating Activities</b>	<b>\$ (25,225,311)</b>	<b>\$ (89,521)</b>	<b>\$ (194,302)</b>

TOTALS	
2001	2000
\$ (27,275,409)	\$ (23,112,437)
52,991	57,402
1,904,388	1,001,200
(37,043)	36,792
(59,119)	(3,800)
107,654	(566,593)
(104,803)	(52,984)
66,587	69,462
(164,380)	351,307
1,766,275	892,786
\$ (25,509,134)	\$ (22,219,651)

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# **CLEVELAND MUNICIPAL SCHOOL DISTRICT**

## **FIDUCIARY FUNDS**

### **COMBINING FINANCIAL STATEMENTS**

**FIDUCIARY FUNDS ARE USED FOR ASSETS HELD BY THE SCHOOL DISTRICT IN A TRUSTEE CAPACITY OR AS AN AGENT FOR INDIVIDUALS, PRIVATE ORGANIZATIONS, OTHER GOVERNMENTAL UNITS, AND OTHER FUNDS. THESE INCLUDE EXPENDABLE TRUST AND AGENCY FUNDS.**

#### **EXPENDABLE TRUST FUNDS**

##### **Educational Special Trust Fund**

This fund accounts for monies held in a trustee capacity for purposes directly related to the educational process.

##### **Administrative Special Trust Fund**

This fund accounts for monies held in a trustee capacity for administrative purposes.

#### **AGENCY FUNDS**

##### **District Agency Fund**

This fund accounts for those assets held by the School District as an agent for individual, private organizations, other governmental units and/or other funds. It primarily contains payroll withholdings not yet remitted to the respective agency.

##### **Student Managed Activity**

This fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

## Cleveland Municipal School District

Combining Balance Sheet

All Trust and Agency Funds

June 30, 2001

(With Comparative Totals for June 30, 2000)

	Expendable Trust Funds		Agency Funds	
	Educational Special Trust	Administrative Special Trust	District Agency	Student Managed Activity
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,360,054	\$ 0	\$ 3,175,145	\$ 609,696
Receivables:				
Accounts	355,260	0	0	0
Intergovernmental	72,265	0	0	0
Interfund	0	0	0	0
<b>Total Assets</b>	<b>\$ 2,787,579</b>	<b>\$ 0</b>	<b>\$ 3,175,145</b>	<b>\$ 609,696</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 185,910	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	233,838	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	450	0	0	0
Deferred Revenue	2,367,381	0	0	0
Due to Students	0	0	0	609,696
Payroll Withholdings	0	0	3,175,145	0
<b>Total Liabilities</b>	<b>2,787,579</b>	<b>0</b>	<b>3,175,145</b>	<b>609,696</b>
<b>Fund Equity:</b>				
Fund Balance:				
Reserved for Encumbrances	776,576	0	0	0
Unreserved, Undesignated (Deficit)	(776,576)	0	0	0
<b>Total Fund Equity (Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 2,787,579</b>	<b>\$ 0</b>	<b>\$ 3,175,145</b>	<b>\$ 609,696</b>

TOTALS	
2001	2000
\$ 6,144,895	\$ 6,543,044
355,260	28,625
72,265	445,639
0	310,763
<u>\$ 6,572,420</u>	<u>\$ 7,328,071</u>
\$ 185,910	\$ 270,438
233,838	115,358
0	7,000
450	2,710
2,367,381	3,284,314
609,696	664,149
3,175,145	3,004,829
<u>6,572,420</u>	<u>7,348,798</u>
776,576	722,304
<u>(776,576)</u>	<u>(743,031)</u>
<u>0</u>	<u>(20,727)</u>
<u>\$ 6,572,420</u>	<u>\$ 7,328,071</u>

**Cleveland Municipal School District**  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Expendable Trust Funds  
For the Fiscal Year Ended June 30, 2001  
(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Educational Special Trust	Administrative Special Trust	TOTALS	
			2001	2000
<b>Revenues:</b>				
<i>Local Sources:</i>				
Investment Income	\$ 186,743	\$ 0	\$ 186,743	\$ 0
Tuition and Fees	17,463	0	17,463	4,625
Extracurricular Activities	20,934	0	20,934	4,192
Miscellaneous	6,369,868	2,020	6,371,888	3,138,337
<b>Total Revenues</b>	<b>6,595,008</b>	<b>2,020</b>	<b>6,597,028</b>	<b>3,147,154</b>
<b>Expenditures:</b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	13,751	0	13,751	0
Vocational	4,973	0	4,973	0
<i>Support Services:</i>				
Pupils	659,094	0	659,094	862,920
Instructional Staff	4,669,922	0	4,669,922	2,390,726
Administration	250,831	(18,707)	232,124	27,510
Operation and Maintenance of Plant	752,143	0	752,143	111,695
Pupil Transportation	826	0	826	13,342
Central	302,939	0	302,939	122,885
Extracurricular Activities	8,288	0	8,288	220
<b>Total Expenditures</b>	<b>6,662,767</b>	<b>(18,707)</b>	<b>6,644,060</b>	<b>3,529,298</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	(67,759)	20,727	(47,032)	(382,144)
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	67,759	0	67,759	0
<b>Total Other Financing Sources (Uses):</b>	<b>67,759</b>	<b>0</b>	<b>67,759</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	20,727	20,727	(382,144)
Fund Balances (Deficit) at Beginning of Year	0	(20,727)	(20,727)	361,417
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (20,727)</b>



**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Educational Special Trust Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 186,743	\$ 186,743	\$ 0
Extracurricular Activities	20,934	20,934	0
Miscellaneous	9,474,564	5,519,157	(3,955,407)
<b>Total Revenues</b>	<u>9,682,241</u>	<u>5,726,834</u>	<u>(3,955,407)</u>
<b>Expenditures:</b>			
Current:			
<i>Instruction:</i>			
Regular	32,776	14,830	17,946
Vocational	237,366	4,973	232,393
<i>Support Services:</i>			
Pupils	1,794,012	647,759	1,146,253
Instructional Staff	7,404,022	5,442,465	1,961,557
Administration	330,705	243,392	87,313
Fiscal	2,698	0	2,698
Business	4,989	0	4,989
Operation and Maintenance of Plant	1,145,210	846,603	298,607
Pupil Transportation	21,655	1,416	20,239
Central	779,854	329,991	449,863
Extracurricular Activities	23,962	8,733	15,229
<b>Total Expenditures</b>	<u>11,777,249</u>	<u>7,540,162</u>	<u>4,237,087</u>
Excess of Revenues Over (Under) Expenditures	(2,095,008)	(1,813,328)	281,680
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	67,759	67,759	0
<b>Total Other Financing Sources (Uses)</b>	<u>67,759</u>	<u>67,759</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,027,249)	(1,745,569)	281,680
Fund Balance at Beginning of Year	2,194,570	2,194,570	0
Prior Year Encumbrances Appropriated	990,259	990,259	0
<b>Fund Balance at End of Year</b>	<u>\$ 1,157,580</u>	<u>\$ 1,439,260</u>	<u>\$ 281,680</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
Administrative Special Trust Fund  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Cleveland Municipal School District**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - (Non-GAAP Basis) Budget And Actual  
All Expendable Trust Funds  
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 186,743	\$ 186,743	\$ 0
Extracurricular Activities	20,934	20,934	0
Miscellaneous	9,474,564	5,519,157	(3,955,407)
<b>Total Revenues</b>	<u>9,682,241</u>	<u>5,726,834</u>	<u>(3,955,407)</u>
<b>Expenditures:</b>			
Current:			
<i>Instruction:</i>			
Regular	32,776	14,830	17,946
Vocational	237,366	4,973	232,393
<i>Support Services:</i>			
Pupils	1,794,012	647,759	1,146,253
Instructional Staff	7,404,022	5,442,465	1,961,557
Administration	330,705	243,392	87,313
Fiscal	2,698	0	2,698
Business	4,989	0	4,989
Operation and Maintenance of Plant	1,145,210	846,603	298,607
Pupil Transportation	21,655	1,416	20,239
Central	779,854	329,991	449,863
Extracurricular Activities	23,962	8,733	15,229
<b>Total Expenditures</b>	<u>11,777,249</u>	<u>7,540,162</u>	<u>4,237,087</u>
Excess of Revenues Over (Under) Expenditures	(2,095,008)	(1,813,328)	281,680
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	67,759	67,759	0
<b>Total Other Financing Sources (Uses)</b>	<u>67,759</u>	<u>67,759</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,027,249)	(1,745,569)	281,680
Fund Balance at Beginning of Year	2,194,570	2,194,570	0
Prior Year Encumbrances Appropriated	990,259	990,259	0
<b>Fund Balance at End of Year</b>	<u>\$ 1,157,580</u>	<u>\$ 1,439,260</u>	<u>\$ 281,680</u>

