



Dave Yost • Auditor of State



# OHIO AUDITOR OF STATE **KEITH FABER**



January 24, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

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**CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2018**

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**CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

| <b>FEDERAL GRANTOR<br/>Pass Through Grantor<br/>Program / Cluster Title</b> | <b>Grant<br/>Year</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Cash<br/>Expenditures</b> | <b>Non-Cash<br/>Expenditures</b> |
|---|-----------------------|------------------------------------|------------------------------|----------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                       |                       |                                    |                              |                                  |
| <i>Passed Through Ohio Department of Education</i>                          |                       |                                    |                              |                                  |
| Child Nutrition Cluster:  |                       |                                    |                              |                                  |
| School Breakfast Program  | 2018                  | 10.553                             | \$ 553,952                   | \$ -                             |
| National School Lunch Program   | 2018                  | 10.555                             | 1,879,570                    | 221,066                          |
| Total Child Nutrition Cluster   |                       |                                    | <u>2,433,522</u>             | <u>221,066</u>                   |
| Team Nutrition Grants   | 2018                  | 10.574                             | 4,000                        | -                                |
| Total U.S. Department of Agriculture  |                       |                                    | <u><b>2,437,522</b></u>      | <u><b>221,066</b></u>            |
| <b>U.S. DEPARTMENT OF EDUCATION</b>   |                       |                                    |                              |                                  |
| <i>Passed Through Ohio Department of Education</i>                          |                       |                                    |                              |                                  |
| Title I Grants to Local Educational Agencies                                | 2017                  | 84.010                             | 450,017                      | -                                |
| Title I Grants to Local Educational Agencies                                | 2018                  | 84.010                             | 2,201,790                    | -                                |
| Total Title I Grants to Local Educational Agencies                          |                       |                                    | <u>2,651,807</u>             | <u>-</u>                         |
| Special Education Cluster:  |                       |                                    |                              |                                  |
| Special Education - Grants to States  | 2017                  | 84.027                             | 137,075                      | -                                |
| Special Education - Grants to States  | 2018                  | 84.027                             | 1,535,997                    | -                                |
| Total Special Education - Grants to States                                  |                       |                                    | <u>1,673,072</u>             | <u>-</u>                         |
| Special Education - Preschool Grants  | 2017                  | 84.173                             | 6,929                        | -                                |
| Special Education - Preschool Grants  | 2018                  | 84.173                             | 27,941                       | -                                |
| Total Special Education - Preschool Grants                                  |                       |                                    | <u>34,870</u>                | <u>-</u>                         |
| Total Special Education Cluster   |                       |                                    | <u>1,707,942</u>             | <u>-</u>                         |
| Career and Technical Education - Basic Grants                               | 2017                  | 84.048                             | 4,419                        | -                                |
| Career and Technical Education - Basic Grants                               | 2018                  | 84.048                             | 265,741                      | -                                |
| Total Career and Technical Education - Basic Grants                         |                       |                                    | <u>270,160</u>               | <u>-</u>                         |
| Twenty-First Century Community Learning Centers                             | 2017                  | 84.287                             | 15,511                       | -                                |
| Twenty-First Century Community Learning Centers                             | 2018                  | 84.287                             | 462,138                      | -                                |
| Total Twenty-First Century Community Learning Centers                       |                       |                                    | <u>477,649</u>               | <u>-</u>                         |
| English Language Acquisition State Grants                                   | 2017                  | 84.365                             | 660                          | -                                |
| English Language Acquisition State Grants                                   | 2018                  | 84.365                             | 12,152                       | -                                |
| Total English Language Acquisition State Grants                             |                       |                                    | <u>12,812</u>                | <u>-</u>                         |
| Improving Teacher Quality State Grants                                      | 2017                  | 84.367                             | 40,660                       | -                                |
| Improving Teacher Quality State Grants                                      | 2018                  | 84.367                             | 298,426                      | -                                |
| Total Improving Teacher Quality State Grants                                |                       |                                    | <u>339,086</u>               | <u>-</u>                         |
| Title IV - Student Support and Academic Enrichment                          | 2018                  | 84.424                             | 34,075                       | -                                |
| Gaining Early Awareness and Readiness for Ungergraduate Programs            | 2018                  | 84.334                             | 42,924                       | -                                |
| Total U.S. Department of Education  |                       |                                    | <u><b>5,536,455</b></u>      | <u>-</u>                         |
| <b>Total Expenditures of Federal Awards</b>                                 |                       |                                    | <u><b>\$ 7,973,977</b></u>   | <u><b>\$ 221,066</b></u>         |

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

**CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Cleveland Heights-University Heights City School District (the District's) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.





# Dave Yost • Auditor of State

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

Cleveland Heights-University Heights City School District  
Cuyahoga County  
2155 Miramar Boulevard  
Cleveland Heights, Ohio 44118

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cleveland Heights-University Heights City School District, Cuyahoga County, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2018, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

***District's Response to the Finding***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 21, 2018



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Cleveland Heights-University Heights City School District  
Cuyahoga County  
2155 Miramar Boulevard  
University Heights, Ohio 44118

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Cleveland Heights-University Heights City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Cleveland Heights-University Heights City School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. 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 our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801  
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Opinion on the Major Federal Program***

In our opinion, the Cleveland Heights-University Heights City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

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

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Cleveland Heights-University Heights City School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 21, 2018. Our report also explained that the District adopted *Governmental Accounting Standard No. 75* during the year. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 21, 2018

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**CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018**

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

|                     |   |  |
|---------------------|---|--|
| <b>(d)(1)(i)</b>    | <b>Type of Financial Statement Opinion</b>  | Unmodified                                       |
| <b>(d)(1)(ii)</b>   | <b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>      | No   |
| <b>(d)(1)(ii)</b>   | <b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b> | No   |
| <b>(d)(1)(iii)</b>  | <b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>                        | Yes  |
| <b>(d)(1)(iv)</b>   | <b>Were there any material weaknesses in internal control reported for major federal programs?</b>                    | No   |
| <b>(d)(1)(iv)</b>   | <b>Were there any significant deficiencies in internal control reported for major federal programs?</b>               | No   |
| <b>(d)(1)(v)</b>    | <b>Type of Major Program's Compliance Opinion</b>   | Unmodified                                       |
| <b>(d)(1)(vi)</b>   | <b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>  | No   |
| <b>(d)(1)(vii)</b>  | <b>Major Program:</b>   | CFDA #84.027, 84.173 – Special Education Cluster |
| <b>(d)(1)(viii)</b> | <b>Dollar Threshold: Type A/B Programs</b>  | Type A: > \$ 750,000<br>Type B: all others       |
| <b>(d)(1)(ix)</b>   | <b>Low Risk Auditee under 2 CFR § 200.520?</b>  | Yes  |

**CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018  
(Continued)**

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

**FINDING NUMBER 2018-001**

**Finding for Recovery Repaid Under Audit – Noncompliance**

The District has a union agreement with the Ohio Association of Public School Employees Local #102 describing how severance payments are to be calculated. Per the union contract, a member of the union is entitled to a severance payment for unused sick and vacation leave at the employee’s current rate of pay at the time of retirement.

On January 19, 2018, the District made a direct deposit to Dalinda Miles in the amount of \$5,537, which consisted of her final pay period worked of \$547, unused vacation time of \$1,406, and unused sick time totaling 5,781, less deductions of \$2,198, respectively. A review of the severance payment for sick time indicated that an hourly rate of \$32.09 was used to calculate the severance payout. The most recent employee salary notices for Dalinda Miles indicated she had two separate rates of \$16.16 and \$15.93, for cleaning and lunchroom supervision, the two different duties she performed for the District, and she should have been paid out for her time at 5/8 of the total hours for cleaning and 3/8 for lunchroom supervision, respectively. As a result, an overpayment of \$1,994 occurred.

| <u>Sick Leave</u> |   | <u>Rate</u>      |   | <u>Subtotal</u> |   | <u>Deductions</u> |   | <u>Total</u> |
|-------------------|---|------------------|---|-----------------|---|-------------------|---|--------------|
| 180.16 hours      | x | \$32.09 per hour | = | \$5,781         | - | \$2,198           | = | \$3,583      |
| 112.6 hours       | x | \$16.16 per hour | = | \$1,820         | - | \$817             | = | \$1,003      |
| 67.56 hours       | x | \$15.93 per hour | = | \$1,076         | - | \$490             | = | \$586        |
|                   |   |                  |   |                 |   |                   |   | \$1,589      |
|                   |   |                  |   |                 |   | Overpayment       |   | \$1,994      |

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public monies illegally expended is hereby issued against Dalinda Miles in the amount of \$1,994, and in favor of the Cleveland Heights-University Heights City School District, in the amount of \$1,994.

On December 14, 2018, Dalinda Miles, through the Cleveland Heights Teachers Credit Union, Inc., issued check number 194421 in the amount of \$1,994 to the District in settlement of this finding.

**Officials’ Response:** The severance payment error was the result of a miscalculation in the spreadsheet due to the fact that this employee held two different positions paid at two different rates - the pay rates were added rather than blended. The Supervisor of Fiscal Services/Payroll is creating a new spreadsheet that more clearly shows the severance calculation and allows for multiple positions with differing rates to mitigate future issues. Additionally, all severance calculation sheets require a sign-off from both the originator of the calculation and a supervisory reviewer.

**3. FINDINGS FOR FEDERAL AWARDS**

None





**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**JUNE 30, 2018**

| <b>Finding Number</b> | <b>Planned Corrective Action</b>   | <b>Anticipated Completion Date</b> | <b>Responsible Contact Person</b>                  |
|-----------------------|--|------------------------------------|--|
| 2018-001              | The Supervisor of Fiscal Services/Payroll is creating a new spreadsheet that more clearly shows the severance calculation and allows for multiple positions with differing rates to mitigate future issues. Additionally, all severance calculation sheets require a signoff from both the originator of the calculation and a supervisory reviewer. | Immediately                        | A. Scott Gainer, Chief Financial Officer/Treasurer |

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



CLEVELAND UNIVERSITY **HEIGHTS**  
CITY SCHOOL DISTRICT  

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UNIVERSITY HEIGHTS, OHIO





# INTRODUCTORY *Section*



MILA ZEKIC  
Grade 12, CHHS

CLEVELAND  
UNIVERSITY  
CITY SCHOOL DISTRICT  
**HEIGHTS**  
UNIVERSITY HEIGHTS, OHIO





CLEVELAND HEIGHTS - UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT  
*University Heights, Ohio*

*Comprehensive Annual*  
**FINANCIAL  
REPORT**

*For The Fiscal Year Ended June 30, 2018*

ISSUED BY: FINANCE DEPARTMENT  
A. SCOTT GAINER, CHIEF FINANCIAL OFFICER



**NADIA BERRY**  
Grade 5, Boulevard Elementary

**CLEVELAND  
UNIVERSITY  
CITY SCHOOL DISTRICT**  
**UNIVERSITY HEIGHTS, OHIO**



# DISTRICT MISSION VISION AND CORE VALUES

**MISSION** – Our schools provide a challenging and engaging education to prepare all our students to become responsible citizens and succeed in college and career.

**VISION** – Preparing **All** Students for **S**uccess in a **G**lobal **E**conomy (**P.A.S.S.A.G.E.**)

**CORE VALUES** – The Cleveland Heights-University Heights School District is deeply committed to **educational equity** and providing an **excellent education** for all of our students in every one of our schools.

## WITHIN A CULTURE OF TRUST, RESPECT AND INTEGRITY WE ARE COMMITTED TO OUR:

**STUDENTS** – They know they are valued and can achieve.

**DIVERSITY** – It strengthens us.

**PARTNERSHIPS** – Collaborations that benefit our students are essential.

**RESPONSIBILITY** – Each of us is accountable for student success.

**STEWARDSHIP** – Community resources are managed wisely.

**EDUCATIONAL EQUITY** addresses the policies, practices, programs, personnel and resources required to ensure access to educational opportunity and achievement for all students.

**EXCELLENT EDUCATION** means students have the academic knowledge, social-emotional skills and extracurricular experiences to succeed as lifelong learners.

# HEIGHTS



# Cleveland Heights-University Heights City School District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018

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# Cleveland Heights-University Heights City School District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018

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# Cleveland Heights-University Heights City School District

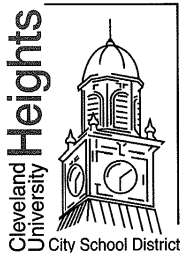
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# Cleveland Heights-University Heights City School District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018

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**A. Scott Gainer**  
Chief Financial Officer

December 21, 2018

Members of the Board of Education and Residents of the  
Cleveland Heights-University Heights City School District

Dear Board Members and Residents:

Ohio law (Ohio Administrative Code Section 117-2-03(B)) requires that all school districts file annual unaudited financial reports prepared on a GAAP (Generally Accepted Accounting Principles) basis with the Auditor of State within 150 days of the close of each fiscal year unless an extension is received. This report is published to fulfill that requirement for the fiscal year ended June 30, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that the District has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Auditor of State of Ohio, Dave Yost, has issued an unmodified (“clean”) opinion on the Cleveland Heights-University Heights City School District’s financial statements for the year ended June 30, 2018. The Independent Auditor’s Report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the Independent Auditor’s Report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the School District**

The Cleveland Heights-University Heights City School District is one of 613 school districts in the State of Ohio and one of 31 school districts in Cuyahoga County. The District provides education to 5,214 students in grades kindergarten through twelve. Additionally, the District provides preschool, after school, and adult education services. The District covers approximately 9.6 square miles, serving the cities of Cleveland Heights, University Heights and a small portion of South Euclid, and is located approximately ten miles southeast of downtown Cleveland. Highlights of the history of the Cleveland Heights-University Heights City School District are as follows:

- 1901 East Cleveland Township School Board formed (included the hamlet of Cleveland Heights)
- 1902 Passed issue to build Lee Road School
- 1903 Cleveland Heights became a village
- 1904 District renamed Cleveland Heights School District
- 1905 Expansion of Lee Road School
- 1906 Roxboro Elementary School built
- 1907 First graduation at Heights High
- 1916 Fairfax Elementary School built
- 1916 New high school built on Lee Road site
- 1919 Coventry Elementary School built
- 1922 Noble Elementary School built
- 1923 Taylor Elementary School built
- 1924 Boulevard Elementary School built
- 1925 Oxford Elementary School built
- 1926 New high school at Cedar and Lee Roads built
- 1926 Roosevelt Junior High School built
- 1926 Roxboro Junior High School built
- 1927 Canterbury Elementary School built
- 1929 Superior Opportunity School built
- 1930 Monticello Junior High School built
- 1942 District became Cleveland Heights-University Heights City School District
- 1948 Northwood Elementary School built
- 1949 Belvoir Elementary School built
- 1953 Millikin Elementary School built
- 1954 Wiley Junior High School built

- 1964 Board Administration Building opened
- 1972 Bond issue to construct new Coventry, Boulevard, Fairfax, and Taylor school buildings
- 1987 Northwood Elementary School sold
- 1993 Belvoir School renamed Lauree P. Gearity Elementary School
- 2008 Coventry Elementary School closed
- 2013 Wiley Middle School Closed

## **Local Economy**

The District serves approximately 46,000 residents of the City of Cleveland Heights and approximately 13,500 residents of the City of University Heights, both inner-ring suburbs of the City of Cleveland. Both communities are primarily residential in nature, with a diverse base of residents. The proximity and easy access of the cities to major cultural, educational, and medical facilities in northeast Ohio typically contributes to climbing property values, a key indicator of a community’s economic health and stability where the primary “industry” is housing, although both communities have experienced a significant number of home foreclosures and flat or decreasing property values consistent with the overall trend in Ohio and nationally.

State funding of schools continues to change with each biennial budget. In the short-term, State funding to the District has been fairly consistent despite changing formulas over the years. In response to decreases in property tax revenue due to foreclosures, the District has engaged in ongoing operating reductions, including the closing of Wiley Middle School as part of a comprehensive facilities plan. The District successfully passed a 6.9 mill operating levy in November, 2011 and a 5.5 mill operating levy in November, 2016.

## **Economic Condition and Outlook**

The cities of Cleveland Heights and University Heights are primarily residential, and with the economic downturn, property tax collections have been affected through foreclosures and delinquencies. It is expected that tax collections will remain relatively constant for the foreseeable future.

Student enrollment for the 2009 school year was 5,915. Enrollment for the 2018 school year was 5,214.

## **Long-Term Financial Planning**

**Financial Highlights - Internal Service Fund** - The only internal service fund carried on the financial records of the District is related to the self-insurance fund. This funds account for the revenues and expenses related to the provision of medical programs. The internal service funds had a net position of \$4,485,790 at June 30, 2018 compared with a net position of \$4,585,493 at June 30, 2017. The District is meeting its claim liability.

The most recent District five-year forecast indicates a positive cash balance through 2021, with a \$9.3 million deficit beginning in 2022. To compensate for declining property tax revenue and losses from vouchers, the District is continuing to pursue various cost-containment and cost-savings strategies. The District entered into the Expedited Local Partnership Program with the Ohio School Facilities Commission to have a complete evaluation of facilities done in an effort to streamline operations and enhance delivery of instruction and successfully passed a bond issue in November of 2013. As indicated previously, the District also successfully passed a 6.9 mill operating levy in November 2011 and a 5.5 mill operating levy in November 2016.

## Relevant Financial Policies

Statutorily, the District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code, to provide educational services prescribed by State and/or Federal agencies. The Board of Education is made up of five members elected at large, for overlapping four-year terms. The Board of Education elects its President and Vice President annually and appoints two officials: the Superintendent, who serves as the Chief Executive Officer, and the Treasurer, who serves as Chief Financial Officer. A complete organizational chart is included in this Introductory Section.

In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments, and organizations making up the District (the primary government) and its potential component units. Excluded from the reporting entity, because they are fiscally independent of the District, are the City of Cleveland Heights, the City of University Heights, the Parent-teacher Organization, and the parochial and private schools operating within the boundaries of the District.

The District is associated with two organizations, the Ohio Schools' Council and the Cleveland Heights-University Heights Public Library. The Ohio Schools' Council is a jointly governed organization whose relationship to the District is described in Note 16 to the accompanying financial statements. The Cleveland Heights-University Heights Public Library is a related organization and is described in Note 20 to the accompanying financial statements.

A complete discussion of the District's reporting entity is provided in Note 1 of the accompanying financial statements.

The District's accounting system is organized on a "fund" basis. Each fund is a distinct self-balancing accounting entity. Reports from governmental operations 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. Reports of the District's proprietary operations are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.

In developing the 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 District utilizes a fully automated accounting system as well as an automated system of control for capital assets and 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 Board of Education adopts a temporary appropriation measure for that fiscal year. By statute, permanent appropriations must be adopted upon receipt from the County Fiscal Officer of an amended certificate of estimated resources based on final assessed values and tax rates. The District adopts the permanent appropriation measure in September.

Annual appropriations may not exceed the County Budget Commission’s official estimate of resources. The County Fiscal Officer must certify that the Board of Education’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 from the Board. Budgets are controlled at the fund level. All purchase order requests must be approved by the site administrator or central office administrator and be certified by the Treasurer; necessary funds are then encumbered and purchase orders released to the vendors. Those requests, which exceed the available appropriations, are rejected until additional appropriations are secured.

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. On-line inquiry of account balances is available to all budget managers. 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 District has a comprehensive cash management program, which consists of expediting receipt of revenues and prudently depositing and investing available cash balances. The available cash of the District’s individual funds is combined into a single cash pool and invested according to cash flow projections. The District invests in Money Markets, Certificates of Deposit, U.S. Treasury Notes, Government Securities, Commercial Paper and STAR Ohio, an investment pool operated by the Treasurer of the State of Ohio. Interest earned on investments is distributed in accordance with Board of Education authorization. During fiscal year 2018, the District earned \$1,178,732 in investment income of which \$413,586 was credited to the General Fund.

The basis of accounting and the various funds utilized by the District are fully described in Note 1 to the financial statements. Additional information on the District’s budgetary accounting can also be found in Notes 1 and 3.

## **Major Initiatives**

The District continues progress on the master facilities plan. The high school was reopened for the 2017-2018 school year. The two middle schools are currently being renovated and will reopen for 2019-2020. The District also recently completed a five-year strategic plan, with five goals in the areas of 1) student outcomes, 2) educational approach, 3) parent & community engagement/partnerships/communication, 4) valued professionals & culture of excellence, and 5) operational resources – finances/technology/facilities.

The Board and administration continue to be committed to ongoing fiscal responsibility and accountability, continuing to pursue various cost-containment and cost-savings strategies.



## **Awards and Acknowledgements**

### *Awards*

The District was awarded the Government Finance Officers Association in the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting (CAFR) for its comprehensive annual financial report for the fiscal year ended June 30, 2017.

In order to be awarded a Certificate of Achievement, a government 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.

The District has determined that it will apply for the Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report for the fiscal year June 30, 2018.

A Certificate of Achievement is valid for a period of one year only. We believe 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.

The Association of School Business Officials International also awarded a Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the year ended June 30, 2017. The Association's Panel of Review judged that the District's report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program. This certificate is awarded upon recommendation of the Association's Panel of Review and is valid for a period of one year only.

### *Acknowledgements*

The publication of the Comprehensive Annual Financial Report enhances the District's accountability to the citizens of the District. The preparation of this report would not have been possible without the assistance and support of the staff of the Treasurer's Office and numerous other District staff members. Our appreciation is also expressed to the firm of Ciuni & Panichi, Inc. for their assistance in preparing and reviewing this financial report.

Respectfully submitted,



A. Scott Gainer  
Chief Financial Officer



Talisa L. Dixon, Ph.D.  
Superintendent



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

The Certificate of Excellence in Financial Reporting  
is presented to

**Cleveland Heights-University Heights City  
School District**

for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



A handwritten signature in cursive script, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

A handwritten signature in cursive script, reading 'John D. Musso'.

John D. Musso, CAE  
Executive Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Cleveland Heights-University Heights  
City School District, Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morvill*

Executive Director/CEO

CLEVELAND HEIGHTS - UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT  
*University Heights, Ohio*

# PRINCIPAL *Officials*

*As of June 30, 2018*

**BOARD OF EDUCATION**

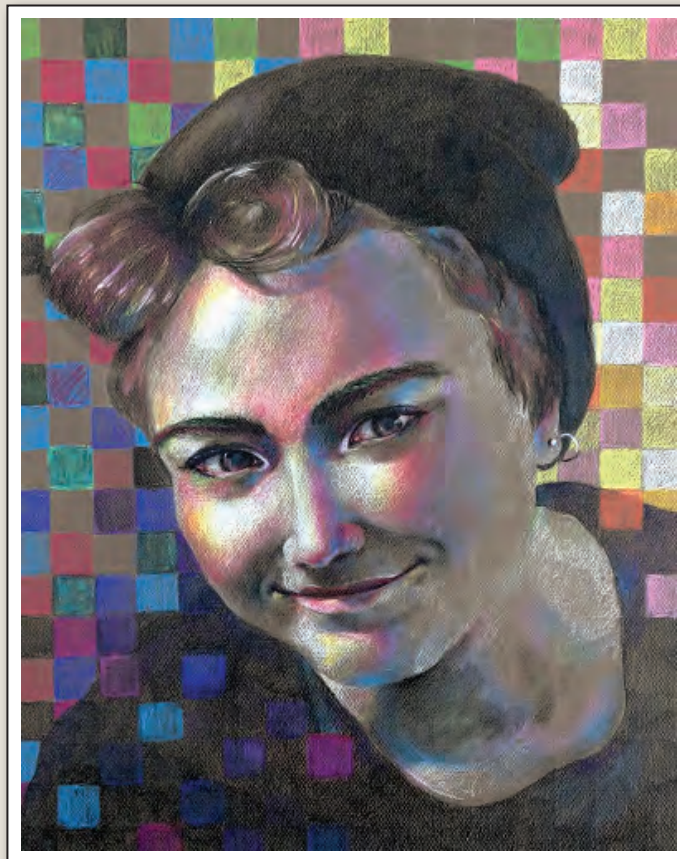
Mr. James Posch, President  
Ms. Jodi Sourini, Vice President  
Mr. Dan Heintz, Member  
Ms. Malia Lewis, Member  
Ms. Beverly Wright, Member

**CHIEF FINANCIAL OFFICER**

Mr. A. Scott Gainer

**SUPERINTENDENT**

Dr. Talisa L. Dixon



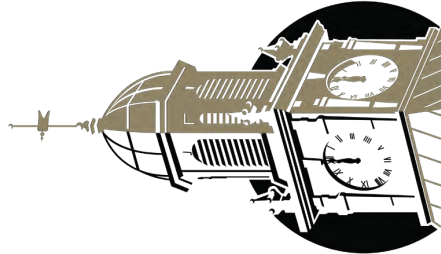
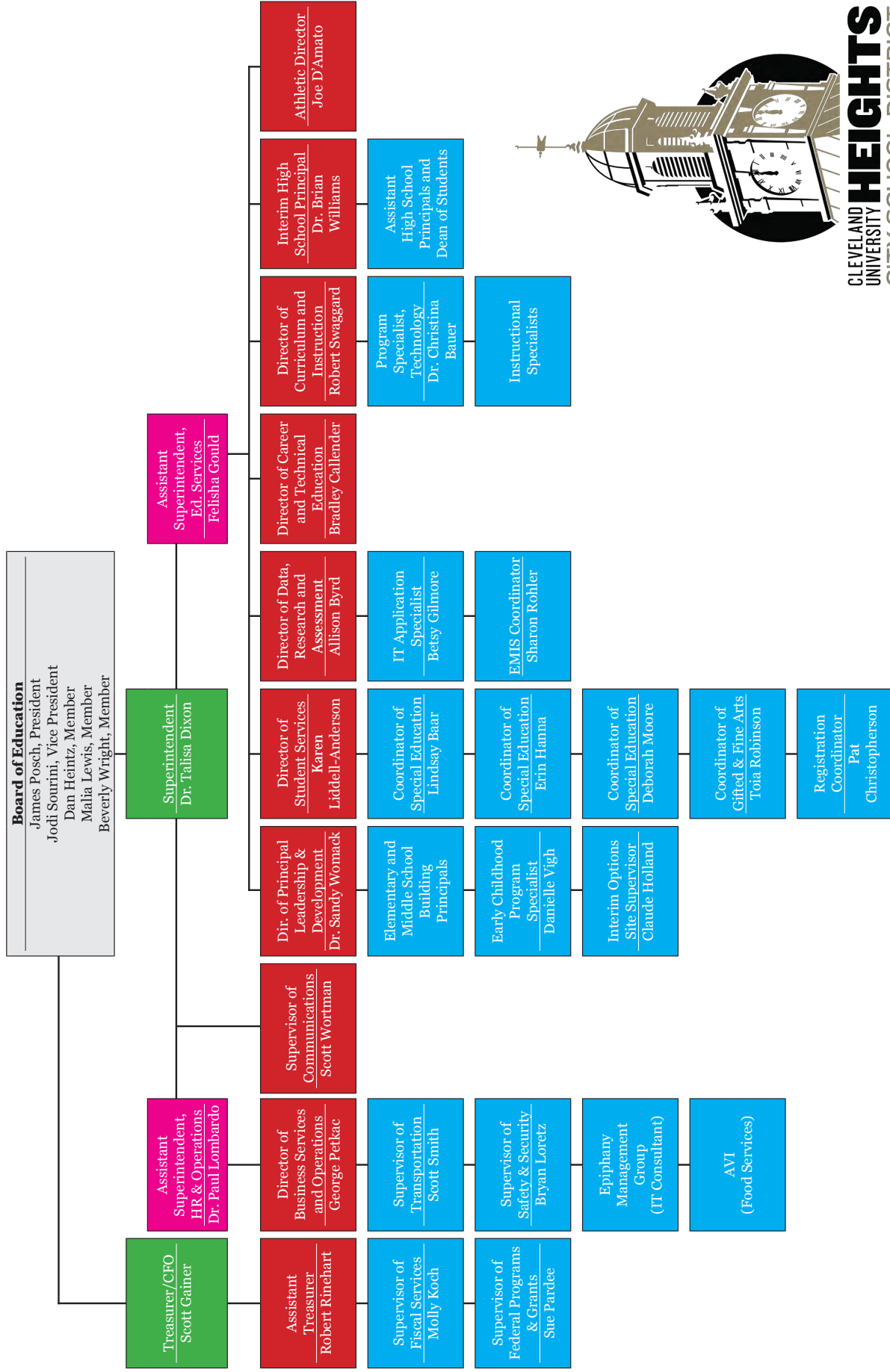
**LISA WARE**  
Grade 12, CHHS



**CLEVELAND HEIGHTS**  
UNIVERSITY CITY SCHOOL DISTRICT  
**UNIVERSITY HEIGHTS, OHIO**

# Cleveland Heights-University Heights City School District

## Central Office Organizational Chart • 2017-2018



**CLEVELAND UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT**

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# FINANCIAL *Section*



**CHRISTIAN DIXON**  
Grade 12, CHHS

**SKYLAH HOUSTON**  
Grade 11, CHHS



CLEVELAND  
UNIVERSITY  
CITY SCHOOL DISTRICT  
**HEIGHTS**  
UNIVERSITY HEIGHTS, OHIO









# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Cleveland Heights-University Heights City School District  
Cuyahoga County  
2155 Miramar Boulevard  
University Heights, Ohio 44118

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cleveland Heights-University Heights City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801  
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

[www.ohioauditor.gov](http://www.ohioauditor.gov)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cleveland Heights-University Heights City School District, Cuyahoga County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will also issue our report dated December 21, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 21, 2018

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CLEVELAND  
UNIVERSITY **HEIGHTS**  
CITY SCHOOL DISTRICT  

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UNIVERSITY HEIGHTS, OHIO

# Cleveland Heights-University Heights City School District

## Management's Discussion & Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2018

---

Our discussion and analysis of the Cleveland Heights-University Heights City School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's financial performance.

### Financial Highlights

Key financial highlights for 2018 are as follows:

- For the fiscal year ended June 30, 2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this statement resulted in the restatement of net position as of June 30, 2017 for the governmental activities and business-type activities. The food service enterprise fund was also restated. See Note 2 for additional information regarding the restatement.
- In total, net position increased \$60,416,010. Net position of governmental activities increased \$59,859,046 from 2017. Net position of business-type activities increased \$556,964 from 2017.
- For governmental activities, general revenues accounted for \$124,621,135 in revenue or 91% of all revenues. Program specific revenues in the form of charges for services and grants accounted for \$11,583,130 or 9% of total revenues of \$136,204,265.
- The District had \$76,345,219 in expenses related to governmental activities; only \$11,583,130 of these expenses was offset by program specific charges for services and grants. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$124,621,135 which were able to provide for these programs resulting in an increase of restated net position from \$(108,076,094) to \$(48,217,048).
- Governmental activities expenses decreased approximately 42 percent from the prior year due to GASB 68 and GASB 75. Instructional expenses made up 42 percent of total governmental activities expenses while support services account for 43 percent. Other expenses rounded out the remaining 15 percent.
- The District had \$2,365,653 in expenses related to business-type activities; a total of \$2,922,617 was offset by program specific charges for services and grants, which were able to provide for these programs, resulting in an increase of restated net position from \$(2,608,926) to \$(2,051,962).
- The District's major governmental funds are the General Fund and Building Fund. The General Fund had \$113,418,352 in revenues and \$110,665,728 in expenditures and other financing uses. The General Fund balance increased \$2,752,624, from \$24,905,467 to \$27,658,091. The Building Fund had \$550,815 in revenues and \$12,409,424 in expenditures and ended the year with a fund balance of \$32,100,858.

# Cleveland Heights-University Heights City School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2018

---

## Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the General Fund and Building Fund are by far the most significant funds and are reported as major funds.

## Reporting the School District as a Whole

### *The Statement of Net Position and Statement of Activities*

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors. In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

## Reporting the School District's Most Significant Funds

### *Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 14. The governmental fund financial statements begin on page 24 and provide detailed information about the major governmental funds and nonmajor governmental funds – not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, proprietary and fiduciary, use different accounting approaches as further described in the notes to the financial statements. The District's major governmental funds are the General Fund and Building Fund.

# Cleveland Heights-University Heights City School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2018

---

## ***Governmental Funds***

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

## ***Proprietary Funds***

Proprietary funds use the accrual basis of accounting, the same as on the government-wide statements; therefore, the statements will essentially match the business-type activities portion of the government-wide statements.

## ***Fiduciary Funds***

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate statement on page 36. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.



# Cleveland Heights-University Heights City School District

## Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2018

### The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2018 and 2017.

#### Net Position

|  | Governmental<br>Activities<br>2018 | Business-Type<br>Activities<br>2018 | Restated<br>Governmental<br>Activities<br>2017 | Restated<br>Business-Type<br>Activities<br>2017 |
|--|------------------------------------|-------------------------------------|--|---|
| <b>Assets:</b>                         |                                    |                                     |  |   |
| Current and other assets               | \$ 187,932,556                     | \$ (298,658)                        | \$ 196,152,019                                 | \$ (718,978)                                    |
| Capital assets, net                    | <u>156,351,589</u>                 | <u>58,826</u>                       | <u>145,960,198</u>                             | <u>70,508</u>                                   |
| Total assets                           | <u>344,284,145</u>                 | <u>(239,832)</u>                    | <u>342,112,217</u>                             | <u>(648,470)</u>                                |
| <b>Deferred outflows of resources:</b> |                                    |                                     |  |   |
| Loss on refunding                      | 8,564,296                          | -                                   | -  | -   |
| Pension                                | 40,496,547                         | 179,079                             | 39,012,766                                     | 311,046   |
| OPEB                                   | <u>1,222,223</u>                   | <u>12,526</u>                       | <u>236,907</u>                                 | <u>9,871</u>                                    |
| Total deferred outflows of resources   | <u>50,283,066</u>                  | <u>191,605</u>                      | <u>39,249,673</u>                              | <u>320,917</u>                                  |
| <b>Liabilities:</b>                    |                                    |                                     |  |   |
| Current liabilities                    | 15,245,558                         | 230,532                             | 20,208,776                                     | 205,186   |
| <b>Long-term liabilities:</b>          |                                    |                                     |  |   |
| Due within one year                    | 2,083,834                          | 2,567                               | 2,036,873                                      | 8,639   |
| Due in more than one year              | 180,169,443                        | 34,105                              | 172,195,814                                    | 31,401  |
| Net pension liability                  | 122,339,114                        | 1,047,351                           | 181,492,651                                    | 1,416,016                                       |
| Net OPEB liability                     | <u>27,444,278</u>                  | <u>478,309</u>                      | <u>36,991,929</u>                              | <u>559,348</u>                                  |
| Total liabilities                      | <u>347,282,227</u>                 | <u>1,792,864</u>                    | <u>412,926,043</u>                             | <u>2,220,590</u>                                |
| <b>Deferred inflows of resources</b>   |                                    |                                     |  |   |
| Property taxes                         | 71,702,402                         | -                                   | 70,091,334                                     | -   |
| Payments in lieu of taxes              | 99,792                             | -                                   | -  | -   |
| Pension                                | 18,233,408                         | 125,273                             | 6,420,607                                      | 60,783  |
| OPEB                                   | <u>5,466,430</u>                   | <u>85,598</u>                       | <u>-</u>                                       | <u>-</u>  |
| Total deferred inflows of resources    | <u>95,502,032</u>                  | <u>210,871</u>                      | <u>76,511,941</u>                              | <u>60,783</u>                                   |
| <b>Net position:</b>                   |                                    |                                     |  |   |
| Net investment in capital assets       | 25,104,971                         | 58,826                              | 31,837,064                                     | 70,508  |
| Restricted                             | 15,756,063                         | -                                   | 14,797,731                                     | -   |
| Unrestricted (deficit)                 | <u>(89,078,082)</u>                | <u>(2,110,788)</u>                  | <u>(154,710,889)</u>                           | <u>(2,679,434)</u>                              |
| Total net position (deficit)           | \$ <u>(48,217,048)</u>             | \$ <u>(2,051,962)</u>               | \$ <u>(108,076,094)</u>                        | \$ <u>(2,608,926)</u>                           |

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*. For fiscal year 2018, the School District adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

# Cleveland Heights-University Heights City School District

## Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2018

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

# Cleveland Heights-University Heights City School District

## Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2018

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As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position of the governmental activities and business-type activities at June 30, 2017, from \$(71,321,072) to \$(108,076,094) and \$(2,059,449) to \$(2,608,926), respectively.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the District's liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources by \$50,269,010. The main reason for the deficit net position is a result of the District recording the activity related to GASB 68 and GASB 75. During fiscal year 2018, the District's net position increased \$60,416,010. As of June 30, 2018, there is no expectation that the District will be required to increase pension funding to cover the net pension liability.

Total assets increased by \$2,580,566 as the increases in capital assets exceeded the decrease in cash and cash equivalents.

Capital assets, net increased approximately \$10.4 million as a result of the ongoing facilities construction projects. This project also explains the decrease in cash of approximately \$8.0 million. Last year's cash balance of \$88,210,611 included restricted assets of \$4,955,750. This year's cash balance of \$80,252,264 includes restricted assets of \$5,146,803.

Net investment in capital assets for governmental activities reported on the government-wide statements was \$25,104,971 for fiscal year 2018. Capital assets include land, construction in progress, buildings and improvements, furniture, fixtures and equipment and vehicles, and are used to provide services to students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's governmental activities net position, \$15,756,063 represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted governmental activities net position, \$5,146,803 is restricted for debt service payments, including the Qualified Zone Academy Bonds, \$10,079,692 is restricted for capital projects, and \$529,568 is restricted for other purposes. The remaining balance of governmental activities net position \$(89,078,082) is an unrestricted amount available to meet the government's ongoing obligations to students and staff. The negative net position is the result of the net pension/OPEB liability recorded in the current year.

# Cleveland Heights-University Heights City School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2018

|   | <b>Changes in Net Position</b> |                             |  |   |
|---|--------------------------------|-----------------------------|--|---|
|   | Governmental<br>Activities     | Business-Type<br>Activities | Restated<br>Governmental<br>Activities | Restated<br>Business-Type<br>Activities |
|   | <u>2018</u>                    | <u>2018</u>                 | <u>2017</u>                            | <u>2017</u>                             |
| Revenues:                               |                                |                             |  |   |
| Program revenues:                       |                                |                             |  |   |
| Charges for services                    | \$ 4,317,588                   | \$ 209,357                  | \$ 4,307,445                           | \$ 712,365                              |
| Operating grants                        | <u>7,265,542</u>               | <u>2,713,260</u>            | <u>7,392,129</u>                       | <u>2,834,985</u>                        |
| Total program revenues                  | <u>11,583,130</u>              | <u>2,922,617</u>            | <u>11,699,574</u>                      | <u>3,547,350</u>                        |
| General revenues:                       |                                |                             |  |   |
| Property taxes                          | 87,825,613                     | -                           | 71,544,924                             | -                                       |
| Grants and entitlements                 | 32,960,944                     | -                           | 32,013,598                             | -                                       |
| Investment earnings                     | 1,178,732                      | -                           | 906,980                                | -                                       |
| Miscellaneous                           | <u>2,655,846</u>               | <u>-</u>                    | <u>2,502,529</u>                       | <u>-</u>                                |
| Total general revenues                  | <u>124,621,135</u>             | <u>-</u>                    | <u>106,968,031</u>                     | <u>-</u>                                |
| Total revenues                          | <u>136,204,265</u>             | <u>2,922,617</u>            | <u>118,667,605</u>                     | <u>3,547,350</u>                        |
| Program expenses:                       |                                |                             |  |   |
| Instruction:                            |                                |                             |  |   |
| Regular                                 | 12,949,352                     | -                           | 43,626,268                             | -                                       |
| Special                                 | 12,702,297                     | -                           | 23,021,354                             | -                                       |
| Vocational                              | 733,208                        | -                           | 1,887,316                              | -                                       |
| Other                                   | 6,135,377                      | -                           | 5,975,458                              | -                                       |
| Support services:                       |                                |                             |  |   |
| Pupil                                   | 2,740,833                      | -                           | 8,184,224                              | -                                       |
| Instructional staff                     | 2,635,760                      | -                           | 5,271,824                              | -                                       |
| Board of education                      | 556,874                        | -                           | 639,543                                | -                                       |
| Administration                          | 3,147,054                      | -                           | 6,483,332                              | -                                       |
| Fiscal                                  | 3,510,872                      | -                           | 3,175,566                              | -                                       |
| Business                                | 934,024                        | -                           | 1,047,575                              | -                                       |
| Operation and maintenance of plant      | 12,114,146                     | -                           | 12,691,307                             | -                                       |
| Pupil transportation                    | 3,660,423                      | -                           | 4,122,183                              | -                                       |
| Central                                 | 3,242,196                      | -                           | 4,125,428                              | -                                       |
| Food service operations                 | 9,418                          | -                           | 6,944                                  | -                                       |
| Community services                      | 3,005,501                      | -                           | 3,348,015                              | -                                       |
| Other non-instructional services        | 584                            | -                           | 423                                    | -                                       |
| Extracurricular activities              | 1,082,469                      | -                           | 1,549,558                              | -                                       |
| Interest and fiscal charges             | 7,184,831                      | -                           | 7,364,064                              | -                                       |
| Food services                           | -                              | 2,354,594                   | -                                      | 2,579,471                               |
| Uniform school supplies                 | -                              | 1,481                       | -                                      | 3,394                                   |
| Customer services                       | -                              | 9,578                       | -                                      | 7,974                                   |
| Community services/early childhood      | -                              | -                           | -                                      | 919,274                                 |
| Total program expenses                  | <u>76,345,219</u>              | <u>2,365,653</u>            | <u>132,520,382</u>                     | <u>3,510,113</u>                        |
| Change in net position before transfers | 59,859,046                     | 556,964                     | (13,852,777)                           | 37,237                                  |
| Transfers                               | <u>-</u>                       | <u>-</u>                    | <u>(1,271,323)</u>                     | <u>1,271,323</u>                        |
| Change in net position                  | 59,859,046                     | 556,964                     | (15,124,100)                           | 1,308,560                               |
| Net position at beginning of year       | <u>(108,076,094)</u>           | <u>(2,608,926)</u>          | <u>N/A</u>                             | <u>N/A</u>                              |
| Net position at end of year             | <u>\$ (48,217,048)</u>         | <u>\$ (2,051,962)</u>       | <u>\$ (108,076,094)</u>                | <u>\$ (2,608,926)</u>                   |

# Cleveland Heights-University Heights City School District

## Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2018

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### *Effects of GASB 75*

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$236,907 in governmental activities and \$9,871 in the business-type activities computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$(4,765,904) in governmental activities and \$14,430 in the business-type activities. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

|  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
|--|------------------------------------|-------------------------------------|
| Total 2018 program expenses under GASB 75        | \$ 76,345,219                      | \$ 2,365,653                        |
| OPEB expense under GASB 67                       | 4,765,904                          | (14,430)                            |
| 2018 Contractually required contribution         | <u>300,633</u>                     | <u>12,526</u>                       |
| Adjusted 2018 program expenses                   | 81,411,756                         | 2,363,749                           |
| Total 2017 program expenses under GASB 45        | <u>132,520,382</u>                 | <u>3,510,113</u>                    |
| Decrease in program expenses not related to OPEB | \$ <u><u>(51,108,626)</u></u>      | \$ <u><u>(1,146,364)</u></u>        |

The large decrease in program expenses not related to OPEB is due to the change in pension expense related to a decrease in the District's net pension liability.

### *Effects of GASB 68*

Under GASB 68, pension expense represents additional amounts earned based on a proportionate share of the pension fund liability adjusted by a corresponding proportionate share of deferred outflows and inflows. Under GASB 68, the pension expense for 2018 is \$(40,578,211), while in 2017 pension expense was \$15,160,398. The District was required to contribute \$8,418,514 and \$8,210,762 during 2018 and 2017, respectively.

### *Governmental Activities*

The District passed an 8.5 mill levy in March 2004, a 7.2 mill levy in November 2007, a 6.9 mill levy in November 2011, a \$134.8 bond issue in November 2013, and most recently a 5.5 mil levy in November 2016. Additionally, the District cut \$6 million from the budget for the 2004-2005 fiscal year, \$1 million from the 2007-2008 fiscal year budget by closing an elementary school, \$3 million from the 2009-2010 fiscal year budget, \$5 million in permanent budget cuts for fiscal year 2015-2016 and \$3.25 million in fiscal year 2016-2017.

# Cleveland Heights-University Heights City School District

## Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2018

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and its value was increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become 0.5 mills and the owner would still pay \$35.00. Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service. Property taxes made up 64 percent of total governmental activities revenues for the District in fiscal year 2018.

Instruction and support services each comprise 43 percent of governmental program expenses. The operation of non-instructional services made up 5 percent of governmental program expenses. Interest expense was 9 percent. Interest expense was attributable to the outstanding bonds and other borrowings for capital projects. Overall, governmental program expenses decreased approximately \$56.2 million which was mainly due to a decrease in pension (\$55.5 million) and OPEB (\$4.7 million) expenses. Regular and special education costs were the most affected as these costs decreased \$41.0 million in fiscal year 2018 due to GASB 68 and 75.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018 and 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

| <b>Governmental Activities</b>                             |  |                                      |  |                                      |
|--|--|--------------------------------------|--|--------------------------------------|
|  | <u>Total Cost of<br/>Services 2018</u> | <u>Net Cost of<br/>Services 2018</u> | <u>Total Cost of<br/>Services 2017</u> | <u>Net Cost of<br/>Services 2017</u> |
| Program expenses:  |  |                                      |  |                                      |
| Instruction  | \$ 32,520,234                          | \$ 23,589,718                        | \$ 74,510,396                          | \$ 65,835,821                        |
| Pupil and instructional staff                              | 5,376,593                              | 5,358,593                            | 13,456,048                             | 13,350,137                           |
| Board of education, administration,<br>fiscal and business | 8,148,824                              | 7,992,616                            | 11,346,016                             | 11,093,760                           |
| Operation and maintenance - plant                          | 12,114,146                             | 12,114,146                           | 12,691,307                             | 12,691,307                           |
| Pupil transportation                                       | 3,660,423                              | 3,622,019                            | 4,122,183                              | 4,115,259                            |
| Central services   | 3,242,196                              | 3,242,196                            | 4,125,428                              | 4,125,428                            |
| Food service operations                                    | 9,418                                  | 9,418                                | 6,944                                  | 6,944                                |
| Community services   | 3,005,501                              | 684,579                              | 3,348,015                              | 780,285                              |
| Other non-instructional services                           | 584                                    | 584                                  | 423                                    | 423                                  |
| Extracurricular activities                                 | 1,082,469                              | 963,389                              | 1,549,558                              | 1,457,380                            |
| Interest and fiscal charges                                | <u>7,184,831</u>                       | <u>7,184,831</u>                     | <u>7,364,064</u>                       | <u>7,364,064</u>                     |
| Total program expenses                                     | <u>\$ 76,345,219</u>                   | <u>\$ 64,762,089</u>                 | <u>\$ 132,520,382</u>                  | <u>\$ 120,820,808</u>                |

The dependence upon tax revenues during fiscal year 2018 for governmental activities is apparent.

### ***Business-Type Activities***

Business-type activities include food service operation, uniform school supplies, and customer services. These programs had revenues and other sources of \$2,922,617 and expenses of \$2,365,653 for fiscal year 2018. This resulted in an increase to net position for the fiscal year of \$556,964.

# Cleveland Heights-University Heights City School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2018

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## The School District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current year, the District's governmental funds reported combined ending fund balances of \$75,401,432, a decrease of \$7,388,374 in comparison with the prior year. Approximately 21 percent of this total amount, \$15,705,586, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is not available for new spending because it is restricted by external parties, \$48,725,311; has already been assigned, \$10,369,467; or is in a nonspendable form, \$601,068.

The General Fund is the chief operating fund of the District. The District's General Fund balance increased by \$2,752,624 in fiscal year 2018 due to an increase in taxes revenue of \$13.6 million.

| <u>Revenues</u>   | 2018<br><u>Amount</u> | 2017<br><u>Amount</u> | Percentage<br><u>Change</u> |
|-------------------|-----------------------|-----------------------|-----------------------------|
| Taxes             | \$ 75,057,676         | \$ 61,427,768         | 22%                         |
| Interest earnings | 413,586               | 307,885               | 34%                         |
| Intergovernmental | 31,570,359            | 31,085,791            | 2%                          |
| Other revenue     | <u>6,376,731</u>      | <u>7,923,528</u>      | (20)%                       |
| Total             | \$ <u>113,418,352</u> | \$ <u>100,744,972</u> |                             |

The table that follows assists in illustrating the expenditures of the General Fund.

| <u>Expenditures by Function</u>  | 2018<br><u>Amount</u> | 2017<br><u>Amount</u> | Percentage<br><u>Change</u> |
|----------------------------------|-----------------------|-----------------------|-----------------------------|
| Instruction                      | \$ 68,504,179         | \$ 67,248,545         | 2%                          |
| Support services                 | 40,580,690            | 39,626,082            | 2%                          |
| Other non-instructional services | 24,906                | 36,430                | (32)%                       |
| Food service operations          | 79                    | 1,605                 | (95)%                       |
| Extracurricular activities       | 1,171,491             | 1,098,369             | 7%                          |
| Debt service                     | <u>107,409</u>        | <u>107,409</u>        | 0%                          |
| Total                            | \$ <u>110,388,754</u> | \$ <u>108,118,440</u> |                             |

Overall, expenses in the General Fund are up 2 percent from 2017. The main factors resulting in this fluctuation is an increase in instruction and support services during 2018.

# Cleveland Heights-University Heights City School District

## Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2018

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The Building Fund is the District's other major governmental fund. During fiscal year 2018, the major source of revenue in this fund was related to earnings on investments. This was earned on the debt proceeds that have been deposited for the facilities construction projects still ongoing. The total expenses in the Building Fund were \$12,409,424 and were mostly capital outlay related to the same project referenced above. The fund balance of the Building Fund decreased \$11,858,609 from \$43,959,467 to \$32,100,858 in 2018.

The fund balance of the other governmental funds increased \$1,717,611 to \$15,642,483 during the year ended June 30, 2018. The largest expenditure is for debt services related to payments on the debt taken out to fund the master facilities project.

### ***Proprietary Funds***

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the District's business-type activities.

### ***General Fund Budget Information***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2018, the District amended its budget to reflect the fluctuations of actual revenues received/collected. The District uses a modified site-based budgeting technique which is designed to tightly control site budgets but provide flexibility for site management.

The District's General Fund budget was prepared and approved at the fund level for fiscal year 2018. During the course of fiscal year 2018, the total budget was changed multiple times. For the General Fund, final budgeted revenues and other financing sources were \$106,666,917, or \$3,909,147 lower than the original budget. Actual revenues and other financing sources for fiscal year 2018 were \$118,477,206. Actual differed from the final budget mainly due to higher than anticipated collection of taxes revenue. General Fund original appropriations and other financing uses of \$121,019,474 decreased to \$121,019,473 in the final budget. The actual expenditures and other financing uses for fiscal year 2018 totaled \$115,281,570, which was \$5,737,903 less than the final budget appropriations. Actual differed from final budget due to lower than anticipated advances out.

### ***Capital Assets***

The District had \$156,410,415 invested in capital assets net of depreciation, with \$156,351,589 attributed to government activities. Net acquisition for governmental activities totaled \$14,191,890 and depreciation was \$3,800,499. The majority of the additions were for building renovations and improvements. Detailed information regarding capital asset activities is included in the notes to the basic financial statements (Note 9).



# Cleveland Heights-University Heights City School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2018

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## Debt

At June 30, 2018, the District has \$156,059,278 in outstanding long-term bond debt and of this amount \$1,045,000 is due within one year. The District paid \$1,020,000 in principal on bonds outstanding. In addition, the District refunded \$60.725 million of the 2014 Series School Improvement Bonds by issuing \$60.725 million in 2017 School Improvement Refunding Bonds during the year ended June 30, 2018. The District also has \$18,959,067 of certificates of participation outstanding at June 30, 2018 and of this amount \$460,000 is due within one year. The District has capital leases of \$241,861 outstanding at June 30, 2018, with \$94,359 due within one year. The District paid \$95,268 on capital leases outstanding during the fiscal year ended June 30, 2018. October 4, 2018, Moody's downgraded the District's general obligation unlimited tax (GOULT) to A1 from Aa3 as well as its certificates of participation (COPs) to A2 from A1. Detailed information regarding long-term debt activity and capital lease obligations activity is included in the notes to the basic financial statements (Notes 14 and 15, respectively).

## Economic Factors

The Board of Education and the administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the District is not without its challenges. These challenges stem from issues that are local and at the state level. At the local level, the taxpayers must approve additional levies to pay for unfunded mandates as well as continue the programs they have come to expect as normal operations. The state and local economy is stressed after experiencing a recession. Recovery is anticipated to be slow and drawn out.

The District is dependent on local taxpayers. As discussed earlier, the District passed an 8.5 mill levy in March of 2004. However, as the District lost approximately \$9 million in tax collection due to prior levy defeats, the District was required to make \$6 million in permanent budget reductions. Additionally, the District passed a 7.2 mill levy in November of 2007, a 6.9 mill levy in 2011 and a 5.5 mill operating levy in November, 2016. The Board of Education and administration of the District continue to exercise careful financial planning and prudent fiscal management in order to preserve the financial stability of the District, including closing an elementary school at the end of fiscal year 2007 to provide more efficient and effective instruction at the elementary level while saving nearly \$1 million annually in operating costs, as well as closing a middle school at the end of fiscal year 2013 saving \$1.5 million in operating costs. The District continues to streamline operations and annually identifies potential budget reductions and opportunities to operate efficiently and effectively.

## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. A. Scott Gainer, Chief Financial Officer, Cleveland Heights - University Heights City School District by calling (216) 371-7171.

**AANISAH QADIR**  
Grade 3  
Boulevard Elementary



**AUDREY CAMPBELL**  
Grade K  
Boulevard Elementary





CLEVELAND  
UNIVERSITY **HEIGHTS**  
CITY SCHOOL DISTRICT  

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UNIVERSITY HEIGHTS, OHIO

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CLEVELAND HEIGHTS - UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT  
*University Heights, Ohio*

# *Basic Financial* STATEMENTS



**ETHAN ZOLDAK**  
Grade 12, CHHS



CLEVELAND **HEIGHTS**  
UNIVERSITY  
CITY SCHOOL DISTRICT  
UNIVERSITY HEIGHTS, OHIO

# Cleveland Heights-University Heights City School District

## Statement of Net Position

June 30, 2018

|   | <u>Primary Government</u>          |   | <u>Total</u>       |
|---|------------------------------------|---|--------------------|
|   | <u>Governmental<br/>Activities</u> | <u>Business -<br/>Type<br/>Activities</u> |                    |
| <b>Assets:</b>                          |                                    |   |                    |
| Equity in pooled cash and investments   | \$ 74,992,241                      | \$ 113,220                                | \$ 75,105,461      |
| Accounts receivable                     | 342,414                            | -   | 342,414            |
| Prepaid items                           | 380,970                            | 2,194                                     | 383,164            |
| Intergovernmental receivable            | 4,850,340                          | 59,491                                    | 4,909,831          |
| Internal balances                       | 500,000                            | (500,000)                                 | -                  |
| Materials and supplies inventory        | 368,832                            | 7,276                                     | 376,108            |
| Inventory held for resale               | -                                  | 19,161                                    | 19,161             |
| Taxes receivable                        | 101,350,956                        | -   | 101,350,956        |
| Restricted cash and investments         | 5,146,803                          | -   | 5,146,803          |
| Nondepreciable capital assets           | 8,090,568                          | -   | 8,090,568          |
| Depreciable capital assets, net         | <u>148,261,021</u>                 | <u>58,826</u>                             | <u>148,319,847</u> |
| Total assets                            | <u>344,284,145</u>                 | <u>(239,832)</u>                          | <u>344,044,313</u> |
| <b>Deferred outflows of resources:</b>  |                                    |   |                    |
| Deferred loss on refunding              | 8,564,296                          | -   | 8,564,296          |
| Pension                                 | 40,496,547                         | 179,079                                   | 40,675,626         |
| OPEB                                    | <u>1,222,223</u>                   | <u>12,526</u>                             | <u>1,234,749</u>   |
| Total deferred outflows of resources    | <u>50,283,066</u>                  | <u>191,605</u>                            | <u>50,474,671</u>  |
| <b>Liabilities:</b>                     |                                    |   |                    |
| Accounts payable                        | 4,417,348                          | 219,041                                   | 4,636,389          |
| Accrued wages and benefits              | 6,938,604                          | 5,096                                     | 6,943,700          |
| Matured compensated absences            | 144,512                            | -   | 144,512            |
| Intergovernmental payable               | 1,336,152                          | 6,395                                     | 1,342,547          |
| Accrued interest payable                | 617,142                            | -   | 617,142            |
| Claims payable                          | 1,791,800                          | -   | 1,791,800          |
| <b>Long-term liabilities:</b>           |                                    |   |                    |
| Due within one year                     | 2,083,834                          | 2,567                                     | 2,086,401          |
| Due in more than one year:              |                                    |   |                    |
| Net pension liability                   | 122,339,114                        | 1,047,351                                 | 123,386,465        |
| Net OPEB liability                      | 27,444,278                         | 478,309                                   | 27,922,587         |
| Other amounts due in more than one year | <u>180,169,443</u>                 | <u>34,105</u>                             | <u>180,203,548</u> |
| Total liabilities                       | <u>347,282,227</u>                 | <u>1,792,864</u>                          | <u>349,075,091</u> |

Continued

The accompanying notes are an integral part of these financial statements.

# Cleveland Heights-University Heights City School District

## Statement of Net Position (continued)

June 30, 2018

|  | <u>Primary Government</u>          |   | <u>Total</u>           |
|--|------------------------------------|---|------------------------|
|  | <u>Governmental<br/>Activities</u> | <u>Business -<br/>Type<br/>Activities</u> |                        |
| Deferred inflows of resources:         |                                    |   |                        |
| Property taxes                         | 71,702,402                         | -   | 71,702,402             |
| Payments in lieu of taxes              | 99,792                             | -   | 99,792                 |
| Pension                                | 18,233,408                         | 125,273                                   | 18,358,681             |
| OPEB                                   | <u>5,466,430</u>                   | <u>85,598</u>                             | <u>5,552,028</u>       |
| Total deferred inflows of resources    | <u>95,502,032</u>                  | <u>210,871</u>                            | <u>95,712,903</u>      |
| Net position:                          |                                    |   |                        |
| Net investment in capital assets       | 25,104,971                         | 58,826                                    | 25,163,797             |
| Restricted for:                        |                                    |   |                        |
| Capital projects                       | 10,079,692                         | -   | 10,079,692             |
| State programs                         | 307,460                            | -   | 307,460                |
| Federal programs                       | 20,891                             | -   | 20,891                 |
| Qualified Zone Academy Bond retirement | 5,146,803                          | -   | 5,146,803              |
| Other                                  | 201,217                            | -   | 201,217                |
| Unrestricted (deficit)                 | <u>(89,078,082)</u>                | <u>(2,110,788)</u>                        | <u>(91,188,870)</u>    |
| Total net position (deficit)           | <u>\$ (48,217,048)</u>             | <u>\$ (2,051,962)</u>                     | <u>\$ (50,269,010)</u> |

The accompanying notes are an integral part of these financial statements.

# Cleveland Heights-University Heights City School District

## Statement of Activities

For the Fiscal Year Ended June 30, 2018

|   | <u>Expenses</u>      | <u>Program Revenues</u>     |   |
|---|----------------------|-----------------------------|---|
|   |                      | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> |
| Governmental activities:                      |                      |                             |   |
| Instruction:                                  |                      |                             |   |
| Regular                                       | \$ 12,949,352        | \$ 629,659                  | \$ 874,223                                |
| Special                                       | 12,702,297           | 3,370,647                   | 3,766,969                                 |
| Vocational                                    | 733,208              | 3,590                       | 285,428                                   |
| Other   | 6,135,377            | -                           | -   |
| Support services:                             |                      |                             |   |
| Pupil   | 2,740,833            | -                           | 18,000                                    |
| Instructional staff                           | 2,635,760            | -                           | -   |
| Board of education                            | 556,874              | -                           | -   |
| Administration                                | 3,147,054            | 156,208                     | -   |
| Fiscal  | 3,510,872            | -                           | -   |
| Business                                      | 934,024              | -                           | -   |
| Operations and maintenance of plant           | 12,114,146           | -                           | -   |
| Pupil transportation                          | 3,660,423            | 38,404                      | -   |
| Central                                       | 3,242,196            | -                           | -   |
| Operation of non-instructional services:      |                      |                             |   |
| Food service operations                       | 9,418                | -                           | -   |
| Community services                            | 3,005,501            | -                           | 2,320,922                                 |
| Other operation of non-instructional services | 584                  | -                           | -   |
| Extracurricular activities                    | 1,082,469            | 119,080                     | -   |
| Interest and fiscal charges                   | 7,184,831            | -                           | -   |
| Total governmental activities                 | <u>76,345,219</u>    | <u>4,317,588</u>            | <u>7,265,542</u>                          |
| Business-type activities:                     |                      |                             |   |
| Food services                                 | 2,354,594            | 184,268                     | 2,713,260                                 |
| Uniform school supplies                       | 1,481                | 15,636                      | -   |
| Customer services                             | 9,578                | 9,453                       | -   |
| Total business-type activities                | <u>2,365,653</u>     | <u>209,357</u>              | <u>2,713,260</u>                          |
| Totals  | <u>\$ 78,710,872</u> | <u>\$ 4,526,945</u>         | <u>\$ 9,978,802</u>                       |

General revenues:

- Property taxes levied for:
  - General purposes
  - Debt service
  - Capital projects
- Grant and entitlements not restricted to specific programs
- Investment earnings
- Miscellaneous
- Total general revenues
- Change in net position
- Net position (deficit) at beginning of year, restated
- Net position (deficit) at end of year

The accompanying notes are an integral part of these financial statements.



| Net (Expense) Revenues and<br>Changes in Net Position |                                  |                               |
|---|----------------------------------|-------------------------------|
| Governmental<br>Activities                            | Business -<br>Type<br>Activities | Total                         |
| \$ (11,445,470)                                       | \$ -                             | \$ (11,445,470)               |
| (5,564,681)   | -                                | (5,564,681)                   |
| (444,190)   | -                                | (444,190)                     |
| (6,135,377)   | -                                | (6,135,377)                   |
| (2,722,833)   | -                                | (2,722,833)                   |
| (2,635,760)   | -                                | (2,635,760)                   |
| (556,874)   | -                                | (556,874)                     |
| (2,990,846)   | -                                | (2,990,846)                   |
| (3,510,872)   | -                                | (3,510,872)                   |
| (934,024)   | -                                | (934,024)                     |
| (12,114,146)  | -                                | (12,114,146)                  |
| (3,622,019)   | -                                | (3,622,019)                   |
| (3,242,196)   | -                                | (3,242,196)                   |
| (9,418)   | -                                | (9,418)                       |
| (684,579)   | -                                | (684,579)                     |
| (584)   | -                                | (584)                         |
| (963,389)   | -                                | (963,389)                     |
| <u>(7,184,831)</u>                                    | <u>-</u>                         | <u>(7,184,831)</u>            |
| <u>(64,762,089)</u>                                   | <u>-</u>                         | <u>(64,762,089)</u>           |
| -   | 542,934                          | 542,934                       |
| -   | 14,155                           | 14,155                        |
| -   | <u>(125)</u>                     | <u>(125)</u>                  |
| -   | <u>556,964</u>                   | <u>556,964</u>                |
| <u>(64,762,089)</u>                                   | <u>556,964</u>                   | <u>(64,205,125)</u>           |
| 76,763,349  | -                                | 76,763,349                    |
| 7,759,557   | -                                | 7,759,557                     |
| 3,302,707   | -                                | 3,302,707                     |
| 32,960,944  | -                                | 32,960,944                    |
| 1,178,732   | -                                | 1,178,732                     |
| <u>2,655,846</u>                                      | <u>-</u>                         | <u>2,655,846</u>              |
| <u>124,621,135</u>                                    | <u>-</u>                         | <u>124,621,135</u>            |
| 59,859,046  | 556,964                          | 60,416,010                    |
| <u>(108,076,094)</u>                                  | <u>(2,608,926)</u>               | <u>(110,685,020)</u>          |
| \$ <u><u>(48,217,048)</u></u>                         | \$ <u><u>(2,051,962)</u></u>     | \$ <u><u>(50,269,010)</u></u> |

# Cleveland Heights-University Heights City School District

## Balance Sheet – Governmental Funds

June 30, 2018

|  | <u>General</u>        | <u>Building</u>      | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-----------------------|----------------------|--|---|
| <b>Assets:</b>   |                       |                      |  |   |
| Equity in pooled cash and investments                                | \$ 22,999,583         | \$ 34,393,964        | \$ 11,468,361                              | \$ 68,861,908                           |
| Accounts receivable  | 188,780               | 127,674              | 23,575                                     | 340,029                                 |
| Intergovernmental receivable   | 3,941,373             | -                    | 908,967                                    | 4,850,340                               |
| Interfund receivable   | 2,116,619             | -                    | -  | 2,116,619                               |
| Materials and supplies inventory                                     | 368,832               | -                    | -  | 368,832                                 |
| Prepaid items  | 232,236               | -                    | -  | 232,236                                 |
| Taxes receivable   | 88,841,533            | -                    | 12,509,423                                 | 101,350,956                             |
| Restricted cash and investments                                      | -                     | -                    | <u>5,146,803</u>                           | <u>5,146,803</u>                        |
| Total assets   | <u>\$ 118,688,956</u> | <u>\$ 34,521,638</u> | <u>\$ 30,057,129</u>                       | <u>\$ 183,267,723</u>                   |
| <b>Liabilities, deferred inflows of resources and fund balances:</b> |                       |                      |  |   |
| <b>Liabilities:</b>  |                       |                      |  |   |
| Accounts payable   | \$ 1,635,798          | \$ 2,321,564         | \$ 456,124                                 | \$ 4,413,486                            |
| Accrued wages and benefits   | 6,687,585             | -                    | 251,019                                    | 6,938,604                               |
| Interfund payable  | -                     | -                    | 1,616,619                                  | 1,616,619                               |
| Matured compensated absences   | 144,512               | -                    | -  | 144,512                                 |
| Intergovernmental payable  | <u>1,283,732</u>      | <u>-</u>             | <u>52,420</u>                              | <u>1,336,152</u>                        |
| Total liabilities  | <u>9,751,627</u>      | <u>2,321,564</u>     | <u>2,376,182</u>                           | <u>14,449,373</u>                       |
| <b>Deferred inflows of resources:</b>                                |                       |                      |  |   |
| Property taxes   | 62,779,283            | -                    | 8,923,119                                  | 71,702,402                              |
| Payments in lieu of taxes  | 99,792                | -                    | -  | 99,792                                  |
| Unavailable revenue  | <u>18,400,163</u>     | <u>99,216</u>        | <u>3,115,345</u>                           | <u>21,614,724</u>                       |
| Total deferred inflows of resources                                  | <u>81,279,238</u>     | <u>99,216</u>        | <u>12,038,464</u>                          | <u>93,416,918</u>                       |
| <b>Fund balances:</b>  |                       |                      |  |   |
| Nonspendable   | 601,068               | -                    | -  | 601,068                                 |
| Restricted   | -                     | 32,100,858           | 16,624,453                                 | 48,725,311                              |
| Assigned   | 10,369,467            | -                    | -  | 10,369,467                              |
| Unassigned (deficit)   | <u>16,687,556</u>     | <u>-</u>             | <u>(981,970)</u>                           | <u>15,705,586</u>                       |
| Total fund balances  | <u>27,658,091</u>     | <u>32,100,858</u>    | <u>15,642,483</u>                          | <u>75,401,432</u>                       |
| Total liabilities, deferred inflows of resources and fund balances   | <u>\$ 118,688,956</u> | <u>\$ 34,521,638</u> | <u>\$ 30,057,129</u>                       | <u>\$ 183,267,723</u>                   |

The accompanying notes are an integral part of these financial statements.

# Cleveland Heights-University Heights City School District

## Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

June 30, 2018

|  |    |                     |                            |
|--|----|---------------------|----------------------------|
| Total governmental funds balances  | \$ | 75,401,432          |                            |
| Amounts reported for governmental activities in the Statement of Net Position are different because:   |    |                     |                            |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  |    |                     | 156,351,589                |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.  |    |                     |                            |
| Property and other taxes   | \$ | 18,695,672          |                            |
| Intergovernmental  |    | 402,908             |                            |
| Miscellaneous  |    | 19,539              |                            |
| Investment earnings  |    | 181,584             |                            |
| Tuition  |    | 1,416,602           |                            |
| Grants   |    | <u>898,419</u>      |                            |
| Total  |    |                     | 21,614,724                 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. |    |                     | 4,485,790                  |
| In the government-wide financial statements, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.   |    |                     | (617,142)                  |
| The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:   |    |                     |                            |
| Deferred outflows – pension  |    | 40,496,547          |                            |
| Deferred inflows – pension   |    | (18,233,408)        |                            |
| Net pension liability  |    | (122,339,114)       |                            |
| Deferred outflows – OPEB   |    | 1,222,223           |                            |
| Deferred inflows – OPEB  |    | (5,466,430)         |                            |
| Net OPEB liability   |    | <u>(27,444,278)</u> |                            |
| Total  |    |                     | (131,764,460)              |
| Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.   |    |                     |                            |
| Library improvement refunding bonds  |    | (4,570,000)         |                            |
| Qualified zone academy bonds   |    | (5,500,000)         |                            |
| Certificates of participation  |    | (18,985,000)        |                            |
| General obligation school improvement bonds  |    | (134,089,915)       |                            |
| Accretion of CABs  |    | (1,318,766)         |                            |
| Deferred charge on refunding   |    | 8,564,296           |                            |
| Unamortized charges – premium  |    | (10,580,597)        |                            |
| Unamortized charges – discount   |    | 25,933              |                            |
| Capital leases   |    | (241,861)           |                            |
| Early retirement incentive   |    | (72,000)            |                            |
| Compensated absences   |    | <u>(6,921,071)</u>  |                            |
| Total  |    |                     | <u>(173,688,981)</u>       |
| Net position of governmental activities  | \$ |                     | <u><u>(48,217,048)</u></u> |

The accompanying notes are an integral part of these financial statements.

# Cleveland Heights-University Heights City School District

## Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the Fiscal Year Ended June 30, 2018

|  | <u>General</u>     | <u>Building</u>     | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|--------------------|---------------------|--|---|
| <b>Revenues:</b>                                 |                    |                     |  |   |
| Taxes  | \$ 75,057,676      | \$ -                | \$ 10,823,828                              | \$ 85,881,504                           |
| Intergovernmental                                | 31,570,359         | -                   | 8,248,075                                  | 39,818,434                              |
| Grants   | -                  | -                   | 136,652                                    | 136,652                                 |
| Tuition and fees                                 | 3,730,574          | -                   | -  | 3,730,574                               |
| Earnings on investments                          | 413,586            | 550,815             | 193,992                                    | 1,158,393                               |
| Extracurricular activities                       | 44,238             | -                   | 164,095                                    | 208,333                                 |
| Classroom materials and fees                     | 5,639              | -                   | -  | 5,639                                   |
| Miscellaneous                                    | <u>2,596,280</u>   | <u>-</u>            | <u>216,954</u>                             | <u>2,813,234</u>                        |
| Total revenues                                   | <u>113,418,352</u> | <u>550,815</u>      | <u>19,783,596</u>                          | <u>133,752,763</u>                      |
| <b>Expenditures:</b>                             |                    |                     |  |   |
| <b>Current:</b>                                  |                    |                     |  |   |
| <b>Instruction:</b>                              |                    |                     |  |   |
| Regular  | 39,242,231         | -                   | 578,021                                    | 39,820,252                              |
| Special  | 20,982,769         | -                   | 1,836,275                                  | 22,819,044                              |
| Vocational                                       | 1,905,296          | -                   | 227,951                                    | 2,133,247                               |
| Other  | 6,373,883          | -                   | 16,138                                     | 6,390,021                               |
| <b>Support services:</b>                         |                    |                     |  |   |
| Pupil  | 7,572,409          | -                   | 372,735                                    | 7,945,144                               |
| Instructional staff                              | 4,524,975          | -                   | 1,223,752                                  | 5,748,727                               |
| Board of education                               | 563,822            | -                   | -  | 563,822                                 |
| Administration                                   | 5,817,574          | -                   | 378,715                                    | 6,196,289                               |
| Fiscal   | 3,084,973          | 26,560              | 650,037                                    | 3,761,570                               |
| Business   | 833,840            | -                   | 18,000                                     | 851,840                                 |
| Operations and maintenance of plant              | 10,470,015         | -                   | 1,625,159                                  | 12,095,174                              |
| Pupil transportation                             | 4,023,296          | -                   | 15,040                                     | 4,038,336                               |
| Central  | 3,689,786          | -                   | 22,693                                     | 3,712,479                               |
| <b>Operation of non-instructional services:</b>  |                    |                     |  |   |
| Food service operations                          | 79                 | -                   | 4,000                                      | 4,079                                   |
| Community services                               | 24,322             | -                   | 2,985,142                                  | 3,009,464                               |
| Other non-instructional services                 | 584                | -                   | -  | 584                                     |
| Extracurricular activities                       | 1,171,491          | -                   | 419,421                                    | 1,590,912                               |
| Facilities acquisition and construction services | -                  | 12,382,864          | -  | 12,382,864                              |
| <b>Debt service:</b>                             |                    |                     |  |   |
| Principal  | 95,268             | -                   | 1,475,000                                  | 1,570,268                               |
| Interest and fiscal charges                      | 12,141             | -                   | 6,496,380                                  | 6,508,521                               |
| Issuance costs                                   | <u>-</u>           | <u>-</u>            | <u>438,253</u>                             | <u>438,253</u>                          |
| Total expenditures                               | <u>110,388,754</u> | <u>12,409,424</u>   | <u>18,782,712</u>                          | <u>141,580,890</u>                      |
| Excess of revenues over (under) expenditures     | <u>3,029,598</u>   | <u>(11,858,609)</u> | <u>1,000,884</u>                           | <u>(7,828,127)</u>                      |

Continued

The accompanying notes are an integral part of these financial statements.

# Cleveland Heights-University Heights City School District

## Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (continued)

For the Fiscal Year Ended June 30, 2018

|                                      | <u>General</u>       | <u>Building</u>      | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------------|----------------------|----------------------|--|---|
| Other financing sources (uses):      |                      |                      |  |   |
| Transfers - in                       | -                    | -                    | 276,974                                    | 276,974                                 |
| Transfers - out                      | (276,974)            | -                    | -  | (276,974)                               |
| Issuance of bonds                    | -                    | -                    | 60,725,000                                 | 60,725,000                              |
| Premium on issuance of bonds         | -                    | -                    | 9,804,394                                  | 9,804,394                               |
| Payment to refunded escrow agent     | -                    | -                    | (70,089,641)                               | (70,089,641)                            |
| Total other financing sources (uses) | <u>(276,974)</u>     | <u>-</u>             | <u>716,727</u>                             | <u>439,753</u>                          |
| Net change in fund balance           | 2,752,624            | (11,858,609)         | 1,717,611                                  | (7,388,374)                             |
| Fund balance at beginning of year    | <u>24,905,467</u>    | <u>43,959,467</u>    | <u>13,924,872</u>                          | <u>82,789,806</u>                       |
| Fund balance at end of year          | \$ <u>27,658,091</u> | \$ <u>32,100,858</u> | \$ <u>15,642,483</u>                       | \$ <u>75,401,432</u>                    |

The accompanying notes are an integral part of these financial statements.

# Cleveland Heights-University Heights City School District

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2018

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Net change in fund balances - total governmental funds \$ (7,388,374)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and depreciation differed in the current period.

|                |                    |            |
|----------------|--------------------|------------|
| Capital outlay | \$ 14,191,890      |            |
| Depreciation   | <u>(3,800,499)</u> |            |
| Total          |                    | 10,391,391 |

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

|                                     |                |           |
|-------------------------------------|----------------|-----------|
| Delinquent property and other taxes | 1,944,109      |           |
| Investment earnings                 | 20,339         |           |
| Tuition                             | 258,063        |           |
| Accounts receivable                 | 19,539         |           |
| Intergovernmental                   | <u>209,452</u> |           |
| Total                               |                | 2,451,502 |

Other financing sources in the governmental funds that increase long-term liabilities in the Statement of Net Position.

|                                     |                    |              |
|-------------------------------------|--------------------|--------------|
| School improvement bonds            | (60,725,000)       |              |
| Premium on school improvement bonds | <u>(9,804,394)</u> |              |
| Total                               |                    | (70,529,394) |

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

71,659,909

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds are reported with governmental activities.

(99,703)

Continued

# Cleveland Heights-University Heights City School District

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (continued)

For the Fiscal Year Ended June 30, 2018

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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

|   |               |           |
|---|---------------|-----------|
| Compensated absences                          | (255,282)     |           |
| Early retirement incentive                    | (24,000)      |           |
| Amortization of premium and discount          | 190,326       |           |
| Amortization of deferred loss<br>on refunding | (127,826)     |           |
| Accretion on capital appreciation bonds       | (370,027)     |           |
| Interest expense                              | <u>69,470</u> |           |
| Total   |               | (517,339) |

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

|         |                |           |
|---------|----------------|-----------|
| Pension | 8,338,667      |           |
| OPEB    | <u>300,633</u> |           |
| Total   |                | 8,639,300 |

Except for amounts reported as deferred outflows/inflows, changes in net pension/OPEB liability are reported as pension/OPEB expense in the Statement of Activities.

|         |                  |                   |
|---------|------------------|-------------------|
| Pension | 40,485,850       |                   |
| OPEB    | <u>4,765,904</u> |                   |
| Total   |                  | <u>45,251,754</u> |

Change in net position of governmental activities \$ 59,859,046

The accompanying notes are an integral part of these financial statements.

# Cleveland Heights-University Heights City School District

## Statement of Revenues, Expenditures and Changes in Fund Balances Budget (Non-GAAP Budgetary Basis) and Actual – General Fund

For the Fiscal Year Ended June 30, 2018

|  | Budget             |                    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|---|
|  | Original           | Final              |                    |   |
| Revenues:                                    |                    |                    |                    |   |
| Taxes  | \$ 72,103,979      | \$ 68,681,833      | \$ 76,768,294      | \$ 8,086,461  |
| Intergovernmental                            | 29,231,329         | 28,860,531         | 31,736,162         | 2,875,631   |
| Tuition and fees                             | 4,304,265          | 4,249,665          | 4,673,097          | 423,432   |
| Earnings on investments                      | 605,982            | 598,296            | 657,909            | 59,613  |
| Miscellaneous                                | 2,554,417          | 2,522,015          | 2,773,314          | 251,299   |
| Total revenues                               | <u>108,799,972</u> | <u>104,912,340</u> | <u>116,608,776</u> | <u>11,696,436</u>                                       |
| Expenditures:                                |                    |                    |                    |   |
| Current:                                     |                    |                    |                    |   |
| Instruction:                                 |                    |                    |                    |   |
| Regular                                      | 41,571,102         | 41,571,101         | 39,856,833         | 1,714,268   |
| Special                                      | 20,838,953         | 20,838,953         | 20,804,228         | 34,725  |
| Vocational                                   | 1,724,693          | 1,724,693          | 1,885,201          | (160,508)   |
| Other  | 4,727,629          | 4,727,629          | 6,402,294          | (1,674,665)   |
| Support services:                            |                    |                    |                    |   |
| Pupil  | 7,353,122          | 7,353,122          | 7,459,697          | (106,575)   |
| Instructional staff                          | 4,138,949          | 4,138,949          | 4,486,492          | (347,543)   |
| Board of education                           | 568,130            | 568,130            | 814,994            | (246,864)   |
| Administration                               | 6,121,181          | 6,121,181          | 5,875,141          | 246,040   |
| Fiscal                                       | 3,167,047          | 3,167,047          | 3,186,986          | (19,939)  |
| Business                                     | 1,065,275          | 1,065,275          | 885,950            | 179,325   |
| Operation and maintenance of plant           | 11,505,811         | 11,505,811         | 11,103,578         | 402,233   |
| Pupil transportation                         | 4,572,458          | 4,572,458          | 4,272,694          | 299,764   |
| Central                                      | 4,902,584          | 4,902,584          | 4,597,988          | 304,596   |
| Operation of non-instructional services:     |                    |                    |                    |   |
| Food service operations                      | 30                 | 30                 | 69                 | (39)  |
| Community services                           | 33,550             | 33,550             | 32,861             | 689   |
| Other non-instructional services             | -                  | -                  | 511                | (511)   |
| Extracurricular activities:                  |                    |                    |                    |   |
| Academic and subject oriented                | 225,309            | 225,309            | 230,336            | (5,027)   |
| Occupational oriented                        | 3,746              | 3,746              | 2,384              | 1,362   |
| Sports oriented                              | 862,894            | 862,894            | 825,522            | 37,372  |
| Co-curricular activities                     | 71,192             | 71,192             | 80,837             | (9,645)   |
| Total expenditures                           | <u>113,453,655</u> | <u>113,453,654</u> | <u>112,804,596</u> | <u>649,058</u>  |
| Excess of revenues (under) over expenditures | <u>(4,653,683)</u> | <u>(8,541,314)</u> | <u>3,804,180</u>   | <u>12,345,494</u>                                       |

Continued

The accompanying notes are an integral part of these financial statements.



# Cleveland Heights-University Heights City School District

## Statement of Revenues, Expenditures and Changes in Fund Balances Budget (Non-GAAP Budgetary Basis) and Actual – General Fund (continued)

For the Fiscal Year Ended June 30, 2018

|                                      | Budget              |                     | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|---------------------|---------------------|----------------------|---|
|                                      | Original            | Final               |                      |   |
| Other financing sources (uses):      |                     |                     |                      |   |
| Transfers - in                       | 1,317               | 1,300               | 1,430                | 130   |
| Transfers - out                      | (1,250,000)         | (1,250,000)         | (276,974)            | 973,026   |
| Advances - in                        | 1,774,775           | 1,753,277           | 1,867,000            | 113,723   |
| Advances - out                       | <u>(6,315,819)</u>  | <u>(6,315,819)</u>  | <u>(2,200,000)</u>   | <u>4,115,819</u>  |
| Total other financing sources (uses) | <u>(5,789,727)</u>  | <u>(5,811,242)</u>  | <u>(608,544)</u>     | <u>5,202,698</u>  |
| Net change in fund balance           | (10,443,410)        | (14,352,556)        | 3,195,636            | 17,548,192  |
| Fund balance beginning of year       | 14,044,824          | 14,044,824          | 14,044,824           | -   |
| Prior year encumbrances appropriated | <u>2,938,860</u>    | <u>2,938,860</u>    | <u>2,938,860</u>     | -   |
| Fund balance end of year             | \$ <u>6,540,274</u> | \$ <u>2,631,128</u> | \$ <u>20,179,320</u> | \$ <u>17,548,192</u>                                    |

The accompanying notes are an integral part of these financial statements.

# Cleveland Heights-University Heights City School District

## Statement of Fund Net Position – Proprietary Funds

June 30, 2018

|   | Business-Type<br>Activities<br>Nonmajor<br>Enterprise<br>Funds | Governmental<br>Activities<br>Internal<br>Service<br>Fund |
|---|--|---|
| Assets:   |  |   |
| Current assets:                                 |  |   |
| Equity in pooled cash and investments           | \$ 113,220   | \$ 6,130,333  |
| Prepaid items                                   | 2,194  | 148,734   |
| Intergovernmental receivable                    | 59,491   | -   |
| Materials and supplies inventory                | 26,437   | -   |
| Accounts receivable                             | -  | 2,385   |
| Total current assets                            | <u>201,342</u>   | <u>6,281,452</u>  |
| Non-current assets:                             |  |   |
| Capital assets, net of depreciation             | <u>58,826</u>  | -   |
| Total assets                                    | <u>260,168</u>   | <u>6,281,452</u>  |
| Deferred outflows of resources:                 |  |   |
| Pension – SERS                                  | 179,079  | -   |
| OPEB – SERS                                     | <u>12,526</u>  | -   |
| Total deferred outflows of resources            | <u>191,605</u>   | <u>-</u>  |
| Liabilities:                                    |  |   |
| Current liabilities:                            |  |   |
| Accounts payable                                | 219,041  | 3,862   |
| Accrued wages and benefits                      | 5,096  | -   |
| Interfund payable                               | 500,000  | -   |
| Intergovernmental payable                       | 6,395  | -   |
| Claims payable                                  | -  | 1,791,800   |
| Current portion of accrued compensated absences | <u>2,567</u>   | -   |
| Total current liabilities                       | <u>733,099</u>   | <u>1,795,662</u>  |
| Non-current liabilities:                        |  |   |
| Net pension liability                           | 1,047,351  | -   |
| Net OPEB liability                              | 478,309  | -   |
| Accrued compensated absences                    | <u>34,105</u>  | -   |
| Total liabilities                               | <u>2,292,864</u>   | <u>1,795,662</u>  |
| Deferred inflows of resources:                  |  |   |
| Pension – SERS                                  | 125,273  | -   |
| OPEB – SERS                                     | <u>85,598</u>  | -   |
| Total deferred inflows of resources             | <u>210,871</u>   | <u>-</u>  |
| Net position:                                   |  |   |
| Net investment in capital assets                | 58,826   | -   |
| Unrestricted (deficit)                          | <u>(2,110,788)</u>   | <u>4,485,790</u>  |
| Total net position (deficit)                    | <u>\$ (2,051,962)</u>  | <u>\$ 4,485,790</u>                                       |

The accompanying notes are an integral part of these financial statements.

# Cleveland Heights-University Heights City School District

## Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds

For the Fiscal Year Ended June 30, 2018

|   | Business-Type<br>Activities<br><u>Nonmajor<br/>Enterprise<br/>Funds</u> | Governmental<br>Activities<br><u>Internal<br/>Service<br/>Fund</u> |
|---|---|--|
| Operating revenues:   |   |  |
| Charges for services  | \$ -  | \$ 17,747,305  |
| Classroom materials and fees                                | 15,636  | -  |
| Food services   | 181,595   | -  |
| Miscellaneous   | 12,126  | -  |
| Total operating revenues                                    | <u>209,357</u>  | <u>17,747,305</u>  |
| Operating expenses:   |   |  |
| Salaries and wages  | 450,328   | -  |
| Fringe benefits   | 117,859   | 17,818,016   |
| Purchased services  | 1,558,022   | 28,992   |
| Supplies and materials                                      | 226,363   | -  |
| Depreciation  | 11,682  | -  |
| Other   | 1,399   | -  |
| Total operating expenses                                    | <u>2,365,653</u>  | <u>17,847,008</u>  |
| Operating loss  | <u>(2,156,296)</u>  | <u>(99,703)</u>  |
| Non-operating revenues:                                     |   |  |
| Federal donated commodities                                 | 220,248   | -  |
| Intergovernmental grants                                    | 2,493,012   | -  |
| Total non-operating revenues                                | <u>2,713,260</u>  | <u>-</u>   |
| Change in net position                                      | 556,964   | (99,703)   |
| Total (deficit) net position at beginning of year, restated | <u>(2,608,926)</u>  | <u>4,585,493</u>   |
| Total (deficit) net position at end of year                 | <u>\$ (2,051,962)</u>   | <u>\$ 4,485,790</u>  |

The accompanying notes are an integral part of these financial statements.

# Cleveland Heights-University Heights City School District

## Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2018

|   | <u>Business-Type<br/>Activities</u><br>Nonmajor<br>Enterprise<br>Funds | <u>Governmental<br/>Activities</u><br>Internal<br>Service<br>Fund |
|---|--|---|
| <b>Decrease in cash and cash equivalents:</b>                 |  |   |
| <b>Cash flows from operating activities:</b>                  |  |   |
| Cash received from customers                                  | \$ 197,231   | \$ 17,748,035   |
| Cash received from other operating sources                    | 12,126   | -   |
| Cash payments for materials and supplies                      | (10,080)   | -   |
| Cash payments for goods and services                          | (1,535,233)  | (28,825)  |
| Cash payments to employees for services                       | (451,340)  | -   |
| Cash payments for employee benefits                           | (287,606)  | -   |
| Cash payments for claims                                      | -  | (17,843,971)  |
| Cash payments for other                                       | (979)  | -   |
| Net cash used by operating activities                         | <u>(2,075,881)</u>   | <u>(124,761)</u>  |
| <b>Cash flows from non-capital financing activities:</b>      |  |   |
| Intergovernmental grants received                             | 2,433,521  | -   |
| Advances - in   | 500,000  | -   |
| Advances - out  | (900,000)  | -   |
| Net cash provided by non-capital financing activities         | <u>2,033,521</u>   | <u>-</u>  |
| Net decrease in cash and cash equivalents                     | (42,360)   | (124,761)   |
| Cash and cash equivalents at beginning of year                | <u>155,580</u>   | <u>6,255,094</u>  |
| Cash and cash equivalents at end of year                      | \$ <u><u>113,220</u></u>   | \$ <u><u>6,130,333</u></u>  |
| <b>Non-cash capital and non-capital financing activities:</b> |  |   |
| Federal donated commodities                                   | \$ 220,248   | \$ -  |

Continued

The accompanying notes are an integral part of these financial statements.

# Cleveland Heights-University Heights City School District

## Statement of Cash Flows – Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2018

|   | Business-Type<br>Activities     | Governmental<br>Activities  |
|---|---------------------------------|-----------------------------|
|   | Nonmajor<br>Enterprise<br>Funds | Internal<br>Service<br>Fund |
| <b>Reconciliation of operating loss to net cash used by operating activities:</b> |                                 |                             |
| Operating loss  | \$ (2,156,296)                  | \$ (99,703)                 |
| Adjustments:  |                                 |                             |
| Depreciation  | 11,682                          | -                           |
| Federal donated commodities   | 220,248                         | -                           |
| Changes in assets/liabilities:  |                                 |                             |
| Decrease in accounts receivable   | -                               | 730                         |
| Decrease (increase) in prepaid items  | 776                             | (23,255)                    |
| Increase in materials and supplies inventories                                    | (1,206)                         | -                           |
| Increase in inventory held for resale   | (2,759)                         | -                           |
| Decrease in deferred outflows – pension   | 64,495                          | -                           |
| Increase in deferred outflows – OPEB  | (2,655)                         | -                           |
| Increase in accounts payable  | 23,209                          | 167                         |
| Increase in accrued wages and benefits  | 2,356                           | -                           |
| Decrease in intergovernmental payable   | (219)                           | -                           |
| Decrease in accrued compensated absences  | (3,368)                         | -                           |
| Decrease in claims payable  | -                               | (2,700)                     |
| Decrease in net pension liability   | (172,190)                       | -                           |
| Increase in net OPEB liability  | 35,431                          | -                           |
| Decrease in deferred inflows – pension  | (64,513)                        | -                           |
| Decrease in deferred inflows – OPEB   | (30,872)                        | -                           |
| Total adjustments   | <u>80,415</u>                   | <u>(25,058)</u>             |
| Net cash used by operating activities   | <u>\$ (2,075,881)</u>           | <u>\$ (124,761)</u>         |

The accompanying notes are an integral part of these financial statements.

**Cleveland Heights-University Heights City School District**

Statement of Fiduciary Assets and Liabilities – Agency Funds

June 30, 2018

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|                                       |                  |
|---------------------------------------|------------------|
| Assets:                               |                  |
| Equity in pooled cash and investments | \$ <u>80,581</u> |
| Liabilities:                          |                  |
| Due to students                       | \$ <u>80,581</u> |

The accompanying notes are an integral part of these financial statements.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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## **Note 1: Summary of Significant Accounting Policies**

### **A. Description of the School District and Reporting Entity**

The Cleveland Heights-University Heights City School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board of Education (the “Board”) controls the District’s twelve instructional/support facilities staffed by 417 classified employees, 457 certificated full-time teaching personnel and approximately 43 administrators who provide services to 5,214 students and other community members.

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

The following non-public schools operate within the District’s boundaries: Beaumont High School, GESU School, Hebrew Academy of Cleveland, Lutheran East High School, Monarch School, Mosdos Ohr Hatorah, Ruffing Montessori, and Communion of Saints School. Current State legislation provides funding to these non-public schools. These monies are received and disbursed by the District on behalf of the non-public schools by the Treasurer of the District, as directed by the non-public schools. The activity of these monies by the District is reflected in a special revenue fund for financial reporting purposes.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and:

1. The District is able to significantly influence the programs or services performed or provided by the organization; or
2. The District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has no component units.

The District is associated with two organizations which are defined as a jointly governed organization and a related organization. The Ohio Schools’ Council is a jointly governed organization and the Cleveland Heights-University Heights Library is a related organization. The jointly governed organization is presented in Note 16 and the related organization is presented in Note 20 to the basic financial statements.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 1: Summary of Significant Accounting Policies (continued)

### A. Description of the School District and Reporting Entity (continued)

The financial statements of the 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 more significant of the District's accounting policies are described below.