**Cleveland Municipal School District**  
Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
For the Fiscal Year Ended June 30, 2001

	Beginning Balance <u>July 1, 2000</u>	Additions	Deductions	Ending Balance <u>June 30, 2001</u>
<b>District Agency Fund</b>				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,694,066	\$ 481,079	\$ 0	\$ 3,175,145
Interfund Receivable	<u>310,763</u>	<u>0</u>	<u>310,763</u>	<u>0</u>
<b>Total Assets</b>	<u>\$ 3,004,829</u>	<u>\$ 481,079</u>	<u>\$ 310,763</u>	<u>\$ 3,175,145</u>
<i>Liabilities:</i>				
Payroll Withholdings	<u>\$ 3,004,829</u>	<u>\$ 481,079</u>	<u>\$ 310,763</u>	<u>\$ 3,175,145</u>
<b>Total Liabilities</b>	<u>\$ 3,004,829</u>	<u>\$ 481,079</u>	<u>\$ 310,763</u>	<u>\$ 3,175,145</u>
<b>Student Managed Activity</b>				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 664,149</u>	<u>\$ 609,696</u>	<u>\$ 664,149</u>	<u>\$ 609,696</u>
<i>Liabilities:</i>				
Due to Students	<u>\$ 664,149</u>	<u>\$ 609,696</u>	<u>\$ 664,149</u>	<u>\$ 609,696</u>
<b>All Agency Funds</b>				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,358,215	\$ 1,090,775	\$ 664,149	\$ 3,784,841
Interfund Receivable	<u>310,763</u>	<u>0</u>	<u>310,763</u>	<u>0</u>
<b>Total Assets</b>	<u>\$ 3,668,978</u>	<u>\$ 1,090,775</u>	<u>\$ 974,912</u>	<u>\$ 3,784,841</u>
<i>Liabilities:</i>				
Due To Students	\$ 664,149	\$ 609,696	\$ 664,149	\$ 609,696
Payroll Withholdings	<u>3,004,829</u>	<u>481,079</u>	<u>310,763</u>	<u>3,175,145</u>
<b>Total Liabilities</b>	<u>\$ 3,668,978</u>	<u>\$ 1,090,775</u>	<u>\$ 974,912</u>	<u>\$ 3,784,841</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT**

**GENERAL FIXED ASSETS**

**ACCOUNT GROUP**

**THE GENERAL FIXED ASSET ACCOUNT GROUP IS USED TO  
ACCOUNT FOR ALL LAND AND IMPROVEMENTS, BUILDINGS AND  
BUILDING IMPROVEMENTS AND FURNITURE AND EQUIPMENT  
NOT USED IN THE OPERATIONS OF THE PROPRIETARY FUNDS.**

# Cleveland Municipal School District

## Comparative Schedule of General Fixed Assets

By Source

June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
<b><i>General Fixed Assets</i></b>		
Land and Improvements	\$ 30,081,268	\$ 29,779,803
Buildings and Improvements	309,647,290	307,681,409
Vehicles and Equipment	33,882,676	31,612,172
Construction In Progress	7,186,487	0
<b><i>Total General Fixed Assets</i></b>	<b><u>\$ 380,797,721</u></b>	<b><u>\$ 369,073,384</u></b>
<b><i>Investments in General Fixed Assets From:</i></b>		
General Fund	\$ 57,361,925	\$ 53,668,853
Special Revenue Funds	25,308,845	25,455,401
Capital Projects Funds	118,280,403	105,247,308
Expendable Trust Funds	61,931	61,931
Other	362,562	362,562
Donations	560,289	560,289
Acquisitions prior to July 1, 1986	178,861,766	183,717,040
<b><i>Total Investment in General Fixed Assets</i></b>	<b><u>\$ 380,797,721</u></b>	<b><u>\$ 369,073,384</u></b>

**Cleveland Municipal School District**

Schedule of General Fixed Assets

By Function/Activity

June 30, 2001

Function/Activity	Total	Land and Improvements	Buildings and Improvements	Vehicles and Equipment
Senior High Schools	\$ 116,731,647	\$ 8,650,992	\$ 107,698,377	\$ 382,278
Intermediate Schools	66,568,737	5,438,786	61,023,788	106,163
Elementary Schools	127,593,222	13,014,419	114,323,038	255,765
Administration and Services	55,148,339	2,638,617	19,371,252	33,138,470
Closed Facilities and Sites	7,569,289	338,454	7,230,835	0
<b>Total By Function</b>	373,611,234	30,081,268	309,647,290	33,882,676
Construction In Progress	7,186,487	0	7,186,487	0
<b>Total General Fixed Assets</b>	<u>\$ 380,797,721</u>	<u>\$ 30,081,268</u>	<u>\$ 316,833,777</u>	<u>\$ 33,882,676</u>

**Cleveland Municipal School District**  
 Schedule of Changes in General Fixed Assets  
 By Source  
 For the Fiscal Year Ended June 30, 2001

	Land and Improvements	Buildings and Improvements	Vehicles and Equipment	Construction in Progress	Totals
<b>Balance at June 30, 2000</b>	\$ 29,779,803	\$ 307,681,409	\$ 31,612,172	\$ 0	\$ 369,073,384
<i>Additions:</i>					
Expenditures from General Fund	279,062	3,784,881	3,020,920	0	7,084,863
Expenditures from Special Revenue Funds	22,403	217,457	28,385	0	268,245
Expenditures from Capital Projects Funds	0	3,295,335	2,551,273	7,186,487	13,033,095
<b>Total Additions</b>	301,465	7,297,673	5,600,578	7,186,487	20,386,203
<i>Disposals</i>	0	5,331,792	3,330,074	0	8,661,866
<b>Balance at June 30, 2001</b>	<b>\$ 30,081,268</b>	<b>\$ 309,647,290</b>	<b>\$ 33,882,676</b>	<b>\$ 7,186,487</b>	<b>\$ 380,797,721</b>



**Cleveland Municipal School District**  
Schedule of Changes in General Fixed Assets by Function/Activity  
For the Fiscal Year Ended June 30, 2001

Function/Activity	General Fixed Assets at July 1, 2000	Additions	Disposals	General Fixed Assets at June 30, 2001
Senior High Schools	\$ 115,519,900	\$ 1,211,747	\$ 0	\$ 116,731,647
Intermediate Schools	65,155,024	1,445,059	31,346	66,568,737
Elementary Schools	124,829,704	2,853,511	89,993	127,593,222
Administration and Services	50,599,559	7,689,399	3,140,619	55,148,339
Closed Facilities and Sites	12,969,197	0	5,399,908	7,569,289
Construction In Progress	0	7,186,487	0	7,186,487
<b>Total General Fixed Assets</b>	<b>\$ 369,073,384</b>	<b>\$ 20,386,203</b>	<b>\$ 8,661,866</b>	<b>\$ 380,797,721</b>

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# **STATISTICAL SECTION**

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## Cleveland Municipal School District

Summary of Revenues by Source - All Governmental Fund Types  
Last Ten Fiscal Years