### B. Fund Accounting

The District uses funds 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 District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

**Governmental Funds** Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

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

*Building Fund* – The Building Fund is a capital projects fund that is used to account for the proceeds from the issuance of School Improvement Bonds and Certificates of Participation to be used for the school facility upgrades.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds** Proprietary funds focus on the determination of operating income/loss, changes in net position, financial position and cash flows and are classified as either enterprise or internal service.

*Enterprise Funds* – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The District does not have any major enterprise funds. The other enterprise funds of the District account for food services, uniform school supplies, and customer services.

*Internal Service Fund* – Internal service fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governmental units, on a cost-reimbursement basis. The internal service fund accounts for a self-insurance program that provides medical and dental benefits to employees.



# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 1: Summary of Significant Accounting Policies (continued)

### B. Fund Accounting (continued)

***Fiduciary Funds*** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District maintains two agency funds. The first fund accounts for resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities. The second fund accounts for activities related to high school tournaments held by the District for the Ohio High School Athletic Association.

### C. Basis of Presentation

***Government-wide Financial Statements*** The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements except for interfund services provided and used. The internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between governmental and business-type activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 1: Summary of Significant Accounting Policies (continued)

### C. Basis of Presentation (continued)

**Fund Financial Statements** Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented as a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

### D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds and fiduciary funds also use the accrual basis of accounting.

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

Non-exchange transactions, in which the District receives value without directly giving equal value to the resource provider in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 1: Summary of Significant Accounting Policies (continued)

### D. Basis of Accounting (continued)

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, student fees and rentals.

**Unearned Revenue** Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. The District does not have any unearned revenue at June 30, 2018.

**Deferred Outflows/Inflows of Resources** In addition to assets, the financial statements that report net position may include a section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported for deferred charges on refunding, pension and OPEB in the Statements of Net Position. The deferred outflows of resources related to pension and OPEB are explained in Note 11 and Note 12.

In addition to liabilities, the statements that report net position may include a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes, unavailable revenue, OPEB and pension. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes, intergovernmental grants, intergovernmental receivables, and investment income. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported in the Statements of Net Position (Note 11 and 12).

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

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 1: Summary of Significant Accounting Policies (continued)**

### **E. Budgets**

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

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

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

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

### **F. Cash and Cash Equivalents**

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements. During fiscal year 2018, investments were limited to money market accounts, negotiable certificates of deposits, commercial paper, United States government securities and State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits, commercial paper and repurchase agreements are reported at cost.

STAR Ohio, is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District measures their investment in STAR Ohio at amortized cost.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 1: Summary of Significant Accounting Policies (continued)**

### **F. Cash and Cash Equivalents (continued)**

For the fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2018 amounted to \$413,586. The amount allocated from the other funds during fiscal year 2018 amounted to \$137,354.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

### **G. Restricted Assets**

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets include the amount for the future repayment of the Qualified Zone Academy Bond (QZAB) held with a fiscal agent until the debt becomes due. See Note 14 for additional information regarding the QZAB.

### **H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

### **I. Inventory**

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

### **J. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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**Note 1: Summary of Significant Accounting Policies (continued)**

**J. Capital Assets (continued)**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The District maintains a capitalization threshold of \$5,000 for individual items. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| Description                | Governmental<br>Activities<br>Estimated Lives | Business-Type<br>Activities<br>Estimated Lives |
|----------------------------|---|--|
| Land improvements          | 20 years                                      | 20 years                                       |
| Buildings and improvements | 20 - 99 years                                 | 20 - 50 years                                  |
| Furniture and equipment    | 4 - 20 years                                  | 5 - 20 years                                   |
| Vehicles                   | 8 years                                       | N/A  |

**K. Interfund Transactions**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable" or "interfund payable." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances."

**L. Compensated Absences**

Vacation benefits are accrued as a liability in the government-wide and proprietary fund financial statements as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability in the government-wide and proprietary fund financial statements for accumulated unused vacation time when earned for all employees with more than one year of service and salary related payments, if applicable. Sick leave benefits are accrued as a liability using the termination payment method. An accrual in the government-wide and proprietary fund financial statements for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 1: Summary of Significant Accounting Policies (continued)

### M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current expendable available 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 other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

### N. Fund Balance

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

***Nonspendable:*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 1: Summary of Significant Accounting Policies (continued)**

### **N. Fund Balance (continued)**

*Assigned:* Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board or a District official delegated that authority by the District Board of Education. Through the District's purchasing policy, the Board has given the Treasurer the authority to constrain monies for intended purposes.

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

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

### **O. Pensions/Other Postemployment Benefits (OPEB)**

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

### **P. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those capital assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. As of June 30, 2018, the District did not have net position restricted by enabling legislation.



# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 1: Summary of Significant Accounting Policies (continued)**

### **Q. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are tuition for adult and special education classes, sales for food service and uniform school supplies, collection of classroom fees and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

### **R. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller's funds and as expenditures/expenses in the purchaser's funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

### **S. 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.

## **Note 2: Change in Accounting Principles and Restatement**

For fiscal year 2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 81, *Irrevocable Split-Interest Agreements*, Statement No. 86, *Certain Debt Extinguishment Issues*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). These changes were incorporated in the District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 81 seeks to improve accounting and financial reporting for irrevocable split-interest agreements created through trusts or other legally enforceable agreements whereby a donor irrevocably transfers resources to an intermediary. The District is not a beneficiary of any irrevocable split-interest agreements and thus implementation of this standard has had no effect on the District's financial statements or disclosures.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 2: Change in Accounting Principles and Restatement (continued)

GASB 86, seeks to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions involved in the extinguishment of debt including, prepaid insurance and note disclosures for in-substance defeasance of debt. Implementation of this standard has had no effect on the District's financial statements or disclosures.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

|   | Governmental<br>Activities | Business-Type<br>Activities | Total                   |
|---|----------------------------|-----------------------------|-------------------------|
| Net position at June 30, 2017                                 | \$ (71,321,072)            | \$ (2,059,449)              | \$ (73,380,521)         |
| Net OPEB liability  | (36,991,929)               | (559,348)                   | (37,551,277)            |
| Deferred outflow – payments<br>subsequent to measurement date | <u>236,907</u>             | <u>9,871</u>                | <u>246,778</u>          |
| Restated net position at June 30, 2017                        | \$ <u>(108,076,094)</u>    | \$ <u>(2,608,926)</u>       | \$ <u>(110,685,020)</u> |

The food service enterprise fund was also restated and is included in business-type activities above. Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

GASB Statements and guidance to be implemented in future reporting periods include GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and GASB Statement No. 87, *Leases*. The District is currently evaluating the impact that these Statements will have on its financial statements and disclosures.

## Note 3: Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of 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 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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).

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

**Note 3: Budgetary Basis of Accounting (continued)**

3. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
4. Budgetary revenues and expenditures of the Special Trust Fund and Public School Support Fund are classified to the General Fund for GAAP reporting.
5. Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

|   |                |
|---|----------------|
|   | <u>General</u> |
| GAAP Basis  | \$ 2,752,624   |
| Revenue Accruals  | 3,334,238      |
| Advances – in   | 1,867,000      |
| Expenditure Accruals  | 222,904        |
| Advances – out  | (2,200,000)    |
| Encumbrances  | (2,814,988)    |
| To reclassify the net change in fund<br>balance for funds combined with<br>the General Fund | 33,858         |
| Budget Basis  | \$ 3,195,636   |

**Note 4: Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on a fund for the major governmental funds and all other governmental funds are presented below:

| Fund                        | General           | Building          | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------|-------------------|-------------------|-----------------------------------|--------------------------------|
| Nonspendable:               |                   |                   |                                   |                                |
| Inventory and prepaid items | \$ <u>601,068</u> | \$ <u>-</u>       | \$ <u>-</u>                       | \$ <u>601,068</u>              |
| Restricted for:             |                   |                   |                                   |                                |
| Community activities        | -                 | -                 | 127,581                           | 127,581                        |
| Athletics                   | -                 | -                 | 76,942                            | 76,942                         |
| Auxiliary services          | -                 | -                 | 310,846                           | 310,846                        |
| Debt service payments       | -                 | -                 | 4,194,869                         | 4,194,869                      |
| Capital improvements        | -                 | <u>32,100,858</u> | <u>11,914,215</u>                 | <u>44,015,073</u>              |
| Total restricted            | -                 | <u>32,100,858</u> | <u>16,624,453</u>                 | <u>48,725,311</u>              |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

**Note 4: Fund Balances (continued)**

| Fund                              | General              | Building             | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------|----------------------|----------------------|-----------------------------------|--------------------------------|
| Assigned to:                      |                      |                      |                                   |                                |
| Public school support             | 178,631              | -                    | -                                 | 178,631                        |
| Subsequent year's budget:         |                      |                      |                                   |                                |
| Appropriation of fund balance     | 8,128,579            | -                    | -                                 | 8,128,579                      |
| Purchases on order:               |                      |                      |                                   |                                |
| Instruction services and supplies | 670,386              | -                    | -                                 | 670,386                        |
| Transportation costs              | 150,472              | -                    | -                                 | 150,472                        |
| Maintenance services and supplies | 457,929              | -                    | -                                 | 457,929                        |
| Equipment                         | 62,329               | -                    | -                                 | 62,329                         |
| Security                          | 148,803              | -                    | -                                 | 148,803                        |
| Utilities                         | 93,759               | -                    | -                                 | 93,759                         |
| Other                             | 478,579              | -                    | -                                 | 478,579                        |
| Total assigned                    | <u>10,369,467</u>    | <u>-</u>             | <u>-</u>                          | <u>10,369,467</u>              |
| Unassigned (deficit)              | <u>16,687,556</u>    | <u>-</u>             | <u>(981,970)</u>                  | <u>15,705,586</u>              |
| Total                             | <u>\$ 27,658,091</u> | <u>\$ 32,100,858</u> | <u>\$ 15,642,483</u>              | <u>\$ 75,401,432</u>           |

**Note 5: Deposits and Investments**

State statutes classify monies held by the 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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 payment of principal and interest by the United States;

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 5: Deposits and Investments (continued)**

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, 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 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 marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
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;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance 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 monies 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 District, and must be purchased with the expectation that it will be held until maturity. Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

## **Deposits**

**Custodial Credit Risk** is the risk that in the event of bank failure, the District's deposits may not be returned to it. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of District funds shall be required to pledge as security for repayment of all public moneys. The District has no deposit policy for custodial risk beyond the requirements of state statute.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 5: Deposits and Investments (continued)

### Deposits (continued)

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at one hundred two percent or a rate set by the Treasurer of State. Financial institution opting not to participate in OPCS will collateralize utilizing the specific pledge method at one hundred five percent. The District's financial institution has enrolled in OPCS as of February 21, 2018.

At year-end, the carrying amount of the District's deposits was \$7,023,348 and the bank balance was \$7,769,858. Of the bank balance, \$2,467,168 was covered by federal depository insurance and \$5,302,690 was uninsured and was collateralized with securities held by the pledging institution's trust department, not in the District's name. At fiscal year-end, the District had \$2,289 undeposited cash on hand, which is included on the balance sheet of the District as part of "equity in pooled cash and investments."

### Investments

Investments are reported at fair value. As of June 30, 2018, the District had the following investments:

|   | Fair Value           | Less Than<br>1 Year  | 1-5 Years            |
|---|----------------------|----------------------|----------------------|
| Federal Home Loan Bank (FHLB)                     | \$ 1,468,740         | \$ -                 | \$ 1,468,740         |
| Federal Farm Credit Bank (FFCB)                   | 2,182,625            | 992,770              | 1,189,855            |
| Federal National Mortgage Association (FNMA)      | 8,092,021            | 4,995,230            | 3,096,791            |
| Federal Home Loan Mortgage<br>Corporation (FHLMC) | 3,398,187            | -                    | 3,398,187            |
| U.S. Treasury Notes                               | 10,133,495           | 10,133,495           | -                    |
| Negotiable Certificates of Deposit                | 7,462,238            | 2,473,468            | 4,988,770            |
| Money Market                                      | 119,371              | 119,371              | -                    |
| Commercial Paper                                  | 27,426,718           | 27,426,718           | -                    |
| STAR Ohio   | 13,023,813           | 13,023,813           | -                    |
| Total portfolio                                   | \$ <u>73,307,208</u> | \$ <u>59,164,865</u> | \$ <u>14,142,343</u> |

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

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 5: Deposits and Investments (continued)**

### **Investments (continued)**

The District has the following recurring fair value measurements as of June 30, 2018:

- STAR Ohio is measured at amortized cost, which approximates fair value. At June 30, 2018, the average days to maturity was 48.9.
- FHLB, FFCB, FNMA, and FHLMC are measured based on Level 2 inputs, using matrix pricing.
- U.S Treasury Notes and Negotiable Certificates of Deposit are measured based on Level 2 inputs, using matrix pricing.
- Money Market and Commercial Paper are valued at amortized cost, which approximates fair value.

**Interest Rate Risk** arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District's investment policy addresses interest rate risk requiring that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The District investment policy also limits security purchases to those that mature within five years unless specifically matched to a specific cash flow.

**Custodial Risk** for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the District must meet a set of prescribed standards and be periodically reviewed.

**Credit Risk** is addressed by the District's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that portfolio be diversified both by types of investment and issuer. The Federal Home Loan Bank bonds, Federal Farm Credit Bank bonds, Federal National Mortgage Association bonds and Federal Home Loan Mortgage Corporation bonds all carry a rating of AA+ by Standard and Poor's. The U.S. Treasury Notes carry a rating of AA+ by Standard and Poor's. The Commercial Paper carries a rating of A1 by Standard and Poor's. STAR Ohio carries a rating AAAM by Standard & Poor's and the negotiable certificates of deposit are unrated.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 5: Deposits and Investments (continued)

### Investments (continued)

*Concentration of Credit Risk* is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The District's investment policy requires that no more than twenty-five percent of the District's interim monies shall be invested in either commercial paper notes or bankers' acceptances. The following is the District's allocation as of June 30, 2018:

| <u>Investment Issuer</u>               | <u>Percentage of Investments</u> |
|--|----------------------------------|
| Federal Home Loan Bank                 | 2.0%                             |
| Federal Farm Credit Bank               | 3.0                              |
| Federal National Mortgage Association  | 11.0                             |
| Federal Home Loan Mortgage Corporation | 4.6                              |
| U.S. Treasury Notes                    | 13.8                             |
| Money market                           | 0.2                              |
| Certificates of Deposit                | 10.2                             |
| Commercial Paper                       | 37.4                             |
| STAR Ohio                              | 17.8                             |

## Note 6: Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by state law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2016, were levied after April 1, 2017 and are collected in 2018 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.



# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

## Note 6: Property Taxes (continued)

The Cuyahoga County Fiscal Officer collects property taxes on behalf of the District. The County Fiscal Officer periodically advances to the District its portion of the taxes collected. These tax “advances” are based on three-year historical cash flow collection rates and occur eight times annually. Second-half real property tax payments collected by the county by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which became measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount available as an advance at June 30 were levied to finance current fiscal year operations, which is recognized as revenue. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not levied to finance current year operations. The amount available as an advance at June 30, 2018 was \$9,583,504 for the General Fund, \$939,482 in the Bond Retirement Fund, and \$429,896 in the Permanent Improvement Fund.

The assessed values upon which the fiscal year 2018 taxes were collected are:

|   | 2017                           |                | 2018                           |                |
|---|--------------------------------|----------------|--------------------------------|----------------|
|   | <u>Second-Half Collections</u> |                | <u>First- Half Collections</u> |                |
|   | <u>Amount</u>                  | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/residential<br>and other real estate | \$ 1,037,664,430               | 98.20%         | \$ 1,025,158,440               | 98.03%         |
| Public utility                                    | <u>18,981,440</u>              | <u>1.80%</u>   | <u>20,548,510</u>              | <u>1.97%</u>   |
|   | <u>\$ 1,056,645,870</u>        | <u>100.00%</u> | <u>\$ 1,045,706,950</u>        | <u>100.00%</u> |
| Tax rate per \$1,000 of<br>assessed valuation     |                                | \$ 155.59      |                                | \$ 156.09      |

## Note 7: Interfund Transactions

Interfund transactions for the year ended June 30, 2018 consisted of the following:

| <u>Interfund Receivable</u> | <u>Interfund Payable</u>    | <u>Amount</u>       |
|-----------------------------|-----------------------------|---------------------|
| General Fund                | Nonmajor Governmental Funds | \$ 1,616,619        |
| General Fund                | Nonmajor Enterprise Funds   | <u>500,000</u>      |
|                             |                             | <u>\$ 2,116,619</u> |

All balances resulted from a time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2018, all interfund loans outstanding are anticipated to be repaid during fiscal year 2019.

Interfund transfers for the year ended June 30, 2018, consisted of the following:

|  | <u>Amount</u>     |
|--|-------------------|
| Transfers from General Fund to:<br>Nonmajor Governmental Funds | <u>\$ 276,974</u> |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 7: Interfund Transactions (continued)

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## Note 8: Receivables

Receivables at June 30, 2018, consisted of taxes, accounts, tuition and intergovernmental grants and interest. 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:

|  | <u>Amount</u>       |
|--|---------------------|
| Governmental activities:                 |                     |
| Tuition                                  | \$ 2,511,531        |
| Department of Education                  | 59,491              |
| Bureau of Workers' Compensation          | 414,189             |
| Fuel reimbursement                       | 11,495              |
| Cuyahoga County                          | 10,548              |
| Casino tax                               | 135,672             |
| State Employees Retirement System refund | 402,908             |
| City of South Euclid                     | 465,578             |
| Early Childhood Education                | 3,135               |
| Special Education Cluster                | 70,161              |
| Carl D. Perkins grant                    | 4,505               |
| Title I grant                            | 645,326             |
| Title III grant                          | 9,852               |
| Title II-A grant                         | 70,218              |
| Miscellaneous federal grants             | <u>95,222</u>       |
| Total intergovernmental receivable       | \$ <u>4,909,831</u> |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

## Note 9: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

|  | <u>Balance<br/>at 6/30/17</u> | <u>Additions</u>      | <u>Disposals</u>        | <u>Balance<br/>at 6/30/18</u> |
|--|-------------------------------|-----------------------|-------------------------|-------------------------------|
| Governmental activities:                       |                               |                       |                         |                               |
| Capital assets, not being depreciated:         |                               |                       |                         |                               |
| Land   | \$ 1,981,623                  | \$ -                  | \$ -                    | \$ 1,981,623                  |
| Construction in progress                       | <u>114,808,970</u>            | <u>12,567,250</u>     | <u>(121,267,275)</u>    | <u>6,108,945</u>              |
| Total capital assets,<br>not being depreciated | <u>116,790,593</u>            | <u>12,567,250</u>     | <u>(121,267,275)</u>    | <u>8,090,568</u>              |
| Capital assets, being depreciated:             |                               |                       |                         |                               |
| Land improvements                              | 6,523,991                     | 122,075               | -                       | 6,646,066                     |
| Buildings and improvements                     | 53,195,964                    | 122,001,538           | -                       | 175,197,502                   |
| Furniture and equipment                        | 8,240,578                     | 382,774               | -                       | 8,623,352                     |
| Vehicles                                       | <u>4,648,538</u>              | <u>385,528</u>        | <u>-</u>                | <u>5,034,066</u>              |
| Total capital assets,<br>being depreciated     | <u>72,609,071</u>             | <u>122,891,915</u>    | <u>-</u>                | <u>195,500,986</u>            |
| Less accumulated depreciation:                 |                               |                       |                         |                               |
| Land improvements                              | (3,408,593)                   | (416,278)             | -                       | (3,824,871)                   |
| Buildings and improvements                     | (29,976,176)                  | (2,743,558)           | -                       | (32,719,734)                  |
| Furniture and equipment                        | (6,705,386)                   | (280,115)             | -                       | (6,985,501)                   |
| Vehicles                                       | <u>(3,349,311)</u>            | <u>(360,548)</u>      | <u>-</u>                | <u>(3,709,859)</u>            |
| Total accumulated<br>depreciation              | <u>(43,439,466)</u>           | <u>(3,800,499)</u>    | <u>-</u>                | <u>(47,239,965)</u>           |
| Total capital assets<br>being depreciated, net | <u>29,169,605</u>             | <u>119,091,416</u>    | <u>-</u>                | <u>148,261,021</u>            |
| Governmental activities<br>capital assets, net | \$ <u>145,960,198</u>         | \$ <u>131,658,666</u> | \$ <u>(121,267,275)</u> | \$ <u>156,351,589</u>         |

Depreciation expense was charged to governmental activities as follows:

|                                     |                     |
|-------------------------------------|---------------------|
| Instruction:                        |                     |
| Regular                             | \$ 393,383          |
| Vocational                          | 10,138              |
| Support services:                   |                     |
| Instructional staff                 | 1,984               |
| Business                            | 96,555              |
| Operations and maintenance of plant | 3,070,869           |
| Pupil transportation                | 172,473             |
| Central                             | 3,213               |
| Food services                       | 5,339               |
| Community services                  | 21,237              |
| Extracurricular activities          | <u>25,308</u>       |
|                                     | \$ <u>3,800,499</u> |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

**Note 9: Capital Assets (continued)**

|   | <u>Balance<br/>at 6/30/17</u> | <u>Additions</u>   | <u>Disposals</u> | <u>Balance<br/>at 6/30/18</u> |
|---|-------------------------------|--------------------|------------------|-------------------------------|
| Business-type activities:                       |                               |                    |                  |                               |
| Capital assets, being depreciated:              |                               |                    |                  |                               |
| Furniture and equipment                         | \$ 573,856                    | \$ -               | \$ -             | \$ 573,856                    |
| Less accumulated depreciation:                  |                               |                    |                  |                               |
| Furniture and equipment                         | <u>(503,348)</u>              | <u>(11,682)</u>    | <u>-</u>         | <u>(515,030)</u>              |
| Business-type activities<br>capital assets, net | \$ <u>70,508</u>              | \$ <u>(11,682)</u> | \$ <u>-</u>      | \$ <u>58,826</u>              |

**Note 10: Risk Management**

**A. Property and Liability**

The 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. During fiscal year 2018, the District contracted with several companies for various types of insurance as follows:

| <u>Type of Coverage</u>                | <u>Deductible/Limit of Coverage</u>                |
|--|--|
| Property Liability                     | \$1,000 deductible<br>\$235,994,700 limit          |
| Flood and Earthquake Limit             | \$50,000 deductible<br>\$2,000,000 limit (each)    |
| Crime                                  | \$1,000 deductible<br>1,000,000 limit              |
| General Liability/Employer's Liability | \$15,000,000 limit<br>\$17,000,000 aggregate       |
| Employee Benefits Liability            | \$-0- deductible<br>\$15,000,000 limit             |
| Educators' Legal Liability             | \$5,000 deductible<br>\$15,000,000 limit/aggregate |
| Umbrella                               | \$10,000,000 limit                                 |
| Automobile Liability                   | \$15,000,000 limit                                 |
| Public Official Bonds                  | \$20,000-\$100,000 limit                           |
| Sexual Misconduct and Molestation      | \$5,000,000 limit/aggregate                        |
| Electronic Data Processing Equipment   | \$12,273,299 limit                                 |
| Law Enforcement                        | \$5,000,000 limit/aggregate                        |

Settled claims have not exceeded this commercial coverage in any of the past three years.

**B. Workers Compensation**

The State of Ohio provides workers' compensation coverage. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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**Note 10: Risk Management (continued)**

**C. Employee Medical Benefits**

The District is self-insured for medical, dental, vision and prescription of District employees and their covered dependents. Under the program, the District is obligated for claim payments. Incurred but not reported claims of \$1,791,800 have been accrued in the Self-Insurance Internal Service Fund at June 30, 2018, based on an estimate from a third-party administrator. Individual funds are charged for medical expenses based on an estimate of total cost for the District as prepared by the plan administrator, and are recorded as revenues of the Self-Insurance Internal Service Fund.

The claims liability of \$1,791,800 reported in the Self-Insurance Internal Service Fund at June 30, 2018, is based on an estimate provided by the third-party administrator and the requirements of GASB No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the Self-Insurance Internal Service Fund's claims liability amount in 2016, 2017, and 2018 are as follows:

|               | <u>Beginning<br/>of Year</u> | <u>Current<br/>Year Claims</u> | <u>Claim<br/>Payments</u> | <u>Balance<br/>at End<br/>of Year</u> |
|---------------|------------------------------|--------------------------------|---------------------------|---------------------------------------|
| June 30, 2016 | \$ 1,567,800                 | \$ 15,628,914                  | \$ 15,593,814             | \$ 1,602,900                          |
| June 30, 2017 | 1,602,900                    | 15,513,263                     | 15,321,663                | 1,794,500                             |
| June 30, 2018 | 1,794,500                    | 17,841,271                     | 17,843,971                | 1,791,800                             |

**Note 11: Pension Plans**

**A. Net Pension Liability**

The net pension liabilities reported on the Statements of Net Position represent a liability to employees for pensions. Pensions are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that occurred in the past.

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

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

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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**Note 11: Pension Plans (continued)**

**A. Net Pension Liability (continued)**

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) state statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the state legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

**B. Plan Description - School Employees Retirement System (SERS)**

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

Age and service requirements for retirement are as follows:

|                              | Retire on or before<br>August 1, 2017 *   | Retire on or after<br>August 1, 2017   |
|------------------------------|---|--|
| Full Benefits                | Any age with 30 years of service credit   | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially Reduced Benefits | Age 60 with 5 years of service credit<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or<br>Age 60 with 25 years of service credit |

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

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

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 11: Pension Plans (continued)**

### ***B. Plan Description - School Employees Retirement System (SERS) (continued)***

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit. Effective January 1, 2018, SERS COLA will change from a fixed 3 percent annual increase to one based on the Consumer Price Index (CPI-W), with a cap of 2.5 percent and a floor of 0 percent, per House Bill 49. House Bill 49 also provided the SERS Retirement Board with the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W; however, any adjustment above or below CPI-W could only be enacted if the system's actuary determines it would not materially impair the fiscal integrity of the system, or is necessary to preserve the fiscal integrity of the system.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent while 0.5 percent as allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,996,172 for fiscal year 2018. Of this amount, \$56,989 is reported as intergovernmental payable.

### ***C. Plan Description - State Teachers Retirement System (STRS)***

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

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

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 11: Pension Plans (continued)**

### ***C. Plan Description - State Teachers Retirement System (STRS) (continued)***

The DB plan offers an annual retirement allowance, payable for life, based on the average of the member's five highest years of earnings multiplied by 2.2 percent for each year of credited service. For July 1, 2015 and earlier, the annual allowance is determined by multiplying final average salary (average of three highest years of earnings) by 2.2 percent for the first 30 years of credited service. Each year over 30 years is incrementally increased by 0.1 percent starting at 2.5 percent for the 31st year of contributing service up to a maximum allowance of 100 percent of final average salary. Upon reaching 35 years of Ohio service, the first 31 years of Ohio contributing service are multiplied by 2.5 percent, and each year over 31 years is incrementally increased by 0.1 percent starting at 2.6 percent for the 32nd year. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan benefits are established under Chapter 3307.80 to 3307.89 of the Ohio Revised Code. The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. Employer contributions into member accounts are vested after the first anniversary of the first day of paid service. Members vest 20 percent per year in employer contributions and all gains and losses on those contributions. Members who become disabled are entitled only to their account balances. The member's beneficiary is entitled to receive the member's account balance should he/she die before retirement benefits begin.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. A member's defined benefit is determined by multiplying 1.0 percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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



# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 11: Pension Plans (continued)

### C. Plan Description - State Teachers Retirement System (STRS) (continued)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits.

A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans.

Administrative Expenses – The costs of administering the Defined Benefit and postemployment health care plans are financed by investment income. The administrative costs of the Defined Contribution Plan are financed by participant fees.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equivalent to the statutory maximum rates.

The District's contractually required contribution to STRS was \$6,422,342 for fiscal year 2018. Of this amount, \$1,044,220 is reported as intergovernmental payable.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Subsequent payments made during the current fiscal year are accounted for as deferred outflows. Following is information related to the proportionate share and pension expense:

|  | <u>SERS</u>        | <u>STRS</u>        | <u>Total</u>    |
|--|--------------------|--------------------|-----------------|
| Proportion of net pension liability prior measurement date   | 0.483673%          | 0.440678%          |                 |
| Proportion of net pension liability current measurement date | <u>0.438239%</u>   | <u>0.409185%</u>   |                 |
| Change in proportionate share                                | <u>(0.045434)%</u> | <u>(0.031493)%</u> |                 |
| Proportionate share of the net pension liability             | \$ 26,183,793      | \$ 97,202,672      | \$ 123,386,465  |
| Pension expense (reduction of expense)                       | \$ (2,309,059)     | \$ (38,269,152)    | \$ (40,578,211) |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 11: Pension Plans (continued)

### D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>SERS</u>         | <u>STRS</u>          | <u>Total</u>         |
|---|---------------------|----------------------|----------------------|
| <b>Deferred outflows of resources</b>   |                     |                      |                      |
| Differences between expected and actual experience  | \$ 1,126,860        | \$ 3,753,511         | \$ 4,880,371         |
| Change in assumptions   | 1,353,980           | 21,259,293           | 22,613,273           |
| Changes in proportionate share and difference between District contributions and proportionate share of contributions | -                   | 4,763,468            | 4,763,468            |
| District contributions subsequent to the measurement date   | <u>1,996,172</u>    | <u>6,422,342</u>     | <u>8,418,514</u>     |
| Total deferred outflows of resources  | \$ <u>4,477,012</u> | \$ <u>36,198,614</u> | \$ <u>40,675,626</u> |
| <b>Deferred inflows of resources</b>  |                     |                      |                      |
| Changes in proportionate share and difference between District contributions and proportionate share of contributions | \$ 3,007,454        | \$ 11,235,721        | \$ 14,243,175        |
| Differences between expected and actual experience  | -                   | 783,416              | 783,416              |
| Difference between projected and actual earnings on pension plan investments  | <u>124,288</u>      | <u>3,207,802</u>     | <u>3,332,090</u>     |
| Total deferred inflows of resources   | \$ <u>3,131,742</u> | \$ <u>15,226,939</u> | \$ <u>18,358,681</u> |

The District reported \$8,418,514 as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

|                             | <u>SERS</u>         | <u>STRS</u>          | <u>Total</u>         |
|-----------------------------|---------------------|----------------------|----------------------|
| Fiscal Year Ending June 30: |                     |                      |                      |
| 2019                        | \$ (316,495)        | \$ 3,637,498         | \$ 3,321,003         |
| 2020                        | 451,987             | 8,001,209            | 8,453,196            |
| 2021                        | (175,992)           | 3,091,129            | 2,915,137            |
| 2022                        | <u>(610,402)</u>    | <u>(180,503)</u>     | <u>(790,905)</u>     |
| Total                       | \$ <u>(650,902)</u> | \$ <u>14,549,333</u> | \$ <u>13,898,431</u> |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 11: Pension Plans (continued)

### E. Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

|  |  |
|--|--|
| Wage Inflation                               | 3.00 percent   |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent                                |
| Investment Rate of Return                    | 7.50 percent net of investments expense, including inflation |
| Cost-of-living adjustment (COLA)             | 3.00 percent   |
| Actuarial Cost Method                        | Entry Age Normal   |

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

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 11: Pension Plans (continued)

### E. Actuarial Assumptions – SERS (continued)

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

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

| <u>Asset Class</u>     | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|--------------------------|---|
| Cash                   | 1.00%                    | 0.50%   |
| US Equity              | 22.50                    | 4.75  |
| International Equity   | 22.50                    | 7.00  |
| Fixed Income           | 19.00                    | 1.50  |
| Private Equity         | 10.00                    | 8.00  |
| Real Assets            | 15.00                    | 5.00  |
| Multi-Asset Strategies | <u>10.00</u>             | 3.00  |
| Total                  | <u>100.00%</u>           |   |

**Discount Rate** The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

|   | <u>1% Decrease<br/>(6.50%)</u> | <u>Current<br/>Discount Rate<br/>(7.50%)</u> | <u>1% Increase<br/>(8.50%)</u> |
|---|--------------------------------|--|--------------------------------|
| District's proportionate share of the net pension liability | \$ 36,336,302                  | \$ 26,183,793                                | \$ 17,678,998                  |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 11: Pension Plans (continued)

### F. Actuarial Assumptions – STRS

Actuarial assumptions used in the June 30, 2018 valuation are based on prior year measurement date of June 30, 2017. The actuarial assumptions used in the valuation are based on the results of an actuarial experience study, effective July 1, 2017. The actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                   |   |
|-----------------------------------|---|
| Inflation                         | 2.50 percent  |
| Projected salary increases        | 2.50 percent at age 65 to 12.50 percent at age 20             |
| Investment Rate of Return         | 7.45 percent, net of investment expenses, including inflation |
| Cost-of-Living Adjustments (COLA) | 0 percent effective July 1, 2017                              |
| Payroll increase                  | 3.00 percent  |

Mortality rates were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016; pre-retirement mortality rates were based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016; and post-retirement disabled mortality rates were based on RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

\* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25 percent, and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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**Note 11: Pension Plans (continued)**

**F. Actuarial Assumptions – STRS (continued)**

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent for June 30, 2017 included in the pension liability and related deferred inflow and outflow calculations. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increase described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability.

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.45 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent), or one percentage point higher (8.45 percent) than the current rate.

|   | 1% Decrease<br><u>(6.45%)</u> | Current<br>Discount Rate<br><u>(7.45%)</u> | 1% Increase<br><u>(8.45%)</u> |
|---|-------------------------------|--|-------------------------------|
| District’s proportionate share of the net pension liability | \$ 139,336,725                | \$ 97,202,672                              | \$ 61,711,051                 |

**Note 12: Defined Benefit OPEB Plans**

**A. Net OPEB Liability**

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

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 12: Defined Benefit OPEB Plans (continued)**

### **A. Net OPEB Liability (continued)**

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

### **B. Plan Description – School Employees Retirement System (SERS)**

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population.

For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 12: Defined Benefit OPEB Plans (continued)**

### ***B. Plan Description - School Employees Retirement System (SERS) (continued)***

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the District's surcharge obligation was \$239,227.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$313,159 for fiscal year 2018. Of this amount \$241,338 is reported as an intergovernmental payable.

### ***C. Plan Description – State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS Ohio did not allocate any employer contributions to post-employment health care.



# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 12: Defined Benefit OPEB Plans (continued)

### D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

|   | <u>SERS</u>        | <u>STRS</u>        | <u>Total</u>   |
|---|--------------------|--------------------|----------------|
| Proportion of net OPEB liability prior measurement date   | 0.490592%          | 0.440678%          |                |
| Proportion of net OPEB liability current measurement date | <u>0.445562%</u>   | <u>0.409185%</u>   |                |
| Change in proportionate share                             | <u>(0.045030)%</u> | <u>(0.031493)%</u> |                |
| Proportionate share of the net OPEB liability             | \$ 11,957,715      | \$ 15,964,872      | \$ 27,922,587  |
| OPEB expense (reduction of expense)                       | \$ 360,755         | \$ (5,112,229)     | \$ (4,751,474) |

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>SERS</u>         | <u>STRS</u>         | <u>Total</u>        |
|---|---------------------|---------------------|---------------------|
| <b>Deferred outflows of resources</b>   |                     |                     |                     |
| Differences between expected and actual experience  | \$ -                | \$ 921,590          | \$ 921,590          |
| District contributions subsequent to the measurement date   | <u>313,159</u>      | <u>-</u>            | <u>313,159</u>      |
| Total deferred outflows of resources  | \$ <u>313,159</u>   | \$ <u>921,590</u>   | \$ <u>1,234,749</u> |
| <b>Deferred inflows of resources</b>  |                     |                     |                     |
| Change in assumptions   | \$ 1,134,725        | \$ 1,286,022        | \$ 2,420,747        |
| Difference between projected and actual earnings on pension plan investments  | 31,577              | 682,377             | 713,954             |
| Changes in proportionate share and difference between District contributions and proportionate share of contributions | <u>973,653</u>      | <u>1,443,674</u>    | <u>2,417,327</u>    |
| Total deferred inflows of resources   | \$ <u>2,139,955</u> | \$ <u>3,412,073</u> | \$ <u>5,552,028</u> |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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**Note 12: Defined Benefit OPEB Plans (continued)**

**D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

The \$313,159 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ending June 30: | <u>SERS</u>           | <u>STRS</u>           | <u>Total</u>          |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| 2019                        | \$ (771,800)          | \$ (471,945)          | \$ (1,243,745)        |
| 2020                        | (771,800)             | (471,945)             | (1,243,745)           |
| 2021                        | (588,462)             | (471,945)             | (1,060,407)           |
| 2022                        | (7,893)               | (471,949)             | (479,842)             |
| 2023                        | -                     | (301,351)             | (301,351)             |
| Thereafter                  | <u>-</u>              | <u>(301,348)</u>      | <u>(301,348)</u>      |
| Total                       | \$ <u>(2,139,955)</u> | \$ <u>(2,490,483)</u> | \$ <u>(4,630,438)</u> |

**E. Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

|  |  |
|--|--|
| Wage Inflation                               | 3.00 percent   |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent                                |
| Investment Rate of Return                    | 7.50 percent net of investments expense, including inflation |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 12: Defined Benefit OPEB Plans (continued)

### E. Actuarial Assumptions – SERS (continued)

|   |                      |
|---|----------------------|
| Municipal Bond Index Rate:  |                      |
| Measurement Date  | 3.56 percent         |
| Prior Measurement Date  | 2.92 percent         |
| Single Equivalent Interest Rate, net of plan investment expense,<br>including price inflation |                      |
| Measurement Date  | 3.63 percent         |
| Prior Measurement Date  | 2.98 percent         |
| Medical Trend Assumption  |                      |
| Medicare  | 5.50 to 5.00 percent |
| Pre-Medicare  | 7.50 to 5.00 percent |

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five-year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

| <u>Asset Class</u>     | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|--------------------------|---|
| Cash                   | 1.00%                    | 0.50%   |
| US Equity              | 22.50                    | 4.75  |
| International Equity   | 22.50                    | 7.00  |
| Fixed Income           | 19.00                    | 1.50  |
| Private Equity         | 10.00                    | 8.00  |
| Real Assets            | 15.00                    | 5.00  |
| Multi-Asset Strategies | 10.00                    | 3.00  |
| Total                  | <u>100.00%</u>           |   |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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**Note 12: Defined Benefit OPEB Plans (continued)**

*E. Actuarial Assumptions – SERS (continued)*

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e., municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS’ net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS’ net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

|  | <u>1% Decrease</u><br><u>(2.63%)</u> | <u>Current</u><br><u>Discount Rate</u><br><u>(3.63%)</u> | <u>1% Increase</u><br><u>(4.63%)</u> |
|--|--------------------------------------|--|--------------------------------------|
| District’s proportionate share of the net OPEB liability | \$ 14,440,462                        | \$ 11,957,715  | \$ 9,990,743                         |

|  | <u>1% Decrease</u> | <u>Current</u><br><u>Trend Rate</u> | <u>1% Increase</u> |
|--|--------------------|-------------------------------------|--------------------|
| District’s proportionate share of the net OPEB liability | \$ 9,702,788       | \$ 11,957,715                       | \$ 14,942,145      |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 12: Defined Benefit OPEB Plans (continued)

### F. Actuarial Assumptions – STRS

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

|                                   |   |
|-----------------------------------|---|
| Wage Inflation                    | 2.50 percent  |
| Projected salary increases        | 12.5 percent at age 20 to 2.50 percent at age 54              |
| Investment Rate of Return         | 7.45 percent, net of investment expenses, including inflation |
| Payroll Increases                 | 3.0 percent   |
| Cost-of-Living Adjustments (COLA) | 0.0 percent, effective July 1, 2017                           |
| Blended Discount Rate of Return   | 4.13 percent  |
| Health Care Cost Trends           | 6.0 to 11.0 percent initial, 4.5 percent ultimate             |

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

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

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 12: Defined Benefit OPEB Plans (continued)

### F. Actuarial Assumptions – STRS (continued)

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

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long Term Expected Real Rate of Return*</u> |
|----------------------|--------------------------|--|
| Domestic Equity      | 28.00%                   | 7.35%  |
| International Equity | 23.00                    | 7.55   |
| Alternatives         | 17.00                    | 7.09   |
| Fixed Income         | 21.00                    | 3.00   |
| Real Estate          | 10.00                    | 6.00   |
| Liquidity Reserves   | 1.00                     | 2.25   |
| Total                | <u>100.00%</u>           | <u>7.45%</u>                                   |

\* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25%, and does not include investment expenses. Over a 30-year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e., municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 12: Defined Benefit OPEB Plans (continued)

### F. Actuarial Assumptions – STRS (continued)

**Sensitivity of the School District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

|  | <u>1% Decrease</u><br><u>(3.13%)</u> | <u>Current</u><br><u>Discount Rate</u><br><u>(4.13%)</u> | <u>1% Increase</u><br><u>(5.13%)</u> |
|--|--------------------------------------|--|--------------------------------------|
| District’s proportionate share of the net OPEB liability | \$ 21,432,585                        | \$ 15,964,872  | \$ 11,643,593                        |

|  | <u>1% Decrease</u> | <u>Current</u><br><u>Trend Rate</u> | <u>1% Increase</u> |
|--|--------------------|-------------------------------------|--------------------|
| District’s proportionate share of the net OPEB liability | \$ 11,091,709      | \$ 15,964,872                       | \$ 22,378,526      |

## Note 13: Employee Benefits

### A. Compensated Absences

The criteria for determining vacation, personal leave, sick leave, and compensatory time components are derived from negotiated agreements and state laws. Classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for one-fourth of the first 360 days of total sick leave accumulation plus one-eighth the next 99 days. The entire compensated absence liability is reported on the government-wide financial statements.

### B. Early Retirement Incentive

The District offers employees participation in a Retirement Incentive Program. Participation is open to teachers who have been employed by the District for at least ten years and who opt to retire at the end of any school year and have been approved by STRS to receive retirement benefits other than disability retirement with thirty years or fewer of service credit. Eligible employees must notify the Board of their intention to retire in writing, no later than March 1 of the year they intend to retire. Eligible employees who fulfill the above requirements will receive two equal lump sums of \$12,000, each to be paid as soon after June 30 as practicable in the year of retirement and the following year. Certain classified employees are also eligible to receive a retirement incentive.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 13: Employee Benefits (continued)**

### **B. Early Retirement Incentive (continued)**

The last installment of the 2016-2017 and the first installment of the 2017-2018 Retirement Incentive Programs were paid prior to June 30, 2018. These payments of \$96,000 were made from the General Fund.

The last installment of the 2017-2018 and the first installment of the 2018-2019 Retirement Incentive Programs will be paid starting in July 2018. These payments of \$120,000 will be made from the General Fund and are reported as a liability in the fund financial statements.

The last installment of the 2018-2019 Retirement Incentive Programs will be completed in July 2019. The payments of \$72,000 will be made from the General Fund and are reported on the government-wide financial statements.



# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

## Note 14: Long - Term Liabilities

The changes in the District's long-term obligations during fiscal year 2018 were as follows:

|  | Principal<br>Outstanding<br>6/30/17 | Additions            | Deletions             | Principal<br>Outstanding<br>at 6/30/18 | Amounts<br>Due in<br>One Year |
|--|-------------------------------------|----------------------|-----------------------|--|-------------------------------|
| Governmental activities:   |                                     |                      |                       |  |                               |
| 2012 \$6,750,000 Library Improvement Refunding Bonds – interest rates of 2.00-2.25%  | \$ 5,025,000                        | \$ -                 | \$ 455,000            | \$ 4,570,000                           | \$ 470,000                    |
| Premium on Library Improvement Refunding Bonds                                       | 133,147                             | -                    | 13,315                | 119,832                                | -                             |
| 2014 \$21,000,000 Certificates of Participation – interest rates of 1.5-5.0%         | 19,440,000                          | -                    | 455,000               | 18,985,000                             | 460,000                       |
| Discount on Certificates of Participation  | (26,893)                            | -                    | (960)                 | (25,933)                               | -                             |
| 2014 \$134,799,915 School Improvement Bonds – interest rates of 1.50-19.85%          | 134,654,915                         | -                    | 61,290,000            | 73,364,915                             | 575,000                       |
| Premium on 2014 School Improvement Bonds   | 1,506,861                           | -                    | 706,307               | 800,554                                | -                             |
| 2017 \$60,725,000 School Improvement Refunding Bonds – interest rates of 3.50-69.58% | -                                   | 60,725,000           | -                     | 60,725,000                             | -                             |
| Premium on 2017 School Improvement Bonds   | -                                   | 9,804,394            | 144,183               | 9,660,211                              | -                             |
| Appreciation on Capital Appreciation Bonds   | 948,739                             | 370,027              | -                     | 1,318,766                              | -                             |
| Qualified Zone Academy Bonds   | 5,500,000                           | -                    | -                     | 5,500,000                              | -                             |
| Capital lease obligations  | 337,129                             | -                    | 95,268                | 241,861                                | 94,359                        |
| Early retirement incentive   | 48,000                              | 72,000               | 48,000                | 72,000                                 | -                             |
| Net pension liability:   |                                     |                      |                       |  |                               |
| SERS   | 33,984,383                          | -                    | 8,847,941             | 25,136,442                             | -                             |
| STRS   | 147,508,268                         | -                    | 50,305,596            | 97,202,672                             | -                             |
| Net OPEB liability:  |                                     |                      |                       |  |                               |
| SERS   | 13,424,345                          | -                    | 1,944,939             | 11,479,406                             | -                             |
| STRS   | 23,567,584                          | -                    | 7,602,712             | 15,964,872                             | -                             |
| Compensated absences   | <u>6,665,789</u>                    | <u>455,733</u>       | <u>200,451</u>        | <u>6,921,071</u>                       | <u>484,475</u>                |
| Total governmental long-term liabilities   | \$ <u>392,717,267</u>               | \$ <u>71,427,154</u> | \$ <u>132,107,752</u> | \$ <u>332,036,669</u>                  | \$ <u>2,083,834</u>           |
| Business-type activities:  |                                     |                      |                       |  |                               |
| Net pension liability – SERS   | \$ 1,416,016                        | \$ -                 | \$ 368,665            | \$ 1,047,351                           | \$ -                          |
| Net OPEB liability – SERS  | 559,348                             | -                    | 81,039                | 478,309                                | -                             |
| Compensated absences   | <u>40,040</u>                       | <u>2,468</u>         | <u>5,836</u>          | <u>36,672</u>                          | <u>2,567</u>                  |
| Total business-type long-term liabilities  | \$ <u>2,015,404</u>                 | \$ <u>2,468</u>      | \$ <u>455,540</u>     | \$ <u>1,562,332</u>                    | \$ <u>2,567</u>               |

The school improvement bonds will be paid from property taxes. Compensated absences will be paid from the General Fund and various other governmental and enterprise funds as they are paid. The District pays obligations related to employee compensation from the fund benefitting from their service.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 14: Long - Term Liabilities (continued)**

During fiscal year 2004, the District was authorized to issue \$5.5 million in Qualified Zone Academy Bonds (QZAB) in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), which was used for the rehabilitation and repair portions of the District's facilities. On April 2, 2004, the District issued the \$5.5 million QZAB that matures on April 25, 2019. The entire principal balance of \$5.5 million is due at maturity and the bonds do not bear interest. To satisfy escrow requirements of the program, the District placed \$2.5 million in an escrow account with a local bank, which is included in the restricted cash and cash equivalents on the Statement of Net Position, as well as the Permanent Improvement Fund.