	1992	1993 (3)	1994 (3)	1995	1996
<i>Revenue from Local Sources:</i>					
Taxes	\$ 163,959,356	\$ 165,730,532	\$ 162,239,984	\$ 154,824,367	\$ 155,490,489
Investment Income	6,122,899	4,275,830	3,181,851	4,755,345	5,844,675
Tuition and Fees	1,604,497	1,304,675	812,926	739,728	658,500
Extracurricular Activities	0	0	0	1,337,511	1,318,246
Rentals	0	0	0	222,615	158,452
Miscellaneous	4,084,084	7,067,817	3,781,862	3,089,107	3,878,521
<b>Total Local Sources</b>	<b>175,770,836</b>	<b>178,378,854</b>	<b>170,016,623</b>	<b>164,968,673</b>	<b>167,348,883</b>
<i>Revenue from State Sources:</i>					
Unrestricted Grants-in-Aid (1) (2)	197,080,523	192,073,892	200,534,826	229,120,768	239,618,796
Restricted Grants-in-Aid (2)	29,137,655	29,311,147	33,220,258	44,858,211	56,875,712
<b>Total State Sources</b>	<b>226,218,178</b>	<b>221,385,039</b>	<b>233,755,084</b>	<b>273,978,979</b>	<b>296,494,508</b>
<i>Revenue from Federal Sources:</i>					
Unrestricted Grants-in-Aid	154,980	58,960	326,800	1,019,721	2,348,543
Restricted Grants-in-Aid	41,343,216	47,475,773	41,099,254	44,033,519	39,208,676
<b>Total Federal Sources</b>	<b>41,498,196</b>	<b>47,534,733</b>	<b>41,426,054</b>	<b>45,053,240</b>	<b>41,557,219</b>
<b>Total Revenues</b>	<b>\$ 443,487,210</b>	<b>\$ 447,298,626</b>	<b>\$ 445,197,761</b>	<b>\$ 484,000,892</b>	<b>\$ 505,400,610</b>

(continued)

## Cleveland Municipal School District

Summary of Revenues by Source - All Governmental Fund Types (continued)  
Last Ten Fiscal Years

	1997	1998	1999	2000	2001
<i>Revenue from Local Sources:</i>					
Taxes	\$ 187,021,369	\$ 223,362,432	\$ 233,513,561	\$ 217,137,676	\$ 224,284,910
Investment Income	6,685,375	11,544,482	13,767,095	16,861,000	18,285,338
Tuition and Fees	781,852	1,391,599	1,728,030	1,023,218	1,532,003
Extracurricular Activities	1,251,565	1,274,051	1,293,306	857,343	705,765
Rentals	162,355	125,406	104,352	100,771	16,115
Miscellaneous	3,268,605	4,706,558	2,536,103	1,826,986	7,125,706
<b>Total Local Sources</b>	<b>199,171,121</b>	<b>242,404,528</b>	<b>252,942,447</b>	<b>237,806,994</b>	<b>251,949,837</b>
<i>Revenue from State Sources:</i>					
Unrestricted Grants-in-Aid (1) (2)	232,505,491	270,945,514	322,814,426	316,361,566	310,739,648
Restricted Grants-in-Aid (2)	49,757,129	73,130,537	46,268,975	50,261,774	75,892,321
<b>Total State Sources</b>	<b>282,262,620</b>	<b>344,076,051</b>	<b>369,083,401</b>	<b>366,623,340</b>	<b>386,631,969</b>
<i>Revenue from Federal Sources:</i>					
Unrestricted Grants-in-Aid	2,001,397	5,505,195	3,957,556	4,109,302	5,303,880
Restricted Grants-in-Aid	60,140,167	58,371,212	54,888,588	52,036,799	65,045,715
<b>Total Federal Sources</b>	<b>62,141,564</b>	<b>63,876,407</b>	<b>58,846,144</b>	<b>56,146,101</b>	<b>70,349,595</b>
<b>Total Revenues</b>	<b>\$ 543,575,305</b>	<b>\$ 650,356,986</b>	<b>\$ 680,871,992</b>	<b>\$ 660,576,435</b>	<b>\$ 708,931,401</b>

(concluded)

**Notes:**

- (1) Includes desegregation reimbursement in fiscal years ending June 30, 1992 - 2000.
- (2) Beginning in fiscal 1992, amounts reflect the state-mandated reclassification of Disadvantaged Pupil Impact Aid from an unrestricted grant-in-aid in the General Fund to a restricted grant-in-aid in the Special Revenue Funds.
- (3) In accordance with state-mandated directive, the Auxiliary Services Fund which had been classified as a Special Revenue Fund, was reclassified to an Agency Fund effective for fiscal years ending June 30, 1993 and 1994.

Source: School District Financial Records (Includes General Fund, Debt Service Fund, Special Revenue Funds and Capital Project Funds).

## Cleveland Municipal School District

Summary of Expenditures by Function - All Governmental Fund Types  
Last Ten Fiscal Years

	1992	1993 (2)	1994 (2)	1995	1996
<i>Instruction:</i>					
Regular (1)	\$ 167,012,342	\$ 179,292,055	\$ 188,482,121	\$ 177,385,226	\$ 210,104,970
Special	54,595,507	61,938,968	62,569,665	76,385,384	72,817,142
Vocational	15,873,339	17,621,200	17,654,319	17,973,567	17,412,555
Adult/Continuing (1)	3,267,699	3,425,846	3,665,102	3,587,840	3,570,206
Other (1)	7,082,585	8,656,029	8,289,808	2,704,509	1,726,811
<b>Total Instruction</b>	<b>247,831,472</b>	<b>270,934,098</b>	<b>280,661,015</b>	<b>278,036,526</b>	<b>305,631,684</b>
<i>Support Services:</i>					
Pupils	19,603,217	19,527,953	21,518,810	21,247,422	16,087,440
Instructional Staff	25,353,622	25,450,058	22,059,691	23,630,141	22,733,960
Board of Education	45,073	110,479	140,888	124,123	73,636
Administration (1)	40,775,112	38,063,189	32,860,741	33,327,350	32,017,140
Fiscal	6,928,401	7,142,465	7,264,042	6,395,376	9,059,791
Business (2)	1,821,249	1,582,865	908,690	1,293,156	4,422,478
Operations and Maintenance of Plant (1) (2)	50,370,291	46,803,828	45,010,849	46,578,974	46,484,000
Pupil Transportation	26,340,687	26,619,325	28,033,575	26,155,973	24,815,117
Central	15,914,910	14,448,142	14,779,892	12,951,371	10,073,814
<b>Total Support Services</b>	<b>187,152,562</b>	<b>179,748,304</b>	<b>172,577,178</b>	<b>171,703,886</b>	<b>165,767,376</b>
<b>Total Operation of Non-Instructional Services</b>	<b>8,787,525</b>	<b>2,723,416</b>	<b>2,866,440</b>	<b>7,248,078</b>	<b>8,651,473</b>
<b>Total Extracurricular Activities</b>	<b>3,261,469</b>	<b>3,373,818</b>	<b>3,266,901</b>	<b>2,976,629</b>	<b>2,747,296</b>
<b>Total Capital Outlay</b>	<b>12,913,063</b>	<b>6,536,843</b>	<b>1,683,777</b>	<b>7,996,372</b>	<b>7,390,638</b>
<b>Total Intergovernmental</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Debt Service</b>	<b>21,611,077</b>	<b>33,366,248</b>	<b>32,660,566</b>	<b>25,510,002</b>	<b>27,859,189</b>
<b>Total Expenditures</b>	<b>\$ 481,557,168</b>	<b>\$ 496,682,727</b>	<b>\$ 493,715,877</b>	<b>\$ 493,471,493</b>	<b>\$ 518,047,656</b>

(continued)

## Cleveland Municipal School District

Summary of Expenditures by Function - All Governmental Fund Types (continued)  
Last Ten Fiscal Years

	1997	1998	1999	2000	2001
<i>Instruction:</i>					
Regular (1)	\$ 179,097,325	\$ 203,261,984	\$ 233,987,148	\$ 253,119,426	\$ 239,454,508
Special	87,746,044	87,261,071	94,776,091	89,282,118	114,694,607
Vocational	16,366,961	17,023,889	16,942,842	18,193,372	17,407,927
Adult/Continuing (1)	3,683,513	3,913,542	3,788,063	4,848,478	4,971,848
Other (1)	2,999,947	2,950,684	1,855,733	1,334,029	1,745,463
<b>Total Instruction</b>	<b>289,893,790</b>	<b>314,411,170</b>	<b>351,349,877</b>	<b>366,777,423</b>	<b>378,274,353</b>
<i>Support Services:</i>					
Pupils	17,691,394	21,921,900	24,779,405	25,420,577	27,256,542
Instructional Staff	24,023,707	30,181,237	31,414,445	34,331,720	46,378,563
Board of Education	55,704	47,747	108,155	187,039	211,884
Administration (1)	33,631,621	36,596,789	37,130,298	44,562,207	41,378,477
Fiscal	7,257,818	7,951,092	8,709,423	3,609,819	10,208,253
Business (2)	1,850,968	932,006	2,663,827	467,520	1,480,088
Operations and Maintenance of Plant (1) (2)	47,602,874	50,974,217	57,138,998	59,434,441	64,007,087
Pupil Transportation	26,027,138	25,620,574	33,277,000	32,668,584	38,190,326
Central	12,392,000	14,503,295	22,424,027	24,238,631	23,102,425
<b>Total Support Services</b>	<b>170,533,224</b>	<b>188,728,857</b>	<b>217,645,578</b>	<b>224,920,538</b>	<b>252,213,645</b>
<i>Total Operation of Non-Instructional Services</i>	9,985,024	12,709,080	13,954,888	14,415,830	12,740,364
<i>Total Extracurricular Activities</i>	4,161,582	5,046,897	5,934,577	7,617,561	8,047,977
<i>Total Capital Outlay</i>	9,359,126	22,923,467	18,020,328	10,831,630	22,020,994
<i>Total Intergovernmental</i>	19,472	10,355	0	0	0
<i>Total Debt Service</i>	26,256,765	27,952,642	21,965,715	21,505,401	21,063,034
<b>Total Expenditures</b>	<b>\$ 510,208,983</b>	<b>\$ 571,782,468</b>	<b>\$ 628,870,963</b>	<b>\$ 646,068,383</b>	<b>\$ 694,360,367</b>

Notes:

(1) Beginning in fiscal 1992, amounts reflect the state-mandated reclassification of Disadvantaged Pupil Impact Aid from an unrestricted grant-in-aid in the General Fund to a restricted grant-in-aid in the Special Revenue Funds.

(2) In accordance with a state-mandated directive, the Auxiliary Services Fund which had been classified as a Special Revenue Fund, was reclassified to an Agency Fund effective for fiscal years ending June 30, 1993 and 1994.

Source: School District Financial Records (Includes General Fund, Debt Service Fund, Special Revenue Funds and Capital Project Funds).



**Cleveland Municipal School District**  
 Property Tax Levies and Collections  
 Ad Valorem Real and Tangible Personal Property Taxes  
 Last Ten Collection Years  
 (\$ in Thousands)

Collection Year (2)	Current Tax Levy Billed (1)	Current Collected	Percent Collected (1)	Collected Delinquencies	Total Collected	Total Collected As Percent Of Current Tax Levy	Outstanding Delinquent Taxes By Year (3)	Outstanding Delinquent Taxes As Percent Of Billed
1991	\$ 173,636	\$ 166,592	95.9	\$ 8,230	\$ 174,822	100.7	\$ 30,789	17.7
1992	184,743	171,477	92.8	8,601	180,078	97.5	31,069	16.8
1993	184,708	178,116	96.4	5,424	183,540	99.4	36,184	19.6
1994	175,683	162,317	92.4	6,906	169,223	96.3	31,531	17.9
1995	174,235	161,649	92.8	6,215	167,864	96.3	30,303	17.4
1996	175,681	162,639	92.6	7,542	170,181	96.9	34,241	19.5
1997	245,517	226,095	92.1	13,014	239,109	97.4	43,604	17.8
1998	249,886	230,033	92.1	15,110	245,143	98.1	53,535	21.4
1999	254,305	233,041	91.6	14,443	247,484	97.3	51,804	20.4
2000	254,810	228,787	89.8	14,286	243,073	95.4	62,875	24.7

Notes:

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2001 information cannot be presented because all collections have not been made by June 30.
- (3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis because this is the manner in which the information is maintained by the County Auditor.

## Cleveland Municipal School District

Assessed and Estimated Actual Value of Taxable Property

Last Ten Collection Years

(\$ in Thousands)

Collection Year	Real Property (1)		Public Utility Property (2)		Tangible Personal Property (3)		Total		
	Assessed Value	Estimated	Assessed Value	Estimated	Assessed Value	Estimated	Assessed Value	Estimated	
		Actual Value		Actual Value		Actual Value		Actual Value	
1992	\$ 3,594,404	\$ 10,269,726	\$ 520,684	\$ 591,686	\$ 906,687	\$ 3,487,258	\$ 5,021,775	\$ 14,348,670	35
1993	3,530,674	10,087,640	521,153	592,219	869,212	3,476,848	4,921,039	14,156,707	35
1994	3,549,374	10,141,069	519,027	589,803	863,198	3,452,792	4,931,599	14,183,664	35
1995	3,690,111	10,543,174	520,157	591,088	812,996	3,251,984	5,023,264	14,386,246	35
1996	3,727,115	10,648,900	485,803	552,049	823,490	3,293,960	5,036,408	14,494,909	35
1997	3,794,182	10,840,520	478,775	544,063	860,068	3,440,272	5,133,025	14,824,855	35
1998	4,044,292	11,555,120	476,178	541,111	887,928	3,551,712	5,408,398	15,647,943	35
1999	4,116,029	11,760,083	479,223	544,572	915,905	3,663,620	5,511,157	15,968,275	35
2000	4,139,968	11,828,480	444,748	505,395	955,316	3,821,264	5,540,032	16,155,139	35
2001	4,656,974	13,305,640	453,054	514,834	989,442	3,957,768	6,099,470	17,778,242	35

**Notes:**

- (1) The assessed value of real property is fixed at 35% of estimated actual value and is determined pursuant to the rules of the State Tax Commissioner.
- (2) Assumes public utilities are assessed at true value, which is 88% of estimated actual value.
- (3) In accordance with State law, the rate at which tangible personal property used in business is assessed for purposes of ad valorem property taxation decreased one percent each year from 35% in 1983 and prior years to 25% for the 1995 collection year and thereafter.

Source: Cuyahoga County Auditor

### Cleveland Municipal School District

Ad Valorem Property Tax Rates - All Direct and Overlapping Governments  
(Per \$1,000 of Assessed Valuation)  
Last Ten Collection Years

Collection Year	City of Cleveland	Cuyahoga County	Cleveland Public Library	Cleveland Municipal School District			Total (1)	Village of Bratenahl (2)	Village of Newburgh Heights (2)	Village of Linndale (2)	City of Garfield Heights (2)
				General Fund	Bond Retirement	Bond					
1992	12.30	16.80	3.00	44.70	5.00	81.80	17.70	12.80	2.80	17.10	
1993	12.30	16.80	1.00	44.70	3.70	78.50	20.60	12.80	2.80	17.60	
1994	12.70	16.80	3.00	44.70	3.40	80.60	20.50	12.80	2.80	18.00	
1995	12.70	16.60	3.00	44.70	3.40	80.40	26.40	12.80	2.80	18.40	
1996	12.70	16.60	3.00	44.70	3.40	80.40	26.40	12.80	2.80	18.70	
1997	12.70	16.60	3.00	58.20	2.80	93.30	25.10	12.80	2.80	18.90	
1998	12.70	16.60	3.00	58.20	2.80	93.30	25.10	12.80	2.80	18.90	
1999	12.70	15.30	4.00	58.20	2.80	93.00	25.10	12.80	2.80	19.10	
2000	12.70	15.30	4.00	58.20	2.60	92.80	25.10	12.80	2.80	19.00	
2001	12.70	16.20	4.00	58.20	2.40	93.50	24.70	12.80	2.80	19.60	

**Notes:**

(1) Amount represents the total for a City of Cleveland resident.

(2) Certain points of the Villages of Bratenahl, Newburgh Heights and Linndale and the City of Garfield Heights are within the Cleveland Municipal School District (CMSD) and are subject to the CMSD tax.

Source: Cuyahoga County Auditor

### Cleveland Municipal School District

Ratio of Net General Obligation Bonded Debt to Assessed Value and  
Net General Obligation Bonded Debt Per Capita  
Last Ten Fiscal Years  
(\$ in Thousands Except for Per Capita Amounts)

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1992	505,616	\$ 5,021,775	\$ 79,800	\$ 5,668	\$ 74,132	1.48 %	\$ 147
1993	505,616	4,921,039	170,429	14,864	155,565	3.16	308
1994	505,616	4,931,599	163,032	17,943	145,089	2.94	287
1995	505,616	5,023,264	163,301	20,373	142,928	2.85	283
1996	505,616	5,036,408	151,428	19,751	131,677	2.61	260
1997	505,616	5,133,025	140,826	20,992	119,834	2.33	237
1998	505,616	5,408,398	128,539	23,156	105,383	1.95	208
1999	505,616	5,511,157	120,790	26,406	94,384	1.71	187
2000	478,403	5,540,032	112,615	20,781	91,834	1.66	192
2001	478,403	6,099,470	125,276	21,448	103,828	1.70	217

Notes:

(1) Sources - U.S. Bureau of the Census.