During fiscal year 2013, the District issued \$6,750,000 in General Obligation (Unlimited Tax) Library Refunding Bonds for the purpose of refunding Library Improvement Bonds outstanding in order to take advantage of lower interest rates. The interest rates range from 2.00 percent to 2.25 percent.

The refunding bonds were sold at a premium of \$199,722. Proceeds and premium of \$6,949,722 and cash reserves of \$170,318 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the certificates of participation. As a result, \$6,825,000 of the Series 2002 bonds is considered defeased and the liability for the refunded portion of these bonds has been removed from the District's financial statements. The refunded bonds were called and redeemed in full in December 2012.

On March 4, 2014, the District issued \$134,799,915 in General Obligation (Unlimited Tax) School Improvement Bonds for the purpose of constructing, renovating, remodeling, enlarging, furnishing, equipping and otherwise improving school district buildings and facilities and acquiring, improving and equipping sites for such buildings and facilities. The interest rates range from 1.5 percent to 19.85 percent.

During fiscal year 2018, the District issued \$60,725,000 in General Obligation (Unlimited Tax) School Improvement Bonds for the purpose of partially refunding the 2014 General Obligation (Unlimited Tax) School Improvement Bonds outstanding. The interest rates range from 3.50 percent to 69.58 percent. The refunding bonds were sold at a premium of \$9,804,394 and resulted in a loss on refunding of \$8,692,122. Proceeds and premium of \$70,089,641 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the Series 2014 bonds. As a result, \$60,725,000 of the Series 2014 bonds is considered defeased and the liability for the refunded portion of these bonds has been removed from the District's financial statements. As of June 30, 2018, the amount of defeased debt outstanding amounted to \$60,725,000. The District decreased its total debt service payments by \$4,936,339 as a result of the refunding. The District also incurred an economic gain (difference between the present value of the old and new debt service payments) of \$4,276,471.

On March 18, 2014 the District entered into a \$21,000,000 lease agreement with the Ohio School Building Leasing Corporation (the "Leasing Corporation") for facility upgrades. The lease is an annual lease subject to renewal for 31 years through December 1, 2043. The Leasing Corporation entered into an agreement with a trustee through which it assigned and transferred rights and interest under the lease to the Huntington National Bank as Trustee. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semi-annual lease payments. Proceeds from the issuance are mainly being used to make facility upgrades.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

## Note 14: Long - Term Liabilities (continued)

The obligation of the District under the lease and any subsequent lease renewal is subject to annual appropriation of the rental payments. Legal title of the facilities remains with the Leasing Corporation until all payments required under the lease have been made. At that time, title will transfer to the District. The annual principal and interest requirements are payable from proceeds from the permanent improvement tax levy. The Certificates of Participation are not a general obligation of the District but are payable only from appropriations in the Bond Retirement Fund by the District for annual lease payments.

The legal debt margin of the District as of June 30, 2018, was \$-0- with an unvoted debt margin of \$1,045,707.

Principal and interest requirements to retire general obligation bonds and library improvement bonds outstanding at June 30, 2018, are as follows:

|           | 2014 School Improvement Bonds |               |                | 2017 School Improvement Refunding Bonds |               |                |
|-----------|-------------------------------|---------------|----------------|---|---------------|----------------|
|           | Principal                     | Interest      | Total          | Principal                               | Interest      | Total          |
| 2019      | \$ 575,000                    | \$ 3,074,438  | \$ 3,649,438   | \$ -                                    | \$ 2,311,850  | \$ 2,311,850   |
| 2020      | 354,207                       | 3,765,918     | 4,120,125      | -                                       | 2,311,850     | 2,311,850      |
| 2021      | 898,259                       | 3,226,866     | 4,125,125      | -                                       | 2,311,850     | 2,311,850      |
| 2022      | 846,785                       | 3,278,340     | 4,125,125      | -                                       | 2,311,850     | 2,311,850      |
| 2023      | 903,732                       | 3,366,393     | 4,270,125      | -                                       | 2,311,850     | 2,311,850      |
| 2024-2028 | 3,096,932                     | 16,888,693    | 19,985,625     | 60,654                                  | 18,983,596    | 19,044,250     |
| 2029-2033 | -                             | 15,350,625    | 15,350,625     | 11,754,346                              | 13,841,504    | 25,595,850     |
| 2034-2038 | 3,430,000                     | 14,810,400    | 18,240,400     | 16,395,000                              | 7,804,350     | 24,199,350     |
| 2039-2043 | 15,915,000                    | 13,525,538    | 29,440,538     | 10,215,000                              | 4,365,851     | 14,580,851     |
| 2044-2048 | 33,530,000                    | 7,382,701     | 40,912,701     | 1,160,000                               | 3,803,976     | 4,963,976      |
| 2049-2052 | 13,815,000                    | 1,432,125     | 15,247,125     | 21,140,000                              | 1,520,402     | 22,660,402     |
| Total     | \$ 73,364,915                 | \$ 86,102,037 | \$ 159,466,952 | \$ 60,725,000                           | \$ 61,878,929 | \$ 122,603,929 |

|           | Library Refunding Bonds |            |              | Certificates of Participation |               |               |
|-----------|-------------------------|------------|--------------|-------------------------------|---------------|---------------|
|           | Principal               | Interest   | Total        | Principal                     | Interest      | Total         |
| 2019      | \$ 470,000              | \$ 89,412  | \$ 559,412   | \$ 460,000                    | \$ 774,094    | \$ 1,234,094  |
| 2020      | 475,000                 | 79,962     | 554,962      | 470,000                       | 765,944       | 1,235,944     |
| 2021      | 490,000                 | 70,312     | 560,312      | 480,000                       | 754,044       | 1,234,044     |
| 2022      | 500,000                 | 60,413     | 560,413      | 490,000                       | 739,494       | 1,229,494     |
| 2023      | 510,000                 | 50,313     | 560,313      | 505,000                       | 724,569       | 1,229,569     |
| 2024-2028 | 2,125,000               | 94,306     | 2,219,306    | 2,780,000                     | 3,362,928     | 6,142,928     |
| 2029-2033 | -                       | -          | -            | 3,330,000                     | 2,790,992     | 6,120,992     |
| 2034-2038 | -                       | -          | -            | 4,095,000                     | 2,000,695     | 6,095,695     |
| 2039-2043 | -                       | -          | -            | 5,190,000                     | 882,099       | 6,072,099     |
| 2044-2048 | -                       | -          | -            | 1,185,000                     | 26,663        | 1,211,663     |
| 2049-2052 | -                       | -          | -            | -                             | -             | -             |
| Total     | \$ 4,570,000            | \$ 444,718 | \$ 5,014,718 | \$ 18,985,000                 | \$ 12,821,522 | \$ 31,806,522 |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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**Note 14: Long - Term Liabilities (continued)**

|           | Total                 |                       |                       |
|-----------|-----------------------|-----------------------|-----------------------|
|           | Principal             | Interest              | Total                 |
| 2019      | \$ 1,505,000          | \$ 6,249,794          | \$ 7,754,794          |
| 2020      | 1,299,207             | 6,923,674             | 8,222,881             |
| 2021      | 1,868,259             | 6,363,072             | 8,231,331             |
| 2022      | 1,836,785             | 6,390,097             | 8,226,882             |
| 2023      | 1,918,732             | 6,453,125             | 8,371,857             |
| 2024-2028 | 8,062,586             | 39,329,523            | 47,392,109            |
| 2029-2033 | 15,084,346            | 31,983,121            | 47,067,467            |
| 2034-2038 | 23,920,000            | 24,615,445            | 48,535,445            |
| 2039-2043 | 31,320,000            | 18,773,488            | 50,093,488            |
| 2044-2048 | 35,875,000            | 11,213,340            | 47,088,340            |
| 2049-2052 | <u>34,955,000</u>     | <u>2,952,527</u>      | <u>37,907,527</u>     |
| Total     | <u>\$ 157,644,915</u> | <u>\$ 161,247,206</u> | <u>\$ 318,892,121</u> |

**Note 15: Lease Obligations**

The District has entered into capital leases for copier equipment. These leases meet the criteria of a capital lease. Governmental activities capital assets consisting of copier equipment have capital lease balances at June 30, 2018 in the amount of \$241,861. For the copier equipment, the present value of the future minimum payments at the time of acquisition was \$483,591 less accumulated depreciation, \$277,189. Principal payments for all of capital leases in the 2018 fiscal year totaled \$95,268. These amounts are reported as debt service principal expenditures of the General Fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2018:

|  | Capital<br>Leases |
|--|-------------------|
| 2019   | \$ 102,423        |
| 2020   | 87,468            |
| 2021   | <u>65,601</u>     |
| Total minimum lease payments                 | 255,492           |
| Less: amounts representing interest          | <u>(13,631)</u>   |
| Present value minimum capital lease payments | <u>\$ 241,861</u> |

Amortization of capital leases is included in depreciation expense.

The District also has three operating leases to assist with parking requirements and storage during the school facilities construction project that is ongoing.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 15: Lease Obligations (continued)

The first lease is for a period of five years and requires monthly payments of \$2,200. The second lease is for two years with the option to extend the lease for an additional two-year term and requires monthly payments of \$2,000. This lease was extended in fiscal year 2017. The third lease is for a period of two years and requires monthly payments of \$4,250. The following is a schedule of the future minimum lease payments required under the operating leases at year-end:

|                              | Operating<br>Leases |
|------------------------------|---------------------|
| 2019                         | \$ 101,400          |
| 2020                         | <u>38,550</u>       |
| Total minimum lease payments | <u>\$ 139,950</u>   |

Rent expense related to the operating leases totaled \$71,650 for the year ended June 30, 2018.

## Note 16: Jointly Governed Organization

The Ohio Schools' Council (the "Council") is a jointly governed organization among 210 school districts, educational service centers, joint vocational districts and Developmental Disabilities boards. The jointly governed organization was created for the purpose of saving money through volume purchases. Each member supports the Council by paying an annual participation fee. Each member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the "Council Board"). The Council Board is the policy making authority of the Council. The Council Board meets monthly September to June. The Council Board appoints the Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Council Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2018, the District paid \$169,156 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd, Suite 377, Independence, Ohio 44131.

The School District also participates in the Council's electricity group purchase program. The Council's current program, Power 4 Schools, provided for a fixed per kilowatt-hour for electricity generation until May 2014, and then converted to a new fixed price or percent off the Price to Compare (PTC), whichever provided the greatest savings until December 2019.

The District participates in the Council's prepaid natural gas program. This program allows school districts to purchase natural gas at reduced rates. Constellation New Energy (Formerly Compass) had been selected as the natural gas supplier and program manager for the period March 31, 2016 through June 30, 2019. There are currently 157 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 17: Set-Aside Requirements

The District is required by State statute to annually set aside in the General Fund an amount on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year 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 following cash basis information describes the changes in the year end set-aside amounts for capital improvements. Disclosure of this information is required by State statute.

|   |                                 |
|---|---------------------------------|
|   | <u>Capital<br/>Improvements</u> |
| Set-aside reserve balance as of June 30, 2017       | \$ -                            |
| Current year set-aside requirements                 | 916,961                         |
| Qualifying disbursements                            | <u>(13,468,105)</u>             |
| Total set-aside reserve balance as of June 30, 2018 | \$ <u>(12,551,144)</u>          |

Although the District had qualifying disbursements during the year that reduced the capital improvements set-aside amount below zero, this amount may not be used to reduce the set-aside requirement for future fiscal years. This negative balance is therefore not presented as being carried forward to future fiscal years.

## Note 18: Contractual Commitments and Other Significant Commitments

At June 30, 2018, the District's significant contractual commitments consisted of:

| <u>Project</u>                     | <u>Contract<br/>Amount</u> | <u>Amount<br/>Paid</u> | <u>Remaining<br/>on Contract</u> |
|------------------------------------|----------------------------|------------------------|----------------------------------|
| Facilities construction project    | \$ 130,646,863             | \$ 127,065,843         | \$ 3,581,020                     |
| Canterbury elementary sign project | 43,650                     | 1,891                  | 41,759                           |
| High school ballfields project     | 528,971                    | 35,807                 | 493,164                          |
| Roxboro tennis courts project      | 77,871                     | 5,280                  | 72,591                           |
| Millikin barn roof project         | 83,300                     | 3,750                  | 79,550                           |
| Canterbury masonry project         | 510,668                    | 123,773                | 386,895                          |
| Gearity/Millikin roof project      | 262,154                    | 130,540                | 131,614                          |
| Oxford playground project          | 133,086                    | 3,625                  | 129,461                          |
| Noble dumbwaiter project           | 70,320                     | 5,713                  | 64,607                           |
|                                    | \$ <u>132,356,883</u>      | \$ <u>127,376,222</u>  | \$ <u>4,980,661</u>              |

Other significant commitments include the encumbrances outstanding for the General Fund, Building Fund and Nonmajor Funds were as follows:

|                                     |                      |
|-------------------------------------|----------------------|
|                                     | <u>Encumbrances</u>  |
| General Fund                        | \$ 2,062,757         |
| Building Fund                       | 23,952,175           |
| Nonmajor Funds                      | <u>805,198</u>       |
| Total other significant commitments | \$ <u>26,820,130</u> |

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## **Note 19: Contingencies**

### **A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement 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 District at June 30, 2018.

### **B. Litigation**

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

### **C. Foundation Funding**

The District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the state, which can extend past the fiscal year-end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

## **Note 20: Related Organization**

The Cleveland Heights-University Heights 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 District's Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District serves as the taxing authority and may issue 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 Heights-University Heights Public Library at 2345 Lee Road, Cleveland Heights, Ohio 44118.

## **Note 21: Subsequent Event**

In July 2018, the District signed a lease purchase agreement with De Lage Landen Public Finance LLC, in the amount of \$86,429 with an interest rate of 0.45 percent. The lease expires in July 2023 and is for various office equipment throughout the District.

October 4, 2018, Moody's downgraded the District's general obligation unlimited tax (GOULT) to A1 from Aa3 as well as its certificates of participation (COPs) to A2 from A1.

# Cleveland Heights-University Heights City School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2018

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## Note 22: Accountability

The following funds had deficit fund balances/net position at June 30, 2018:

### Special Revenue Funds:

|                                       |    |         |
|---------------------------------------|----|---------|
| Idea (Flo-Thru)                       | \$ | 115,314 |
| Vocational Education                  |    | 24,278  |
| Title I Improvement                   |    | 125,030 |
| Title III                             |    | 1,483   |
| Title I                               |    | 459,865 |
| Title IIA - Improving Teacher Quality |    | 63,919  |
| Miscellaneous Federal Grants          |    | 171,871 |
| Public School Preschool Grant         |    | 16,591  |
| Miscellaneous State Grants            |    | 3,619   |

### Enterprise Fund:

|               |  |           |
|---------------|--|-----------|
| Food Services |  | 2,102,966 |
|---------------|--|-----------|

The deficits in the special revenue funds are due to timing differences in accruing revenues and expenditures. The deficits in the enterprise fund is due to accrued expenses. The General Fund is liable for any deficit in the funds and provides transfers when cash is required, not when accruals occur.



## Cleveland Heights-University Heights City School District

### Required Supplementary Information Schedule of the School District's Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio

#### Last Five Fiscal Years

|   | <u>2018 (1)</u> | <u>2017 (1)</u> | <u>2016 (1)</u> | <u>2015 (1)</u> | <u>2014 (1)</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| School district's proportion of the net pension liability   | 0.438239%       | 0.483673%       | 0.514349%       | 0.521422%       | 0.521422%       |
| School district's proportionate share of the net pension liability  | \$ 26,183,793   | \$ 35,400,399   | \$ 29,349,258   | \$ 26,388,871   | \$ 31,007,293   |
| School district's covered payroll   | \$ 14,396,614   | \$ 15,110,743   | \$ 15,397,779   | \$ 15,100,572   | \$ 14,816,958   |
| School district's proportionate share of the net pension liability as a percentage of its covered payroll | 181.87%         | 234.27%         | 190.61%         | 174.75%         | 209.27%         |
| Plan fiduciary net position as a percentage of the total pension liability                                | 69.50%          | 62.98%          | 69.16%          | 71.70%          | 65.52%          |

(1) Information prior to 2014 is not available. Amounts presented for each fiscal year were determined as of the District's measurement date which is June 30 of the prior year.

## Cleveland Heights-University Heights City School District

### Required Supplementary Information Schedule of the School District's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio

#### Last Five Fiscal Years

|   | <u>2018 (1)</u> | <u>2017 (1)</u> | <u>2016 (1)</u> | <u>2015 (1)</u> | <u>2014 (1)</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| School district's proportion of the net pension liability   | 0.409185%       | 0.440678%       | 0.462690%       | 0.420736%       | 0.420736%       |
| School district's proportionate share of the net pension liability  | \$ 97,202,672   | \$147,508,268   | \$127,873,968   | \$102,337,463   | \$121,903,717   |
| School district's covered payroll   | \$ 44,251,686   | \$ 47,545,043   | \$ 48,339,057   | \$ 47,308,229   | \$ 49,081,508   |
| School district's proportionate share of the net pension liability as a percentage of its covered payroll | 219.66%         | 310.25%         | 264.54%         | 216.32%         | 248.37%         |
| Plan fiduciary net position as a percentage of the total pension liability                                | 75.30%          | 66.80%          | 72.10%          | 74.70%          | 69.30%          |

(1) Information prior to 2014 is not available. Amounts presented for each fiscal year were determined as of the District's measurement date which is June 30 of the prior year.

# Cleveland Heights-University Heights City School District

## Required Supplementary Information Schedule of the School District Contributions School Employees Retirement System of Ohio

### Last Ten Fiscal Years

|  | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        | <u>2014</u>        |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution                                  | \$ 1,996,172       | \$ 2,015,526       | \$ 2,115,504       | \$ 2,029,427       | \$ 2,092,939       |
| Contributions in relation to the contractually required contribution | <u>(1,996,172)</u> | <u>(2,015,526)</u> | <u>(2,115,504)</u> | <u>(2,029,427)</u> | <u>(2,092,939)</u> |
| Contribution deficiency (excess)                                     | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        |
| School district covered payroll                                      | \$ 14,786,457      | \$ 14,396,614      | \$ 15,110,743      | \$ 15,397,779      | \$ 15,100,571      |
| Contributions as a percentage of covered payroll                     | 13.50%             | 14.00%             | 14.00%             | 13.18%             | 13.86%             |
|  | <u>2013</u>        | <u>2012</u>        | <u>2011</u>        | <u>2010</u>        | <u>2009</u>        |
| Contractually required contribution                                  | \$ 2,050,667       | \$ 2,087,659       | \$ 1,827,770       | \$ 1,960,532       | \$ 1,185,496       |
| Contributions in relation to the contractually required contribution | <u>(2,050,667)</u> | <u>(2,087,659)</u> | <u>(1,827,770)</u> | <u>(1,960,532)</u> | <u>(1,185,496)</u> |
| Contribution deficiency (excess)                                     | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        |
| School district covered payroll                                      | \$ 14,816,958      | \$ 15,521,628      | \$ 14,540,732      | \$ 14,479,557      | \$ 12,047,724      |
| Contributions as a percentage of covered payroll                     | 13.84%             | 13.45%             | 12.57%             | 13.54%             | 9.84%              |

The accompany notes are an integral part of the required supplementary information.

# Cleveland Heights-University Heights City School District

## Required Supplementary Information Schedule of the School District Contributions State Teachers Retirement System of Ohio

### Last Ten Fiscal Years

|  | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        | <u>2014</u>        |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution                                  | \$ 6,422,342       | \$ 6,195,236       | \$ 6,656,306       | \$ 6,767,468       | \$ 6,150,070       |
| Contributions in relation to the contractually required contribution | <u>(6,422,342)</u> | <u>(6,195,236)</u> | <u>(6,656,306)</u> | <u>(6,767,468)</u> | <u>(6,150,070)</u> |
| Contribution deficiency (excess)                                     | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        |
| School district covered payroll                                      | \$ 45,873,871      | \$ 44,251,686      | \$ 47,545,043      | \$ 48,339,057      | \$ 47,308,229      |
| Contributions as a percentage of covered payroll                     | 14.00%             | 14.00%             | 14.00%             | 14.00%             | 13.00%             |
|  | <u>2013</u>        | <u>2012</u>        | <u>2011</u>        | <u>2010</u>        | <u>2009</u>        |
| Contractually required contribution                                  | \$ 6,380,596       | \$ 6,503,136       | \$ 6,789,522       | \$ 6,243,823       | \$ 6,042,362       |
| Contributions in relation to the contractually required contribution | <u>(6,380,596)</u> | <u>(6,503,136)</u> | <u>(6,789,522)</u> | <u>(6,243,823)</u> | <u>(6,042,362)</u> |
| Contribution deficiency (excess)                                     | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        |
| School district covered payroll                                      | \$ 49,081,508      | \$ 50,024,123      | \$ 52,227,092      | \$ 48,029,408      | \$ 46,479,708      |
| Contributions as a percentage of covered payroll                     | 13.00%             | 13.00%             | 13.00%             | 13.00%             | 13.00%             |

The accompany notes are an integral part of the required supplementary information.

## Cleveland Heights-University Heights City School District

### Required Supplementary Information Schedule of the School District's Proportionate Share of the Net OPEB Liability School Employees Retirement System of Ohio

#### Last Two Fiscal Years

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|  | <u>2018 (1)</u> | <u>2017 (1)</u> |
|--|-----------------|-----------------|
| School District's proportion of the net OPEB liability   | 0.445562%       | 0.490592%       |
| School District's proportionate share of the net OPEB liability  | \$ 11,957,715   | \$ 13,983,693   |
| School District's covered payroll  | \$ 14,396,614   | \$ 15,110,743   |
| School District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 83.06%          | 92.54%          |
| Plan fiduciary net position as a percentage of the total OPEB liability                                | 12.46%          | 11.49%          |

(1) Information prior to 2017 is not available. Amounts presented for each fiscal year were determined as of the District's measurement date which is June 30 of the prior fiscal year.

The accompany notes are an integral part of the required supplementary information.

## Cleveland Heights-University Heights City School District

### Required Supplementary Information Schedule of the School District's Proportionate Share of the Net OPEB Liability State Teachers Retirement System of Ohio

#### Last Two Fiscal Years

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|  | <u>2018 (1)</u> | <u>2017 (1)</u> |
|--|-----------------|-----------------|
| School District's proportion of the net OPEB liability   | 0.409185%       | 0.440678%       |
| School District's proportionate share of the net OPEB liability  | \$ 15,964,872   | \$ 23,567,584   |
| School District's covered payroll  | \$ 44,251,686   | \$ 47,545,043   |
| School District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 36.08%          | 49.57%          |
| Plan fiduciary net position as a percentage of the total OPEB liability                                | 47.10%          | 37.30%          |

(1) Information prior to 2017 is not available. Amounts presented for each fiscal year were determined as of the District's measurement date which is June 30 of the prior fiscal year.

The accompany notes are an integral part of the required supplementary information.

# Cleveland Heights-University Heights City School District

## Required Supplementary Information Schedule of the School District OPEB Contribution School Employees Retirement System of Ohio

### Last 10 Fiscal Years

|  | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|--|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution (1)                              | \$ 313,159       | \$ 246,778       | \$ 249,000       | \$ 363,851       | \$ 275,793       |
| Contributions in relation to the contractually required contribution | <u>(313,159)</u> | <u>(246,778)</u> | <u>(249,000)</u> | <u>(363,851)</u> | <u>(275,793)</u> |
| Contribution deficiency (excess)                                     | \$ <u>-</u>      | \$ <u>-</u>      | \$ <u>-</u>      | \$ <u>-</u>      | \$ <u>-</u>      |
| District covered payroll   | \$ 14,786,457    | \$ 14,396,614    | \$ 15,110,743    | \$ 15,397,779    | \$ 15,100,571    |
| Contributions as a percentage of covered payroll                     | 2.12%            | 1.71%            | 1.65%            | 2.36%            | 1.83%            |
|  | <u>2013</u>      | <u>2012</u>      | <u>2011</u>      | <u>2010</u>      | <u>2009</u>      |
| Contractually required contribution (1)                              | \$ 295,663       | \$ 326,508       | \$ 438,353       | \$ 402,053       | \$ 721,981       |
| Contributions in relation to the contractually required contribution | <u>(295,663)</u> | <u>(326,508)</u> | <u>(438,353)</u> | <u>(402,053)</u> | <u>(721,981)</u> |
| Contribution deficiency (excess)                                     | \$ <u>-</u>      | \$ <u>-</u>      | \$ <u>-</u>      | \$ <u>-</u>      | \$ <u>-</u>      |
| District covered payroll   | \$ 14,816,958    | \$ 15,521,628    | \$ 14,540,732    | \$ 14,479,557    | \$ 12,047,724    |
| Contributions as a percentage of covered payroll                     | 2.00%            | 2.10%            | 3.01%            | 2.78%            | 5.99%            |

(1) Includes surcharge

The accompany notes are an integral part of the required supplementary information.

# Cleveland Heights-University Heights City School District

## Required Supplementary Information Schedule of the School District OPEB Contribution State Teachers Retirement System of Ohio

### Last 10 Fiscal Years

|  | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|--|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                  | \$ -             | \$ -             | \$ -             | \$ -             | \$ 473,082       |
| Contributions in relation to the contractually required contribution | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>(473,082)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| District covered payroll   | \$ 45,873,871    | \$ 44,251,686    | \$ 47,545,043    | \$ 48,339,057    | \$ 47,308,229    |
| Contributions as a percentage of covered payroll                     | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 1.00%            |
|  | <u>2013</u>      | <u>2012</u>      | <u>2011</u>      | <u>2010</u>      | <u>2009</u>      |
| Contractually required contribution                                  | \$ 490,815       | \$ 500,241       | \$ 522,271       | \$ 480,294       | \$ 464,797       |
| Contributions in relation to the contractually required contribution | <u>(490,815)</u> | <u>(500,241)</u> | <u>(522,271)</u> | <u>(480,294)</u> | <u>(464,797)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| District covered payroll   | \$ 49,081,508    | \$ 50,024,123    | \$ 52,227,092    | \$ 48,029,408    | \$ 46,479,708    |
| Contributions as a percentage of covered payroll                     | 1.00%            | 1.00%            | 1.00%            | 1.00%            | 1.00%            |

The accompany notes are an integral part of the required supplementary information.



# Cleveland Heights-University Heights City School District

## Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

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### Note 1: Net OPEB Liability Change in Assumptions

#### SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

|   |              |
|---|--------------|
| Municipal Bond Index Rate:  |              |
| Fiscal year 2018  | 3.56 percent |
| Fiscal year 2017  | 2.92 percent |
| Single Equivalent Interest Rate, net of plan investment expense,<br>including price inflation |              |
| Fiscal year 2018  | 3.63 percent |
| Fiscal year 2017  | 2.98 percent |

#### STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

### Note 2: Net Pension Liability Change in Assumptions

#### STRS

Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

|                            | Fiscal Year 2018   | Fiscal Year 2017 and Prior                                       |
|----------------------------|--|--|
| Inflation                  | 2.50 percent   | 2.75 percent   |
| Projected salary increases | 12.50 percent at age 20 to<br>2.50 percent at age 65             | 12.25 percent at age 20 to<br>2.75 percent at age 70             |
| Investment Rate of Return  | 7.45 percent, net of investment<br>expenses, including inflation | 7.75 percent, net of investment<br>expenses, including inflation |
| Payroll Increases          | 3 percent  | 3.5 percent  |

# Cleveland Heights-University Heights City School District

## Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

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### Note 2: Net Pension Liability Change in Assumptions (continued)

#### STRS (continued)

|                                   | Fiscal Year 2018                    | Fiscal Year 2017 and Prior   |
|-----------------------------------|-------------------------------------|--|
| Cost-of-Living Adjustments (COLA) | 0.0 percent, effective July 1, 2017 | 2 percent simple applied as follows:<br>for members retiring before August 1, 2013, 2 percent per year;<br>for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date. |

The information presented in the required supplemental schedule was determined as part of the actuarial valuation for the dates indicated.

For fiscal year 2018 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70% of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.



CLEVELAND  
UNIVERSITY **HEIGHTS**  
CITY SCHOOL DISTRICT  

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UNIVERSITY HEIGHTS, OHIO

CLEVELAND HEIGHTS - UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT  
*University Heights, Ohio*

# Combining Statements & Individual Fund Schedules



**AISHEL BROOKS**  
Grade 12, CHHS

**CLEVELAND  
UNIVERSITY  
CITY SCHOOL DISTRICT**  
**UNIVERSITY HEIGHTS, OHIO**



# Cleveland Heights-University Heights City School District

## Combining Statements – Nonmajor Governmental Funds Fund Descriptions

June 30, 2018

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### Nonmajor Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Following is a description of the District's nonmajor special revenue funds:

***Other Grants*** This fund is used to account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

***District Managed Activity*** This fund is used to account for those student activity programs which have student participation in the activity but do not have student management of the programs. This fund would usually include athletic programs but could also include the band, cheerleaders, flag corps, and other similar types of activities.

***Auxiliary Services*** This fund accounts for state funds for the purchase of science and math materials, as well as psychological and other supplemental services at the non-public schools within the District.

***Public School Preschool Grant*** This fund accounts for the state revenues which address the educational needs of 4 year olds who are at risk of being poor achievers.

***Data Communication*** This fund accounts for restricted state grant monies used for classroom wiring for technology.

***Miscellaneous State Grants*** This fund represents state monies that support academic and enrichment programs for the student body.

***Alternative School Grant*** The Alternative School Grant was established to provide funding for Saturday School for discipline problem students. The funds will be used for intervention programs, support groups for families, homework centers, tutoring programs, and various other programs to aid severe behavior students. The fund will be used for salaries, benefits, supplies, purchased services, and equipment associated with the program. This fund did not have any budgetary activity in 2018, therefore, budgetary information is not provided.

***IDEA (Flo-Thru)*** The purpose of this federal program is to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least-restrictive, alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels.

***Vocational Education*** Provides funds to boards of education, training institutions, and the state administering agency for cooperating in development of vocational education programs in the following categories: secondary, post-secondary, adult, disadvantaged and handicapped persons, exemplary programs cooperative education, construction of area vocational schools, ancillary services, research, advisory committees, and work-study projects, including six equity grants.

# Cleveland Heights-University Heights City School District

## Combining Statements – Nonmajor Governmental Funds Fund Descriptions

June 30, 2018

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### **Nonmajor Special Revenue Funds (continued)**

***Title I Improvement*** The purpose of this federal program is to improve student achievement in Title I schools identified for improvement.

***Title III*** This fund accounts for funds to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency. These programs provide structured English language instruction, with respect to the years of study to which the program is applicable, and instruction in the child's native language to the extent necessary to allow a child to achieve competence in English. The instruction incorporates the cultural heritage of these children and of other children in American society. The instruction must, to the extent necessary, be in all courses or subjects of study which will allow a child to meet grade promotion and graduation standards.

***Title I*** The purpose of this federal program is to provide financial assistance to state and local education agencies to meet the special needs of educationally deprived children.

***Preschool Disabilities Grant*** The Preschool Grant Program, Section 619 of Public Law 99-457, addresses the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

***Title IIA - Improving Teacher Quality*** This fund accounts for funds received to achieve academic achievement by improving teacher quality. This will be accomplished by increasing the number of highly qualified teachers in classrooms.

***Miscellaneous Federal Grants*** This fund is used to account for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere. A separate cost center must be used for each grant and be approved by the Auditor of State.

### **Nonmajor Debt Service Fund**

***Bond Retirement Fund*** This fund provides for the retirement of serial bonds and short-term loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds or loans shall be paid into this fund.

### **Nonmajor Capital Projects Fund**

***Permanent Improvement*** This fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705 of the Ohio Revised Code.

# Cleveland Heights-University Heights City School District

## Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2018

|  | Nonmajor<br>Special<br>Revenue | Nonmajor<br>Debt<br>Service | Nonmajor<br>Capital<br>Projects | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|--------------------------------|-----------------------------|---------------------------------|--|
| <b>Assets:</b>   |                                |                             |                                 |  |
| Equity in pooled cash and investments                                    | \$ 1,660,982                   | \$ 3,255,387                | \$ 6,551,992                    | \$ 11,468,361                              |
| Intergovernmental receivable   | 908,967                        | -                           | -                               | 908,967                                    |
| Accounts receivable  | -                              | -                           | 23,575                          | 23,575                                     |
| Taxes receivable   | -                              | 8,705,692                   | 3,803,731                       | 12,509,423                                 |
| Restricted cash  | -                              | -                           | <u>5,146,803</u>                | <u>5,146,803</u>                           |
| Total assets   | <u>\$ 2,569,949</u>            | <u>\$ 11,961,079</u>        | <u>\$ 15,526,101</u>            | <u>\$ 30,057,129</u>                       |
| <b>Liabilities, deferred inflows of resources<br/>and fund balances:</b> |                                |                             |                                 |  |
| <b>Liabilities:</b>  |                                |                             |                                 |  |
| Accounts payable   | \$ 218,073                     | \$ -                        | \$ 238,051                      | \$ 456,124                                 |
| Accrued wages and benefits   | 251,019                        | -                           | -                               | 251,019                                    |
| Interfund payable  | 1,616,619                      | -                           | -                               | 1,616,619                                  |
| Intergovernmental payable  | <u>52,420</u>                  | <u>-</u>                    | <u>-</u>                        | <u>52,420</u>                              |
| Total liabilities  | <u>2,138,131</u>               | <u>-</u>                    | <u>238,051</u>                  | <u>2,376,182</u>                           |
| <b>Deferred inflows of resources:</b>                                    |                                |                             |                                 |  |
| Property taxes   | -                              | 6,262,267                   | 2,660,852                       | 8,923,119                                  |
| Unavailable revenue  | <u>898,419</u>                 | <u>1,503,943</u>            | <u>712,983</u>                  | <u>3,115,345</u>                           |
| Deferred inflows of resources  | <u>898,419</u>                 | <u>7,766,210</u>            | <u>3,373,835</u>                | <u>12,038,464</u>                          |
| <b>Fund balances:</b>  |                                |                             |                                 |  |
| Restricted   | 515,369                        | 4,194,869                   | 11,914,215                      | 16,624,453                                 |
| Unassigned   | <u>(981,970)</u>               | <u>-</u>                    | <u>-</u>                        | <u>(981,970)</u>                           |
| Total fund balances (deficit)  | <u>(466,601)</u>               | <u>4,194,869</u>            | <u>11,914,215</u>               | <u>15,642,483</u>                          |
| Total liabilities, deferred inflows of<br>resources and fund balances    | <u>\$ 2,569,949</u>            | <u>\$ 11,961,079</u>        | <u>\$ 15,526,101</u>            | <u>\$ 30,057,129</u>                       |

# Cleveland Heights-University Heights City School District

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2018

|   | Nonmajor<br>Special<br>Revenue | Nonmajor<br>Debt<br>Service | Nonmajor<br>Capital<br>Projects | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|--------------------------------|-----------------------------|---------------------------------|--|
| <b>Revenues:</b>                                |                                |                             |                                 |  |
| Taxes   | \$ -                           | \$ 7,596,182                | \$ 3,227,646                    | \$ 10,823,828                              |
| Intergovernmental                               | 7,550,505                      | 252,820                     | 444,750                         | 8,248,075                                  |
| Grants  | 136,652                        | -                           | -                               | 136,652                                    |
| Earnings on investments                         | 2,938                          | -                           | 191,054                         | 193,992                                    |
| Extracurricular activities                      | 164,095                        | -                           | -                               | 164,095                                    |
| Miscellaneous                                   | 182,213                        | 176                         | 34,565                          | 216,954                                    |
| Total revenues                                  | <u>8,036,403</u>               | <u>7,849,178</u>            | <u>3,898,015</u>                | <u>19,783,596</u>                          |
| <b>Expenditures:</b>                            |                                |                             |                                 |  |
| <b>Current:</b>                                 |                                |                             |                                 |  |
| <b>Instruction:</b>                             |                                |                             |                                 |  |
| Regular   | 578,021                        | -                           | -                               | 578,021                                    |
| Special   | 1,836,275                      | -                           | -                               | 1,836,275                                  |
| Vocational                                      | 227,951                        | -                           | -                               | 227,951                                    |
| Other   | 16,138                         | -                           | -                               | 16,138                                     |
| <b>Support services:</b>                        |                                |                             |                                 |  |
| Pupil   | 372,735                        | -                           | -                               | 372,735                                    |
| Instructional staff                             | 1,223,752                      | -                           | -                               | 1,223,752                                  |
| Administration                                  | 378,715                        | -                           | -                               | 378,715                                    |
| Fiscal  | 387,757                        | 195,434                     | 66,846                          | 650,037                                    |
| Business  | 18,000                         | -                           | -                               | 18,000                                     |
| Operations and maintenance of plant             | -                              | -                           | 1,625,159                       | 1,625,159                                  |
| Pupil transportation                            | 15,040                         | -                           | -                               | 15,040                                     |
| Central   | 22,693                         | -                           | -                               | 22,693                                     |
| <b>Operation of non-instructional services:</b> |                                |                             |                                 |  |
| Food service                                    | 4,000                          | -                           | -                               | 4,000                                      |
| Community services                              | 2,985,142                      | -                           | -                               | 2,985,142                                  |
| Extracurricular activities                      | 419,421                        | -                           | -                               | 419,421                                    |
| <b>Debt service:</b>                            |                                |                             |                                 |  |
| Principal                                       | -                              | 1,020,000                   | 455,000                         | 1,475,000                                  |
| Interest and fiscal charges                     | -                              | 5,715,924                   | 780,456                         | 6,496,380                                  |
| Issuance costs                                  | -                              | 438,253                     | -                               | 438,253                                    |
| Total expenditures                              | <u>8,485,640</u>               | <u>7,369,611</u>            | <u>2,927,461</u>                | <u>18,782,712</u>                          |
| Excess of revenues over (under) expenditures    | <u>(449,237)</u>               | <u>479,567</u>              | <u>970,554</u>                  | <u>1,000,884</u>                           |

Continued



# Cleveland Heights-University Heights City School District

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds (continued)

For the Fiscal Year Ended June 30, 2018

|   | Nonmajor<br>Special<br><u>Revenue</u> | Nonmajor<br>Debt<br><u>Service</u> | Nonmajor<br>Capital<br><u>Projects</u> | Total<br>Nonmajor<br>Governmental<br><u>Funds</u> |
|---|---------------------------------------|------------------------------------|--|---|
| Other financing sources (uses):             |                                       |                                    |  |   |
| Transfers - in                              | 276,974                               | -                                  | -                                      | 276,974   |
| Issuance of bonds                           | -                                     | 60,725,000                         | -                                      | 60,725,000  |
| Premium on issuance of bonds                | -                                     | 9,804,394                          | -                                      | 9,804,394   |
| Payment to refunded escrow agent            | -                                     | (70,089,641)                       | -                                      | (70,089,641)                                      |
| Total other financing sources (uses)        | <u>276,974</u>                        | <u>439,753</u>                     | <u>-</u>                               | <u>716,727</u>                                    |
| Net change in fund balance                  | (172,263)                             | 919,320                            | 970,554                                | 1,717,611   |
| Fund (deficit) balance at beginning of year | <u>(294,338)</u>                      | <u>3,275,549</u>                   | <u>10,943,661</u>                      | <u>13,924,872</u>                                 |
| Fund (deficit) balance at end of year       | \$ <u>(466,601)</u>                   | \$ <u>4,194,869</u>                | \$ <u>11,914,215</u>                   | \$ <u>15,642,483</u>                              |

# Cleveland Heights-University Heights City School District

## Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2018

|  | <u>Other<br/>Grants</u> | <u>District<br/>Managed<br/>Activity</u> | <u>Auxiliary<br/>Services</u> | <u>Public<br/>School<br/>Preschool<br/>Grant</u> |
|--|-------------------------|--|-------------------------------|--|
| <b>Assets:</b>   |                         |  |                               |  |
| Equity in pooled cash and investments                                  | \$ 220,610              | \$ 76,942                                | \$ 390,830                    | \$ 12,865  |
| Intergovernmental receivable   | <u>10,548</u>           | <u>-</u>                                 | <u>-</u>                      | <u>3,135</u>                                     |
| Total assets   | <u>\$ 231,158</u>       | <u>\$ 76,942</u>                         | <u>\$ 390,830</u>             | <u>\$ 16,000</u>                                 |
| <b>Liabilities, deferred inflows of resources and fund balances:</b>   |                         |  |                               |  |
| <b>Liabilities:</b>  |                         |  |                               |  |
| Accounts payable   | \$ 10,000               | \$ -                                     | \$ 79,812                     | \$ -   |
| Accrued wages and benefits   | 7,056                   | -  | -                             | 11,748   |
| Interfund payable  | 85,000                  | -  | -                             | 16,000   |
| Intergovernmental payable  | <u>1,521</u>            | <u>-</u>                                 | <u>172</u>                    | <u>1,708</u>                                     |
| Total liabilities  | <u>103,577</u>          | <u>-</u>                                 | <u>79,984</u>                 | <u>29,456</u>                                    |
| <b>Deferred inflows of resources:</b>                                  |                         |  |                               |  |
| Unavailable revenue  | <u>-</u>                | <u>-</u>                                 | <u>-</u>                      | <u>3,135</u>                                     |
| <b>Fund balances:</b>  |                         |  |                               |  |
| Restricted   | 127,581                 | 76,942                                   | 310,846                       | -  |
| Unassigned   | <u>-</u>                | <u>-</u>                                 | <u>-</u>                      | <u>(16,591)</u>                                  |
| Total fund balances (deficit)  | <u>127,581</u>          | <u>76,942</u>                            | <u>310,846</u>                | <u>(16,591)</u>                                  |
| <br>Total liabilities, deferred inflows of resources and fund balances | <br><u>\$ 231,158</u>   | <br><u>\$ 76,942</u>                     | <br><u>\$ 390,830</u>         | <br><u>\$ 16,000</u>                             |

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| <u>Data<br/>Communication</u> | <u>Miscellaneous<br/>State<br/>Grants</u> | <u>Alternative<br/>School<br/>Grant</u> | <u>IDEA<br/>(Flo-Thru)</u> | <u>Vocational<br/>Education</u> |
|-------------------------------|---|---|----------------------------|---------------------------------|
| \$ -                          | \$ -                                      | \$ -                                    | \$ 217,664                 | \$ 36,494                       |
| <u>-</u>                      | <u>-</u>                                  | <u>-</u>                                | <u>70,161</u>              | <u>4,505</u>                    |
| <u>\$ -</u>                   | <u>\$ -</u>                               | <u>\$ -</u>                             | <u>\$ 287,825</u>          | <u>\$ 40,999</u>                |
|                               |   |   |                            |                                 |
| \$ -                          | \$ -                                      | \$ -                                    | \$ -                       | \$ 11,000                       |
| -                             | -   | -                                       | 21,992                     | 7,098                           |
| -                             | 3,619                                     | -                                       | 300,000                    | 41,000                          |
| <u>-</u>                      | <u>-</u>                                  | <u>-</u>                                | <u>10,986</u>              | <u>1,674</u>                    |
| <u>-</u>                      | <u>3,619</u>                              | <u>-</u>                                | <u>332,978</u>             | <u>60,772</u>                   |
|                               |   |   |                            |                                 |
| <u>-</u>                      | <u>-</u>                                  | <u>-</u>                                | <u>70,161</u>              | <u>4,505</u>                    |
|                               |   |   |                            |                                 |
| -                             | -   | -                                       | -                          | -                               |
| <u>-</u>                      | <u>(3,619)</u>                            | <u>-</u>                                | <u>(115,314)</u>           | <u>(24,278)</u>                 |
| <u>-</u>                      | <u>(3,619)</u>                            | <u>-</u>                                | <u>(115,314)</u>           | <u>(24,278)</u>                 |
|                               |   |   |                            |                                 |
| <u>\$ -</u>                   | <u>\$ -</u>                               | <u>\$ -</u>                             | <u>\$ 287,825</u>          | <u>\$ 40,999</u>                |

Continued

# Cleveland Heights-University Heights City School District

## Combining Balance Sheet Nonmajor Special Revenue Funds (continued)

June 30, 2018

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|  | Title 1<br><u>Improvement</u> | <u>Title III</u> | <u>Title I</u>    |
|--|-------------------------------|------------------|-------------------|
| Assets:  |                               |                  |                   |
| Equity in pooled cash and investments                              | \$ 217,040                    | \$ 4,247         | \$ 192,298        |
| Intergovernmental receivable                                       | <u>131,253</u>                | <u>9,852</u>     | <u>514,073</u>    |
| Total assets   | \$ <u>348,293</u>             | \$ <u>14,099</u> | \$ <u>706,371</u> |
| Liabilities, deferred inflows of resources and fund balances:      |                               |                  |                   |
| Liabilities:   |                               |                  |                   |
| Accounts payable   | \$ 49,467                     | \$ -             | \$ 16,127         |
| Accrued wages and benefits   | 25,463                        | 677              | 153,355           |
| Interfund payable  | 260,000                       | 5,000            | 460,000           |
| Intergovernmental payable  | <u>7,140</u>                  | <u>53</u>        | <u>22,681</u>     |
| Total liabilities  | <u>342,070</u>                | <u>5,730</u>     | <u>652,163</u>    |
| Deferred inflows of resources:                                     |                               |                  |                   |
| Unavailable revenue  | <u>131,253</u>                | <u>9,852</u>     | <u>514,073</u>    |
| Fund balances:   |                               |                  |                   |
| Restricted   | -                             | -                | -                 |
| Unassigned   | <u>(125,030)</u>              | <u>(1,483)</u>   | <u>(459,865)</u>  |
| Total fund balances (deficit)                                      | <u>(125,030)</u>              | <u>(1,483)</u>   | <u>(459,865)</u>  |
| Total liabilities, deferred inflows of resources and fund balances | \$ <u>348,293</u>             | \$ <u>14,099</u> | \$ <u>706,371</u> |