(2) Source - Cuyahoga County Auditor.

(3) General obligation bonds and bond anticipation notes outstanding at June 30.

**Cleveland Municipal School District**  
 Computation of Direct and Overlapping Debt  
 June 30, 2001

Name of Governmental Unit	Gross Debt Outstanding	Debt Service Fund (Cash Balance)	Net Outstanding Debt	Percentage Applicable to Cleveland Municipal School District (1)	Amount Applicable to Cleveland Municipal School District
Direct Debt:					
Cleveland Municipal School District (2)	\$ 216,870,723	\$ 23,366,389	\$ 193,504,334	100.00%	\$ 193,504,334
Overlapping Debt:					
City of Cleveland (3)	316,250,000	1,127,227	315,122,773	98.47	310,301,395
Cuyahoga County (3)	230,439,636	2,100,017	228,339,619	21.35	48,750,509
Village of Bratenahl (3)	1,035,000	207,219	827,781	100.00	827,781
City of Garfield Heights (3)	26,622,000	88,778	26,533,222	6.07	1,610,567
Greater Cleveland Regional Transit Authority (3)	98,030,000	975,166	97,054,834	21.35	20,721,207
Total Overlapping Debt	<u>672,376,636</u>	<u>4,498,407</u>	<u>667,878,229</u>		<u>382,211,459</u>
Total	<u>\$ 889,247,359</u>	<u>\$ 27,864,796</u>	<u>\$ 861,382,563</u>		<u>\$ 575,715,793</u>

Notes:

- (1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision.
- (2) The gross debt outstanding does not include EPA loans of \$402,713 and capital lease obligations of \$4,819,078.
- (3) City of Cleveland, Cuyahoga County, Village of Bratenahl, City of Garfield Heights and the Greater Cleveland Regional Transit Authority operate on a calendar year.

Source: Cuyahoga County Auditor

# Cleveland Municipal School District

## Computation of Legal Debt Margin

June 30, 2001

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Assessed Value	\$ 6,099,470,000
Debt Limit - 9% of Assessed Value (1)	<u>548,952,300</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bond	125,275,723
Revenue Anticipation Notes	91,595,000
Amount Available in Debt Service Fund	<u>(21,447,853)</u>
Total	195,422,870
Exemptions:	
Revenue Anticipation Notes	91,595,000
QZAB - Arts Academy	5,750,000
QZAB - Technology Academy	5,500,000
QZAB - Literacy Academy	<u>10,000,000</u>
Total	112,845,000
Amount of Debt Subject to the Limit	<u>82,577,870</u>
Total Debt Margin	<u><u>\$ 466,374,430</u></u>
Debt Margin - .10% of Assessed Value (1)	<u>\$ 6,099,470</u>
Amount of Debt Applicable to Debt Limit	
Gross indebtedness authorized by the Board	<u>0</u>
Amount of Debt Subject to the Limit	<u>0</u>
Unvoted Debt Margin	<u><u>\$ 6,099,470</u></u>
Additional Limit for Unvoted Energy Conservation Bonds:	
Debt Limited - 1% of Assessed Valuation	\$ 60,994,700
Energy Conservation Bonds	<u>5,520,000</u>
Additional Unvoted Debt Margin	<u><u>\$ 55,474,700</u></u>

Source: Cuyahoga County Auditor and School District Financial Records

(1) Ohio Bond Law sets an overall limit of 9% for total debt and 1/10 of 1% for unvoted debt. All School District debt subject to the limitation is voted.

**Cleveland Municipal School District**  
Ratio of Annual Debt Service Expenditures For General Obligation  
Bonded Debt to Total Governmental Fund Type Expenditures  
Last Ten Fiscal Years  
(\$ in Thousands)

Year	Debt Service Expenditures (1)			Total Governmental Fund Type Expenditures (2)	Ratio of Debt Service to Governmental Fund Type Expenditures (Percentages)
	Principal	Interest and Fiscal Charges	Total		
1992	\$ 7,640	\$ 5,733	\$ 13,373	\$ 481,557	2.8
1993 (3)	10,300	6,441	16,741	496,683	3.4
1994	9,185	7,586	16,771	493,716	3.4
1995	10,645	14,561	25,206	493,471	5.1
1996	12,905	8,446	21,351	518,048	4.1
1997	11,695	7,589	19,284	510,209	3.8
1998	13,445	7,044	20,489	571,782	3.6
1999	8,975	6,738	15,713	628,871	2.5
2000	9,475	5,779	15,254	646,068	2.4
2001	9,965	5,265	15,230	694,360	2.2

Notes:

(1) Includes general obligation bonds only.

(2) Includes all governmental fund types.

(3) Does not include any payments related to the defeasance of \$70,290,000 of outstanding bonds on August 12, 1992.

Source: School District Financial Records

## Cleveland Municipal School District

Schedule of Insurance in Force  
June 30, 2001

Company	Policy Period		Details of Coverage	Liability Limits	Deductible	Annual Premium
	From	To				
Arise/Santry Insurance Company	7/1/01	6/30/02	Boiler Inspection	N/A	N/A	\$20,150
National Union Fire Insurance Company	7/1/01	6/30/02	School Leaders Errors and Omissions	\$1,000,000	\$250,000	61,778
American International Group	7/1/01	6/30/02	Attorneys Professional Liability	1,000,000	25,000	15,979
Westfield Insurance Company	7/1/01	6/30/02	Treasurer's Blanket Fidelity Bond	1,000,000	10,000	2,000
National Union Fire Insurance Company	7/1/01	6/30/02	Employees' Blanket Fidelity Bond	1,000,000	10,000	4,245
American Empire Surplus Line	7/1/01	6/30/02	Nurses' Professional Liability	2,000,000	500	58,897
Coregis Insurance Group	7/1/01	6/30/02	General Liability, Automobile Liability and Physical Damage	5,000,000	1,000,000 (1)	216,000
Travelers Property and Casualty Insurance Company	5/13/01	6/30/02	Property Insurance	75,000,000	500,000	471,027 (2)

N/A - Not Applicable

(1) Self Insured Retention

(2) 13-Month Policy 12-Month Equivalent = \$434,794

Source: School District Records



## Cleveland Municipal School District

### Attendance Data Last Ten Fiscal Years

Year	Number of Graduates	Average Daily Membership	Average Daily Attendance	Average Daily Attendance As Percent of Average Daily Membership	Percent Change Average Daily Attendance From Prior Year Increase (Decrease)
1992	2,521	71,839	60,345	84.00	2.93
1993	2,478	72,556	60,671	83.62	0.54
1994	1,947	72,728	60,968	83.83	0.49
1995	1,853	69,211	60,740	87.76	(0.37)
1996	1,967	71,054	60,294	84.86	(0.73)
1997	2,059	71,344	62,093	87.03	2.98
1998	1,738	73,312	64,869	88.48	4.47
1999	2,070	76,170	66,191	86.90	2.04
2000	2,067	76,323	63,500	83.20	(4.07)
2001	2,115	74,193	66,032	89.00	3.99