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| <u>Preschool<br/>Disabilities<br/>Grant</u> | <u>Title IIA-<br/>Improving<br/>Teacher<br/>Quality</u> | <u>Miscellaneous<br/>Federal<br/>Grants</u> | <u>Total<br/>Nonmajor<br/>Special<br/>Revenue</u> |
|---|---|---|---|
| \$ 7,000                                    | \$ 85,947   | \$ 199,045                                  | \$ 1,660,982                                      |
| -   | 70,218  | 95,222                                      | 908,967   |
| <u>\$ 7,000</u>                             | <u>\$ 156,165</u>                                       | <u>\$ 294,267</u>                           | <u>\$ 2,569,949</u>                               |
| <br>  |   |   |   |
| \$ -  | \$ 9,839  | \$ 41,828                                   | \$ 218,073  |
| -   | -   | 23,630                                      | 251,019   |
| 7,000                                       | 140,000   | 299,000                                     | 1,616,619   |
| -   | 27  | 6,458                                       | 52,420  |
| <u>7,000</u>                                | <u>149,866</u>  | <u>370,916</u>                              | <u>2,138,131</u>                                  |
| <br>  |   |   |   |
| -   | 70,218  | 95,222                                      | 898,419   |
| <br>  |   |   |   |
| -   | -   | -   | 515,369   |
| -   | (63,919)  | (171,871)                                   | (981,970)   |
| -   | (63,919)  | (171,871)                                   | (466,601)   |
| <br>  |   |   |   |
| <u>\$ 7,000</u>                             | <u>\$ 156,165</u>                                       | <u>\$ 294,267</u>                           | <u>\$ 2,569,949</u>                               |

# Cleveland Heights-University Heights City School District

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

For the Fiscal Year Ended June 30, 2018

|  | Other<br>Grants   | District<br>Managed<br>Activity | Auxiliary<br>Services | Public<br>School<br>Preschool<br>Grant |
|--|-------------------|---------------------------------|-----------------------|--|
| Revenues:                                    |                   |                                 |                       |  |
| Intergovernmental                            | \$ -              | \$ -                            | \$ 2,320,922          | \$ 116,865                             |
| Grants                                       | 136,652           | -                               | -                     | -                                      |
| Earnings on investments                      | -                 | -                               | 2,938                 | -                                      |
| Extracurricular activities                   | -                 | 164,095                         | -                     | -                                      |
| Miscellaneous                                | <u>159,893</u>    | <u>15,242</u>                   | <u>-</u>              | <u>-</u>                               |
| Total revenues                               | <u>296,545</u>    | <u>179,337</u>                  | <u>2,323,860</u>      | <u>116,865</u>                         |
| Expenditures:                                |                   |                                 |                       |  |
| Current:                                     |                   |                                 |                       |  |
| Instruction:                                 |                   |                                 |                       |  |
| Regular                                      | 148,144           | -                               | -                     | 131,978                                |
| Special                                      | 50,000            | -                               | -                     | -                                      |
| Vocational                                   | -                 | -                               | -                     | -                                      |
| Other  | -                 | -                               | -                     | -                                      |
| Support services:                            |                   |                                 |                       |  |
| Pupil  | -                 | 253                             | -                     | -                                      |
| Instructional staff                          | 8,882             | -                               | -                     | -                                      |
| Administration                               | 2,807             | -                               | -                     | -                                      |
| Fiscal                                       | -                 | -                               | -                     | -                                      |
| Business                                     | -                 | -                               | -                     | -                                      |
| Pupil transportation                         | 1,571             | -                               | -                     | -                                      |
| Central                                      | 2,693             | -                               | -                     | -                                      |
| Operation of non-instructional services:     |                   |                                 |                       |  |
| Food services                                | -                 | -                               | -                     | -                                      |
| Community services                           | 595               | -                               | 2,076,892             | -                                      |
| Extracurricular activities                   | <u>1,571</u>      | <u>417,850</u>                  | <u>-</u>              | <u>-</u>                               |
| Total expenditures                           | <u>216,263</u>    | <u>418,103</u>                  | <u>2,076,892</u>      | <u>131,978</u>                         |
| Excess of revenues over (under) expenditures | 80,282            | (238,766)                       | 246,968               | (15,113)                               |
| Other financing sources:                     |                   |                                 |                       |  |
| Transfers - in                               | <u>-</u>          | <u>276,974</u>                  | <u>-</u>              | <u>-</u>                               |
| Net change in fund balance                   | 80,282            | 38,208                          | 246,968               | (15,113)                               |
| Fund balance (deficit) at beginning of year  | <u>47,299</u>     | <u>38,734</u>                   | <u>63,878</u>         | <u>(1,478)</u>                         |
| Fund balance (deficit) at end of year        | \$ <u>127,581</u> | \$ <u>76,942</u>                | \$ <u>310,846</u>     | \$ <u>(16,591)</u>                     |

| <u>Data</u><br><u>Communication</u> | <u>Miscellaneous</u><br><u>State</u><br><u>Grants</u> | <u>Alternative</u><br><u>School</u><br><u>Grant</u> | <u>IDEA</u><br><u>(Flo-Thru)</u> | <u>Vocational</u><br><u>Education</u> |
|-------------------------------------|---|---|----------------------------------|---------------------------------------|
| \$ 18,000                           | \$ -  | \$ -  | \$ 1,632,830                     | \$ 285,428                            |
| -                                   | -   | -   | -                                | -                                     |
| -                                   | -   | -   | -                                | -                                     |
| -                                   | -   | -   | -                                | -                                     |
| -                                   | -   | 494   | -                                | -                                     |
| <u>18,000</u>                       | <u>-</u>  | <u>494</u>  | <u>1,632,830</u>                 | <u>285,428</u>                        |
| -                                   | 174   | -   | -                                | -                                     |
| -                                   | -   | -   | 837,185                          | -                                     |
| -                                   | -   | -   | -                                | 227,951                               |
| -                                   | -   | -   | 16,138                           | -                                     |
| -                                   | -   | -   | 211,111                          | -                                     |
| -                                   | 3,619   | -   | 10,142                           | 38,473                                |
| -                                   | -   | -   | 227,150                          | 13,275                                |
| -                                   | -   | -   | 139,896                          | -                                     |
| 18,000                              | -   | -   | -                                | -                                     |
| -                                   | -   | -   | 10,343                           | -                                     |
| -                                   | -   | -   | -                                | -                                     |
| -                                   | -   | -   | -                                | -                                     |
| -                                   | -   | -   | 249,680                          | -                                     |
| -                                   | -   | -   | -                                | -                                     |
| <u>18,000</u>                       | <u>3,793</u>  | <u>-</u>  | <u>1,701,645</u>                 | <u>279,699</u>                        |
| -                                   | (3,793)   | 494   | (68,815)                         | 5,729                                 |
| -                                   | -   | -   | -                                | -                                     |
| -                                   | (3,793)   | 494   | (68,815)                         | 5,729                                 |
| -                                   | 174   | (494)   | (46,499)                         | (30,007)                              |
| <u>\$ -</u>                         | <u>\$ (3,619)</u>                                     | <u>\$ -</u>   | <u>\$ (115,314)</u>              | <u>\$ (24,278)</u>                    |

Continued

# Cleveland Heights-University Heights City School District

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds (continued)

For the Fiscal Year Ended June 30, 2018

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|  | Title 1<br><u>Improvement</u> | <u>Title III</u>         | <u>Title I</u>             |
|--|-------------------------------|--------------------------|----------------------------|
| Revenues:                                    |                               |                          |                            |
| Intergovernmental                            | \$ 304,131                    | \$ 12,059                | \$ 2,080,626               |
| Grants                                       | -                             | -                        | -                          |
| Earnings on investments                      | -                             | -                        | -                          |
| Extracurricular activities                   | -                             | -                        | -                          |
| Miscellaneous                                | -                             | -                        | 6,584                      |
| Total revenues                               | <u>304,131</u>                | <u>12,059</u>            | <u>2,087,210</u>           |
| Expenditures:                                |                               |                          |                            |
| Current:                                     |                               |                          |                            |
| Instruction:                                 |                               |                          |                            |
| Regular                                      | 154                           | -                        | -                          |
| Special                                      | 22,298                        | 9,259                    | 884,431                    |
| Vocational                                   | -                             | -                        | -                          |
| Other  | -                             | -                        | -                          |
| Support services:                            |                               |                          |                            |
| Pupil  | -                             | -                        | 2,270                      |
| Instructional staff                          | 271,578                       | 1,920                    | 669,834                    |
| Administration                               | -                             | -                        | 68,428                     |
| Fiscal                                       | 23,440                        | 699                      | 176,501                    |
| Business                                     | -                             | -                        | -                          |
| Pupil transportation                         | -                             | -                        | 2,209                      |
| Central                                      | -                             | -                        | -                          |
| Operation of non-instructional services:     |                               |                          |                            |
| Food services                                | -                             | -                        | -                          |
| Community services                           | 83,743                        | 500                      | 470,420                    |
| Extracurricular activities                   | -                             | -                        | -                          |
| Total expenditures                           | <u>401,213</u>                | <u>12,378</u>            | <u>2,274,093</u>           |
| Excess of revenues over (under) expenditures | (97,082)                      | (319)                    | (186,883)                  |
| Other financing sources:                     |                               |                          |                            |
| Transfers - in                               | -                             | -                        | -                          |
| Net change in fund balance                   | (97,082)                      | (319)                    | (186,883)                  |
| Fund balance (deficit) at beginning of year  | <u>(27,948)</u>               | <u>(1,164)</u>           | <u>(272,982)</u>           |
| Fund balance (deficit) at end of year        | \$ <u><u>(125,030)</u></u>    | \$ <u><u>(1,483)</u></u> | \$ <u><u>(459,865)</u></u> |



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| <u>Preschool<br/>Disabilities<br/>Grant</u> | <u>Title IIA-<br/>Improving<br/>Teacher<br/>Quality</u> | <u>Miscellaneous<br/>Federal<br/>Grants</u> | <u>Total<br/>Nonmajor<br/>Special<br/>Revenue</u> |
|---|---|---|---|
| \$ 34,870                                   | \$ 286,081  | \$ 458,693                                  | \$ 7,550,505                                      |
| -   | -   | -   | 136,652   |
| -   | -   | -   | 2,938   |
| -   | -   | -   | 164,095   |
| -   | -   | -   | 182,213   |
| <u>34,870</u>                               | <u>286,081</u>  | <u>458,693</u>                              | <u>8,036,403</u>                                  |
| -   | -   | 297,571                                     | 578,021   |
| 33,102                                      | -   | -   | 1,836,275   |
| -   | -   | -   | 227,951   |
| -   | -   | -   | 16,138  |
| -   | -   | 159,101                                     | 372,735   |
| -   | 190,818   | 28,486                                      | 1,223,752   |
| -   | -   | 67,055                                      | 378,715   |
| 1,713                                       | 17,461  | 28,047                                      | 387,757   |
| -   | -   | -   | 18,000  |
| -   | -   | 917   | 15,040  |
| -   | -   | 20,000                                      | 22,693  |
| -   | -   | 4,000                                       | 4,000   |
| -   | 92,894  | 10,418                                      | 2,985,142   |
| -   | -   | -   | 419,421   |
| <u>34,815</u>                               | <u>301,173</u>  | <u>615,595</u>                              | <u>8,485,640</u>                                  |
| 55  | (15,092)  | (156,902)                                   | (449,237)   |
| <u>-</u>                                    | <u>-</u>  | <u>-</u>                                    | <u>276,974</u>                                    |
| 55  | (15,092)  | (156,902)                                   | (172,263)   |
| <u>(55)</u>                                 | <u>(48,827)</u>   | <u>(14,969)</u>                             | <u>(294,338)</u>                                  |
| \$ <u>-</u>                                 | \$ <u>(63,919)</u>                                      | \$ <u>(171,871)</u>                         | \$ <u>(466,601)</u>                               |

CLEVELAND HEIGHTS - UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT  
*University Heights, Ohio*

# Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual



**JAI'VEYON POTTS-HAYES**  
Grade 5, Boulevard Elementary

**CLEVELAND  
UNIVERSITY  
CITY SCHOOL DISTRICT**  
**UNIVERSITY HEIGHTS, OHIO**



# Cleveland Heights-University Heights City School District

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                         | Budget             |                    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-------------------------|--------------------|--------------------|--------------------|---|
|                         | Original           | Final              |                    |   |
| <b>Revenues:</b>        |                    |                    |                    |   |
| Taxes                   | \$ 72,103,979      | \$ 68,681,833      | \$ 76,768,294      | \$ 8,086,461  |
| Intergovernmental       | 29,231,329         | 28,860,531         | 31,736,162         | 2,875,631   |
| Tuition and fees        | 4,304,265          | 4,249,665          | 4,673,097          | 423,432   |
| Earnings on investments | 605,982            | 598,296            | 657,909            | 59,613  |
| Miscellaneous           | <u>2,554,417</u>   | <u>2,522,015</u>   | <u>2,773,314</u>   | <u>251,299</u>  |
| Total revenues          | <u>108,799,972</u> | <u>104,912,340</u> | <u>116,608,776</u> | <u>11,696,436</u>                                       |
| <b>Expenditures:</b>    |                    |                    |                    |   |
| <b>Current:</b>         |                    |                    |                    |   |
| <b>Instruction:</b>     |                    |                    |                    |   |
| <b>Regular:</b>         |                    |                    |                    |   |
| Salaries and wages      | 27,248,991         | 27,248,990         | 25,890,040         | 1,358,950   |
| Employee benefits       | 11,882,239         | 11,882,239         | 11,517,095         | 365,144   |
| Purchased services      | 517,596            | 517,596            | 344,266            | 173,330   |
| Supplies and materials  | 1,678,327          | 1,678,327          | 1,972,646          | (294,319)   |
| Capital outlay          | 89,149             | 89,149             | 28,914             | 60,235  |
| Other                   | <u>154,800</u>     | <u>154,800</u>     | <u>103,872</u>     | <u>50,928</u>   |
| Total regular           | <u>41,571,102</u>  | <u>41,571,101</u>  | <u>39,856,833</u>  | <u>1,714,268</u>  |
| <b>Special:</b>         |                    |                    |                    |   |
| Salaries and wages      | 8,494,450          | 8,494,450          | 9,415,780          | (921,330)   |
| Employee benefits       | 3,747,197          | 3,747,197          | 4,225,878          | (478,681)   |
| Purchased services      | 8,470,986          | 8,470,986          | 7,059,646          | 1,411,340   |
| Supplies and materials  | 55,856             | 55,856             | 33,503             | 22,353  |
| Capital outlay          | 9,453              | 9,453              | 20,516             | (11,063)  |
| Other                   | <u>61,011</u>      | <u>61,011</u>      | <u>48,905</u>      | <u>12,106</u>   |
| Total special           | <u>20,838,953</u>  | <u>20,838,953</u>  | <u>20,804,228</u>  | <u>34,725</u>   |
| <b>Vocational:</b>      |                    |                    |                    |   |
| Salaries and wages      | 1,186,481          | 1,186,481          | 1,271,937          | (85,456)  |
| Employee benefits       | 402,361            | 402,361            | 529,029            | (126,668)   |
| Purchased services      | 6,621              | 6,621              | 4,685              | 1,936   |
| Supplies and materials  | 92,723             | 92,723             | 51,830             | 40,893  |
| Capital outlay          | 25,182             | 25,182             | 20,195             | 4,987   |
| Other                   | <u>11,325</u>      | <u>11,325</u>      | <u>7,525</u>       | <u>3,800</u>  |
| Total vocational        | <u>1,724,693</u>   | <u>1,724,693</u>   | <u>1,885,201</u>   | <u>(160,508)</u>  |

Continued

# Cleveland Heights-University Heights City School District

## General Fund (continued)

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                           | Budget            |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------|-------------------|-------------------|-------------------|---|
|                           | Original          | Final             |                   |   |
| Other:                    |                   |                   |                   |   |
| Salaries and wages        | 317,441           | 317,441           | 251,050           | 66,391  |
| Employee benefits         | 60,085            | 60,085            | 49,054            | 11,031  |
| Purchased services        | 4,350,000         | 4,350,000         | 6,100,363         | (1,750,363)   |
| Supplies and materials    | 103               | 103               | 1,827             | (1,724)   |
| Total other               | <u>4,727,629</u>  | <u>4,727,629</u>  | <u>6,402,294</u>  | <u>(1,674,665)</u>                                      |
| Total instruction         | <u>68,862,377</u> | <u>68,862,376</u> | <u>68,948,556</u> | <u>(86,180)</u>   |
| Support services:         |                   |                   |                   |   |
| Pupil:                    |                   |                   |                   |   |
| Salaries and wages        | 5,070,863         | 5,070,863         | 5,083,001         | (12,138)  |
| Employee benefits         | 1,857,980         | 1,857,980         | 2,039,250         | (181,270)   |
| Purchased services        | 306,891           | 306,891           | 256,345           | 50,546  |
| Supplies and materials    | 75,360            | 75,360            | 56,435            | 18,925  |
| Other                     | <u>42,028</u>     | <u>42,028</u>     | <u>24,666</u>     | <u>17,362</u>   |
| Total pupil               | <u>7,353,122</u>  | <u>7,353,122</u>  | <u>7,459,697</u>  | <u>(106,575)</u>  |
| Instructional staff:      |                   |                   |                   |   |
| Salaries and wages        | 2,492,232         | 2,492,232         | 2,695,705         | (203,473)   |
| Employee benefits         | 1,014,814         | 1,014,814         | 1,203,259         | (188,445)   |
| Purchased services        | 395,891           | 395,891           | 310,810           | 85,081  |
| Supplies and materials    | 118,147           | 118,147           | 94,851            | 23,296  |
| Capital outlay            | 111,113           | 111,113           | 100,287           | 10,826  |
| Other                     | <u>6,752</u>      | <u>6,752</u>      | <u>81,580</u>     | <u>(74,828)</u>   |
| Total instructional staff | <u>4,138,949</u>  | <u>4,138,949</u>  | <u>4,486,492</u>  | <u>(347,543)</u>  |
| Board of education:       |                   |                   |                   |   |
| Salaries and wages        | 19,825            | 19,825            | 22,625            | (2,800)   |
| Employee benefits         | 4,250             | 4,250             | 5,180             | (930)   |
| Purchased services        | 525,205           | 525,205           | 756,809           | (231,604)   |
| Supplies and materials    | 1,200             | 1,200             | 11,180            | (9,980)   |
| Other                     | <u>17,650</u>     | <u>17,650</u>     | <u>19,200</u>     | <u>(1,550)</u>  |
| Total board of education  | <u>568,130</u>    | <u>568,130</u>    | <u>814,994</u>    | <u>(246,864)</u>  |
| Administration:           |                   |                   |                   |   |
| Salaries and wages        | 3,680,765         | 3,680,765         | 3,525,680         | 155,085   |
| Employee benefits         | 1,763,419         | 1,763,419         | 1,850,486         | (87,067)  |
| Purchased services        | 461,995           | 461,995           | 348,387           | 113,608   |
| Supplies and materials    | 160,098           | 160,098           | 123,426           | 36,672  |
| Capital outlay            | 4,100             | 4,100             | 516               | 3,584   |
| Other                     | <u>50,804</u>     | <u>50,804</u>     | <u>26,646</u>     | <u>24,158</u>   |
| Total administration      | <u>6,121,181</u>  | <u>6,121,181</u>  | <u>5,875,141</u>  | <u>246,040</u>  |

Continued

# Cleveland Heights-University Heights City School District

## General Fund (continued)

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget            |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|---|
|  | Original          | Final             |                   |   |
| <b>Fiscal:</b>                               |                   |                   |                   |   |
| Salaries and wages                           | 800,897           | 800,897           | 807,581           | (6,684)   |
| Employee benefits                            | 433,550           | 433,550           | 445,020           | (11,470)  |
| Purchased services                           | 204,081           | 204,081           | 167,860           | 36,221  |
| Supplies and materials                       | 92,648            | 92,648            | 18,287            | 74,361  |
| Capital outlay                               | 3,000             | 3,000             | 199               | 2,801   |
| Other  | <u>1,632,871</u>  | <u>1,632,871</u>  | <u>1,748,039</u>  | <u>(115,168)</u>  |
| Total fiscal                                 | <u>3,167,047</u>  | <u>3,167,047</u>  | <u>3,186,986</u>  | <u>(19,939)</u>   |
| <b>Business:</b>                             |                   |                   |                   |   |
| Salaries and wages                           | 77,603            | 77,603            | 47,487            | 30,116  |
| Employee benefits                            | 70,414            | 70,414            | 24,995            | 45,419  |
| Purchased services                           | 462,849           | 462,849           | 378,232           | 84,617  |
| Supplies and materials                       | 23,736            | 23,736            | 15,284            | 8,452   |
| Capital outlay                               | 1,500             | 1,500             | -                 | 1,500   |
| Other  | <u>429,173</u>    | <u>429,173</u>    | <u>419,952</u>    | <u>9,221</u>  |
| Total business                               | <u>1,065,275</u>  | <u>1,065,275</u>  | <u>885,950</u>    | <u>179,325</u>  |
| <b>Operations and maintenance of plant:</b>  |                   |                   |                   |   |
| Salaries and wages                           | 4,342,165         | 4,342,165         | 4,312,382         | 29,783  |
| Employee benefits                            | 2,719,692         | 2,719,692         | 2,800,442         | (80,750)  |
| Purchased services                           | 3,311,868         | 3,311,868         | 3,079,035         | 232,833   |
| Supplies and materials                       | 862,857           | 862,857           | 704,823           | 158,034   |
| Capital outlay                               | 236,407           | 236,407           | 183,272           | 53,135  |
| Other  | <u>32,822</u>     | <u>32,822</u>     | <u>23,624</u>     | <u>9,198</u>  |
| Total operations and<br>maintenance of plant | <u>11,505,811</u> | <u>11,505,811</u> | <u>11,103,578</u> | <u>402,233</u>  |
| <b>Pupil transportation:</b>                 |                   |                   |                   |   |
| Salaries and wages                           | 1,837,382         | 1,837,382         | 1,828,749         | 8,633   |
| Employee benefits                            | 932,230           | 932,230           | 1,104,018         | (171,788)   |
| Purchased services                           | 1,260,658         | 1,260,658         | 956,834           | 303,824   |
| Supplies and materials                       | 536,622           | 536,622           | 380,481           | 156,141   |
| Capital outlay                               | 1,500             | 1,500             | -                 | 1,500   |
| Other  | <u>4,066</u>      | <u>4,066</u>      | <u>2,612</u>      | <u>1,454</u>  |
| Total pupil transportation                   | <u>4,572,458</u>  | <u>4,572,458</u>  | <u>4,272,694</u>  | <u>299,764</u>  |

Continued

# Cleveland Heights-University Heights City School District

## General Fund (continued)

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget            |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|---|
|  | Original          | Final             |                   |   |
| Central:   |                   |                   |                   |   |
| Salaries and wages                               | 1,278,547         | 1,278,547         | 1,209,534         | 69,013  |
| Employee benefits                                | 773,399           | 773,399           | 804,047           | (30,648)  |
| Purchased services                               | 1,062,130         | 1,062,130         | 956,303           | 105,827   |
| Supplies and materials                           | 412,889           | 412,889           | 320,223           | 92,666  |
| Capital outlay                                   | 1,349,601         | 1,349,601         | 1,290,954         | 58,647  |
| Other  | 26,018            | 26,018            | 16,927            | 9,091   |
| Total central                                    | <u>4,902,584</u>  | <u>4,902,584</u>  | <u>4,597,988</u>  | <u>304,596</u>  |
| Total support services                           | <u>43,394,557</u> | <u>43,394,557</u> | <u>42,683,520</u> | <u>711,037</u>  |
| Operation of non-instructional services:         |                   |                   |                   |   |
| Food service operations:                         |                   |                   |                   |   |
| Employee benefits                                | <u>30</u>         | <u>30</u>         | <u>69</u>         | <u>(39)</u>   |
| Community services:                              |                   |                   |                   |   |
| Employee benefits                                | 50                | 50                | -                 | 50  |
| Purchased services                               | <u>33,500</u>     | <u>33,500</u>     | <u>32,861</u>     | <u>639</u>  |
| Total community services                         | <u>33,550</u>     | <u>33,550</u>     | <u>32,861</u>     | <u>689</u>  |
| Other non-instructional services                 |                   |                   |                   |   |
| Fringe benefits                                  | <u>-</u>          | <u>-</u>          | <u>511</u>        | <u>(511)</u>  |
| Total operation of non-instructional<br>services | <u>33,580</u>     | <u>33,580</u>     | <u>33,441</u>     | <u>139</u>  |
| Extracurricular activities:                      |                   |                   |                   |   |
| Academic and subject oriented:                   |                   |                   |                   |   |
| Salaries and wages                               | 169,942           | 169,942           | 178,106           | (8,164)   |
| Employee benefits                                | 45,324            | 45,324            | 45,135            | 189   |
| Purchased services                               | 2,791             | 2,791             | 1,830             | 961   |
| Supplies and materials                           | 1,350             | 1,350             | 590               | 760   |
| Other  | <u>5,902</u>      | <u>5,902</u>      | <u>4,675</u>      | <u>1,227</u>  |
| Total academic and subject oriented              | <u>225,309</u>    | <u>225,309</u>    | <u>230,336</u>    | <u>(5,027)</u>  |
| Occupational oriented:                           |                   |                   |                   |   |
| Salaries and wages                               | 3,183             | 3,183             | 2,066             | 1,117   |
| Fringe benefits                                  | <u>563</u>        | <u>563</u>        | <u>318</u>        | <u>245</u>  |
| Total occupational oriented                      | <u>3,746</u>      | <u>3,746</u>      | <u>2,384</u>      | <u>1,362</u>  |

Continued

# Cleveland Heights-University Heights City School District

## General Fund (continued)

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget              |                     | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|----------------------|---|
|  | Original            | Final               |                      |   |
| Sports oriented:                             |                     |                     |                      |   |
| Salaries and wages                           | 677,382             | 677,382             | 620,586              | 56,796  |
| Employee benefits                            | 164,762             | 164,762             | 188,446              | (23,684)  |
| Purchased services                           | 3,400               | 3,400               | 1,868                | 1,532   |
| Supplies and materials                       | 3,050               | 3,050               | 1,122                | 1,928   |
| Other  | <u>14,300</u>       | <u>14,300</u>       | <u>13,500</u>        | <u>800</u>  |
| Total sports oriented                        | <u>862,894</u>      | <u>862,894</u>      | <u>825,522</u>       | <u>37,372</u>   |
| Co-curricular activities:                    |                     |                     |                      |   |
| Salaries and wages                           | 60,705              | 60,705              | 67,832               | (7,127)   |
| Employee benefits                            | 9,487               | 9,487               | 10,670               | (1,183)   |
| Purchased services                           | <u>1,000</u>        | <u>1,000</u>        | <u>2,335</u>         | <u>(1,335)</u>  |
| Total co-curricular activities               | <u>71,192</u>       | <u>71,192</u>       | <u>80,837</u>        | <u>(9,645)</u>  |
| Total extracurricular activities             | <u>1,163,141</u>    | <u>1,163,141</u>    | <u>1,139,079</u>     | <u>24,062</u>   |
| Total expenditures                           | <u>113,453,655</u>  | <u>113,453,654</u>  | <u>112,804,596</u>   | <u>649,058</u>  |
| Excess of revenues (under) over expenditures | <u>(4,653,683)</u>  | <u>(8,541,314)</u>  | <u>3,804,180</u>     | <u>12,345,494</u>                                       |
| Other financing sources (uses):              |                     |                     |                      |   |
| Transfers - in                               | 1,317               | 1,300               | 1,430                | 130   |
| Transfers - out                              | (1,250,000)         | (1,250,000)         | (276,974)            | 973,026   |
| Advances - in                                | 1,774,775           | 1,753,277           | 1,867,000            | 113,723   |
| Advances - out                               | <u>(6,315,819)</u>  | <u>(6,315,819)</u>  | <u>(2,200,000)</u>   | <u>4,115,819</u>  |
| Total other financing sources (uses)         | <u>(5,789,727)</u>  | <u>(5,811,242)</u>  | <u>(608,544)</u>     | <u>5,202,698</u>  |
| Net change in fund balance                   | (10,443,410)        | (14,352,556)        | 3,195,636            | 17,548,192  |
| Fund balance at beginning of year            | 14,044,824          | 14,044,824          | 14,044,824           | -   |
| Prior year encumbrances appropriated         | <u>2,938,860</u>    | <u>2,938,860</u>    | <u>2,938,860</u>     | <u>-</u>  |
| Fund balance at end of year                  | \$ <u>6,540,274</u> | \$ <u>2,631,128</u> | \$ <u>20,179,320</u> | \$ <u>17,548,192</u>                                    |

# Cleveland Heights-University Heights City School District

## Special Trust Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget    |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------|-----------|-----------|---|
|  | Original  | Final     |           |   |
| Revenues:                                    |           |           |           |   |
| Miscellaneous                                | \$ 50,000 | \$ 50,000 | \$ 25,067 | \$ (24,933)   |
| Expenditures:                                |           |           |           |   |
| Current:                                     |           |           |           |   |
| Instruction:                                 |           |           |           |   |
| Regular:                                     |           |           |           |   |
| Purchased services                           | -         | -         | 1,002     | (1,002)   |
| Supplies and materials                       | -         | -         | 5,720     | (5,720)   |
| Other  | -         | -         | 560       | (560)   |
| Total instruction                            | -         | -         | 7,282     | (7,282)   |
| Support services:                            |           |           |           |   |
| Central:                                     |           |           |           |   |
| Purchased services                           | 79,500    | 79,500    | -         | 79,500  |
| Extracurricular activities:                  |           |           |           |   |
| Co-curricular activities:                    |           |           |           |   |
| Other  | 500       | 500       | 23,410    | (22,910)  |
| Total expenditures                           | 80,000    | 80,000    | 30,692    | 49,308  |
| Excess of revenues (under) over expenditures | (30,000)  | (30,000)  | (5,625)   | 24,375  |
| Other financing uses:                        |           |           |           |   |
| Transfers - out                              | -         | -         | (1,430)   | (1,430)   |
| Net change in fund balance                   | (30,000)  | (30,000)  | (7,055)   | 22,945  |
| Fund balance at beginning of year            | 88,646    | 88,646    | 88,646    | -   |
| Fund balance at end of year                  | \$ 58,646 | \$ 58,646 | \$ 81,591 | \$ 22,945   |

Note: The above fund is combined with the General Fund for GASB 54 financial reporting purposes.



# Cleveland Heights-University Heights City School District

## Public School Support Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                              | Budget         |                | Actual         | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------|----------------|----------------|----------------|---|
|                              | Original       | Final          |                |   |
| <b>Revenues:</b>             |                |                |                |   |
| Extracurricular activities   | \$ 43,401      | \$ 90,420      | \$ 44,238      | \$ (46,182)   |
| Classroom materials and fees | 5,533          | 11,526         | 5,639          | (5,887)   |
| Miscellaneous                | 71,067         | 148,054        | 72,440         | (75,614)  |
| Total revenues               | <u>120,001</u> | <u>250,000</u> | <u>122,317</u> | <u>(127,683)</u>  |
| <b>Expenditures:</b>         |                |                |                |   |
| <b>Current:</b>              |                |                |                |   |
| <b>Instruction:</b>          |                |                |                |   |
| <b>Regular:</b>              |                |                |                |   |
| Purchased services           | 131,726        | 131,726        | 26,322         | 105,404   |
| Supplies and materials       | 153            | 153            | 23,469         | (23,316)  |
| Other                        | 18             | 18             | 1,646          | (1,628)   |
| Total regular                | <u>131,897</u> | <u>131,897</u> | <u>51,437</u>  | <u>80,460</u>   |
| <b>Special:</b>              |                |                |                |   |
| Supplies and materials       | 3,000          | 3,000          | 2,466          | 534   |
| Other                        | -              | -              | 35             | (35)  |
| Total special                | <u>3,000</u>   | <u>3,000</u>   | <u>2,501</u>   | <u>499</u>  |
| <b>Vocational:</b>           |                |                |                |   |
| Professional services        | -              | -              | 336            | (336)   |
| Supplies and materials       | 5,800          | 5,800          | -              | 5,800   |
| Other                        | -              | -              | 129            | (129)   |
| Total vocational             | <u>5,800</u>   | <u>5,800</u>   | <u>465</u>     | <u>5,335</u>  |
| Total instruction            | <u>140,697</u> | <u>140,697</u> | <u>54,403</u>  | <u>86,294</u>   |
| <b>Support services:</b>     |                |                |                |   |
| <b>Pupil:</b>                |                |                |                |   |
| Purchased services           | 11,841         | 11,841         | 11,438         | 403   |
| Supplies and materials       | 2,600          | 2,600          | 27,905         | (25,305)  |
| Capital outlay               | -              | -              | 593            | (593)   |
| Other                        | 87             | 87             | 20,153         | (20,066)  |
| Total pupil                  | <u>14,528</u>  | <u>14,528</u>  | <u>60,089</u>  | <u>(45,561)</u>   |
| <b>Instructional staff:</b>  |                |                |                |   |
| Purchased services           | <u>7,000</u>   | <u>7,000</u>   | <u>7,224</u>   | <u>(224)</u>  |

Continued

# Cleveland Heights-University Heights City School District

## Public School Support Fund (continued)

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                                      | Budget            |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|-------------------|-------------------|-------------------|---|
|                                      | Original          | Final             |                   |   |
| Administration:                      |                   |                   |                   |   |
| Purchased services                   | 4,595             | 4,595             | 9,498             | (4,903)   |
| Supplies and materials               | 36,202            | 36,202            | 2,979             | 33,223  |
| Capital outlay                       | -                 | -                 | 325               | (325)   |
| Other                                | -                 | -                 | 2,000             | (2,000)   |
| Total administration                 | <u>40,797</u>     | <u>40,797</u>     | <u>14,802</u>     | <u>25,995</u>   |
| Total support services               | <u>62,325</u>     | <u>62,325</u>     | <u>82,115</u>     | <u>(19,790)</u>   |
| Extracurricular activities:          |                   |                   |                   |   |
| Academic and subject oriented:       |                   |                   |                   |   |
| Supplies and materials               | 7,612             | 7,612             | -                 | 7,612   |
| Other                                | -                 | -                 | 300               | (300)   |
| Total academic and subject oriented  | <u>7,612</u>      | <u>7,612</u>      | <u>300</u>        | <u>7,312</u>  |
| Co-curricular activities:            |                   |                   |                   |   |
| Purchased services                   | 1,778             | 1,778             | 1,500             | 278   |
| Supplies and materials               | 7,870             | 7,870             | 2,511             | 5,359   |
| Capital outlay                       | -                 | -                 | 3,816             | (3,816)   |
| Other                                | 200               | 200               | 2,386             | (2,186)   |
| Total co-curricular activities       | <u>9,848</u>      | <u>9,848</u>      | <u>10,213</u>     | <u>(365)</u>  |
| Total extracurricular activities     | <u>17,460</u>     | <u>17,460</u>     | <u>10,513</u>     | <u>6,947</u>  |
| Total expenditures                   | <u>220,482</u>    | <u>220,482</u>    | <u>147,031</u>    | <u>73,451</u>   |
| Net change in fund balance           | (100,481)         | 29,518            | (24,714)          | (54,232)  |
| Fund balance at beginning of year    | 183,670           | 183,670           | 183,670           | -   |
| Prior year encumbrances appropriated | <u>19,171</u>     | <u>19,171</u>     | <u>19,171</u>     | -   |
| Fund balance at end of year          | \$ <u>102,360</u> | \$ <u>232,359</u> | \$ <u>178,127</u> | \$ <u>(54,232)</u>                                      |

Note: The above fund is combined with the General Fund for GASB 54 financial reporting purposes.

# Cleveland Heights-University Heights City School District

## Building Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|   | Budget     |              | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------|--------------|------------|---|
|   | Original   | Final        |            |   |
| Revenues:   |            |              |            |   |
| Earnings on investment                                  | \$ 200,000 | \$ 1,200,000 | \$ 761,272 | \$ (438,728)  |
| Expenditures:   |            |              |            |   |
| Current:  |            |              |            |   |
| Support services:                                       |            |              |            |   |
| Fiscal:   |            |              |            |   |
| Purchased services                                      | -          | -            | 26,560     | (26,560)  |
| Facilities acquisition and<br>construction services:    |            |              |            |   |
| Architecture and engineering services:                  |            |              |            |   |
| Purchased services                                      | 36,238,942 | 36,238,942   | 31,529,190 | 4,709,752   |
| Other   | 72,237     | 72,237       | 173,677    | (101,440)   |
| Total architecture and engineering<br>services          | 36,311,179 | 36,311,179   | 31,702,867 | 4,608,312   |
| Building acquisition and construction<br>services:      |            |              |            |   |
| Purchased services                                      | 1,429,518  | 1,429,518    | 1,293,437  | 136,081   |
| Capital outlay  | 13,974,834 | 13,974,834   | 15,097,774 | (1,122,940)   |
| Total building acquisition and<br>construction services | 15,404,352 | 15,404,352   | 16,391,211 | (986,859)   |
| Building improvement services:                          |            |              |            |   |
| Capital outlay  | 37,469     | 37,469       | 11,229     | 26,240  |

Continued

# Cleveland Heights-University Heights City School District

## Building Fund (continued)

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|   | Budget              |                   | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|-------------------|---------------------|---|
|   | Original            | Final             |                     |   |
| Other facilities acquisition and<br>construction services:      |                     |                   |                     |   |
| Purchased services  | 20,740              | 20,740            | 20,740              | -   |
| Supplies and materials  | 15,010              | 15,010            | 42,318              | (27,308)  |
| Other   | -                   | -                 | 24,179              | (24,179)  |
| Total other facilities acquisition and<br>construction services | <u>35,750</u>       | <u>35,750</u>     | <u>87,237</u>       | <u>(51,487)</u>   |
| Total facilities acquisition and<br>construction services       | <u>51,788,750</u>   | <u>51,788,750</u> | <u>48,192,544</u>   | <u>3,596,206</u>  |
| Total expenditures  | <u>51,788,750</u>   | <u>51,788,750</u> | <u>48,219,104</u>   | <u>3,569,646</u>  |
| Net change in fund balance                                      | (51,588,750)        | (50,588,750)      | (47,457,832)        | 3,130,918   |
| Fund balance at beginning of year                               | 28,925,543          | 28,925,543        | 28,925,543          | -   |
| Prior year encumbrances appropriated                            | <u>21,788,750</u>   | <u>21,788,750</u> | <u>21,788,750</u>   | -   |
| Fund balance at end of year                                     | \$ <u>(874,457)</u> | \$ <u>125,543</u> | \$ <u>3,256,461</u> | \$ <u>3,130,918</u>                                     |

# Cleveland Heights-University Heights City School District

## Other Grants Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                        | Budget         |                | Actual         | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------|----------------|----------------|----------------|---|
|                        | Original       | Final          |                |   |
| Revenues:              |                |                |                |   |
| Grants                 | \$ 27,717      | \$ 86,616      | \$ 136,652     | \$ 50,036   |
| Miscellaneous          | 34,884         | 109,013        | 171,987        | 62,974  |
| Total revenues         | <u>62,601</u>  | <u>195,629</u> | <u>308,639</u> | <u>113,010</u>  |
| Expenditures:          |                |                |                |   |
| Current:               |                |                |                |   |
| Instruction:           |                |                |                |   |
| Regular:               |                |                |                |   |
| Salaries and wages     | 29,503         | 55,178         | 42,074         | 13,104  |
| Employee benefits      | 11,443         | 21,400         | 20,532         | 868   |
| Purchased services     | 39,066         | 73,062         | 44,177         | 28,885  |
| Supplies and materials | 13,291         | 24,857         | 8,898          | 15,959  |
| Capital outlay         | 25,177         | 47,087         | 24,096         | 22,991  |
| Other                  | 967            | 1,807          | 1,215          | 592   |
| Total regular          | <u>119,447</u> | <u>223,391</u> | <u>140,992</u> | <u>82,399</u>   |
| Special:               |                |                |                |   |
| Purchased services     | -              | -              | 50,000         | (50,000)  |
| Vocational:            |                |                |                |   |
| Purchased services     | 374            | 700            | -              | 700   |
| Supplies and materials | 2,085          | 3,900          | -              | 3,900   |
| Capital outlay         | 3,668          | 6,860          | -              | 6,860   |
| Other                  | 1,283          | 2,400          | -              | 2,400   |
| Total vocation         | <u>7,410</u>   | <u>13,860</u>  | <u>-</u>       | <u>13,860</u>   |
| Total instruction      | <u>126,857</u> | <u>237,251</u> | <u>190,992</u> | <u>46,259</u>   |
| Support services:      |                |                |                |   |
| Instructional staff:   |                |                |                |   |
| Purchased services     | <u>11,340</u>  | <u>21,208</u>  | <u>8,882</u>   | <u>12,326</u>   |
| Administration:        |                |                |                |   |
| Purchased services     | 5,824          | 10,891         | 1,678          | 9,213   |
| Supplies and materials | 267            | 500            | 949            | (449)   |
| Other                  | 104            | 195            | 180            | 15  |
| Total administration   | <u>6,195</u>   | <u>11,586</u>  | <u>2,807</u>   | <u>8,779</u>  |

Continued

# Cleveland Heights-University Heights City School District

## Other Grants Fund (continued)

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget      |          | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------|----------|------------|---|
|  | Original    | Final    |            |   |
| Pupil transportation:                        |             |          |            |   |
| Purchased services                           | 3,689       | 6,900    | 1,571      | 5,329   |
| Central                                      |             |          |            |   |
| Purchased services                           | -           | -        | 2,693      | (2,693)   |
| Supplies and materials                       | 235         | 440      | -          | 440   |
| Total central                                | 235         | 440      | 2,693      | (2,253)   |
| Total support services                       | 21,459      | 40,134   | 15,953     | 24,181  |
| Community services:                          |             |          |            |   |
| Salaries and wages                           | -           | -        | 294        | (294)   |
| Employee benefits                            | -           | -        | 52         | (52)  |
| Purchased services                           | 1,069       | 2,000    | -          | 2,000   |
| Supplies and material                        | -           | -        | 244        | (244)   |
| Total community services                     | 1,069       | 2,000    | 590        | 1,410   |
| Extracurricular activities:                  |             |          |            |   |
| Purchased services                           | -           | -        | 1,125      | (1,125)   |
| Supplies and materials                       | -           | -        | 446        | (446)   |
| Total extracurricular activities             | -           | -        | 1,571      | (1,571)   |
| Total expenditures                           | 149,385     | 279,385  | 209,106    | 70,279  |
| Excess of revenues over (under) expenditures | (86,784)    | (83,756) | 99,533     | 183,289   |
| Other financing sources (uses):              |             |          |            |   |
| Transfers - in                               | 158         | 495      | 781        | 286   |
| Transfers - out                              | -           | -        | (781)      | (781)   |
| Advances - in                                | 17,241      | 53,877   | 85,000     | 31,123  |
| Total other financing sources (uses)         | 17,399      | 54,372   | 85,000     | 30,628  |
| Net change in fund balance                   | (69,385)    | (29,384) | 184,533    | 213,917   |
| Fund balance at beginning of year            | 6,685       | 6,685    | 6,685      | -   |
| Prior year encumbrances appropriated         | 29,392      | 29,392   | 29,392     | -   |
| Fund balance at end of year                  | \$ (33,308) | \$ 6,693 | \$ 220,610 | \$ 213,917  |

# Cleveland Heights-University Heights City School District

## District Managed Activity Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget            |                   | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|------------------|---|
|  | Original          | Final             |                  |   |
| Revenues:                                    |                   |                   |                  |   |
| Extracurricular activities                   | \$ 215,767        | \$ 215,767        | \$ 164,095       | \$ (51,672)   |
| Miscellaneous                                | 17,745            | 17,745            | 15,242           | (2,503)   |
| Total revenues                               | <u>233,512</u>    | <u>233,512</u>    | <u>179,337</u>   | <u>(54,175)</u>   |
| Expenditures:                                |                   |                   |                  |   |
| Current:                                     |                   |                   |                  |   |
| Support services:                            |                   |                   |                  |   |
| Pupil:                                       |                   |                   |                  |   |
| Purchased services                           | 26,760            | 26,760            | -                | 26,760  |
| Other  | -                 | -                 | 253              | (253)   |
| Total pupil                                  | <u>26,760</u>     | <u>26,760</u>     | <u>253</u>       | <u>26,507</u>   |
| Extracurricular activities:                  |                   |                   |                  |   |
| Fringe benefits                              | -                 | -                 | 25               | (25)  |
| Purchased services                           | 341,599           | 341,599           | 247,786          | 93,813  |
| Supplies and materials                       | 114,747           | 114,747           | 171,978          | (57,231)  |
| Other  | 5,499             | 5,499             | 7,840            | (2,341)   |
| Total extracurricular activities             | <u>461,845</u>    | <u>461,845</u>    | <u>427,629</u>   | <u>34,216</u>   |
| Total expenditures                           | <u>488,605</u>    | <u>488,605</u>    | <u>427,882</u>   | <u>60,723</u>   |
| Excess of revenues (under) over expenditures | <u>(255,093)</u>  | <u>(255,093)</u>  | <u>(248,545)</u> | <u>6,548</u>  |
| Other financing sources:                     |                   |                   |                  |   |
| Transfers - in                               | <u>366,487</u>    | <u>366,487</u>    | <u>276,974</u>   | <u>(89,513)</u>   |
| Net change in fund balance                   | 111,394           | 111,394           | 28,429           | (82,965)  |
| Fund balance at beginning of year            | 11,709            | 11,709            | 11,709           | -   |
| Prior year encumbrances appropriated         | <u>28,605</u>     | <u>28,605</u>     | <u>28,605</u>    | <u>-</u>  |
| Fund balance at end of year                  | \$ <u>151,708</u> | \$ <u>151,708</u> | \$ <u>68,743</u> | \$ <u>(82,965)</u>                                      |