Source: Office of Research, Evaluation and Assessment

**Cleveland Municipal School District**  
Expenditures Per Pupil - All Governmental Fund Types  
Last Ten Fiscal Years

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
<i>Average Daily Membership</i>	<u>71,839</u>	<u>72,556</u>	<u>72,728</u>	<u>69,211</u>	<u>71,054</u>
<i>Instruction:</i>					
Regular	\$2,325	\$2,471	\$2,592	\$2,563	\$2,957
Special	760	854	860	1,103	1,025
Vocational	221	243	243	260	244
Adult/Continuing	45	47	50	52	50
Other	<u>99</u>	<u>119</u>	<u>114</u>	<u>39</u>	<u>24</u>
<i>Total Instruction</i>	<u>3,450</u>	<u>3,734</u>	<u>3,859</u>	<u>4,017</u>	<u>4,300</u>
<i>Support Services:</i>					
Pupils	273	269	296	307	226
Instructional Staff	353	351	303	341	321
Board of Education	1	1	2	2	1
Administration	568	525	452	482	451
Fiscal	96	98	100	92	128
Business	25	22	13	19	62
Operations and Maintenance of Plant	701	645	619	672	654
Pupil Transportation	367	367	385	378	349
Central	<u>221</u>	<u>199</u>	<u>203</u>	<u>187</u>	<u>142</u>
<i>Total Support Services</i>	<u>2,605</u>	<u>2,477</u>	<u>2,373</u>	<u>2,480</u>	<u>2,334</u>
<i>Total Operation of Non-Instructional Service</i>	122	38	40	105	122
<i>Total Extracurricular Activities</i>	45	47	45	43	39
<i>Total Capital Outlay</i>	180	90	23	116	104
<i>Total Debt Service</i>	<u>301</u>	<u>460</u>	<u>449</u>	<u>369</u>	<u>392</u>
<b><i>Total Expenditures</i></b>	<b><u>\$6,703</u></b>	<b><u>\$6,846</u></b>	<b><u>\$6,789</u></b>	<b><u>\$7,130</u></b>	<b><u>\$7,291</u></b>

(continued)

**Cleveland Municipal School District**  
Expenditures Per Pupil - All Governmental Fund Types (continued)  
Last Ten Fiscal Years

	1997	1998	1999	2000	2001
<i>Average Daily Membership</i>	<u>71,344</u>	<u>73,312</u>	<u>76,170</u>	<u>76,323</u>	<u>74,193</u>
<i>Instruction:</i>					
Regular	\$2,510	\$2,773	\$3,072	\$3,316	\$3,227
Special	1,230	1,190	1,244	1,170	1,546
Vocational	229	232	223	238	235
Adult/Continuing	52	54	50	64	67
Other	<u>42</u>	<u>40</u>	<u>24</u>	<u>17</u>	<u>23</u>
<i>Total Instruction</i>	<u>4,063</u>	<u>4,289</u>	<u>4,613</u>	<u>4,805</u>	<u>5,098</u>
<i>Support Services:</i>					
Pupils	248	299	325	333	367
Instructional Staff	337	412	412	450	625
Board of Education	1	1	1	2	3
Administration	471	499	487	584	558
Fiscal	102	108	114	47	138
Business	26	13	35	6	20
Operations and Maintenance of Plant	667	695	751	779	863
Pupil Transportation	365	349	437	428	515
Central	<u>174</u>	<u>198</u>	<u>295</u>	<u>318</u>	<u>311</u>
<i>Total Support Services</i>	<u>2,391</u>	<u>2,574</u>	<u>2,857</u>	<u>2,947</u>	<u>3,400</u>
<i>Total Operation of Non-Instructional Services</i>	140	173	183	189	172
<i>Total Extracurricular Activities</i>	58	69	78	100	108
<i>Total Capital Outlay</i>	131	313	237	142	297
<i>Total Debt Service</i>	<u>368</u>	<u>381</u>	<u>288</u>	<u>282</u>	<u>284</u>
<b><i>Total Expenditures</i></b>	<b><u>\$7,151</u></b>	<b><u>\$7,799</u></b>	<b><u>\$8,256</u></b>	<b><u>\$8,465</u></b>	<b><u>\$9,359</u></b>

(concluded)

Source: School District Financial Records

**Cleveland Municipal School District**  
 School Lunch Program  
 Last Ten Fiscal Years

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<b>AVERAGE DAILY MEMBERSHIP</b>										
Sec. Paid lunch - price per meal	71,839	72,556	72,728	69,211	71,054	71,344	73,312	76,170	76,323	74,193
Reduced lunch - price per meal	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40
Adult lunch - price per meal	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC
Elem. Paid lunch - price per meal	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Reduced lunch - price per meal	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Adult lunch - price per meal	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Number of serving days	181	180	177	180	178	176	179	174	177	179
Sec. Free lunches served	1,663,787	1,686,656	1,782,487	1,837,648	1,889,670	1,930,506	1,976,202	1,838,637	1,886,314	2,483,836
Elem. Free lunches served	5,542,880	5,546,650	5,390,798	5,398,496	4,882,461	4,792,532	5,444,987	5,339,982	5,101,947	5,096,791
Sec. Daily average free lunches	9,192	9,370	10,071	10,209	10,616	10,969	11,040	10,567	10,567	13,876
Elem. Daily average free lunches	30,624	30,815	30,456	29,992	27,430	27,230	30,419	30,690	28,825	28,474
Sec. Reduced lunches served	69,114	58,406	64,713	65,929	62,223	58,703	72,363	65,241	122,810	156,042
Paid lunches served	198,377	188,485	188,185	218,984	224,190	220,189	213,205	203,727	365,133	488,415
Elem. Reduced lunches served	252,355	232,805	217,046	221,506	200,440	200,628	252,438	278,389	386,256	406,169
Paid lunches served	257,882	228,309	214,770	223,402	209,863	210,251	250,624	260,973	734,311	842,151
Sec. Daily average reduced lunches	382	324	366	366	350	334	404	375	694	872
Daily average paid lunches	1,096	1,047	1,063	1,217	1,259	1,251	1,191	1,171	2,063	2,729
Daily average reduced lunches	1,394	1,293	1,226	1,231	1,126	1,140	1,410	1,600	2,182	2,269
Daily average paid lunches	1,425	1,268	1,213	1,241	1,179	1,195	1,400	1,500	4,149	4,705
Sec. Total lunches served	1,931,278	1,933,547	2,035,385	2,122,561	2,176,083	2,209,398	2,261,770	2,107,605	2,374,257	3,128,293
Elem. Total lunches served	6,053,117	6,007,764	5,822,614	5,843,404	5,292,764	5,203,411	5,948,049	5,879,344	6,222,514	6,345,111
Sec. Daily average lunches served	10,670	10,741	11,500	11,792	12,225	12,554	12,635	12,113	13,324	17,476
Elem. Daily average lunches served	33,443	33,376	32,895	32,464	29,735	29,565	33,229	33,790	35,156	35,448
Sec. Number of schools serving	40	40	39	39	37	37	37	37	37	39
Elem. Number of schools serving	88	88	89	89	79	79	80	80	80	79

Notes:  
 Sec. - Secondary School  
 Elem. - Elementary School  
 ALC - Priced a la carte  
 Source: School District Food Service Division

**Cleveland Municipal School District**  
 School Breakfast Program  
 Last Ten Fiscal Years

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<b>AVERAGE DAILY MEMBERSHIP</b>	71,839	72,556	72,728	69,211	71,054	71,344	73,312	76,170	76,323	74,193
Sec. Paid breakfast - price per meal	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55
Reduced breakfast - price per meal	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Elem. Adult breakfast - price per meal	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC	ALC
Sec. Paid breakfast - price per meal	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
Reduced breakfast - price per meal	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Elem. Adult breakfast - price per meal	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Number of serving days	181	180	177	180	178	176	179	174	177	179
Sec. Free breakfasts served	301,455	316,480	327,639	332,827	357,928	398,055	428,494	433,229	444,460	652,756
Elem. Free breakfasts served	3,763,846	3,819,771	3,816,495	3,810,372	3,496,747	3,439,729	3,873,415	3,845,137	3,877,467	3,789,974
Sec. Daily average free breakfasts	1,665	1,758	1,851	1,849	2,011	2,262	2,394	2,490	2,511	3,647
Elem. Daily average free breakfasts	20,795	21,221	21,562	21,169	19,645	19,544	21,639	22,098	21,907	21,173
Sec. Reduced breakfasts served	6,730	6,588	7,415	6,438	7,809	6,520	5,462	6,324	25,158	35,359
Elem. Paid breakfasts served	25,955	24,764	24,565	23,915	28,516	27,647	27,204	29,117	64,124	97,404
Sec. Reduced breakfasts served	106,914	95,895	93,779	99,644	152,238	149,910	168,518	166,918	188,426	171,309
Elem. Paid breakfasts served	81,555	74,075	76,079	82,500	263,640	259,486	292,429	289,955	288,015	296,764
Sec. Daily average reduced breakfasts	37	37	42	36	44	37	31	36	142	198
Elem. Daily average paid breakfasts	143	138	139	133	160	157	152	167	362	544
Sec. Daily average reduced breakfasts	591	533	530	554	855	852	941	959	1,065	957
Elem. Daily average paid breakfasts	451	412	430	458	1,481	1,474	1,634	1,666	1,627	1,658
Sec. Total breakfasts served	334,140	347,832	359,619	363,180	394,253	432,222	461,160	468,670	533,742	785,519
Elem. Total breakfasts served	3,952,315	3,989,741	3,986,353	3,992,516	3,912,625	3,849,125	4,334,362	4,302,010	4,353,908	4,258,047
Sec. Daily average breakfasts served	1,845	1,933	2,032	2,018	2,215	2,456	2,577	2,693	3,015	4,388
Elem. Daily average breakfasts served	21,837	22,166	22,522	22,181	21,981	21,870	24,214	24,723	24,599	23,788
Sec. Number of schools serving	40	40	39	39	37	37	37	37	37	39
Elem. Number of schools serving	88	88	89	89	79	79	80	80	80	79

Notes:  
 Sec. - Secondary School  
 Elem. - Elementary School  
 ALC - Priced a la carte  
 Source: School District Food Service Division

**Cleveland Municipal School District**  
Economic and Demographic Information

**Population**

The population of the City of Cleveland ("City"), Cleveland Primary Metropolitan Statistical Area ("PMSA"), and the State of Ohio ("State") for each decade from 1940 to 2000 is as follows:

Year	Population Cleveland		
	City	PMSA	State
1940	878,336	1,319,734	6,907,612
1950	914,808	1,532,574	7,946,627
1960	876,050	1,909,483	9,706,397
1970	750,903	2,063,729	10,652,017
1980	573,822	1,898,825	10,797,630
1990	505,616	1,831,122	10,847,115
2000	478,403	2,250,871	11,353,140

Source: U.S. Bureau of the Census.

**Employment**

The following table shows the comparative civilian labor force and unemployment statistics for the Cleveland PMSA, including comparisons with unemployment rates for the State and the United States ("U.S.").

Year	Civilian Labor Force Cleveland PMSA	Unemployed Cleveland PMSA	Unemployment Rate		
			Cleveland PMSA	State	U.S.
1991	1,019,400	68,600	6.3	6.5	6.9
1992	1,011,100	82,900	7.6	6.0	7.1
1993	1,008,500	75,100	6.9	6.0	7.1
1994	1,023,900	64,200	5.9	5.4	6.2
1995	1,037,000	55,400	5.1	4.8	5.6
1996	1,046,500	57,100	5.2	5.0	5.5
1997	1,062,300	53,600	4.8	4.3	5.2
1998	1,059,900	48,400	4.4	4.3	4.5
1999	1,069,800	50,300	4.5	4.3	4.2
2000	1,075,900	49,800	4.4	4.1	4.0

Source: Ohio Bureau of Employment Services, Labor Market Review  
2001 Not Available

Notes:

The Primary Metropolitan Statistical Area includes the counties of Cuyahoga, Geauga, Lake, Medina, Lorain and Ashtabula.

## Cleveland Municipal School District

### Largest Employers

The largest non-government employers in Cuyahoga County are considered to be the following:

Employer	Number of Employees	Nature of Business or Enterprise
Cleveland Clinic Health System	19,739	Health Care (Hospital and Outpatient Clinic)
University Hospitals Health System	14,048	Health Care
Key Corporation	8,606	Financial Services
Ford Motor Company	6,372	Automotive
Progressive Corporation	5,704	Insurance Provider
MetroHealth System	5,422	Health Care
LTV Corporation	5,370	Steel Producer
National City Corporation	4,897	Financial Services
Case Western Reserve University	4,704	Higher Education
Ameritech	4,416	Communications
Continental Airlines	3,834	Air Transportation
Giant Eagle Incorporated	3,593	Retail and Wholesale Food Distribution
General Motors Corporation	3,085	Automotive
Lincoln Electric Company	2,540	Manufacturer
Sherwin Williams Company	2,472	Manufacturer
Nestle USA Food Group	2,400	Maker/Marketer of Food Products
UHHS/CSAHS - Cuyahoga Incorporated	2,258	Health Care
American Greetings Corporation	2,208	Manufacturer - Consumer Goods
United Parcel Service	2,176	Package Delivery
Tops Friendly Markets	2,075	Grocery Retail Chain

Source: Crain's Cleveland Business, 2001 Book of Lists  
"Largest Cuyahoga County Employers."

**Cleveland Municipal School District**  
Major Taxpayers

The ten largest property tax payers with respect to property located in the District, based on approximate assessed valuation of property are the following:

Name	Nature of Business	Approximate Assessed Valuation	Percent of Total District Assessed Valuation
Cleveland Electric Illuminating Co.	Electric Utility	\$ 237,823,900	3.90%
Ohio Bell	Phone Utility	82,143,010	1.35%
ZML - Cleveland Public Square LLC	Real Estate	50,533,070	0.83%
East Ohio Gas	Gas Utility	47,798,630	0.78%
Greater Cleveland Domed	Domed Stadiums	47,110,000	0.77%
BRE/City Center LLC	Real Estate	33,051,760	0.54%
LTV Corporation	Steel Manufacturing	32,927,090	0.54%
600 Superior Place Partnership	Real Estate	25,970,770	0.43%
Erievue Joint Venture	Real Estate	25,202,210	0.41%
Lakeside Associates	Real Estate	23,310,000	0.38%
Total Ten Largest		<u>\$ 605,870,440</u>	<u>9.93%</u>
Total District Assessed Valuation		<u>\$ 6,099,470,000</u>	

Source: Cuyahoga County Auditor - 2000 Tax Collection Year.  
2001 Tax Collection Year Information Not Available

N/A - Not applicable



**Cleveland Municipal School District**  
Property Values, Bank Deposits and Construction  
Last Ten Years

Year	Property Values Total Estimated Actual Value (1) (Amounts in 000's)	Commercial Bank Deposits at June 30 (2) (Amounts in 000's)	Construction	
			Permits Issued (3)	Estimated Cost of Construction (3)
1991	\$ 12,758,597	\$ 18,905,799	5,376	\$ 331,999,109
1992	14,348,670	18,309,557	5,355	384,648,048
1993	14,156,707	20,111,659	5,955	366,274,457
1994	14,183,664	21,204,880	6,666	394,401,814
1995	14,386,246	22,458,574	6,850	332,995,299
1996	14,494,909	27,068,211	8,077	405,166,832
1997	14,824,855	53,941,971	9,728	523,655,516
1998	15,968,275	60,846,022	9,216	768,911,015
1999	16,155,139	65,764,203	8,882	502,186,592
2000	17,778,242	61,468,062	9,194	483,444,810

Notes:

- (1) Source - Cuyahoga County Auditor. Value listed is for year of collection.
  - (2) Source - Federal Reserve Bank of Cleveland. Total demand, time and saving deposits in Cuyahoga County.
  - (3) Source - Division of Building and Housing, City of Cleveland. City of Cleveland only.
- 2001 Not Available

**Cleveland Municipal School District**  
Miscellaneous Statistical Data

FORM OF GOVERNMENT - Municipal School District

GEOGRAPHIC AREA - 82 square miles

POPULATION - 505,616 (1990)

INSTRUCTION SITES:	<u>Constructed</u>	<u>Capacity/ Sq. Ft.</u>	<u>Acreage</u>
<b>Senior High Schools:</b>			
Cleveland Learning Center - Halle	1904	49,337	2.29
Cleveland School of the Arts	1910	81,430	2.36
Collinwood	1924	297,759	5.68
East	1975	272,153	13.37
East Technical	1972	320,370	11.14
Glenville	1966	248,023	5.07
Health Careers Center	1980	67,000	1.75
James F. Rhodes	1932	164,931	10.09
Jane Addams Business Careers	1968	157,428	4.00
John F. Kennedy	1965	252,023	12.65
John Hay	1929	186,352	8.60
John Marshall	1932	256,924	12.03
Lincoln-West	1970	337,548	5.49
Max S. Hayes Vocational	1957	209,273	6.89
South	1968	278,715	63.71
		<u>3,179,266</u>	<u>165.12</u>
<b>Middle Schools:</b>			
A.B. Hart	1932	116,465	3.80
Alexander Hamilton	1928	88,719	2.06
Audubon	1922	136,025	3.12
Carl F. Shuler	1958	100,500	3.97
Central	1940	120,451	4.62
Charles A. Mooney	1964	152,607	4.54
Charles W. Elliot	1954	90,497	3.58
Cleveland Learning Center - Halle	*	*	*
Cleveland Learning Center - Jessie Owens	1914	39,000	2.00
Collinwood CompuTech	*	*	*
F. D. Roosevelt	1976	154,766	7.21
Garrett Morgan Cleveland School of Science	1940	76,835	4.83
Harry E. Davis	1962	147,095	4.62
Joseph M. Gallagher	1976	118,425	12.90
Luiz Munoz Marin	1976	119,689	5.00
Margaret Spellacy	1969	106,582	2.03

\* Statistics included with Senior High School Category.