# Cleveland Heights-University Heights City School District

## Auxiliary Services Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget             |                  | Actual            | Variance with     |
|--|--------------------|------------------|-------------------|-------------------|
|  | Original           | Final            |                   | Final Budget      |
|  |                    |                  |                   | Positive          |
|  |                    |                  |                   | (Negative)        |
| Revenues:                                    |                    |                  |                   |                   |
| Intergovernmental                            | \$ 2,496,839       | \$ 2,596,713     | \$ 2,320,922      | \$ (275,791)      |
| Earnings on investments                      | 3,161              | 3,287            | 2,938             | (349)             |
| Total revenues                               | <u>2,500,000</u>   | <u>2,600,000</u> | <u>2,323,860</u>  | <u>(276,140)</u>  |
| Expenditures:                                |                    |                  |                   |                   |
| Current:                                     |                    |                  |                   |                   |
| Operation of non-instructional services:     |                    |                  |                   |                   |
| Community services:                          |                    |                  |                   |                   |
| Salaries and wages                           | 13,049             | 13,049           | 13,482            | (433)             |
| Employee benefits                            | -                  | -                | 2,622             | (2,622)           |
| Purchased services                           | 1,944,569          | 1,944,572        | 1,566,912         | 377,660           |
| Supplies and materials                       | 645,336            | 645,337          | 558,570           | 86,767            |
| Capital outlay                               | 200,380            | 200,380          | 163,110           | 37,270            |
| Other  | 52,456             | 52,456           | 23,778            | 28,678            |
| Total expenditures                           | <u>2,855,790</u>   | <u>2,855,794</u> | <u>2,328,474</u>  | <u>527,320</u>    |
| Excess of revenues (under) over expenditures | <u>(355,790)</u>   | <u>(255,794)</u> | <u>(4,614)</u>    | <u>251,180</u>    |
| Other financing uses:                        |                    |                  |                   |                   |
| Advances - out                               | <u>-</u>           | <u>-</u>         | <u>(30,000)</u>   | <u>(30,000)</u>   |
| Net change in fund balance                   | (355,790)          | (255,794)        | (34,614)          | 221,180           |
| Fund balance at beginning of year            | 11,035             | 11,035           | 11,035            | -                 |
| Prior year encumbrances appropriated         | <u>255,789</u>     | <u>255,789</u>   | <u>255,789</u>    | <u>-</u>          |
| Fund balance at end of year                  | \$ <u>(88,966)</u> | \$ <u>11,030</u> | \$ <u>232,210</u> | \$ <u>221,180</u> |



# Cleveland Heights-University Heights City School District

## Public School Preschool Grant Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget                    |                           | Actual                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------------|---------------------------|-------------------------|---|
|  | Original                  | Final                     |                         |   |
| Revenues:                                    |                           |                           |                         |   |
| Intergovernmental                            | \$ 186,551                | \$ 186,551                | \$ 127,292              | \$ (59,259)   |
| Expenditures:                                |                           |                           |                         |   |
| Current:                                     |                           |                           |                         |   |
| Instruction:                                 |                           |                           |                         |   |
| Regular:                                     |                           |                           |                         |   |
| Salaries and wages                           | 84,355                    | 84,355                    | 80,391                  | 3,964   |
| Employee benefits                            | <u>125,645</u>            | <u>125,645</u>            | <u>39,609</u>           | <u>86,036</u>   |
| Total expenditures                           | <u>210,000</u>            | <u>210,000</u>            | <u>120,000</u>          | <u>90,000</u>   |
| Excess of revenues over (under) expenditures | (23,449)                  | (23,449)                  | 7,292                   | 30,741  |
| Other financing sources:                     |                           |                           |                         |   |
| Advances - in                                | <u>23,449</u>             | <u>23,449</u>             | <u>16,000</u>           | <u>(7,449)</u>  |
| Net change in fund balance                   | -                         | -                         | 23,292                  | 23,292  |
| Fund balance at beginning of year            | <u>(10,427)</u>           | <u>(10,427)</u>           | <u>(10,427)</u>         | <u>-</u>  |
| Fund balance at end of year                  | \$ <u><u>(10,427)</u></u> | \$ <u><u>(10,427)</u></u> | \$ <u><u>12,865</u></u> | \$ <u><u>23,292</u></u>                                 |

# Cleveland Heights-University Heights City School District

## Data Communication Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                                   | Budget    |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|-----------|-----------|-----------|---|
|                                   | Original  | Final     |           |   |
| Revenues:                         |           |           |           |   |
| Intergovernmental                 | \$ 18,000 | \$ 18,000 | \$ 18,000 | \$ -  |
| Expenditures:                     |           |           |           |   |
| Current:                          |           |           |           |   |
| Support services:                 |           |           |           |   |
| Business:                         |           |           |           |   |
| Purchased services                | 18,000    | 18,000    | 18,000    | -   |
| Net change in fund balance        | -         | -         | -         | -   |
| Fund balance at beginning of year | -         | -         | -         | -   |
| Fund balance at end of year       | \$ -      | \$ -      | \$ -      | \$ -  |

# Cleveland Heights-University Heights City School District

## Miscellaneous State Grants Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                                      | Budget    |           | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|-----------|-----------|------------|---|
|                                      | Original  | Final     |            |   |
| Revenues:                            |           |           |            |   |
| Miscellaneous                        | \$ 50,000 | \$ 50,000 | \$ -       | \$ (50,000)   |
| Expenditures:                        |           |           |            |   |
| Current:                             |           |           |            |   |
| Instruction:                         |           |           |            |   |
| Regular:                             |           |           |            |   |
| Supplies and materials               | \$ 27,199 | \$ 27,199 | \$ 1,199   | \$ 26,000   |
| Support services:                    |           |           |            |   |
| Instructional staff:                 |           |           |            |   |
| Purchased services                   | -         | -         | 3,619      | (3,619)   |
| Total expenditures                   | 27,199    | 27,199    | 4,818      | 22,381  |
| Net change in fund balance           | 22,801    | 22,801    | (4,818)    | (27,619)  |
| Fund balance at beginning of year    | -         | -         | -          | -   |
| Prior year encumbrances appropriated | 1,199     | 1,199     | 1,199      | -   |
| Fund balance at end of year          | \$ 24,000 | \$ 24,000 | \$ (3,619) | \$ (27,619)   |

# Cleveland Heights-University Heights City School District

## IDEA (Flo-Thru) Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                        | Budget       |              | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------|--------------|--------------|--------------|---|
|                        | Original     | Final        |              |   |
| Revenues:              |              |              |              |   |
| Intergovernmental      | \$ 1,400,516 | \$ 1,697,595 | \$ 1,718,807 | \$ 21,212   |
| Expenditures:          |              |              |              |   |
| Current:               |              |              |              |   |
| Instruction:           |              |              |              |   |
| Special:               |              |              |              |   |
| Salaries and wages     | 635,413      | 701,937      | 396,231      | 305,706   |
| Employee benefits      | 289,745      | 320,079      | 407,749      | (87,670)  |
| Purchased services     | 47,442       | 52,409       | 1,911        | 50,498  |
| Supplies and materials | 53,962       | 59,611       | 18,011       | 41,600  |
| Capital outlay         | 36           | 40           | -            | 40  |
| Other                  | 14,341       | 15,842       | 10,995       | 4,847   |
| Total special          | 1,040,939    | 1,149,918    | 834,897      | 315,021   |
| Other:                 |              |              |              |   |
| Salaries and wages     | 9,052        | 10,000       | 3,623        | 6,377   |
| Employee benefits      | 3,621        | 4,000        | 598          | 3,402   |
| Purchased services     | 32,763       | 36,193       | 12,177       | 24,016  |
| Total other            | 45,436       | 50,193       | 16,398       | 33,795  |
| Total instruction      | 1,086,375    | 1,200,111    | 851,295      | 348,816   |
| Support services:      |              |              |              |   |
| Pupil:                 |              |              |              |   |
| Salaries and wages     | 82,695       | 91,352       | 97,046       | (5,694)   |
| Employee benefits      | 48,786       | 53,893       | 41,717       | 12,176  |
| Purchased services     | 90,509       | 99,985       | 50,404       | 49,581  |
| Supplies and materials | 33,493       | 37,000       | 26,975       | 10,025  |
| Other                  | 1,358        | 1,500        | 1,229        | 271   |
| Total pupil            | 256,841      | 283,730      | 217,371      | 66,359  |
| Instructional staff:   |              |              |              |   |
| Purchased services     | 44,812       | 49,503       | 10,142       | 39,361  |

Continued

# Cleveland Heights-University Heights City School District

IDEA (Flo-Thru) Fund (continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget           |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-------------------|-------------------|---|
|  | Original         | Final             |                   |   |
| Administration:                              |                  |                   |                   |   |
| Salaries and wages                           | 147,445          | 162,882           | 150,051           | 12,831  |
| Employee benefits                            | 70,576           | 77,965            | 71,759            | 6,206   |
| Supplies and materials                       | 6,563            | 7,250             | 7,250             | -   |
| Total administration                         | <u>224,584</u>   | <u>248,097</u>    | <u>229,060</u>    | <u>19,037</u>   |
| Fiscal:                                      |                  |                   |                   |   |
| Other  | <u>47,133</u>    | <u>52,068</u>     | <u>139,896</u>    | <u>(87,828)</u>   |
| Pupil transportation:                        |                  |                   |                   |   |
| Purchased services                           | 4,526            | 5,000             | 2,642             | 2,358   |
| Supplies and materials                       | 10,265           | 11,340            | 7,701             | 3,639   |
| Total pupil transportation                   | <u>14,791</u>    | <u>16,340</u>     | <u>10,343</u>     | <u>5,997</u>  |
| Total support services                       | <u>588,161</u>   | <u>649,738</u>    | <u>606,812</u>    | <u>42,926</u>   |
| Operation of non-instructional services:     |                  |                   |                   |   |
| Community services:                          |                  |                   |                   |   |
| Purchased services                           | <u>235,815</u>   | <u>260,503</u>    | <u>249,680</u>    | <u>10,823</u>   |
| Total expenditures                           | <u>1,910,351</u> | <u>2,110,352</u>  | <u>1,707,787</u>  | <u>402,565</u>  |
| Excess of revenues (under) over expenditures | <u>(509,835)</u> | <u>(412,757)</u>  | <u>11,020</u>     | <u>423,777</u>  |
| Other financing sources (uses):              |                  |                   |                   |   |
| Advances - in                                | 249,484          | 302,405           | 300,000           | (2,405)   |
| Advances - out                               | -                | -                 | (411,176)         | (411,176)   |
| Total other financing sources (uses)         | <u>249,484</u>   | <u>302,405</u>    | <u>(111,176)</u>  | <u>(413,581)</u>  |
| Net change in fund balance                   | (260,351)        | (110,352)         | (100,156)         | 10,196  |
| Fund balance at beginning of year            | 207,461          | 207,461           | 207,461           | -   |
| Prior year encumbrances appropriated         | <u>110,359</u>   | <u>110,359</u>    | <u>110,359</u>    | -   |
| Fund balance at end of year                  | \$ <u>57,469</u> | \$ <u>207,468</u> | \$ <u>217,664</u> | \$ <u>10,196</u>  |

# Cleveland Heights-University Heights City School District

## Vocational Education Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget      |             | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------|-------------|------------|---|
|  | Original    | Final       |            |   |
| Revenues:                                    |             |             |            |   |
| Intergovernmental                            | \$ 266,357  | \$ 266,357  | \$ 324,608 | \$ 58,251   |
| Expenditures:                                |             |             |            |   |
| Current:                                     |             |             |            |   |
| Instruction:                                 |             |             |            |   |
| Vocational:                                  |             |             |            |   |
| Salaries and wages                           | 88,577      | 88,577      | 49,530     | 39,047  |
| Employee benefits                            | 18,897      | 18,897      | 16,097     | 2,800   |
| Purchased services                           | 300         | 300         | 300        | -   |
| Supplies and materials                       | 34,296      | 34,296      | 31,698     | 2,598   |
| Capital outlay                               | 110,838     | 110,838     | 121,851    | (11,013)  |
| Other  | 7,205       | 7,205       | 651        | 6,554   |
| Total vocational                             | 260,113     | 260,113     | 220,127    | 39,986  |
| Support services:                            |             |             |            |   |
| Instructional staff:                         |             |             |            |   |
| Salaries and wages                           | -           | -           | 3,310      | (3,310)   |
| Employee benefits                            | -           | -           | 4,413      | (4,413)   |
| Purchased services                           | 33,345      | 33,345      | 29,110     | 4,235   |
| Total instructional staff                    | 33,345      | 33,345      | 36,833     | (3,488)   |
| Administration:                              |             |             |            |   |
| Salaries and wages                           | 8,911       | 8,911       | 8,797      | 114   |
| Employee benefits                            | 4,376       | 4,376       | 4,406      | (30)  |
| Total administration                         | 13,287      | 13,287      | 13,203     | 84  |
| Total support services                       | 46,632      | 46,632      | 50,036     | (3,404)   |
| Total expenditures                           | 306,745     | 306,745     | 270,163    | 36,582  |
| Excess of revenues (under) over expenditures | (40,388)    | (40,388)    | 54,445     | 94,833  |
| Other financing sources (uses):              |             |             |            |   |
| Advance - in                                 | 33,643      | 33,643      | 41,000     | 7,357   |
| Advance - out                                | -           | -           | (26,519)   | (26,519)  |
| Total other financing sources (uses)         | 33,643      | 33,643      | 14,481     | (19,162)  |
| Net change in fund balance                   | (6,745)     | (6,745)     | 68,926     | 75,671  |
| Fund balance at beginning of year            | (39,177)    | (39,177)    | (39,177)   | -   |
| Prior year encumbrances appropriated         | 6,745       | 6,745       | 6,745      | -   |
| Fund balance at end of year                  | \$ (39,177) | \$ (39,177) | \$ 36,494  | \$ 75,671   |

# Cleveland Heights-University Heights City School District

## Title I Improvement Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget      |             | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------|-------------|------------|---|
|  | Original    | Final       |            |   |
| Revenues:                                    |             |             |            |   |
| Intergovernmental                            | \$ 157,389  | \$ 303,734  | \$ 320,673 | \$ 16,939   |
| Expenditures:                                |             |             |            |   |
| Current:                                     |             |             |            |   |
| Instruction:                                 |             |             |            |   |
| Special:                                     |             |             |            |   |
| Salaries and wages                           | 41,100      | 75,350      | 6,448      | 68,902  |
| Employee benefits                            | 1,833       | 3,360       | 3,188      | 172   |
| Purchased services                           | 9,621       | 17,640      | 14,551     | 3,089   |
| Supplies and materials                       | 7,313       | 13,408      | 5,212      | 8,196   |
| Total special                                | 59,867      | 109,758     | 29,399     | 80,359  |
| Support services:                            |             |             |            |   |
| Instructional staff:                         |             |             |            |   |
| Salaries and wages                           | 41,753      | 76,548      | 110,845    | (34,297)  |
| Employee benefits                            | 20,987      | 38,476      | 42,989     | (4,513)   |
| Purchased services                           | 93,153      | 170,780     | 92,366     | 78,414  |
| Supplies and materials                       | 2,182       | 4,000       | 3,055      | 945   |
| Total instructional staff                    | 158,075     | 289,804     | 249,255    | 40,549  |
| Fiscal:                                      |             |             |            |   |
| Other  | 16,717      | 30,648      | 23,440     | 7,208   |
| Total support services                       | 174,792     | 320,452     | 272,695    | 47,757  |
| Operation of non-instructional services:     |             |             |            |   |
| Community services:                          |             |             |            |   |
| Purchased services                           | 54,158      | 99,290      | 43,622     | 55,668  |
| Supplies and materials                       | 10,909      | 20,000      | 876        | 19,124  |
| Other  | 273         | 500         | 500        | -   |
| Total community services                     | 65,340      | 119,790     | 44,998     | 74,792  |
| Total expenditures                           | 299,999     | 550,000     | 347,092    | 202,908   |
| Excess of revenues (under) over expenditures | (142,610)   | (246,266)   | (26,419)   | 219,847   |
| Other financing sources:                     |             |             |            |   |
| Advances - in                                | 127,611     | 246,266     | 260,000    | 13,734  |
| Net change in fund balance                   | (14,999)    | -           | 233,581    | 233,581   |
| Fund balance at beginning of year            | (16,541)    | (16,541)    | (16,541)   | -   |
| Fund balance at end of year                  | \$ (31,540) | \$ (16,541) | \$ 217,040 | \$ 233,581  |

# Cleveland Heights-University Heights City School District

## Title III Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget     |            | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------|------------|-----------|---|
|  | Original   | Final      |           |   |
| Revenues:                                    |            |            |           |   |
| Intergovernmental                            | \$ 25,869  | \$ 29,564  | \$ 14,165 | \$ (15,399)   |
| Expenditures:                                |            |            |           |   |
| Current:                                     |            |            |           |   |
| Instruction:                                 |            |            |           |   |
| Special:                                     |            |            |           |   |
| Salaries and wages                           | 21,522     | 21,522     | 5,570     | 15,952  |
| Employee benefits                            | 2,000      | 2,000      | 934       | 1,066   |
| Purchased services                           | 1,500      | 1,500      | 3,000     | (1,500)   |
| Supplies and materials                       | 9,375      | 9,375      | 5,054     | 4,321   |
| Other  | 200        | 200        | -         | 200   |
| Total special                                | 34,597     | 34,597     | 14,558    | 20,039  |
| Support services:                            |            |            |           |   |
| Instructional staff:                         |            |            |           |   |
| Purchased services                           | 2,370      | 2,370      | 1,920     | 450   |
| Fiscal:                                      |            |            |           |   |
| Other  | 1,533      | 1,533      | 699       | 834   |
| Total support services                       | 3,903      | 3,903      | 2,619     | 1,284   |
| Operation of non-instructional services:     |            |            |           |   |
| Community services:                          |            |            |           |   |
| Purchased services                           | 2,019      | 2,019      | 635       | 1,384   |
| Total expenditures                           | 40,519     | 40,519     | 17,812    | 22,707  |
| Excess of revenues (under) over expenditures | (14,650)   | (10,955)   | (3,647)   | 7,308   |
| Other financing sources (uses):              |            |            |           |   |
| Advances - in                                | 9,131      | 10,436     | 5,000     | (5,436)   |
| Advance - out                                | -          | -          | (519)     | (519)   |
| Total other financing sources (uses)         | 9,131      | 10,436     | 4,481     | (5,955)   |
| Net change in fund balance                   | (5,519)    | (519)      | 834       | 1,353   |
| Fund balance at beginning of year            | (2,106)    | (2,106)    | (2,106)   | -   |
| Prior year encumbrances appropriated         | 519        | 519        | 519       | -   |
| Fund balance at end of year                  | \$ (7,106) | \$ (2,106) | \$ (753)  | \$ 1,353  |



# Cleveland Heights-University Heights City School District

## Title I Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                           | Budget       |              | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------|--------------|--------------|--------------|---|
|                           | Original     | Final        |              |   |
| Revenues:                 |              |              |              |   |
| Intergovernmental         | \$ 2,333,403 | \$ 2,333,403 | \$ 2,303,860 | \$ (29,543)   |
| Expenditures:             |              |              |              |   |
| Current:                  |              |              |              |   |
| Instruction:              |              |              |              |   |
| Special:                  |              |              |              |   |
| Salaries and wages        | 537,514      | 537,514      | 544,549      | (7,035)   |
| Employee benefits         | 229,896      | 229,896      | 257,281      | (27,385)  |
| Purchased services        | 5,717        | 5,717        | 5,863        | (146)   |
| Supplies and materials    | 124,222      | 124,222      | 113,639      | 10,583  |
| Capital outlay            | 2,967        | 2,967        | 188          | 2,779   |
| Total special             | 900,316      | 900,316      | 921,520      | (21,204)  |
| Support services:         |              |              |              |   |
| Pupil:                    |              |              |              |   |
| Employee benefits         | -            | -            | 2,270        | (2,270)   |
| Total pupil               | -            | -            | 2,270        | (2,270)   |
| Instructional staff:      |              |              |              |   |
| Salaries and wages        | 470,701      | 470,701      | 441,461      | 29,240  |
| Employee benefits         | 164,120      | 164,120      | 175,884      | (11,764)  |
| Purchased services        | 51,785       | 51,785       | 32,771       | 19,014  |
| Supplies and materials    | 5,957        | 5,957        | 2,069        | 3,888   |
| Other                     | 238          | 238          | -            | 238   |
| Total instructional staff | 692,801      | 692,801      | 652,185      | 40,616  |
| Administration:           |              |              |              |   |
| Salaries and wages        | 50,000       | 50,000       | 45,520       | 4,480   |
| Employee benefits         | 27,185       | 27,185       | 24,725       | 2,460   |
| Purchased services        | 10,006       | 10,006       | -            | 10,006  |
| Total administration      | 87,191       | 87,191       | 70,245       | 16,946  |
| Fiscal:                   |              |              |              |   |
| Other                     | 135,086      | 135,086      | 176,501      | (41,415)  |
| Pupil transportation:     |              |              |              |   |
| Purchased services        | 14,980       | 14,980       | 2,209        | 12,771  |
| Total support services    | 930,058      | 930,058      | 903,410      | 26,648  |

Continued

# Cleveland Heights-University Heights City School District

Title I Fund (continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget             |                    | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|--------------------|-------------------|---|
|  | Original           | Final              |                   |   |
| Operation of non-instructional services:     |                    |                    |                   |   |
| Community services:                          |                    |                    |                   |   |
| Salaries and wages                           | 43,100             | 43,100             | 40,568            | 2,532   |
| Employee benefits                            | 21,997             | 21,997             | 17,434            | 4,563   |
| Purchased services                           | 909,404            | 909,404            | 411,532           | 497,872   |
| Supplies and materials                       | 19,510             | 19,510             | 8,959             | 10,551  |
| Capital outlay                               | 13,097             | 13,097             | 4,543             | 8,554   |
| Other  | 510                | 510                | 200               | 310   |
| Total community services                     | <u>1,007,618</u>   | <u>1,007,618</u>   | <u>483,236</u>    | <u>524,382</u>  |
| Total expenditures                           | <u>2,837,992</u>   | <u>2,837,992</u>   | <u>2,308,166</u>  | <u>529,826</u>  |
| Excess of revenues (under) over expenditures | <u>(504,589)</u>   | <u>(504,589)</u>   | <u>(4,306)</u>    | <u>500,283</u>  |
| Other financing sources (uses):              |                    |                    |                   |   |
| Advance - in                                 | 466,597            | 466,597            | 460,000           | (6,597)   |
| Advance - out                                | -                  | -                  | (278,153)         | (278,153)   |
| Total other financing sources (uses)         | <u>466,597</u>     | <u>466,597</u>     | <u>181,847</u>    | <u>(284,750)</u>  |
| Net change in fund balance                   | (37,992)           | (37,992)           | 177,541           | 215,533   |
| Fund balance at beginning of year            | (223,239)          | (223,239)          | (223,239)         | -   |
| Prior year encumbrances appropriated         | <u>237,996</u>     | <u>237,996</u>     | <u>237,996</u>    | <u>-</u>  |
| Fund balance at end of year                  | \$ <u>(23,235)</u> | \$ <u>(23,235)</u> | \$ <u>192,298</u> | \$ <u>215,533</u>                                       |

# Cleveland Heights-University Heights City School District

## Preschool Disabilities Grant Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget     |            | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------|------------|-----------|---|
|  | Original   | Final      |           |   |
| Revenues:                                    |            |            |           |   |
| Intergovernmental                            | \$ 50,560  | \$ 50,560  | \$ 37,491 | \$ (13,069)   |
| Expenditures:                                |            |            |           |   |
| Current:                                     |            |            |           |   |
| Instruction:                                 |            |            |           |   |
| Special:                                     |            |            |           |   |
| Salaries and wages                           | 18,214     | 18,214     | 24,960    | (6,746)   |
| Employee benefits                            | 40,074     | 40,074     | 8,198     | 31,876  |
| Total special                                | 58,288     | 58,288     | 33,158    | 25,130  |
| Support services:                            |            |            |           |   |
| Fiscal:                                      |            |            |           |   |
| Other  | 1,712      | 1,712      | 1,713     | (1)   |
| Total expenditures                           | 60,000     | 60,000     | 34,871    | 25,129  |
| Excess of revenues over (under) expenditures | (9,440)    | (9,440)    | 2,620     | 12,060  |
| Other financing sources:                     |            |            |           |   |
| Advance - in                                 | 9,440      | 9,440      | 7,000     | (2,440)   |
| Net change in fund balance                   | -          | -          | 9,620     | 9,620   |
| Fund balance at beginning of year            | (2,620)    | (2,620)    | (2,620)   | -   |
| Fund balance at end of year                  | \$ (2,620) | \$ (2,620) | \$ 7,000  | \$ 9,620  |

# Cleveland Heights-University Heights City School District

## Title IIA - Improving Teacher Quality Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget     |            | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------|------------|------------|---|
|  | Original   | Final      |            |   |
| Revenues:                                    |            |            |            |   |
| Intergovernmental                            | \$ 300,000 | \$ 400,000 | \$ 315,504 | \$ (84,496)   |
| Expenditures:                                |            |            |            |   |
| Current:                                     |            |            |            |   |
| Support services:                            |            |            |            |   |
| Instructional staff:                         |            |            |            |   |
| Salaries and wages                           | 50,883     | 64,433     | 24,454     | 39,979  |
| Employee benefits                            | 7,223      | 9,147      | 1,533      | 7,614   |
| Purchased services                           | 140,536    | 177,960    | 198,949    | (20,989)  |
| Supplies and materials                       | 7,347      | 9,304      | -          | 9,304   |
| Total instructional staff                    | 205,989    | 260,844    | 224,936    | 35,908  |
| Fiscal:                                      |            |            |            |   |
| Other  | 18,778     | 23,778     | 17,461     | 6,317   |
| Total support services                       | 224,767    | 284,622    | 242,397    | 42,225  |
| Operation of non-instructional services:     |            |            |            |   |
| Community services:                          |            |            |            |   |
| Purchased services                           | 140,397    | 177,784    | 89,573     | 88,211  |
| Supplies and material                        | 7,599      | 9,623      | 5,631      | 3,992   |
| Other  | 2,752      | 3,485      | 1,485      | 2,000   |
| Total community services                     | 150,748    | 190,892    | 96,689     | 94,203  |
| Total expenditures                           | 375,515    | 475,514    | 339,086    | 136,428   |
| Excess of revenues (under) over expenditures | (75,515)   | (75,514)   | (23,582)   | 51,932  |
| Other financing sources (uses):              |            |            |            |   |
| Advances - in                                | 74,218     | 111,327    | 140,000    | 28,673  |
| Advances - out                               | -          | -          | (76,564)   | (76,564)  |
| Total other financing sources (uses)         | 74,218     | 111,327    | 63,436     | (47,891)  |
| Net change in fund balance                   | (1,297)    | 35,813     | 39,854     | 4,041   |
| Fund balance at beginning of year            | (29,421)   | (29,421)   | (29,421)   | -   |
| Prior year encumbrances appropriated         | 75,514     | 75,514     | 75,514     | -   |
| Fund balance at end of year                  | \$ 44,796  | \$ 81,906  | \$ 85,947  | \$ 4,041  |

# Cleveland Heights-University Heights City School District

## Miscellaneous Federal Grants Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                           | Budget         |                | Actual         | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------|----------------|----------------|----------------|---|
|                           | Original       | Final          |                |   |
| Revenues:                 |                |                |                |   |
| Intergovernmental         | \$ 267,274     | \$ 400,910     | \$ 504,168     | \$ 103,258  |
| Expenditures:             |                |                |                |   |
| Current:                  |                |                |                |   |
| Instruction:              |                |                |                |   |
| Regular:                  |                |                |                |   |
| Salaries and wages        | 72,123         | 108,382        | 102,080        | 6,302   |
| Employee benefits         | 11,839         | 17,791         | 20,243         | (2,452)   |
| Purchased services        | 157,706        | 236,990        | 108,237        | 128,753   |
| Supplies and materials    | 22,265         | 33,458         | 17,379         | 16,079  |
| Capital outlay            | 699            | 1,050          | 991            | 59  |
| Other                     | 8,075          | 12,134         | 8,377          | 3,757   |
| Total regular             | <u>272,707</u> | <u>409,805</u> | <u>257,307</u> | <u>152,498</u>  |
| Support services:         |                |                |                |   |
| Pupil:                    |                |                |                |   |
| Salaries and wages        | 66,213         | 99,500         | 90,780         | 8,720   |
| Employee benefits         | 30,756         | 46,218         | 49,211         | (2,993)   |
| Purchased service         | 6,009          | 9,030          | 5,000          | 4,030   |
| Total pupil               | <u>102,978</u> | <u>154,748</u> | <u>144,991</u> | <u>9,757</u>  |
| Instructional staff:      |                |                |                |   |
| Salaries and wages        | 773            | 1,161          | 644            | 517   |
| Employee benefits         | -              | -              | 105            | (105)   |
| Purchased services        | 26,121         | 39,254         | 21,999         | 17,255  |
| Supplies and materials    | 1,584          | 2,380          | 4,474          | (2,094)   |
| Total instructional staff | <u>28,478</u>  | <u>42,795</u>  | <u>27,222</u>  | <u>15,573</u>   |
| Administration:           |                |                |                |   |
| Purchased services        | 44,621         | 67,054         | 67,057         | (3)   |
| Fiscal:                   |                |                |                |   |
| Other                     | 27,119         | 40,752         | 28,047         | 12,705  |
| Pupil transportation:     |                |                |                |   |
| Purchased services        | 32,286         | 48,517         | 917            | 47,600  |
| Central:                  |                |                |                |   |
| Purchased services        | 13,309         | 20,000         | 20,000         | -   |
| Total support services    | <u>248,791</u> | <u>373,866</u> | <u>288,234</u> | <u>85,632</u>   |

Continued

# Cleveland Heights-University Heights City School District

## Miscellaneous Federal Grants Fund (continued)

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|   | Budget             |                     | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|---------------------|-------------------|---|
|   | Original           | Final               |                   |   |
| Operation of non-instructional services:        |                    |                     |                   |   |
| Food services operations                        |                    |                     |                   |   |
| Purchased services                              | <u>2,662</u>       | <u>4,000</u>        | <u>4,000</u>      | <u>-</u>  |
| Community services:                             |                    |                     |                   |   |
| Purchased services                              | 8,786              | 13,203              | 5,687             | 7,516   |
| Supplies and materials                          | <u>4,123</u>       | <u>6,196</u>        | <u>3,879</u>      | <u>2,317</u>  |
| Total community services                        | <u>12,909</u>      | <u>19,399</u>       | <u>9,566</u>      | <u>9,833</u>  |
| Total operation of non-instructional<br>service | <u>15,571</u>      | <u>23,399</u>       | <u>13,566</u>     | <u>9,833</u>  |
| Total expenditures                              | <u>537,069</u>     | <u>807,070</u>      | <u>559,107</u>    | <u>247,963</u>  |
| Excess of revenues (under) over expenditures    | <u>(269,795)</u>   | <u>(406,160)</u>    | <u>(54,939)</u>   | <u>351,221</u>  |
| Other financing sources (uses):                 |                    |                     |                   |   |
| Advances - in                                   | 158,508            | 237,763             | 299,000           | 61,237  |
| Advances - out                                  | <u>-</u>           | <u>-</u>            | <u>(57,069)</u>   | <u>(57,069)</u>   |
| Total other financing sources (uses)            | <u>158,508</u>     | <u>237,763</u>      | <u>241,931</u>    | <u>4,168</u>  |
| Net change in fund balance                      | (111,287)          | (168,397)           | 186,992           | 355,389   |
| Fund balance at beginning of year               | (45,475)           | (45,475)            | (45,475)          | -   |
| Prior year encumbrances appropriated            | <u>57,069</u>      | <u>57,069</u>       | <u>57,069</u>     | <u>-</u>  |
| Fund balance at end of year                     | \$ <u>(99,693)</u> | \$ <u>(156,803)</u> | \$ <u>198,586</u> | \$ <u>355,389</u>                                       |

# Cleveland Heights-University Heights City School District

## Bond Retirement Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget              |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               |                     |   |
| Revenues:                                    |                     |                     |                     |   |
| Taxes  | \$ 7,215,171        | \$ 8,270,308        | \$ 7,731,292        | \$ (539,016)  |
| Intergovernmental                            | 280,524             | 321,547             | 252,820             | (68,727)  |
| Miscellaneous                                | 1,664               | 408                 | -                   | (408)   |
| Total revenues                               | <u>7,497,359</u>    | <u>8,592,263</u>    | <u>7,984,112</u>    | <u>(608,151)</u>  |
| Expenditures:                                |                     |                     |                     |   |
| Current:                                     |                     |                     |                     |   |
| Support services:                            |                     |                     |                     |   |
| Fiscal:                                      |                     |                     |                     |   |
| Other  | <u>200,000</u>      | <u>200,000</u>      | <u>195,434</u>      | <u>4,566</u>  |
| Debt service:                                |                     |                     |                     |   |
| Principal                                    | 1,000,000           | 1,000,000           | 1,020,000           | (20,000)  |
| Interest and fiscal charges                  | 6,200,000           | 6,200,000           | 5,715,924           | 484,076   |
| Bond issuance costs                          | -                   | 438,253             | 438,253             | -   |
| Total debt service                           | <u>7,200,000</u>    | <u>7,638,253</u>    | <u>7,174,177</u>    | <u>464,076</u>  |
| Total expenditures                           | <u>7,400,000</u>    | <u>7,838,253</u>    | <u>7,369,611</u>    | <u>468,642</u>  |
| Excess of revenues (under) over expenditures | <u>97,359</u>       | <u>754,010</u>      | <u>614,501</u>      | <u>(139,509)</u>  |
| Other financing sources (uses):              |                     |                     |                     |   |
| Bond proceeds                                | -                   | 60,725,000          | 60,725,000          | -   |
| Premium on bonds                             | -                   | 9,804,394           | 9,804,394           | -   |
| Payment to escrow agent                      | -                   | (70,089,641)        | (70,089,641)        | -   |
| Total other financing sources (uses)         | <u>-</u>            | <u>439,753</u>      | <u>439,753</u>      | <u>-</u>  |
| Net change in fund balance                   | 97,359              | 1,193,763           | 1,054,254           | (139,509)   |
| Fund balance at beginning of year            | <u>2,201,133</u>    | <u>2,201,133</u>    | <u>2,201,133</u>    | <u>-</u>  |
| Fund balance at end of year                  | \$ <u>2,298,492</u> | \$ <u>3,394,896</u> | \$ <u>3,255,387</u> | \$ <u>(139,509)</u>                                     |

# Cleveland Heights-University Heights City School District

## Permanent Improvement Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget              |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               |                     |   |
| Revenues:                                    |                     |                     |                     |   |
| Taxes  | \$ 3,083,764        | \$ 1,674,440        | \$ 3,318,353        | \$ 1,643,913  |
| Intergovernmental                            | 472,265             | 256,433             | 444,750             | 188,317   |
| Total revenues                               | <u>3,556,029</u>    | <u>1,930,873</u>    | <u>3,763,103</u>    | <u>1,832,230</u>  |
| Expenditures:                                |                     |                     |                     |   |
| Current:                                     |                     |                     |                     |   |
| Support services:                            |                     |                     |                     |   |
| Fiscal:                                      |                     |                     |                     |   |
| Other  | <u>-</u>            | <u>-</u>            | <u>66,846</u>       | <u>(66,846)</u>   |
| Operations and maintenance of plant:         |                     |                     |                     |   |
| Purchased services                           | 267,474             | 267,474             | 227,159             | 40,315  |
| Capital outlay                               | 4,251,107           | 4,251,107           | 2,281,781           | 1,969,326   |
| Other  | <u>-</u>            | <u>-</u>            | <u>(3,010)</u>      | <u>3,010</u>  |
| Total operations and maintenance<br>of plant | <u>4,518,581</u>    | <u>4,518,581</u>    | <u>2,505,930</u>    | <u>2,012,651</u>  |
| Total support services                       | <u>4,518,581</u>    | <u>4,518,581</u>    | <u>2,572,776</u>    | <u>1,945,805</u>  |
| Debt service:                                |                     |                     |                     |   |
| Principal                                    | -                   | -                   | 780,956             | (780,956)   |
| Interest and fiscal charges                  | <u>-</u>            | <u>-</u>            | <u>454,500</u>      | <u>(454,500)</u>  |
| Total debt service                           | <u>-</u>            | <u>-</u>            | <u>1,235,456</u>    | <u>(1,235,456)</u>                                      |
| Total expenditures                           | <u>4,518,581</u>    | <u>4,518,581</u>    | <u>3,808,232</u>    | <u>710,349</u>  |
| Excess of revenues (under) over expenditures | (962,552)           | (2,587,708)         | (45,129)            | 2,542,579   |
| Other financing sources:                     |                     |                     |                     |   |
| Proceeds from sale of assets                 | <u>11,661</u>       | <u>6,332</u>        | <u>10,982</u>       | <u>4,650</u>  |
| Net change in fund balance                   | (950,891)           | (2,581,376)         | (34,147)            | 2,547,229   |
| Fund balance at beginning of year            | 4,688,918           | 4,688,918           | 4,688,918           | -   |
| Prior year encumbrances appropriated         | <u>1,018,581</u>    | <u>1,018,581</u>    | <u>1,018,581</u>    | <u>-</u>  |
| Fund balance at end of year                  | \$ <u>4,756,608</u> | \$ <u>3,126,123</u> | \$ <u>5,673,352</u> | \$ <u>2,547,229</u>                                     |



# Cleveland Heights-University Heights City School District

## Combining Statements – Nonmajor Proprietary Funds Fund Descriptions

June 30, 2018

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### **Nonmajor Enterprise Funds**

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private sector businesses where the intent is that the expense (including depreciation) of providing goods or services to the general public is primarily or solely financed or recovered through user charges.

***Food Services*** This fund accounts for the provision of food services to the District.

***Uniform School Supplies*** This fund accounts for the purchase and sale of necessary supplies, materials, or other school related items.

***Customer Services*** This fund accounts for services provided primarily to the general public which are financed or recovered through user charges.

### **Nonmajor Internal Service Fund**

The internal service fund is used to account for the financing of services provided by one department to other departments of the government or to other districts on a cost reimbursement basis.

***Self-Insurance*** This fund is to account for the receipt and expenditure of funds for medical and dental claims for employees.

# Cleveland Heights-University Heights City School District

## Combining Statement of Fund Net Position Nonmajor Enterprise Funds

June 30, 2018

|   | <u>Food<br/>Services</u> | <u>Uniform<br/>School<br/>Supplies</u> | <u>Customer<br/>Services</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|---|--------------------------|--|------------------------------|--|
| <b>Assets:</b>                                  |                          |  |                              |  |
| Current assets:                                 |                          |  |                              |  |
| Equity in pooled cash and investments           | \$ 62,216                | \$ 49,385                              | \$ 1,619                     | \$ 113,220   |
| Prepaid items                                   | 2,194                    | -                                      | -                            | 2,194  |
| Intergovernmental receivable                    | 59,491                   | -                                      | -                            | 59,491   |
| Materials and supplies inventories              | <u>26,437</u>            | <u>-</u>                               | <u>-</u>                     | <u>26,437</u>                                      |
| Total current assets                            | 150,338                  | 49,385                                 | 1,619                        | 201,342  |
| Non-current assets:                             |                          |  |                              |  |
| Capital assets, net of depreciation             | <u>58,826</u>            | <u>-</u>                               | <u>-</u>                     | <u>58,826</u>                                      |
| Total assets                                    | <u>209,164</u>           | <u>49,385</u>                          | <u>1,619</u>                 | <u>260,168</u>                                     |
| <b>Deferred outflows of resources:</b>          |                          |  |                              |  |
| Pension – SERS                                  | 179,079                  | -                                      | -                            | 179,079  |
| OPEB – SERS                                     | <u>12,526</u>            | <u>-</u>                               | <u>-</u>                     | <u>12,526</u>                                      |
| Total deferred outflows of resources            | <u>191,605</u>           | <u>-</u>                               | <u>-</u>                     | <u>191,605</u>                                     |
| <b>Liabilities:</b>                             |                          |  |                              |  |
| Current liabilities:                            |                          |  |                              |  |
| Accounts payable                                | 219,041                  | -                                      | -                            | 219,041  |
| Accrued wages and benefits                      | 5,096                    | -                                      | -                            | 5,096  |
| Interfund payable                               | 500,000                  | -                                      | -                            | 500,000  |
| Intergovernmental payable                       | 6,395                    | -                                      | -                            | 6,395  |
| Current portion of accrued compensated absences | <u>2,567</u>             | <u>-</u>                               | <u>-</u>                     | <u>2,567</u>                                       |
| Total current liabilities                       | 733,099                  | -                                      | -                            | 733,099  |
| Non-current liabilities:                        |                          |  |                              |  |
| Net Pension Liability                           | 1,047,351                | -                                      | -                            | 1,047,351  |
| Net OPEB Liability                              | 478,309                  | -                                      | -                            | 478,309  |
| Accrued compensated absences                    | <u>34,105</u>            | <u>-</u>                               | <u>-</u>                     | <u>34,105</u>                                      |
| Total liabilities                               | <u>2,292,864</u>         | <u>-</u>                               | <u>-</u>                     | <u>2,292,864</u>                                   |
| <b>Deferred inflows of resources:</b>           |                          |  |                              |  |
| Pension – SERS                                  | 125,273                  | -                                      | -                            | 125,273  |
| OPEB – SERS                                     | <u>85,598</u>            | <u>-</u>                               | <u>-</u>                     | <u>85,598</u>                                      |
| Total deferred inflows of resources             | <u>210,871</u>           | <u>-</u>                               | <u>-</u>                     | <u>210,871</u>                                     |
| <b>Net position:</b>                            |                          |  |                              |  |
| Net investment in capital assets                | 58,826                   | -                                      | -                            | 58,826   |
| Unrestricted (deficit)                          | <u>(2,161,792)</u>       | <u>49,385</u>                          | <u>1,619</u>                 | <u>(2,110,788)</u>                                 |
| Total net position (deficit)                    | <u>\$ (2,102,966)</u>    | <u>\$ 49,385</u>                       | <u>\$ 1,619</u>              | <u>\$ (2,051,962)</u>                              |

# Cleveland Heights-University Heights City School District

## Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2018

|  | Food<br>Services      | Uniform<br>School<br>Supplies | Customer<br>Services | Total<br>Nonmajor<br>Enterprise<br>Funds |
|--|-----------------------|-------------------------------|----------------------|--|
| Operating revenues:                                      |                       |                               |                      |  |
| Classroom materials and fees                             | \$ -                  | \$ 15,636                     | \$ -                 | \$ 15,636                                |
| Food services  | 181,595               | -                             | -                    | 181,595                                  |
| Miscellaneous  | <u>2,673</u>          | <u>-</u>                      | <u>9,453</u>         | <u>12,126</u>                            |
| Total operating revenues                                 | <u>184,268</u>        | <u>15,636</u>                 | <u>9,453</u>         | <u>209,357</u>                           |
| Operating expenses:                                      |                       |                               |                      |  |
| Salaries and wages                                       | 450,328               | -                             | -                    | 450,328                                  |
| Fringe benefits  | 117,859               | -                             | -                    | 117,859                                  |
| Purchased services                                       | 1,558,022             | -                             | -                    | 1,558,022                                |
| Supplies and materials                                   | 216,283               | 1,400                         | 8,680                | 226,363                                  |
| Depreciation   | 11,682                | -                             | -                    | 11,682                                   |
| Other  | <u>420</u>            | <u>81</u>                     | <u>898</u>           | <u>1,399</u>                             |
| Total operating expenses                                 | <u>2,354,594</u>      | <u>1,481</u>                  | <u>9,578</u>         | <u>2,365,653</u>                         |
| Operating (loss) income                                  | <u>(2,170,326)</u>    | <u>14,155</u>                 | <u>(125)</u>         | <u>(2,156,296)</u>                       |
| Non-operating revenues:                                  |                       |                               |                      |  |
| Federal donated commodities                              | 220,248               | -                             | -                    | 220,248                                  |
| Intergovernmental grants                                 | <u>2,493,012</u>      | <u>-</u>                      | <u>-</u>             | <u>2,493,012</u>                         |
| Total non-operating revenues                             | <u>2,713,260</u>      | <u>-</u>                      | <u>-</u>             | <u>2,713,260</u>                         |
| Change in net position                                   | 542,934               | 14,155                        | (125)                | 556,964                                  |
| Net position (deficit) at beginning<br>of year, restated | <u>(2,645,900)</u>    | <u>35,230</u>                 | <u>1,744</u>         | <u>(2,608,926)</u>                       |
| Net position (deficit) at end<br>of year                 | \$ <u>(2,102,966)</u> | \$ <u>49,385</u>              | \$ <u>1,619</u>      | \$ <u>(2,051,962)</u>                    |

# Cleveland Heights-University Heights City School District

## Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2018

|  | <u>Food<br/>Services</u> | <u>Uniform<br/>School<br/>Supplies</u> | <u>Customer<br/>Services</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|--|--------------------------|--|------------------------------|--|
| <b>Increase (decrease) in cash and cash equivalents:</b>     |                          |  |                              |  |
| <b>Cash flows from operating activities:</b>                 |                          |  |                              |  |
| Cash received from customers                                 | \$ 181,595               | \$ 15,636                              | \$ -                         | \$ 197,231   |
| Cash received from other operating sources                   | 2,673                    | -                                      | 9,453                        | 12,126   |
| Cash payments for materials and supplies                     | -                        | (1,400)                                | (8,680)                      | (10,080)   |
| Cash payments for goods and services                         | (1,535,233)              | -                                      | -                            | (1,535,233)  |
| Cash payments to employees for services                      | (451,340)                | -                                      | -                            | (451,340)  |
| Cash payments for employee benefits                          | (287,606)                | -                                      | -                            | (287,606)  |
| Cash payments for other                                      | <u>-</u>                 | <u>(81)</u>                            | <u>(898)</u>                 | <u>(979)</u>                                       |
| Net cash (used) provided by operating activities             | <u>(2,089,911)</u>       | <u>14,155</u>                          | <u>(125)</u>                 | <u>(2,075,881)</u>                                 |
| <b>Cash flows from noncapital financing activities:</b>      |                          |  |                              |  |
| Intergovernmental grants received                            | 2,433,521                | -                                      | -                            | 2,433,521  |
| Advances – in  | 500,000                  | -                                      | -                            | 500,000  |
| Advances – out   | <u>(900,000)</u>         | <u>-</u>                               | <u>-</u>                     | <u>(900,000)</u>                                   |
| Net cash provided by noncapital financing activities         | <u>2,033,521</u>         | <u>-</u>                               | <u>-</u>                     | <u>2,033,521</u>                                   |
| Net (decrease) increase in cash and cash equivalents         | (56,390)                 | 14,155                                 | (125)                        | (42,360)   |
| Cash and cash equivalents at beginning of year               | <u>118,606</u>           | <u>35,230</u>                          | <u>1,744</u>                 | <u>155,580</u>                                     |
| Cash and cash equivalents at end of year                     | \$ <u><u>62,216</u></u>  | \$ <u><u>49,385</u></u>                | \$ <u><u>1,619</u></u>       | \$ <u><u>113,220</u></u>                           |
| <b>Non-cash capital and noncapital financing activities:</b> |                          |  |                              |  |
| Federal donated commodities                                  | \$ 220,248               | \$ -                                   | \$ -                         | \$ 220,248   |