(continued)

**Cleveland Municipal School District**  
Miscellaneous Statistical Data (Continued)

	Constructed	Capacity/ Sq. Ft.	Acreage
Middle Schools (Continued)			
Martin L. King Jr	1972	179,544	10.55
Mary B. Martin	1963	57,737	1.89
Nathan Hale	1929	106,855	12.90
Nathaniel Hawthorne	1917	46,502	2.50
Patrick Henry	1922	130,443	4.32
Thomas Jefferson	1925	133,609	3.02
Whitney Young	1950	106,863	23.58
Wilbur Wright	1929	106,368	3.65
Willson	1903	75,624	1.85
		<u>2,511,201</u>	<u>128.54</u>
Elementary Schools:			
Adlai Stevenson	1967	41,000	3.62
Alexander G. Bell	1971	68,840	1.42
Alfred A. Benesch	1977	72,320	1.09
Almira	1916	60,458	2.09
Andrew J. Rickoff	1920	56,348	4.94
Anton Grdina	1959	67,719	3.99
Artemus Ward	1949	35,826	4.15
Benjamin Franklin	1923	83,260	10.40
Bolton	1971	44,110	2.17
Brooklawn	1957	28,545	4.36
Buckeye-Woodland	1975	52,493	1.60
Buhrer	1969	42,086	3.06
Captain Arthur Roth	1965	66,397	2.20
Case	1975	57,688	2.16
Charles Dickens	1927	50,989	2.56
Charles H. Lake	1961	55,823	3.66
Charles Orr	1955	30,283	1.39
Clara Westropp Fundamental Education Center	1967	106,582	11.46
Clark	1973	56,178	1.25
Corlett	1915	58,292	2.98
Cranwood	1957	44,574	4.12
Daniel E. Morgan	1959	51,272	2.37
Denison	1972	52,351	2.40
Dike Montessori	1971	47,472	1.95
Douglas MacArthur	1967	31,000	3.00
East Clark	1894	56,755	1.54
Emile B. deSauze	1966	48,860	3.72
Empire Computech	1915	75,003	3.30
Euclid Park	1922	43,182	3.78
Forest Hill Parkway	1967	41,110	3.35
Fullerton	1974	36,468	2.63

(continued)

**Cleveland Municipal School District**  
Miscellaneous Statistical Data (Continued)

	Constructed	Capacity/ Sq. Ft.	Acreage
Elementary Schools (Continued):			
Garfield	1922	31,763	8.16
George Washington Carver	1954	45,913	3.52
Giddings	1970	49,607	2.46
Gracemount	1947	48,515	3.03
H. Barbara Booker	1972	48,677	1.57
Hanna Gibbons	1960	21,831	1.50
Harvey Rice	1903	82,414	5.87
Henry W. Longfellow	1924	50,616	4.58
Iowa Maple	1951	57,842	2.30
John D. Rockefeller	1961	51,683	2.89
John W. Raper	1962	61,752	2.41
Joseph F. Landis	1963	57,889	2.91
Kenneth W. Clement	1976	25,386	2.23
Kentucky	1940	35,010	1.36
Louis Agassiz	1929	40,185	3.05
Louis Pasteur	1959	51,286	3.49
Louisa May Alcott	1926	26,277	1.85
Margaret A. Ireland	1962	57,958	3.09
Marion C. Seltzer	1972	46,835	1.91
Marion Sterling	1973	51,896	3.99
Mary M. Bethune	1964	48,613	2.60
McKinley	1922	46,724	2.13
Miles	1912	79,630	3.33
Miles Park	1971	43,027	3.33
Miles Standish	1921	64,598	4.56
Moses Cleaveland	1925	64,687	3.86
Mound	1904	36,642	1.43
Mount Auburn	1922	42,600	1.64
Newton D. Baker	1954	94,379	8.66
Oliver Hazard Perry	1927	50,989	4.61
Orchard	1901	80,347	1.23
Paul Lawrence Dunbar	1965	45,745	2.90
Paul Revere	1925	80,996	4.92
Riverside	1935	38,836	2.45
Robert Fulton	1929	65,360	3.14
Robert H. Jamison	1966	140,000	2.60
Robinson G. Jones	1951	38,311	4.30
Scranton	1973	51,447	1.37
Stephen E. Howe	1964	48,613	2.14
Sunbeam	1923	63,368	4.40
Tremont	1917	100,396	2.80
Union	1969	49,426	1.68
Valley View	1951	25,882	3.67

(continued)

**Cleveland Municipal School District**  
Miscellaneous Statistical Data (Continued)

	<u>Constructed</u>	<u>Capacity/ Sq. Ft.</u>	<u>Acreage</u>
Elementary Schools (Continued):			
Wade Park	1975	63,706	3.70
Walton	1971	46,493	2.62
Watterson-Lake	1906	69,814	2.32
Waverly	1976	55,666	3.45
William Cullen Bryant	1930	42,187	4.28
William R. Harper	1927	50,989	4.92
Willow	1964	39,867	2.70
Woodland Hills	1971	49,443	1.29
		<u>4,425,400</u>	<u>263.91</u>
All Instruction Sites:			
Senior High Schools		3,179,266	165.12
Middle Schools		2,511,201	128.54
Elementary Schools		4,425,400	263.91
Total instruction sites		<u>10,115,867</u>	<u>557.57</u>
ADMINISTRATIVE AND SERVICE SITES:			
Administrative:			
Administrative Building	1931	149,685	1.75
Lakeside Administrative Center	1975	127,847	1.16
		<u>277,532</u>	<u>2.91</u>
Service:			
Central Kitchen	1967	35,180	1.62
Woodland Distribution Center	1968 (2)	199,014	3.06
Ridge (Hall) - Trades	1986 (1)	25,000	5.00
Transportation:			
Ridge Road	1986 (1)	29,480	5.89
Lake Center	1987	19,630	8.50
Cuyahoga Heights	1987	17,680	7.78
		<u>325,984</u>	<u>31.85</u>
Total administrative and service sites		<u>603,516</u>	<u>34.76</u>

(continued)

Notes:

(1) Purchased during 1986.

(2) Gift.

(3) N/A - Not Available

**Cleveland Municipal School District**  
Miscellaneous Statistical Data (Continued)

	<u>Constructed</u>	<u>Capacity/ Sq. Ft.</u>	<u>Acreage</u>
<b>CLOSED OR LEASED TO OTHERS FACILITIES AND SITES:</b>			
Facilities:			
Anthony Wayne	1914	39,000	1.60
East Madison	1889	61,675	2.05
Human Resource Development Center (Bratenahl H.S.)	1975	14,000	7.50
Lafayette Contemporary	1919	54,406	3.97
Lincoln Annex	N/A (3)	12,450	1.64
Warner	1912	63,146	5.46
Warehouse	1923	64,278	2.06
Woodhill-Quincy	1971 (2)	69,754	2.09
Total Closed or Leased to Others Facilities		<u>378,709</u>	<u>26.37</u>
Sites:			
A. Benesch - old site			1.43
C.W. Chestnut			3.64
East Tech - old site			4.64
Kennard			1.42
National Screw			15.28
Verda Brobst			<u>3.00</u>
Total Sites			<u>29.41</u>
<b>GRAND TOTAL</b>			
Facilities and/or Sites:			
Instruction		10,115,867	557.57
Administrative and Service		603,516	34.76
Closed Facilities		378,709	26.37
Closed Sites		<u>N/A</u>	<u>29.41</u>
Total		<u>11,098,092</u>	<u>648.11</u>

(concluded)

Notes:

- (1) Purchased during 1986.
- (2) Gift.
- (3) N/A - Not Available

Source: School District Building Management and Operations Division



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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Facsimile 614-466-4490

**CLEVELAND MUNICIPAL SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 15, 2002**