Continued

# Cleveland Heights-University Heights City School District

## Combining Statement of Cash Flows Nonmajor Enterprise Funds (continued)

For the Fiscal Year Ended June 30, 2018

|   | <u>Food<br/>Services</u> | <u>Uniform<br/>School<br/>Supplies</u> | <u>Customer<br/>Services</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|---|--------------------------|--|------------------------------|--|
| <b>Reconciliation of operating (loss)<br/>income to net cash (used)<br/>provided by operating activities:</b> |                          |  |                              |  |
| Operating (loss) income   | \$ (2,170,326)           | \$ 14,155                              | \$ (125)                     | \$ (2,156,296)                                     |
| Adjustments:  |                          |  |                              |  |
| Depreciation  | 11,682                   | -                                      | -                            | 11,682   |
| Federal donated commodities   | 220,248                  | -                                      | -                            | 220,248  |
| Changes in assets/liabilities:  |                          |  |                              |  |
| Decrease in prepaid items   | 776                      | -                                      | -                            | 776  |
| Increase in materials and supplies<br>inventories   | (1,206)                  | -                                      | -                            | (1,206)  |
| Increase in inventory held for resale   | (2,759)                  | -                                      | -                            | (2,759)  |
| Decrease in deferred<br>outflows – pension  | 64,495                   | -                                      | -                            | 64,495   |
| Increase in deferred<br>outflows – OPEB   | (2,655)                  | -                                      | -                            | (2,655)  |
| Increase in accounts<br>payable   | 23,209                   | -                                      | -                            | 23,209   |
| Increase in accrued<br>wages and benefits   | 2,356                    | -                                      | -                            | 2,356  |
| Decrease in intergovernmental<br>payable  | (219)                    | -                                      | -                            | (219)  |
| Decrease in accrued<br>compensated absences   | (3,368)                  | -                                      | -                            | (3,368)  |
| Decrease in net pension liability   | (172,190)                | -                                      | -                            | (172,190)  |
| Increase in net OPEB liability  | 35,431                   | -                                      | -                            | 35,431   |
| Decrease in deferred<br>inflows – pension   | (64,513)                 | -                                      | -                            | (64,513)   |
| Decrease in deferred<br>inflows – OPEB  | <u>(30,872)</u>          | <u>-</u>                               | <u>-</u>                     | <u>(30,872)</u>                                    |
| Total adjustments   | <u>80,415</u>            | <u>-</u>                               | <u>-</u>                     | <u>80,415</u>                                      |
| Net cash (used) provided by<br>operating activities   | \$ <u>(2,089,911)</u>    | \$ <u>14,155</u>                       | \$ <u>(125)</u>              | \$ <u>(2,075,881)</u>                              |

# Individual Fund Schedules of Revenues, Expenses and Changes in Fund Equities – Budget (Non-GAAP Budgetary Basis) and Actual



**SHARIE WADE**  
*Grade 1, Gearity Elementary*



# Cleveland Heights-University Heights City School District

## Food Services Fund

### Schedule of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|  | Budget            |                   | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|------------------|---|
|  | Original          | Final             |                  |   |
| Revenues:                                |                   |                   |                  |   |
| Food services                            | \$ 262,101        | \$ 262,101        | \$ 181,595       | \$ (80,506)   |
| Miscellaneous                            | 3,858             | 3,858             | 2,673            | (1,185)   |
| Operating grants                         | <u>3,512,375</u>  | <u>3,512,375</u>  | <u>2,433,521</u> | <u>(1,078,854)</u>                                      |
| Total revenues                           | <u>3,778,334</u>  | <u>3,778,334</u>  | <u>2,617,789</u> | <u>(1,160,545)</u>                                      |
| Expenses:                                |                   |                   |                  |   |
| Food service operations:                 |                   |                   |                  |   |
| Salaries and wages                       | 2,692,500         | 2,692,500         | 451,340          | 2,241,160   |
| Fringe benefits                          | -                 | -                 | 287,606          | (287,606)   |
| Purchased services                       | 1,360,944         | 1,360,944         | 1,534,813        | (173,869)   |
| Other operating expenses                 | <u>2,100</u>      | <u>2,100</u>      | <u>420</u>       | <u>1,680</u>  |
| Total expenses                           | <u>4,055,544</u>  | <u>4,055,544</u>  | <u>2,274,179</u> | <u>1,781,365</u>  |
| Excess of revenues (under) over expenses | <u>(277,210)</u>  | <u>(277,210)</u>  | <u>343,610</u>   | <u>620,820</u>  |
| Other financing sources (uses):          |                   |                   |                  |   |
| Advances - in                            | 721,665           | 721,665           | 500,000          | (221,665)   |
| Advances - out                           | <u>-</u>          | <u>-</u>          | <u>(900,000)</u> | <u>(900,000)</u>  |
| Total other financing sources (uses)     | <u>721,665</u>    | <u>721,665</u>    | <u>(400,000)</u> | <u>(1,121,665)</u>                                      |
| Net change in fund equity                | 444,455           | 444,455           | (56,390)         | (500,845)   |
| Fund equity at beginning of year         | 63,062            | 63,062            | 63,062           | -   |
| Prior year encumbrances appropriated     | <u>55,544</u>     | <u>55,544</u>     | <u>55,544</u>    | <u>-</u>  |
| Fund equity at end of year               | \$ <u>563,061</u> | \$ <u>563,061</u> | \$ <u>62,216</u> | \$ <u>(500,845)</u>                                     |

# Cleveland Heights-University Heights City School District

## Uniform School Supplies Fund

### Schedule of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                                  | Budget    |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------|-----------|-----------|-----------|---|
|                                  | Original  | Final     |           |   |
| Revenues:                        |           |           |           |   |
| Classroom materials and fees     | \$ 20,000 | \$ 20,000 | \$ 15,636 | \$ (4,364)  |
| Expenses:                        |           |           |           |   |
| Supplies and materials:          |           |           |           |   |
| Regular instruction              | 30,000    | 30,000    | 1,400     | 28,600  |
| Other operating expenses:        |           |           |           |   |
| Regular instruction              | -         | -         | 55        | (55)  |
| Support services – pupil         | -         | -         | 26        | (26)  |
| Total other operating expenses   | -         | -         | 81        | (81)  |
| Total expenses                   | 30,000    | 30,000    | 1,481     | 28,519  |
| Net change in fund equity        | (10,000)  | (10,000)  | 14,155    | 24,155  |
| Fund equity at beginning of year | 35,230    | 35,230    | 35,230    | -   |
| Fund equity at end of year       | \$ 25,230 | \$ 25,230 | \$ 49,385 | \$ 24,155   |



# Cleveland Heights-University Heights City School District

## Customer Services Fund

### Schedule of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                                      | Budget    |           | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|-----------|-----------|----------|---|
|                                      | Original  | Final     |          |   |
| Revenues:                            |           |           |          |   |
| Miscellaneous                        | \$ 20,000 | \$ 20,000 | \$ 9,453 | \$ (10,547)   |
| Expenses:                            |           |           |          |   |
| Supplies and materials:              |           |           |          |   |
| Enterprise operations                | 6,000     | 6,000     | 8,680    | (2,680)   |
| Other operating expenses:            |           |           |          |   |
| Enterprise operations                | 4,483     | 4,483     | 898      | 3,585   |
| Total expenses                       | 10,483    | 10,483    | 9,578    | 905   |
| Net change in fund equity            | 9,517     | 9,517     | (125)    | (9,642)   |
| Fund equity at beginning of year     | 1,261     | 1,261     | 1,261    | -   |
| Prior year encumbrances appropriated | 483       | 483       | 483      | -   |
| Fund equity at end of year           | \$ 11,261 | \$ 11,261 | \$ 1,619 | \$ (9,642)  |

# Cleveland Heights-University Heights City School District

## Self-Insurance Fund

### Schedule of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Budgetary Basis) and Actual

For the Fiscal Year Ended June 30, 2018

|                                      | Budget              |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|---------------------|---------------------|---------------------|---|
|                                      | Original            | Final               |                     |   |
| Revenues:                            |                     |                     |                     |   |
| Miscellaneous                        | \$ 18,000,000       | \$ 18,000,000       | \$ 17,748,035       | \$ (251,965)  |
| Expenses:                            |                     |                     |                     |   |
| Central:                             |                     |                     |                     |   |
| Fringe benefits                      | 20,053,526          | 20,053,526          | 17,843,971          | 2,209,555   |
| Purchases services                   | 1,045               | 1,045               | 48,695              | (47,650)  |
| Total expenses                       | <u>20,054,571</u>   | <u>20,054,571</u>   | <u>17,892,666</u>   | <u>2,161,905</u>  |
| Net change in fund equity            | (2,054,571)         | (2,054,571)         | (144,631)           | 1,909,940   |
| Fund equity at beginning of year     | 6,200,523           | 6,200,523           | 6,200,523           | -   |
| Prior year encumbrances appropriated | <u>54,571</u>       | <u>54,571</u>       | <u>54,571</u>       | <u>-</u>  |
| Fund equity at end of year           | \$ <u>4,200,523</u> | \$ <u>4,200,523</u> | \$ <u>6,110,463</u> | \$ <u>1,909,940</u>                                     |

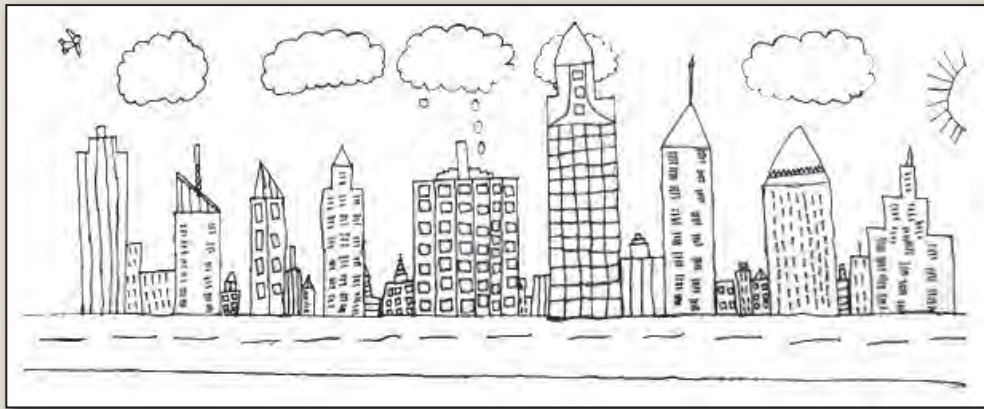
# Cleveland Heights-University Heights City School District

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

For the Fiscal Year Ended June 30, 2018

|                                       | Balance<br><u>06/30/17</u> | <u>Additions</u> | <u>Reductions</u> | Balance<br><u>06/30/18</u> |
|---------------------------------------|----------------------------|------------------|-------------------|----------------------------|
| <b>Student activities</b>             |                            |                  |                   |                            |
| Assets:                               |                            |                  |                   |                            |
| Equity in pooled cash and investments | \$ <u>75,088</u>           | \$ <u>35,784</u> | \$ <u>30,291</u>  | \$ <u>80,581</u>           |
| Liabilities:                          |                            |                  |                   |                            |
| Due to students                       | \$ <u>75,088</u>           | \$ <u>35,784</u> | \$ <u>30,291</u>  | \$ <u>80,581</u>           |
| <b>Tournaments</b>                    |                            |                  |                   |                            |
| Assets:                               |                            |                  |                   |                            |
| Equity in pooled cash and investments | \$ <u>-</u>                | \$ <u>2,508</u>  | \$ <u>2,508</u>   | \$ <u>-</u>                |
| Liabilities:                          |                            |                  |                   |                            |
| Due to others                         | \$ <u>-</u>                | \$ <u>2,508</u>  | \$ <u>2,508</u>   | \$ <u>-</u>                |
| <b>Total Agency Funds</b>             |                            |                  |                   |                            |
| Assets:                               |                            |                  |                   |                            |
| Equity in pooled cash and investments | \$ <u>75,088</u>           | \$ <u>38,292</u> | \$ <u>32,799</u>  | \$ <u>80,581</u>           |
| Liabilities:                          |                            |                  |                   |                            |
| Due to students                       | 75,088                     | 35,784           | 30,291            | 80,581                     |
| Due to others                         | <u>-</u>                   | <u>2,508</u>     | <u>2,508</u>      | <u>-</u>                   |
| Total liabilities                     | \$ <u>75,088</u>           | \$ <u>38,292</u> | \$ <u>32,799</u>  | \$ <u>80,581</u>           |

CLEVELAND HEIGHTS - UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT  
*University Heights, Ohio*



**DEMI HILL**  
Grade 4, Gearity Elementary



**MARGALIT SHUCK**  
Grade 1, Gearity Elementary

**CLEVELAND HEIGHTS**  
UNIVERSITY  
CITY SCHOOL DISTRICT  
**UNIVERSITY HEIGHTS, OHIO**



# STATISTICAL *Section*



**ROSALINA MANGINO**  
Grade 5, Roxboro Elementary

CLEVELAND  
UNIVERSITY  
CITY SCHOOL DISTRICT  
**HEIGHTS**  
UNIVERSITY HEIGHTS, OHIO





# Cleveland Heights-University Heights City School District

Statistical Section

June 30, 2018

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This part of the Cleveland Heights – University Heights City School District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

| <b>Contents</b>   | <b><u>Page(s)</u></b> |
|---|-----------------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.  | S2-S10                |
| <b>Revenue Capacity</b><br>These schedules contain information to help the reader assess the District’s most significant local revenue source, the property tax.  | S11-S14               |
| <b>Debt Capacity</b><br>These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.         | S15-S18               |
| <b>Economic and Demographic Information</b><br>These schedules offer economic and demographic indicators to help the reader understand the environment within which the District’s financial activities take place.                     | S19-S20               |
| <b>Operating Information</b><br>These schedules contain service data to help the reader understand how the Information in the District’s financial report relates to the services the District provides and the activities it performs. | S21-S26               |

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# Cleveland Heights-University Heights City School District

## Net Position by Component

|   | 2009          | 2010          | 2011          | 2012          | 2013          | 2014            | 2015            | 2016            | 2017             | 2018            |
|---|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|------------------|-----------------|
| <b>Governmental activities:</b>               |               |               |               |               |               |                 |                 |                 |                  |                 |
| Net investment in capital assets              | \$ 30,310,942 | \$ 24,153,304 | \$ 26,268,632 | \$ 27,342,544 | \$ 28,594,961 | \$ 30,541,659   | \$ 31,052,012   | \$ 36,665,245   | \$ 31,837,064    | \$ 25,104,971   |
| Restricted for:                               |               |               |               |               |               |                 |                 |                 |                  |                 |
| Capital projects                              | 2,467,742     | 2,568,283     | 1,481,800     | 1,220,404     | 1,858,176     | 3,749,045       | 4,939,326       | 6,018,920       | 6,462,956        | 10,079,692      |
| Debt service                                  | 657,395       | 304,922       | 656,723       | 756,981       | 239,222       | 2,907,465       | 3,879,732       | 4,055,002       | 3,143,643        | -               |
| Other purposes                                | 1,159,654     | 1,725,730     | 364,493       | 461,744       | 471,046       | 372,466         | 328,565         | 865,805         | 235,382          | 529,568         |
| Qualified Zone Academy Bond retirement        | 3,592,508     | 3,741,214     | 3,897,177     | 4,057,651     | 4,226,341     | 4,401,300       | 4,582,819       | 4,768,679       | 4,955,750        | 5,146,803       |
| Unrestricted (deficit)                        | 61,051,577    | 58,524,444    | 51,903,551    | 46,627,095    | 44,601,776    | (110,110,600)   | (109,538,804)   | (108,570,623)   | (154,710,889)    | (89,078,082)    |
| Total net position - governmental activities  | 99,239,818    | 91,017,897    | 84,572,376    | 80,466,419    | 79,991,522    | (68,138,665)    | (64,756,350)    | (56,196,972)    | (108,076,094)    | (48,217,048)    |
| <b>Business-type activities:</b>              |               |               |               |               |               |                 |                 |                 |                  |                 |
| Net investment in capital assets              | 655,529       | 572,056       | 533,397       | 505,491       | 472,519       | 440,105         | 407,689         | 375,274         | 70,508           | 58,826          |
| Unrestricted (deficit)                        | (4,205,298)   | (5,220,860)   | (8,139,020)   | (9,642,747)   | (12,609,793)  | (3,524,685)     | (3,971,286)     | (3,743,283)     | (2,679,434)      | (2,110,788)     |
| Total net position - business-type activities | (3,549,769)   | (4,648,804)   | (7,605,623)   | (9,137,256)   | (12,137,274)  | (3,084,580)     | (3,563,597)     | (3,368,009)     | (2,608,926)      | (2,051,962)     |
| <b>Primary government:</b>                    |               |               |               |               |               |                 |                 |                 |                  |                 |
| Net investment in capital assets              | 30,966,471    | 24,725,360    | 26,802,029    | 27,848,035    | 29,067,480    | 30,981,764      | 31,459,701      | 37,040,519      | 31,907,572       | 25,163,797      |
| Restricted for:                               |               |               |               |               |               |                 |                 |                 |                  |                 |
| Capital projects                              | 2,467,742     | 2,568,283     | 1,481,800     | 1,220,404     | 1,858,176     | 3,749,045       | 4,939,326       | 6,018,920       | 6,462,956        | 10,079,692      |
| Debt service                                  | 657,395       | 304,922       | 656,723       | 756,981       | 239,222       | 2,907,465       | 3,879,732       | 4,055,002       | 3,143,643        | -               |
| Other purposes                                | 1,159,654     | 1,725,730     | 364,493       | 461,744       | 471,046       | 372,466         | 328,565         | 865,805         | 235,382          | 529,568         |
| Qualified zone academy bond retirement        | 3,592,508     | 3,741,214     | 3,897,177     | 4,057,651     | 4,226,341     | 4,401,300       | 4,582,819       | 4,768,679       | 4,955,750        | 5,146,803       |
| Unrestricted (deficit)                        | 56,846,279    | 53,303,584    | 43,764,531    | 36,984,348    | 31,991,983    | (113,635,285)   | (113,510,090)   | (112,313,906)   | (157,390,323)    | (91,188,870)    |
| Total net position - primary government       | \$ 95,690,049 | \$ 86,369,093 | \$ 76,966,753 | \$ 71,329,163 | \$ 67,854,248 | \$ (71,223,245) | \$ (68,319,947) | \$ (59,564,981) | \$ (110,685,020) | \$ (50,269,010) |

Source: School District financial records.

Note: Information for 2014 adjusted for the implementation of GASB 68.

Information for 2016 adjusted for the restatement of the GASB 68 deferred outflows/inflows and net pension liability related to the final close-out of the Community Services/Early Childhood Enterprise Fund.  
Information for 2017 adjusted for the restatement of GASB 75.



# Cleveland Heights-University Heights City School District

## Changes in Net Position

### Last Ten Fiscal Years

Table 2

|   | 2009               | 2010               | 2011               | 2012               | 2013               | 2014               | 2015               | 2016               | 2017               | 2018              |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Expenses:                                     |                    |                    |                    |                    |                    |                    |                    |                    |                    |                   |
| Governmental activities:                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                   |
| Regular instruction                           | \$ 35,816,557      | \$ 37,442,211      | \$ 41,334,122      | \$ 40,951,163      | \$ 43,005,293      | \$ 41,223,022      | \$ 41,960,022      | \$ 40,814,609      | \$ 43,626,268      | \$ 42,949,352     |
| Special instruction                           | 10,463,382         | 12,357,959         | 13,830,108         | 12,947,396         | 12,536,158         | 15,496,883         | 15,630,864         | 20,678,670         | 23,021,354         | 12,702,297        |
| Vocational instruction                        | 2,033,266          | 1,917,084          | 2,075,152          | 2,306,559          | 1,988,214          | 2,199,170          | 1,729,582          | 1,820,465          | 1,887,316          | 733,208           |
| Adult/continuing instruction                  | 620,287            | 233,715            | 346,356            | 335,150            | 258,202            | 46                 | 214,853            | -                  | -                  | -                 |
| Other instruction                             | 4,018,831          | 4,424,806          | 5,341,468          | 7,154,104          | 8,257,928          | 8,817,024          | 8,653,671          | 6,284,908          | 5,975,458          | 6,135,377         |
| Pupil   | 8,651,483          | 9,001,406          | 8,922,133          | 9,891,614          | 9,412,636          | 7,674,501          | 7,861,619          | 7,606,276          | 8,184,224          | 2,740,833         |
| Instructional staff                           | 6,464,766          | 5,149,498          | 6,158,641          | 6,445,138          | 8,004,270          | 5,838,505          | 6,740,256          | 5,296,223          | 5,271,824          | 2,635,760         |
| Board of education                            | 460,684            | 482,582            | 590,673            | 586,707            | 584,645            | 702,812            | 660,086            | 570,267            | 639,543            | 556,874           |
| Administration                                | 6,557,021          | 6,183,059          | 5,963,161          | 6,110,464          | 5,922,772          | 8,077,153          | 6,651,527          | 6,501,228          | 6,483,332          | 3,147,054         |
| Fiscal  | 2,185,544          | 3,028,623          | 2,441,386          | 2,573,478          | 2,980,897          | 2,920,898          | 3,198,752          | 3,081,449          | 3,175,566          | 3,510,872         |
| Business                                      | 1,533,645          | 1,344,500          | 1,583,775          | 1,552,317          | 556,890            | 1,748,679          | 1,536,059          | 990,990            | 1,047,575          | 934,024           |
| Operation and maintenance of plant            | 11,392,037         | 11,722,180         | 12,471,455         | 12,510,123         | 12,391,012         | 13,286,205         | 13,177,175         | 12,299,919         | 12,691,307         | 12,114,146        |
| Pupil transportation                          | 4,269,391          | 4,550,353          | 4,499,491          | 5,302,386          | 4,616,743          | 4,168,805          | 4,081,598          | 3,767,197          | 4,122,183          | 3,660,423         |
| Central                                       | 3,318,696          | 3,522,237          | 3,766,198          | 5,429,990          | 4,452,855          | 3,966,623          | 4,044,855          | 3,695,810          | 4,125,428          | 3,242,196         |
| Food service operations                       | -                  | 5,776              | 5,485              | 2,981              | 15,636             | 20,162             | 6,458              | 5,374              | 6,944              | 9,418             |
| Community services                            | 2,664,776          | 2,215,880          | 2,538,766          | 1,958,644          | 2,100,792          | 2,255,657          | 2,579,166          | 2,743,629          | 3,348,015          | 3,005,501         |
| Shared services                               | -                  | -                  | -                  | -                  | -                  | 5,149              | -                  | -                  | -                  | -                 |
| Other operation of non-instructional services | -                  | -                  | -                  | 117,942            | 120,356            | 926                | 2,081              | 267                | 423                | 584               |
| Extracurricular activities                    | 1,641,907          | 1,478,856          | 1,618,758          | 1,769,909          | 1,955,860          | 2,157,104          | 1,734,080          | 1,565,698          | 1,549,558          | 1,082,469         |
| Interest and fiscal charges                   | 736,771            | 525,075            | 519,722            | 461,235            | 299,445            | 3,776,729          | 7,507,361          | 7,278,250          | 7,364,064          | 7,184,831         |
| Total governmental activities expenses        | <u>102,829,044</u> | <u>105,585,800</u> | <u>114,006,850</u> | <u>118,407,300</u> | <u>119,460,604</u> | <u>124,336,053</u> | <u>127,970,065</u> | <u>125,001,229</u> | <u>132,520,382</u> | <u>76,345,219</u> |
| Business-type activities:                     |                    |                    |                    |                    |                    |                    |                    |                    |                    |                   |
| Food services                                 | 2,352,105          | 2,354,293          | 2,310,751          | 2,434,896          | 2,507,990          | 2,442,610          | 2,276,189          | 2,624,070          | 2,579,471          | 2,354,594         |
| Uniform school supplies                       | 61,717             | 74,610             | 31,350             | 31,824             | 21,260             | 31,744             | 6,858              | 3,460              | 3,394              | 1,481             |
| Customer services                             | 10,805             | 20,356             | 9,385              | -                  | 34,212             | -                  | 10,565             | 8,858              | 7,974              | 9,578             |
| Community services/early childhood            | 635,218            | 731,703            | 746,880            | 743,185            | 770,293            | 821,397            | 994,837            | 917,304            | 919,274            | -                 |
| Bellefaire General Rotary                     | 3,169,419          | 3,395,010          | 3,459,420          | 3,189,684          | 3,114,669          | 2,355              | -                  | -                  | -                  | -                 |
| Total business-type activities expenses       | <u>6,229,264</u>   | <u>6,575,972</u>   | <u>6,557,786</u>   | <u>6,399,589</u>   | <u>6,448,424</u>   | <u>3,298,106</u>   | <u>3,288,449</u>   | <u>3,553,692</u>   | <u>3,510,113</u>   | <u>2,365,653</u>  |
| Total primary government expenses             | <u>109,058,308</u> | <u>112,161,772</u> | <u>120,564,636</u> | <u>124,806,889</u> | <u>125,909,028</u> | <u>127,634,159</u> | <u>131,258,514</u> | <u>128,554,921</u> | <u>136,030,495</u> | <u>78,710,872</u> |

Continued

# Cleveland Heights-University Heights City School District

## Changes in Net Position (continued)

**Last Ten Fiscal Years** **Table 2**

|  | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              | 2017              | 2018              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Program revenues:</b>                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Governmental activities:</b>            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Charges for services:                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Regular instruction                        | 340,704           | 304,805           | 343,243           | 157,440           | 1,974,958         | 2,033,784         | 1,865,301         | 2,235,640         | 1,542,619         | 629,659           |
| Special instruction                        | 2,583,786         | 1,596,975         | 3,917,868         | 2,833,543         | 2,814,090         | 3,048,640         | 2,913,068         | 2,559,043         | 2,401,660         | 3,370,647         |
| Vocational instruction                     | 4,500             | 2,500             | -                 | -                 | 402,269           | 241,934           | 79,112            | 5,060             | 11,808            | 3,590             |
| Adult/continuing instruction               | 3,474             | 930               | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Administration                             | 6,644             | 13,196            | 30,575            | 132,968           | 26,345            | 59,783            | 195,163           | 198,336           | 252,256           | 156,208           |
| Pupil transportation                       | 134,264           | 183,378           | 121,733           | 205,743           | 25,097            | 26,165            | 13,298            | 38,392            | 6,924             | 38,404            |
| Extracurricular activities                 | 91,070            | 95,025            | 59,767            | 115,175           | 155,691           | 102,970           | 111,836           | 80,261            | 92,178            | 119,080           |
| <b>Operating grants and contributions:</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Regular instruction                        | 3,976,497         | 861,906           | 1,842,682         | 623,151           | 1,483,338         | 1,275,340         | 795,124           | 892,723           | 666,545           | 874,223           |
| Special instruction                        | 4,057,069         | 6,880,495         | 5,590,342         | 5,259,112         | 4,268,212         | 4,164,420         | 3,439,308         | 3,713,268         | 3,820,067         | 3,766,969         |
| Vocational instruction                     | 282,167           | 288,776           | 293,148           | 194,247           | 328,861           | 302,953           | 265,366           | 237,709           | 231,876           | 285,428           |
| Adult/continuing instruction               | 343,219           | 269,869           | 444,629           | 537,124           | 432,062           | 99,484            | -                 | -                 | -                 | -                 |
| Pupil                                      | 190,688           | 93,679            | 93,459            | 112,257           | 90,267            | 107,986           | 103,246           | 105,593           | 105,911           | 18,000            |
| Instructional staff                        | 12,970            | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Central                                    | 185               | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Community services                         | 2,023,367         | 1,914,708         | 1,562,377         | 1,784,599         | 1,851,027         | 1,932,315         | 2,080,860         | 2,269,212         | 2,567,730         | 2,320,922         |
| <b>Capital grants and contributions:</b>   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Pupil                                      | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Operation and maintenance of plant         | 36,294            | -                 | -                 | -                 | -                 | -                 | 20,000            | -                 | -                 | -                 |
| Central                                    | 36,000            | -                 | 27,300            | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>Total governmental activities</b>       | <b>14,122,898</b> | <b>12,506,242</b> | <b>14,327,123</b> | <b>11,955,359</b> | <b>13,852,217</b> | <b>13,395,774</b> | <b>11,881,682</b> | <b>12,335,237</b> | <b>11,699,574</b> | <b>11,583,130</b> |

Continued

# Cleveland Heights-University Heights City School District

## Changes in Net Position (continued)

### Last Ten Fiscal Years

### Table 2

|   | 2009         | 2010         | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018         |
|---|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| <b>Business-type activities:</b>                            |              |              |               |               |               |               |               |               |               |              |
| Charges for services:                                       |              |              |               |               |               |               |               |               |               |              |
| Food services   | 543,076      | 484,176      | 405,888       | 384,300       | 359,057       | 331,037       | 323,606       | 359,710       | 148,554       | 184,268      |
| Uniform school supplies                                     | 63,943       | 48,737       | 30,361        | 27,468        | 23,825        | 28,907        | 13,402        | 9,456         | 11,214        | 15,636       |
| Customer services   | 17,980       | 18,430       | 1,000         | -             | 11,890        | 11,890        | 12,167        | 8,618         | 8,356         | 9,453        |
| Community services/early childhood                          | 695,690      | 687,621      | 720,938       | 620,621       | 647,205       | 662,846       | 566,556       | 554,364       | 544,241       | -            |
| Bellefaire General Rotary                                   | 2,727,969    | 2,515,584    | 611,951       | 2,222,430     | 283,102       | 683,844       | -             | -             | -             | -            |
| Operating grants and contributions:                         |              |              |               |               |               |               |               |               |               |              |
| Food services   | 1,632,068    | 1,804,716    | 1,661,511     | 1,613,137     | 2,123,327     | 1,868,291     | 1,901,444     | 1,762,391     | 2,834,985     | 2,713,260    |
| Capital grants and contributions:                           |              |              |               |               |               |               |               |               |               |              |
| Food services   | -            | 116,347      | -             | -             | -             | -             | -             | -             | -             | -            |
| Total business-type activities                              |              |              |               |               |               |               |               |               |               |              |
| program revenues  | 5,680,726    | 5,675,611    | 3,431,649     | 4,867,956     | 3,448,406     | 3,586,815     | 2,817,175     | 2,694,539     | 3,547,350     | 2,922,617    |
| Total primary government program revenues                   | 19,803,624   | 18,181,853   | 17,758,772    | 16,823,315    | 17,300,623    | 16,982,589    | 14,698,857    | 15,029,776    | 15,246,924    | 14,505,747   |
| Net expense:  |              |              |               |               |               |               |               |               |               |              |
| Governmental activities                                     | (88,706,146) | (93,079,558) | (99,679,727)  | (106,451,941) | (105,608,387) | (110,940,279) | (116,088,383) | (112,665,992) | (120,820,808) | (64,762,089) |
| Business-type activities                                    | (548,538)    | (900,361)    | (3,126,137)   | (1,531,633)   | (3,000,018)   | 288,709       | (471,274)     | (859,153)     | 37,237        | 556,964      |
| Total primary government net expense                        | (89,254,684) | (93,979,919) | (102,805,864) | (107,983,574) | (108,608,405) | (110,651,570) | (116,559,657) | (113,525,145) | (120,783,571) | (64,205,125) |
| General revenues and other changes in net position:         |              |              |               |               |               |               |               |               |               |              |
| Governmental activities:                                    |              |              |               |               |               |               |               |               |               |              |
| Property taxes levied for:                                  |              |              |               |               |               |               |               |               |               |              |
| General purpose   | 62,320,929   | 55,807,544   | 57,099,411    | 65,982,589    | 69,354,404    | 74,045,127    | 73,060,036    | 75,153,473    | 62,806,651    | 76,763,349   |
| Debt service  | 622,174      | 590,518      | 604,768       | 671,452       | 631,509       | 5,746,485     | 7,141,001     | 7,352,980     | 6,081,146     | 7,759,557    |
| Capital projects  | 3,068,044    | 2,708,377    | 2,748,213     | 3,087,683     | 3,059,156     | 3,394,926     | 3,374,548     | 3,546,925     | 2,657,127     | 3,302,707    |
| Payments in lieu of property taxes                          | 17,774       | 1,813        | -             | -             | -             | -             | -             | -             | -             | -            |
| Grants and entitlements not restricted to specific programs | 27,656,292   | 32,788,606   | 31,992,845    | 31,837,748    | 30,580,845    | 31,506,047    | 32,483,747    | 31,775,332    | 32,013,598    | 32,960,944   |
| Investment earnings   | 1,200,992    | 489,176      | 306,230       | 273,286       | 230,870       | 504,723       | 1,756,112     | 1,499,671     | 906,980       | 1,178,732    |
| Miscellaneous   | 1,146,055    | 1,116,647    | 652,057       | 493,226       | 1,276,706     | 1,044,771     | 1,647,511     | 2,951,730     | 2,502,529     | 2,655,846    |
| Transfers   | (350,372)    | -            | (169,318)     | -             | -             | (11,056,420)  | 7,743         | -             | (1,271,323)   | -            |
| Total governmental activities                               | 95,681,888   | 93,502,681   | 93,234,206    | 102,345,984   | 105,133,490   | 105,185,659   | 119,470,698   | 122,280,111   | 105,696,708   | 124,621,135  |

Continued

# Cleveland Heights-University Heights City School District

## Changes in Net Position (continued)

| Last Ten Fiscal Years   | 2009                | 2010                | 2011                  | 2012                  | 2013                  | 2014                | 2015                | 2016                | 2017                   | 2018                 |
|---|---------------------|---------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|------------------------|----------------------|
| Business-type activities:   |                     |                     |                       |                       |                       |                     |                     |                     |                        |                      |
| Transfers   | 350,372             | -                   | 169,318               | -                     | -                     | 11,056,420          | (7,743)             | -                   | 1,271,323              | -                    |
| Total primary government general revenues and other changes in net position | <u>96,032,260</u>   | <u>93,502,681</u>   | <u>93,403,524</u>     | <u>102,345,984</u>    | <u>105,133,490</u>    | <u>116,242,079</u>  | <u>119,462,955</u>  | <u>122,280,111</u>  | <u>106,968,031</u>     | <u>124,621,135</u>   |
| Change in net position:   |                     |                     |                       |                       |                       |                     |                     |                     |                        |                      |
| Governmental activities   | 6,975,742           | 423,123             | (6,445,521)           | (4,105,957)           | (474,897)             | (5,754,620)         | 3,382,315           | 9,614,119           | (15,124,100)           | 59,859,046           |
| Business-type activities  | <u>(198,166)</u>    | <u>(900,361)</u>    | <u>(2,956,819)</u>    | <u>(1,531,633)</u>    | <u>(3,000,018)</u>    | <u>11,345,129</u>   | <u>(479,017)</u>    | <u>(859,153)</u>    | <u>1,308,560</u>       | <u>556,964</u>       |
| Total primary government change in net position                             | \$ <u>6,777,576</u> | \$ <u>(477,238)</u> | \$ <u>(9,402,340)</u> | \$ <u>(5,637,590)</u> | \$ <u>(3,474,915)</u> | \$ <u>5,590,509</u> | \$ <u>2,903,298</u> | \$ <u>8,754,966</u> | \$ <u>(13,815,540)</u> | \$ <u>60,416,010</u> |

Source: School District financial records.

# Cleveland Heights-University Heights City School District

## Program Revenues by Function/Program

Last Ten Fiscal Years Table 3

|   | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities:</b>           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Regular instruction                       | \$ 4,317,201         | \$ 1,166,711         | \$ 2,185,925         | \$ 780,591           | \$ 3,458,296         | \$ 3,309,124         | \$ 2,660,425         | \$ 3,128,363         | \$ 2,209,164         | \$ 1,503,882         |
| Special instruction                       | 6,640,855            | 8,477,470            | 9,508,210            | 8,092,655            | 7,082,302            | 7,213,060            | 4,309,115            | 6,272,311            | 6,221,727            | 7,137,616            |
| Vocational instruction                    | 286,667              | 291,276              | 293,148              | 194,247              | 731,130              | 544,887              | 344,478              | 242,769              | 243,684              | 289,018              |
| Adult/continuing instruction              | 346,693              | 270,799              | 444,629              | 537,124              | 432,062              | 99,484               | -                    | -                    | -                    | -                    |
| Pupil                                     | 190,688              | 93,679               | 93,459               | 112,257              | 90,267               | 107,986              | 103,246              | 105,593              | 105,911              | 18,000               |
| Instructional staff                       | 12,970               | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Administration                            | 6,644                | 13,196               | 30,575               | 132,968              | 26,345               | 59,783               | 195,163              | 198,336              | 252,256              | 156,208              |
| Operation and maintenance of plant        | 36,294               | -                    | -                    | -                    | -                    | -                    | 20,000               | -                    | -                    | -                    |
| Pupil transportation                      | 134,264              | 183,378              | 121,733              | 205,743              | 25,097               | 26,165               | 13,298               | 38,392               | 6,924                | 38,404               |
| Central                                   | 36,185               | -                    | 27,300               | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Community services                        | 2,023,367            | 1,914,708            | 1,562,377            | 1,784,599            | 1,851,027            | 1,932,315            | 2,080,860            | 2,269,212            | 2,567,730            | 2,320,922            |
| Extracurricular activities                | 91,070               | 95,025               | 59,767               | 115,175              | 155,691              | 102,970              | 111,836              | 80,261               | 92,178               | 119,080              |
| Total governmental activities             | <u>14,122,898</u>    | <u>12,506,242</u>    | <u>14,327,123</u>    | <u>11,955,359</u>    | <u>13,852,217</u>    | <u>13,395,774</u>    | <u>9,838,421</u>     | <u>12,335,237</u>    | <u>11,699,574</u>    | <u>11,583,130</u>    |
| <b>Business-type activities:</b>          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Food services                             | 2,175,144            | 2,405,239            | 2,067,399            | 1,997,437            | 2,482,384            | 2,199,328            | 2,225,050            | 2,122,101            | 2,983,539            | 2,897,528            |
| Uniform school supplies                   | 63,943               | 48,737               | 30,361               | 27,468               | 23,825               | 28,907               | 13,402               | 9,456                | 11,214               | 15,636               |
| Customer services                         | 17,980               | 18,430               | 1,000                | -                    | 11,890               | 11,890               | 12,167               | 8,918                | 8,356                | 9,453                |
| Community services/early childhood        | 695,690              | 687,621              | 720,938              | 620,621              | 647,205              | 662,846              | 566,556              | 554,364              | 544,241              | -                    |
| Bellefaire General Rotary                 | 2,727,969            | 2,515,584            | 611,951              | 2,222,430            | 283,102              | 683,844              | -                    | -                    | -                    | -                    |
| Total business-type activities            | <u>5,680,726</u>     | <u>5,675,611</u>     | <u>3,431,649</u>     | <u>4,867,956</u>     | <u>3,448,406</u>     | <u>3,586,815</u>     | <u>2,817,175</u>     | <u>2,694,539</u>     | <u>3,547,350</u>     | <u>2,922,617</u>     |
| Total primary government program revenues | \$ <u>19,803,624</u> | \$ <u>18,181,853</u> | \$ <u>17,758,772</u> | \$ <u>16,823,315</u> | \$ <u>17,300,623</u> | \$ <u>16,982,589</u> | \$ <u>12,655,596</u> | \$ <u>15,029,776</u> | \$ <u>15,246,924</u> | \$ <u>14,505,747</u> |

Source: School District financial records.

# Cleveland Heights-University Heights City School District

## Fund Balances, Governmental Funds

Last Ten Fiscal Years Table 4

|                                       | 2009          | 2010          | 2011          | 2012          | 2013          | 2014           | 2015           | 2016           | 2017          | 2018          |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|---------------|---------------|
| General fund:                         |               |               |               |               |               |                |                |                |               |               |
| Nonspendable                          | \$ -          | \$ -          | \$ 377,185    | \$ 388,565    | \$ 421,946    | \$ 485,956     | \$ 400,634     | \$ 408,564     | \$ 698,645    | \$ 601,068    |
| Restricted                            | -             | -             | 2,425,675     | -             | -             | -              | -              | -              | -             | -             |
| Committed                             | -             | -             | -             | 16,583        | 169,433       | -              | 249,020        | -              | -             | -             |
| Assigned                              | -             | -             | 1,587,479     | 3,008,658     | 2,855,580     | 10,942,612     | 20,777,177     | 15,263,935     | 9,892,519     | 10,369,467    |
| Unassigned                            | -             | -             | 49,220,502    | 42,156,930    | 39,137,025    | 19,296,525     | 9,241,633      | 18,324,871     | 14,314,303    | 16,687,556    |
| Reserved                              | 29,045,094    | 20,559,439    | -             | -             | -             | -              | -              | -              | -             | -             |
| Unreserved                            | 37,282,074    | 40,721,484    | -             | -             | -             | -              | -              | -              | -             | -             |
| Total general fund                    | 66,327,168    | 61,280,923    | 53,610,841    | 45,570,736    | 42,583,984    | 30,725,093     | 30,668,464     | 33,997,370     | 24,905,467    | 27,658,091    |
| All other governmental funds:         |               |               |               |               |               |                |                |                |               |               |
| Nonspendable                          | -             | -             | -             | -             | -             | -              | -              | -              | 33            | -             |
| Restricted                            | -             | -             | 6,242,013     | 6,146,770     | 6,472,636     | 164,189,868    | 145,242,640    | 112,954,576    | 58,328,729    | 48,725,311    |
| Unassigned (deficit)                  | -             | -             | (1,358,259)   | (1,014,561)   | (691,665)     | (349,436)      | (209,254)      | (347,404)      | (444,423)     | (981,970)     |
| Reserved                              | 3,589,646     | 2,782,844     | -             | -             | -             | -              | -              | -              | -             | -             |
| Unreserved, undesignated reported in: |               |               |               |               |               |                |                |                |               |               |
| Special revenue funds                 | (325,719)     | 10,070        | -             | -             | -             | -              | -              | -              | -             | -             |
| Debt service funds                    | -             | -             | -             | -             | -             | -              | -              | -              | -             | -             |
| Capital projects funds                | 3,641,857     | 3,912,946     | -             | -             | -             | -              | -              | -              | -             | -             |
| Total all other governmental funds    | 6,905,784     | 6,705,860     | 4,883,754     | 5,132,209     | 5,780,971     | 163,840,432    | 145,033,386    | 112,607,172    | 57,884,339    | 47,743,341    |
| Total governmental funds              | \$ 73,232,952 | \$ 67,986,783 | \$ 58,494,595 | \$ 50,702,945 | \$ 48,364,955 | \$ 194,565,525 | \$ 175,701,850 | \$ 146,604,542 | \$ 82,789,806 | \$ 75,401,432 |

Source: School District financial records.  
 Note: The District implemented GASB 54 in 2011.

# Cleveland Heights-University Heights City School District

## Changes in Fund Balances, Governmental Funds

**Last Ten Fiscal Years** **Table 5**

|  | 2009               | 2010               | 2011               | 2012               | 2013               | 2014               | 2015               | 2016               | 2017               | 2018               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Revenues:</b>                                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Taxes  | \$ 65,374,496      | \$ 58,111,449      | \$ 59,741,780      | \$ 67,893,727      | \$ 72,593,187      | \$ 81,019,869      | \$ 82,427,691      | \$ 84,468,564      | \$ 70,025,921      | \$ 85,881,504      |
| Payments in lieu of property taxes               | 110,775            | 1,813              | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Intergovernmental                                | 38,219,178         | 42,481,847         | 45,195,019         | 41,721,066         | 39,293,275         | 39,705,007         | 38,533,550         | 38,219,569         | 39,404,171         | 39,818,434         |
| Grants   | -                  | -                  | -                  | -                  | -                  | -                  | 36,147             | 95,763             | 77,065             | 136,652            |
| Tuition and fees                                 | 1,084,330          | 1,132,778          | 919,510            | 2,103,521          | 4,261,340          | 5,205,135          | 5,212,754          | 4,870,192          | 5,347,394          | 3,730,574          |
| Earnings on investments                          | 1,200,992          | 489,176            | 306,230            | 229,786            | 269,926            | 383,159            | 1,743,978          | 1,493,336          | 890,212            | 1,158,393          |
| Extracurricular activities                       | 243,331            | 247,153            | 193,720            | 214,197            | 249,403            | 328,105            | 281,315            | 218,737            | 181,037            | 208,333            |
| Classroom materials and fees                     | 36,870             | 21,525             | 7,769              | 6,628              | 9,899              | 10,983             | 8,210              | 7,407              | 9,968              | 5,639              |
| Miscellaneous                                    | 1,805,193          | 1,758,554          | 909,544            | 590,072            | 1,288,159          | 925,607            | 1,713,082          | 2,968,872          | 2,678,979          | 2,813,234          |
| <b>Total revenues</b>                            | <b>108,075,165</b> | <b>104,244,295</b> | <b>107,273,572</b> | <b>112,758,997</b> | <b>117,965,189</b> | <b>127,577,865</b> | <b>129,956,727</b> | <b>132,342,440</b> | <b>118,614,747</b> | <b>133,752,763</b> |
| <b>Expenditures:</b>                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Current:</b>                                  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Instruction:</b>                              |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Regular  | 35,617,232         | 37,438,613         | 40,644,644         | 41,711,646         | 41,694,037         | 41,252,792         | 42,780,196         | 41,165,894         | 40,375,853         | 39,820,252         |
| Special  | 10,458,889         | 12,350,826         | 13,869,106         | 12,871,556         | 12,550,247         | 15,446,175         | 15,640,475         | 20,813,764         | 22,116,942         | 22,819,044         |
| Vocational                                       | 2,006,303          | 1,917,949          | 2,133,784          | 2,253,201          | 2,025,443          | 2,202,132          | 1,790,287          | 1,810,390          | 1,754,725          | 2,133,247          |
| Adult/continuing                                 | 1,097,166          | 243,510            | 351,808            | 359,859            | 258,355            | 42                 | 214,853            | -                  | -                  | -                  |
| Other  | 3,552,064          | 4,424,310          | 5,341,468          | 7,119,352          | 8,260,680          | 8,852,295          | 8,661,935          | 6,281,759          | 5,927,681          | 6,390,021          |
| <b>Support services:</b>                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Pupil  | 8,728,926          | 9,040,268          | 9,059,801          | 9,710,922          | 9,471,275          | 7,779,443          | 7,819,662          | 7,752,082          | 7,656,795          | 7,945,144          |
| Instructional staff                              | 6,445,317          | 7,798,200          | 5,929,177          | 5,744,220          | 7,360,021          | 5,579,026          | 6,655,202          | 5,355,690          | 4,946,508          | 5,748,727          |
| Board of education                               | 460,684            | 482,582            | 590,673            | 586,707            | 584,645            | 702,812            | 660,818            | 570,730            | 637,691            | 563,822            |
| Administration                                   | 6,640,220          | 6,172,891          | 6,231,154          | 6,069,379          | 5,921,173          | 8,002,595          | 6,666,267          | 6,580,971          | 6,141,738          | 6,196,289          |
| Fiscal   | 2,185,469          | 3,029,193          | 2,441,153          | 2,577,403          | 2,992,173          | 2,898,090          | 3,199,810          | 3,120,432          | 3,119,583          | 3,761,570          |
| Business   | 1,539,458          | 1,367,110          | 1,867,829          | 1,418,638          | 486,832            | 1,620,092          | 1,419,952          | 1,148,867          | 944,826            | 851,840            |
| Operation and maintenance of plant               | 11,521,381         | 13,204,102         | 13,667,124         | 13,738,248         | 13,995,828         | 13,982,246         | 11,709,772         | 11,947,714         | 11,944,593         | 12,095,174         |
| Pupil transportation                             | 4,199,497          | 4,461,495          | 4,660,456          | 4,956,598          | 4,319,901          | 3,866,048          | 3,878,073          | 4,033,071          | 3,795,667          | 4,038,336          |
| Central  | 3,619,618          | 3,727,743          | 3,786,451          | 5,419,739          | 4,421,726          | 3,929,804          | 4,065,836          | 3,749,689          | 4,055,053          | 3,712,479          |
| <b>Operations of non-instructional services</b>  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Food service                                     | -                  | 5,776              | 5,446              | 2,981              | 15,636             | 24,779             | 1,119              | 35                 | 1,605              | 4,079              |
| Community services                               | 2,528,283          | 2,126,328          | 2,356,186          | 1,963,327          | 2,146,012          | 2,241,565          | 2,572,447          | 2,735,318          | 3,290,253          | 3,009,464          |
| Shared services                                  | -                  | -                  | -                  | -                  | -                  | 5,149              | -                  | -                  | -                  | -                  |
| Other  | 115,736            | 120,946            | 123,112            | 117,942            | 120,356            | 926                | 2,081              | 267                | 423                | 584                |
| Extracurricular activities                       | 1,591,867          | 1,482,333          | 1,586,270          | 1,731,341          | 1,940,700          | 2,132,543          | 1,733,151          | 1,561,140          | 1,445,612          | 1,590,912          |
| Facilities acquisition and construction services | 1,809,386          | -                  | -                  | -                  | -                  | 3,209,965          | 22,081,669         | 35,111,364         | 54,576,672         | 12,382,864         |
| <b>Debt service:</b>                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Principal  | 1,493,387          | 2,193,347          | 1,815,920          | 1,721,314          | 1,497,177          | 1,225,155          | 1,307,703          | 995,670            | 1,026,348          | 1,570,268          |
| Interest and fiscal charges                      | 744,720            | 503,908            | 532,226            | 474,274            | 328,040            | 1,661,324          | 7,293,440          | 7,110,316          | 7,102,480          | 6,508,521          |
| Bond issuance costs                              | -                  | -                  | -                  | -                  | 124,721            | 1,224,233          | -                  | -                  | -                  | 438,253            |
| <b>Total expenditures</b>                        | <b>106,355,603</b> | <b>112,091,430</b> | <b>116,993,788</b> | <b>120,550,647</b> | <b>120,514,978</b> | <b>127,839,231</b> | <b>150,154,748</b> | <b>161,845,163</b> | <b>180,861,048</b> | <b>141,580,890</b> |

Continued

# Cleveland Heights-University Heights City School District

## Changes in Fund Balances, Governmental Funds (continued)

**Last Ten Fiscal Years** **Table 5**

|   | 2009                | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                   | 2016                   | 2017                   | 2018                  |
|---|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|-----------------------|
| Excess of revenues over (under) expenditures            | 1,719,562           | (7,847,135)           | (9,720,216)           | (7,791,650)           | (2,549,789)           | (261,366)             | (20,198,021)           | (29,502,723)           | (62,246,301)           | (7,828,127)           |
| Other financing sources (uses):                         |                     |                       |                       |                       |                       |                       |                        |                        |                        |                       |
| Inception of capital leases                             | 678,728             | 2,600,966             | 397,346               | -                     | 87,077                | 88,483                | -                      | 395,108                | -                      | -                     |
| General obligation Bonds issued                         | -                   | -                     | -                     | -                     | -                     | 134,799,915           | -                      | -                      | -                      | -                     |
| Refunding bonds issued                                  | -                   | -                     | -                     | -                     | 6,750,000             | -                     | -                      | -                      | -                      | 60,725,000            |
| Premium on bonds issued                                 | -                   | -                     | -                     | -                     | 199,722               | 1,659,731             | -                      | -                      | -                      | 9,804,394             |
| Certificates of participation issued                    | -                   | -                     | -                     | -                     | -                     | 21,000,000            | -                      | -                      | -                      | -                     |
| Discount on certificates of participation issued        | -                   | -                     | -                     | -                     | -                     | (29,773)              | -                      | -                      | -                      | -                     |
| Transfers-in  | 2,077,014           | 570,000               | 1,303,351             | 914,388               | 625,321               | 805,350               | 1,670,886              | 253,500                | 150,000                | 276,974               |
| Transfers-out   | (2,427,386)         | (570,000)             | (1,472,669)           | (914,388)             | (625,321)             | (11,861,770)          | (336,540)              | (253,500)              | (1,718,435)            | (276,974)             |
| Payment to refunded bond escrow agent                   | -                   | -                     | -                     | -                     | (6,825,000)           | -                     | -                      | -                      | -                      | (70,089,641)          |
| Sale of capital assets                                  | -                   | -                     | -                     | -                     | -                     | -                     | -                      | 10,307                 | -                      | -                     |
| <b>Total other financing sources (uses)</b>             | <b>328,356</b>      | <b>2,600,966</b>      | <b>228,028</b>        | <b>-</b>              | <b>211,799</b>        | <b>146,461,936</b>    | <b>1,334,346</b>       | <b>405,415</b>         | <b>(1,568,435)</b>     | <b>439,753</b>        |
| <b>Net change in fund balances</b>                      | <b>\$ 2,047,918</b> | <b>\$ (5,246,169)</b> | <b>\$ (9,492,188)</b> | <b>\$ (7,791,650)</b> | <b>\$ (2,337,990)</b> | <b>\$ 146,200,570</b> | <b>\$ (18,863,675)</b> | <b>\$ (29,097,308)</b> | <b>\$ (63,814,736)</b> | <b>\$ (7,388,374)</b> |
| Debt service as a percentage of noncapital expenditures | 2.16%               | 2.52%                 | 2.07%                 | 1.86%                 | 1.55%                 | 2.36%                 | 6.72%                  | 6.48%                  | 6.49%                  | 6.34%                 |

Source: School District financial records.



# Cleveland Heights-University Heights City School District

## Assessed and Estimated Actual Value of Taxable Property

Last Ten Years Table 6

| Collection Year | Real Property    |                        | Public Utility Personal Property |                        | Tangible Personal Property |                        | Total            |                        | Total Direct Tax Rate | Ratio |
|-----------------|------------------|------------------------|----------------------------------|------------------------|----------------------------|------------------------|------------------|------------------------|-----------------------|-------|
|                 | Assessed Value   | Estimated Actual Value | Assessed Value                   | Estimated Actual Value | Assessed Value             | Estimated Actual Value | Assessed Value   | Estimated Actual Value |                       |       |
| 2009            | \$ 1,217,296,300 | \$ 3,477,989,429       | \$ 12,095,890                    | \$ 13,745,330          | \$ 4,791,945               | \$ 76,671,120          | \$ 1,234,184,135 | \$ 3,568,405,879       | \$ 136.70             | 34.6% |
| 2010            | 1,131,890,150    | 3,233,971,857          | 12,905,470                       | 14,665,307             | -                          | -                      | 1,144,795,620    | 3,248,637,167          | 136.80                | 35.2  |
| 2011            | 1,133,384,720    | 3,238,242,057          | 13,289,430                       | 15,101,625             | -                          | -                      | 1,146,674,150    | 3,253,343,682          | 136.80                | 35.2  |
| 2012            | 1,120,618,240    | 3,201,766,400          | 13,770,650                       | 15,648,466             | -                          | -                      | 1,134,388,890    | 3,217,414,866          | 143.70                | 35.3  |
| 2013            | 1,068,405,140    | 3,052,586,114          | 15,110,130                       | 17,170,602             | -                          | -                      | 1,083,515,270    | 3,069,756,716          | 143.70                | 35.3  |
| 2014            | 1,068,237,550    | 3,052,107,286          | 16,523,940                       | 18,777,205             | -                          | -                      | 1,084,761,490    | 3,070,884,491          | 149.59                | 35.3  |
| 2015            | 1,057,992,160    | 3,022,834,743          | 17,518,250                       | 19,907,102             | -                          | -                      | 1,075,510,410    | 3,042,741,845          | 149.59                | 35.3  |
| 2016            | 1,036,743,190    | 2,962,123,400          | 17,942,510                       | 20,389,216             | -                          | -                      | 1,054,685,700    | 2,982,512,616          | 149.59                | 35.4  |
| 2017            | 1,037,664,430    | 2,964,755,514          | 18,981,440                       | 21,569,818             | -                          | -                      | 1,056,645,870    | 2,986,325,332          | 155.59                | 35.4  |
| 2018            | 1,025,158,440    | 2,929,024,114          | 20,548,510                       | 23,350,580             | -                          | -                      | 1,045,706,950    | 2,952,374,694          | 156.09                | 35.4  |

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis, consistent with the County Fiscal Officer's method of maintaining the information.

Estimated actual values are calculated based on the following percentages:

Real estate is assessed at 35 percent of actual value.

Public utility is assessed at 88 percent of actual value.

Tangible personal property is assessed at 6.25 percent of actual value for 2009 and 0 percent of actual value for 2010.

Property in Cuyahoga County is reassessed once every three years on average. Tax rates are per \$1,000 of assessed value.

# Cleveland Heights-University Heights City School District

## Principal Taxpayers – Real Estate Tax

### Fiscal Year 2018 and Fiscal Year 2009

Table 7

| Name of Taxpayer                    | December 31, 2017 (1) |                                 |
|-------------------------------------|-----------------------|---------------------------------|
|                                     | Assessed Value (1)    | Percent of Total Assessed Value |
| Cleveland Electric Illuminating Co. | \$ 12,930,590         | 1.26%                           |
| HS Acquisition                      | 11,686,290            | 1.14%                           |
| Inland Cedar Center South, LLC      | 6,475,040             | 0.63%                           |
| Wal-Mart Real Estate Business Trust | 5,278,390             | 0.51%                           |
| East Ohio Gas Co.                   | 4,003,450             | 0.39%                           |
| Severance Reality, LLC              | 3,675,020             | 0.36%                           |
| American Transmission System        | 3,613,740             | 0.35%                           |
| Murphy Hall, LLC                    | 3,360,000             | 0.33%                           |
| Fise, LLC                           | 3,350,950             | 0.33%                           |
| Inland Cedar Center North, LLC      | 3,274,120             | 0.32%                           |
| Total                               | \$ 57,647,590         | 5.62%                           |

| Name of Taxpayer                      | December 31, 2008 (2) |                                 |
|---------------------------------------|-----------------------|---------------------------------|
|                                       | Assessed Value (2)    | Percent of Total Assessed Value |
| Severance SPE Lease Co, LLC           | \$ 15,923,180         | 1.31%                           |
| Inland Western University             | 14,671,900            | 1.21%                           |
| Kaiser Foundation Health Plan of Ohio | 11,616,780            | 0.95%                           |
| The May Department Stores Co.         | 8,552,780             | 0.70%                           |
| University Square                     | 7,827,610             | 0.64%                           |
| Target Corp.                          | 6,279,500             | 0.52%                           |
| Coral Cedar Center, LLC               | 6,093,970             | 0.50%                           |
| ARC Cleveland Heights, LLC            | 3,415,590             | 0.28%                           |
| Concord Park I, II, & III             | 2,591,190             | 0.21%                           |
| Kensington LTD                        | 2,520,000             | 0.21%                           |
| Total                                 | \$ 79,492,500         | 6.53%                           |

Source: Cuyahoga County Fiscal Officer

(1) Assessed values are for the 2018 collection year.

(2) Assessed values are for the 2009 collection year.

# Cleveland Heights-University Heights City School District

## Property Tax Rates – Direct and Overlapping Governments

Last Ten Years Table 8

| Tax Year/<br>Collection Year | School<br>Levy           | County<br>Levy | City<br>Levy | Metro<br>Parks |         | Library<br>Levy | Tri-C<br>Levy | Cleveland<br>Port<br>Authority |         | Total<br>Levy | Debt Service Included in Total Levy |          | Total |
|------------------------------|--------------------------|----------------|--------------|----------------|---------|-----------------|---------------|--------------------------------|---------|---------------|-------------------------------------|----------|-------|
|                              |                          |                |              | Levy           | Levy    |                 |               | School                         | County  |               | City                                |          |       |
| 2008/2009                    | \$ 136.70 <sup>(1)</sup> | \$ 13.32       | \$ 12.90     | \$ 1.85        | \$ 7.80 | \$ 2.80         | \$ 0.13       | \$ 175.50                      | \$ 3.80 | \$ 0.74       | \$ 6.48                             | \$ 11.02 |       |
| 2009/2010                    | 136.80 <sup>(2)</sup>    | 13.32          | 12.90        | 1.85           | 7.80    | 2.80            | 0.13          | 175.60                         | 3.80    | 0.74          | 6.48                                | 11.02    |       |
| 2010/2011                    | 136.80 <sup>(2)</sup>    | 13.32          | 12.90        | 1.85           | 7.80    | 2.80            | 0.13          | 175.60                         | 3.80    | 0.74          | 6.48                                | 11.02    |       |
| 2011/2012                    | 143.70 <sup>(3)</sup>    | 13.22          | 12.90        | 1.85           | 7.80    | 3.10            | 0.13          | 182.70                         | 0.70    | 0.85          | 2.90                                | 4.45     |       |
| 2012/2013                    | 143.70 <sup>(3)</sup>    | 13.22          | 13.00        | 1.85           | 7.80    | 3.10            | 0.13          | 182.80                         | 0.70    | 0.85          | 3.00                                | 4.55     |       |
| 2013/2014                    | 149.59 <sup>(4)</sup>    | 14.05          | 12.90        | 2.75           | 7.80    | 3.10            | 0.13          | 190.32                         | 6.59    | 0.85          | 2.55                                | 9.99     |       |
| 2014/2015                    | 149.59 <sup>(4)</sup>    | 14.05          | 13.92        | 2.75           | 10.00   | 4.00            | 0.13          | 194.44                         | 6.59    | 0.85          | 2.65                                | 10.09    |       |
| 2015/2016                    | 149.59 <sup>(4)</sup>    | 14.05          | 13.92        | 2.75           | 10.00   | 4.00            | 0.13          | 194.44                         | 6.59    | 0.95          | 3.00                                | 10.54    |       |
| 2016/2017                    | 155.59 <sup>(5)</sup>    | 14.05          | 13.92        | 2.75           | 10.00   | 4.00            | 0.13          | 200.44                         | 7.09    | 0.95          | 3.00                                | 11.04    |       |
| 2017/2018                    | 156.09 <sup>(6)</sup>    | 14.05          | 12.42        | 2.75           | 10.00   | 4.50            | 0.13          | 199.94                         | 7.59    | 0.95          | 1.50                                | 10.04    |       |

Source: Cuyahoga County Fiscal Officer. Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Fiscal Officer.

- (1) District's direct rate is comprised of \$132.20 in the General Fund, \$3.80 in the Permanent Improvement Fund and \$.7 in the Bond Retirement Fund.
- (2) District's direct rate is comprised of \$132.30 in the General Fund, \$3.80 in the Permanent Improvement Fund and \$.7 in the Bond Retirement Fund.
- (3) District's direct rate is comprised of \$139.20 in the General Fund, \$3.80 in the Permanent Improvement Fund and \$.7 in the Bond Retirement Fund.
- (4) District's direct rate is comprised of \$139.20 in the General Fund, \$3.80 in the Permanent Improvement Fund and \$6.59 in the Bond Retirement Fund.
- (5) District's direct rate is comprised of \$144.70 in the General Fund, \$3.80 in the Permanent Improvement Fund and \$7.09 in the Bond Retirement Fund.
- (6) District's direct rate is comprised of \$144.70 in the General Fund, \$3.80 in the Permanent Improvement Fund and \$7.59 in the Bond Retirement Fund.

## Cleveland Heights-University Heights City School District

### Property Tax – Levies and Collections – Real and Tangible Personal Property

Last Ten Years Table 9

| Tax Year/<br>Collection<br>Year | Current<br>Levy | Delinquent<br>Levy | Total<br>Levy | Current<br>Collection | Percent<br>of Current<br>Levy<br>Collected | Delinquent<br>Collection | Total<br>Collection | Percent<br>of Total<br>Collections to<br>Tax Levy |
|---------------------------------|-----------------|--------------------|---------------|-----------------------|--|--------------------------|---------------------|---|
| 2007/2008                       | \$ 79,306,636   | \$ 6,986,422       | \$ 86,293,058 | \$ 73,681,014         | 92.91%                                     | \$ 4,122,635             | \$ 77,803,649       | 90.16%  |
| 2008/2009                       | 78,224,800      | 6,840,923          | 85,065,723    | 72,761,558            | 93.02                                      | 3,556,037                | 76,317,595          | 89.72   |
| 2009/2010                       | 77,544,197      | 7,955,876          | 85,500,073    | 70,779,938            | 91.28                                      | 3,834,324                | 74,614,262          | 87.27   |
| 2010/2011                       | 77,532,166      | 8,729,765          | 86,261,931    | 70,108,742            | 90.43                                      | 3,494,985                | 73,603,727          | 85.33   |
| 2011/2012                       | 85,035,680      | 10,219,590         | 95,255,270    | 78,252,617            | 92.02                                      | 4,012,461                | 82,265,078          | 86.36   |
| 2012/2013                       | 84,009,574      | 11,665,988         | 95,675,562    | 77,585,448            | 92.35                                      | 3,779,198                | 81,364,646          | 85.04   |
| 2013/2014                       | 90,585,706      | 12,775,749         | 103,361,455   | 83,479,091            | 92.15                                      | 4,636,048                | 88,115,139          | 85.25   |
| 2014/2015                       | 89,956,812      | 15,510,292         | 105,467,105   | 84,034,219            | 93.42                                      | 4,317,182                | 88,351,400          | 83.77   |
| 2015/2016                       | 90,097,918      | 16,044,426         | 106,142,344   | 84,289,202            | 93.55                                      | 3,512,990                | 87,802,192          | 82.72   |
| 2016/2017                       | 95,802,609      | 16,233,458         | 112,036,067   | 88,161,090            | 92.02                                      | 4,256,109                | 92,417,199          | 82.49   |

Source: Cuyahoga County Fiscal Officer – Data is presented on a calendar year basis, consistent with the County Fiscal Officer’s method of maintaining the information.

Delinquent collections are presented in the fiscal year collected, consistent with the County Fiscal Officer’s method of maintaining the information. District is working with the County to obtain the delinquent collection information by original levy year rather than collection year in future years. At this point the information is not available.

Levy information includes Homestead/Rollback taxes assessed locally but distributed through the state and reported as intergovernmental revenue.

# Cleveland Heights-University Heights City School District

## Computation of Direct and Overlapping General Obligation Bonded Debt

As of December 31, 2017 Table 10

| Jurisdiction  | General Obligation Bonded Debt Outstanding | Percentage Applicable to School District <sup>(1)</sup> | Amount Applicable to School District |
|---|--|---|--------------------------------------|
| <b>Direct:</b>  |  |   |                                      |
| Cleveland Heights-University Heights City School District | \$ 175,260,206                             | 100.00%   | \$ 175,260,206                       |
| Total direct  | <u>175,260,206</u>                         |   | <u>175,260,206</u>                   |
| <b>Overlapping:</b>                                       |  |   |                                      |
| City of Cleveland Heights                                 | 20,636,000                                 | 95.50   | 19,707,790                           |
| City of South Euclid                                      | 17,673,614                                 | 7.88  | 1,392,337                            |
| City of University Heights                                | 2,794,000                                  | 100.00  | 2,794,000                            |
| Cuyahoga County   | 207,485,000                                | 3.75  | 7,782,711                            |
| Regional Transit Authority                                | <u>1,995,000</u>                           | <u>3.75</u>   | <u>74,832</u>                        |
| Total overlapping   | <u>250,583,614</u>                         |   | <u>31,751,670</u>                    |
| <b>Grand total</b>  | <b>\$ <u>425,843,820</u></b>               |   | <b>\$ <u>207,011,876</u></b>         |

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis, consistent with the County Fiscal Officer's method of maintaining the information.

(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. The valuations used were for the 2018 collection year.

# Cleveland Heights-University Heights City School District

## Computation of Legal Debt Margin

|  | 2009 <sup>(1)</sup> | 2010             | 2011             | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             | 2018             |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Assessed valuation   | \$ 1,226,213,160    | \$ 1,144,795,620 | \$ 1,146,674,150 | \$ 1,134,388,890 | \$ 1,083,515,270 | \$ 1,084,761,490 | \$ 1,075,510,410 | \$ 1,054,685,700 | \$ 1,056,645,870 | \$ 1,045,706,950 |
| Debt limit - 9% of assessed value                                    | \$ 110,359,184      | \$ 103,031,606   | \$ 103,200,674   | \$ 102,095,000   | \$ 97,516,374    | \$ 97,628,534    | \$ 96,795,937    | \$ 94,921,713    | \$ 95,098,128    | \$ 94,113,626    |
| Amount of debt applicable to debt limit:                             |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General obligation bonds   | 11,170,000          | 10,295,000       | 9,390,000        | 8,455,000        | 7,596,407        | 141,144,915      | 140,948,900      | 140,793,127      | 140,628,654      | 139,978,681      |
| Exempt debt  | -                   | -                | -                | -                | -                | (40,803,518)     | (40,876,406)     | (41,881,632)     | (42,254,977)     | (41,670,187)     |
| Total  | 11,170,000          | 10,295,000       | 9,390,000        | 8,455,000        | 7,596,407        | 100,341,397      | 100,072,494      | 98,911,495       | 98,373,677       | 98,308,495       |
| Less: amount available in debt service funds                         | (634,411)           | (289,163)        | (619,703)        | (683,128)        | (162,985)        | (2,712,863)      | (3,276,557)      | (3,989,782)      | (3,275,549)      | (4,194,869)      |
| Amount of debt subject to the limit                                  | 10,535,589          | 10,005,837       | 8,770,297        | 7,771,872        | 7,433,422        | 97,628,534       | 96,795,937       | 94,921,713       | 95,098,128       | 94,113,626       |
| Overall debt margin  | \$ 99,823,595       | \$ 93,025,769    | \$ 94,430,377    | \$ 94,323,128    | \$ 90,082,952    | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Debt margin - .10% of assessed value (1)                             | \$ 1,226,213        | \$ 1,144,796     | \$ 1,146,674     | \$ 1,134,389     | \$ 1,083,515     | \$ 1,084,761     | \$ 1,075,510     | \$ 1,054,686     | \$ 1,056,646     | \$ 1,045,707     |
| Amount of debt applicable  | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Unvoted debt margin  | \$ 1,226,213        | \$ 1,144,796     | \$ 1,146,674     | \$ 1,134,389     | \$ 1,083,515     | \$ 1,084,761     | \$ 1,075,510     | \$ 1,054,686     | \$ 1,056,646     | \$ 1,045,707     |
| Total net debt applicable to the limit as a percentage of debt limit | 9.55%               | 9.71%            | 8.50%            | 7.61%            | 7.62%            | 100%             | 100%             | 100%             | 100%             | 100%             |

Source: Cuyahoga County Fiscal Officer and School District financial records

(1) Assessed Valuation does not equal the assessed value in Table 6 due to General Tangible Personal Property Values no longer being included in calculation of legal debt margin.

# Cleveland Heights-University Heights City School District

Ratio of Outstanding Debt to Total Personal Income and Debt per Capita

Last Ten Fiscal Years Table 12

| Year | Governmental Activities        |                                |                                     |                                 |                   |                                       |               |       |           |  | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income | Per<br>Capita |
|------|--------------------------------|--------------------------------|-------------------------------------|---------------------------------|-------------------|---------------------------------------|---------------|-------|-----------|--|--------------------------------|-------------------------------------|---------------|
|      | General<br>Obligation<br>Bonds | Accrued<br>Interest on<br>CABs | Certificates<br>of<br>Participation | Energy<br>Conservation<br>Notes | Capital<br>Leases | Qualified<br>Zone<br>Academy<br>Bonds |               |       |           |  |                                |                                     |               |
| 2009 | \$ 8,085,000                   | \$ -                           | \$ -                                | \$ 3,085,000                    | \$ 775,783        | \$ 5,500,000                          | \$ 17,445,783 | 1.33% | \$ 268.75 |  |                                |                                     |               |
| 2010 | 7,790,000                      | -                              | -                                   | 2,505,000                       | 2,058,402         | 5,500,000                             | 17,853,402    | 1.36  | 299.25    |  |                                |                                     |               |
| 2011 | 7,480,000                      | -                              | -                                   | 1,910,000                       | 1,544,828         | 5,500,000                             | 16,434,828    | 1.18  | 275.47    |  |                                |                                     |               |
| 2012 | 7,160,000                      | -                              | -                                   | 1,295,000                       | 758,514           | 5,500,000                             | 14,713,514    | 1.05  | 246.62    |  |                                |                                     |               |
| 2013 | 6,936,407                      | -                              | -                                   | 660,000                         | 318,414           | 5,500,000                             | 13,414,821    | 0.96  | 224.85    |  |                                |                                     |               |
| 2014 | 142,955,899                    | 62,516                         | 20,970,227                          | -                               | 246,742           | 5,500,000                             | 169,735,384   | 12.16 | 2,845.04  |  |                                |                                     |               |
| 2015 | 142,368,907                    | 333,985                        | 20,301,187                          | -                               | 139,039           | 5,500,000                             | 168,643,118   | 12.08 | 2,826.74  |  |                                |                                     |               |
| 2016 | 141,861,916                    | 628,212                        | 19,862,147                          | -                               | 428,477           | 5,500,000                             | 168,280,752   | 12.06 | 2,820.66  |  |                                |                                     |               |
| 2017 | 141,319,924                    | 948,739                        | 19,413,107                          | -                               | 337,129           | 5,500,000                             | 167,518,899   | 12.00 | 2,807.89  |  |                                |                                     |               |
| 2018 | 149,240,512                    | 1,318,766                      | 18,959,067                          | -                               | 241,861           | 5,500,000                             | 175,260,206   | 12.56 | 2,937.65  |  |                                |                                     |               |

Source: School District financial records.

# Cleveland Heights-University Heights City School District

Ratio of Net General Obligation Debt to Assessed Value and Net Debt per Capita

| <u>Fiscal Year</u> | <u>Gross General Bonded Debt<sup>(1)</sup></u> | <u>Less Debt Service Funds</u> | <u>Net General Bonded Debt</u> | <u>Estimated Actual Value<sup>(2)</sup></u> | <u>Population<sup>(3)</sup></u> | <u>Ratio of Net Debt to Estimated Actual Value</u> | <u>Debt Per Capita</u> |
|--------------------|--|--------------------------------|--------------------------------|---|---------------------------------|--|------------------------|
| 2008/2009          | \$ 11,170,000                                  | \$ 634,411                     | \$ 10,535,589                  | \$ 3,568,405,879                            | 64,915                          | 0.30%  | \$ 162                 |
| 2009/2010          | 10,295,000                                     | 289,163                        | 10,005,837                     | 3,248,637,164                               | 59,660                          | 0.31   | 168                    |
| 2010/2011          | 9,390,000                                      | 619,703                        | 8,770,297                      | 3,253,343,682                               | 59,660                          | 0.27   | 147                    |
| 2011/2012          | 8,455,000                                      | 683,128                        | 7,771,872                      | 3,217,414,866                               | 59,660                          | 0.24   | 130                    |
| 2012/2013          | 7,596,407                                      | 162,985                        | 7,433,422                      | 3,069,756,716                               | 59,660                          | 0.24   | 125                    |
| 2013/2014          | 142,955,899                                    | 2,712,863                      | 140,243,036                    | 3,070,884,491                               | 59,660                          | 4.57   | 2,351                  |
| 2014/2015          | 142,368,907                                    | 3,276,557                      | 139,092,350                    | 3,042,741,845                               | 59,660                          | 4.57   | 2,331                  |
| 2015/2016          | 141,861,916                                    | 3,989,782                      | 137,872,134                    | 2,982,512,616                               | 59,660                          | 4.62   | 2,311                  |
| 2016/2017          | 141,319,924                                    | 3,275,549                      | 138,044,375                    | 2,986,325,332                               | 59,660                          | 4.62   | 2,314                  |
| 2017/2018          | 149,240,512                                    | 4,194,869                      | 145,045,644                    | 2,952,374,694                               | 59,660                          | 4.91   | 2,431                  |

Sources:

- (1) School District financial records.
- (2) Cuyahoga County Fiscal Officer.
- (3) U.S. Census data.



# Cleveland Heights-University Heights City School District

## Demographic and Economic Statistics

**Last Ten Fiscal Years** Table 14

| Year | County<br>Population(1) | Cleveland<br>Heights<br>Population(1) | University<br>Heights<br>Population(1) | School<br>Enrollment(2) | Unemployment<br>Rate(3) | Cleveland Hts.<br>Median Family<br>Income(1) | University Hts.<br>Median Family<br>Income(1) | Total<br>Personal<br>Income(1) | Total<br>Personal<br>Per Capita |
|------|-------------------------|---------------------------------------|--|-------------------------|-------------------------|--|---|--------------------------------|---------------------------------|
| 2009 | 1,393,978               | 50,769                                | 14,146                                 | 5,915                   | 8.60%                   | \$ 58,028                                    | \$ 75,424                                     | \$ 1,310,043,276               | \$ 20,181                       |
| 2010 | 1,280,122               | 46,121                                | 13,539                                 | 5,832                   | 9.70                    | 49,056                                       | 74,759  | 1,310,043,276                  | 21,958                          |
| 2011 | 1,280,122               | 46,121                                | 13,539                                 | 5,870                   | 8.80                    | 49,056                                       | 74,759  | 1,395,621,460                  | 23,393                          |
| 2012 | 1,280,122               | 46,121                                | 13,539                                 | 5,763                   | 6.90                    | 49,056                                       | 74,759  | 1,395,621,460                  | 23,393                          |
| 2013 | 1,280,122               | 46,121                                | 13,539                                 | 5,301                   | 8.00                    | 49,056                                       | 74,759  | 1,395,621,460                  | 23,393                          |
| 2014 | 1,280,122               | 46,121                                | 13,539                                 | 5,693                   | 7.90                    | 49,056                                       | 74,759  | 1,395,621,460                  | 23,393                          |
| 2015 | 1,280,122               | 46,121                                | 13,539                                 | 5,393                   | 6.70                    | 49,056                                       | 74,759  | 1,395,621,460                  | 23,393                          |
| 2016 | 1,280,122               | 46,121                                | 13,539                                 | 5,221                   | 6.70                    | 49,056                                       | 74,759  | 1,395,621,460                  | 23,393                          |
| 2017 | 1,280,122               | 46,121                                | 13,539                                 | 4,957                   | 6.70                    | 49,056                                       | 74,759  | 1,395,621,460                  | 23,393                          |
| 2018 | 1,280,122               | 46,121                                | 13,539                                 | 5,214                   | 6.40                    | 49,056                                       | 74,759  | 1,395,621,460                  | 23,393                          |

**Sources:**

(1) Estimated figure from U.S. Census Bureau.

(2) School District records.

(3) U.S. Bureau of Labor Statistics.

# Cleveland Heights-University Heights City School District

## Principal Employers

### Fiscal Year 2009 and Fiscal Year 2018

### Table 15

| Employer  | December 31, 2008   |                     | December 31, 2017   |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total |
| Cleveland Heights-University Heights Board of Education | 1,164               | 27.65%              | 2,305               | 35.54%              |
| Cleveland Heights City Hall                             | 921                 | 21.88               | 918                 | 14.15               |
| John Carroll University                                 | 585                 | 13.90               | 770                 | 11.87               |
| Wal Mart  | 300                 | 7.13                | 727                 | 11.21               |
| Kaiser Permanente                                       | 300                 | 7.13                | 359                 | 5.53                |
| Heinen's  | 200                 | 4.75                | 318                 | 4.90                |
| Kauffman's  | 200                 | 4.75                | 311                 | 4.79                |
| Target  | 200                 | 4.75                | 300                 | 4.63                |
| Tops  | 190                 | 4.51                | 268                 | 4.13                |
| Home Depot USA, Inc.                                    | 150                 | 3.55                | 210                 | 3.25                |
| Total   | 4,210               | 100.00%             | 6,486               | 100.00%             |
| Total Employment within the School District             | N/A                 |                     | N/A                 |                     |

N/A - Information was not available.

Source: Cities of Cleveland Heights and University Heights.

# Cleveland Heights-University Heights City School District

## Building Statistics by Function/Program

Last Ten Fiscal Years

Table 16

|  | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Boulevard Elementary School</b>                   |        |        |        |        |        |        |        |        |        |        |
| Constructed in 1975                                  |        |        |        |        |        |        |        |        |        |        |
| Total Building Square Footage                        | 51,437 | 51,437 | 51,437 | 51,437 | 51,437 | 51,437 | 51,437 | 51,437 | 51,437 | 51,437 |
| Enrollment Grades K-5                                | 398    | 338    | 340    | 332    | 296    | 304    | 325    | 305    | 286    | 306    |
| Regular Instruction Teachers                         | 23     | 21     | 24     | 22     | 24     | 24     | 24     | 25     | 22     | 22     |
| Special Instruction Teachers                         | 5      | 4      | 5      | 3      | 5      | 5      | 5      | 3      | 6      | 6      |
| <b>Canterbury Elementary School</b>                  |        |        |        |        |        |        |        |        |        |        |
| Constructed in 1927                                  |        |        |        |        |        |        |        |        |        |        |
| Total Building Square Footage                        | 65,800 | 65,800 | 65,800 | 65,800 | 65,800 | 65,800 | 65,800 | 65,800 | 65,800 | 65,800 |
| Enrollment Grades K-5                                | 395    | 391    | 391    | 354    | 374    | 380    | 345    | 373    | 389    | 401    |
| Regular Instruction Teachers                         | 23     | 23     | 26     | 24     | 25     | 25     | 24     | 24     | 26     | 25     |
| Special Instruction Teachers                         | 4      | 4      | 5      | 5      | 5      | 5      | 5      | 3      | 5      | 4      |
| <b>Bellefaire School</b>                             |        |        |        |        |        |        |        |        |        |        |
| Constructed in 1928                                  |        |        |        |        |        |        |        |        |        |        |
| Total Building Square Footage                        | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | -      | -      | -      |
| Enrollment Grades K-5                                | 85     | 87     | 70     | 76     | 71     | -      | -      | -      | -      | -      |
| Regular Instruction Teachers                         | 6      | 7      | 10     | 9      | 8      | -      | -      | -      | -      | -      |
| Special Instruction Teachers                         | 13     | 15     | 15     | 13     | 12     | -      | -      | -      | -      | -      |
| <b>Coventry Elementary School</b>                    |        |        |        |        |        |        |        |        |        |        |
| Constructed in 1975                                  |        |        |        |        |        |        |        |        |        |        |
| Total Building Square Footage                        | 61,200 | 61,200 | 61,200 | 61,200 | 61,200 | 61,200 | 61,200 | -      | -      | -      |
| Enrollment Grades K-5                                | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Regular Instruction Teachers                         | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Special Instruction Teachers                         | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| <b>Fairfax Elementary School</b>                     |        |        |        |        |        |        |        |        |        |        |
| Constructed in 1975                                  |        |        |        |        |        |        |        |        |        |        |
| Total Building Square Footage                        | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 |
| Enrollment Grades K-5                                | 412    | 409    | 412    | 386    | 392    | 299    | 334    | 327    | 339    | 341    |
| Regular Instruction Teachers                         | 23     | 24     | 27     | 26     | 26     | 22     | 24     | 30     | 28     | 28     |
| Special Instruction Teachers                         | 6      | 6      | 6      | 6      | 6      | 5      | 5      | 3      | 7      | 8      |
| <b>Gearity Professional Development School</b>       |        |        |        |        |        |        |        |        |        |        |
| Constructed in 1954                                  |        |        |        |        |        |        |        |        |        |        |
| Total Building Square Footage                        | 70,856 | 70,856 | 70,856 | 70,856 | 70,856 | 70,856 | 70,856 | 70,856 | 70,856 | 70,856 |
| Enrollment Grades K-5                                | 289    | 297    | 297    | 360    | 338    | 365    | 268    | 252    | 261    | 266    |
| Regular Instruction Teachers                         | 17     | 18     | 22     | 20     | 24     | 24     | 24     | 31     | 30     | 26     |
| Special Instruction Teachers                         | 10     | 10     | 12     | 11     | 10     | 10     | 5      | 3      | 7      | 10     |
| <b>Noble Elementary School</b>                       |        |        |        |        |        |        |        |        |        |        |
| Constructed in 1922                                  |        |        |        |        |        |        |        |        |        |        |
| Total Building Square Footage                        | 74,250 | 74,250 | 74,250 | 74,250 | 74,250 | 74,250 | 74,250 | 74,250 | 74,250 | 74,250 |
| Enrollment Grades K-5                                | 406    | 401    | 401    | 424    | 423    | 381    | 421    | 415    | 369    | 381    |
| Regular Instruction Teachers                         | 23     | 23     | 26     | 24     | 30     | 30     | 30     | 31     | 30     | 28     |
| Special Instruction Teachers                         | 5      | 4      | 4      | 4      | 7      | 7      | 7      | 4      | 4      | 3      |
| <b>Deborah S. Delisle Educational Options Center</b> |        |        |        |        |        |        |        |        |        |        |
| Constructed in 1923                                  |        |        |        |        |        |        |        |        |        |        |
| Total Building Square Footage                        | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 |
| Enrollment Grades K-5                                | -      | -      | -      | -      | 116    | 116    | 100    | 86     | 116    | 126    |
| Regular Instruction Teachers                         | -      | -      | -      | -      | 11     | 11     | 10     | 11     | 11     | 11     |
| Special Instruction Teachers                         | -      | -      | -      | -      | 1      | 1      | 1      | -      | 2      | 1      |
| <b>Oxford Elementary School</b>                      |        |        |        |        |        |        |        |        |        |        |
| Constructed in 1928                                  |        |        |        |        |        |        |        |        |        |        |
| Total Building Square Footage                        | 61,400 | 61,400 | 61,400 | 61,400 | 61,400 | 61,400 | 61,400 | 61,400 | 61,400 | 61,400 |
| Enrollment Grades K-5                                | 360    | 357    | 358    | 325    | 340    | 328    | 294    | 291    | 270    | 279    |
| Regular Instruction Teachers                         | 23     | 23     | 25     | 23     | 25     | 25     | 24     | 24     | 24     | 24     |
| Special Instruction Teachers                         | 3      | 3      | 3      | 3      | 4      | 4      | 4      | 3      | 6      | 5      |

Continued

# Cleveland Heights-University Heights City School District

## Building Statistics by Function/Program (continued)

Last Ten Fiscal Years

Table 16

|                                      | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Roxboro Elementary School</b>     |             |             |             |             |             |             |             |             |             |             |
| Constructed in 1920                  |             |             |             |             |             |             |             |             |             |             |
| Total Building Square Footage        | 55,600      | 55,600      | 55,600      | 55,600      | 55,600      | 55,600      | 55,600      | 55,600      | 55,600      | 55,600      |
| Enrollment Grades K-5                | 335         | 338         | 338         | 410         | 408         | 404         | 423         | 365         | 328         | 330         |
| Regular Instruction Teachers         | 20          | 22          | 23          | 23          | 29          | 29          | 29          | 27          | 26          | 24          |
| Special Instruction Teachers         | 5           | 4           | 5           | 4           | 3           | 3           | 4           | 3           | 4           | 5           |
| <b>Monticello Middle School</b>      |             |             |             |             |             |             |             |             |             |             |
| Constructed in 1930                  |             |             |             |             |             |             |             |             |             |             |
| Total Building Square Footage        | 130,000     | 130,000     | 130,000     | 130,000     | 130,000     | 130,000     | 130,000     | 130,000     | 130,000     | 130,000     |
| Enrollment Grades 6-8                | 468         | 455         | 462         | 367         | 400         | 400         | 597         | 591         | 558         | 575         |
| Regular Instruction Teachers         | 30          | 34          | 36          | 34          | 31          | 31          | 37          | 52          | 46          | 41          |
| Special Instruction Teachers         | 7           | 10          | 11          | 10          | 9           | 9           | 11          | 7           | 9           | 9           |
| <b>Roxboro Middle School</b>         |             |             |             |             |             |             |             |             |             |             |
| Constructed in 1931                  |             |             |             |             |             |             |             |             |             |             |
| Total Building Square Footage        | 113,380     | 113,380     | 113,380     | 113,380     | 113,380     | 113,380     | 113,380     | 113,380     | 113,380     | 113,380     |
| Enrollment Grades 6-8                | 523         | 527         | 534         | 517         | 436         | 487         | 645         | 619         | 611         | 631         |
| Regular Instruction Teachers         | 35          | 42          | 44          | 41          | 39          | 39          | 41          | 52          | 50          | 44          |
| Special Instruction Teachers         | 8           | 9           | 9           | 9           | 9           | 9           | 9           | 7           | 9           | 13          |
| <b>Wiley Middle School</b>           |             |             |             |             |             |             |             |             |             |             |
| Constructed in 1954                  |             |             |             |             |             |             |             |             |             |             |
| Total Building Square Footage        | 133,127     | 133,127     | 133,127     | 133,127     | 133,127     | 133,127     | 133,127     | -           | -           | -           |
| Enrollment Grades 6-8                | 412         | 423         | 425         | 387         | 403         | 402         | -           | -           | -           | -           |
| Regular Instruction Teachers         | 30          | 33          | 35          | 35          | 30          | 30          | -           | -           | -           | -           |
| Special Instruction Teachers         | 8           | 8           | 8           | 8           | 8           | 8           | -           | -           | -           | -           |
| <b>Cleveland Heights High School</b> |             |             |             |             |             |             |             |             |             |             |
| Constructed in 1925                  |             |             |             |             |             |             |             |             |             |             |
| Total Building Square Footage        | 395,400     | 395,400     | 395,400     | 395,400     | 395,400     | 395,400     | 395,400     | 395,400     | 395,400     | 395,400     |
| Enrollment Grades 9-12               | 1,832       | 1,809       | 1,842       | 1,828       | 1,400       | 1,254       | 1,522       | 1,597       | 1,430       | 1,578       |
| Regular Instruction Teachers         | 92          | 108         | 112         | 115         | 110         | 113         | 113         | 120         | 113         | 99          |
| Special Instruction Teachers         | 40          | 25          | 27          | 24          | 24          | 25          | 25          | 11          | 25          | 21          |

Source: School District's appraisal reports and personnel records.

# Cleveland Heights-University Heights School District

## Per Pupil Cost

Last Ten Fiscal Years Table 17

| <u>Year</u> | <u>General Fund Expenditures (1)</u> | <u>Average Daily Student Enrollment (2)</u> | <u>Per Pupil Cost</u> | <u>Percentage Change</u> | <u>Teaching Staff</u> | <u>Pupil/Teacher Ratio</u> | <u>Percentage of Students who Receive Free or Reduced Lunch (3)</u> |
|-------------|--------------------------------------|---|-----------------------|--------------------------|-----------------------|----------------------------|---|
| 2009        | \$ 91,499,897                        | 5,915                                       | \$ 15,469             | 0.55%                    | 459                   | 12.89                      | 54.77%  |
| 2010        | 94,323,087                           | 5,832                                       | 16,173                | 4.55                     | 480                   | 12.15                      | 50.22   |
| 2011        | 98,849,032                           | 5,870                                       | 16,840                | 4.12                     | 520                   | 11.29                      | 59.60   |
| 2012        | 107,508,894                          | 5,763                                       | 18,655                | 10.78                    | 607                   | 9.49                       | 59.26   |
| 2013        | 107,118,276                          | 5,301                                       | 20,207                | 8.32                     | 531                   | 9.98                       | 56.50   |
| 2014        | 122,006,030                          | 5,693                                       | 21,431                | 6.06                     | 513                   | 11.10                      | 63.71   |
| 2015        | 110,738,646                          | 5,393                                       | 20,534                | (4.19)                   | 583                   | 9.25                       | 67.72   |
| 2016        | 109,147,094                          | 5,221                                       | 20,905                | 1.81                     | 469                   | 11.13                      | 65.00   |
| 2017        | 109,836,875                          | 4,957                                       | 22,158                | 5.99                     | 459                   | 10.80                      | 100.00  |
| 2018        | 110,665,728                          | 5,214                                       | 21,225                | (4.21)                   | 457                   | 11.41                      | 100.00  |

Source: School District records.

(1) Includes other financing uses. Reported on the modified accrual basis of accounting.

(2) Based upon EMIS information provided to the Ohio Department of Education.

(3) Information provided by School District's Food Service Department.

**Note:**

In 2017 the District became eligible for the Community Eligibility Provision. This allows the District to serve breakfast and lunch at no cost to all enrolled students without collection household applications.

# Cleveland Heights-University Heights School District

## Teacher Education and Experience

Table 18

|                            | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <u>Degree</u>              |            |            |            |            |            |            |            |            |            |            |
| Bachelor's Degree          | 94         | 102        | 112        | 89         | 94         | 127        | 63         | 71         | 56         | 62         |
| Master's Degree            | 362        | 373        | 403        | 402        | 431        | 380        | 410        | 393        | 397        | 389        |
| PhD                        | 3          | 5          | 5          | 5          | 6          | 6          | 6          | 5          | 6          | 6          |
| Total                      | <u>459</u> | <u>480</u> | <u>520</u> | <u>496</u> | <u>531</u> | <u>513</u> | <u>479</u> | <u>469</u> | <u>459</u> | <u>457</u> |
| <u>Years of Experience</u> |            |            |            |            |            |            |            |            |            |            |
| 0-5                        | 50         | 90         | 103        | 52         | 116        | 157        | 46         | 127        | 79         | 72         |
| 6-10                       | 50         | 68         | 98         | 177        | 142        | 113        | 104        | 122        | 143        | 121        |
| 11 and over                | 359        | 322        | 319        | 267        | 273        | 243        | 329        | 220        | 237        | 264        |
| Total                      | <u>459</u> | <u>480</u> | <u>520</u> | <u>496</u> | <u>531</u> | <u>513</u> | <u>479</u> | <u>469</u> | <u>459</u> | <u>457</u> |

Source: School District personnel records.

# Cleveland Heights-University Heights School District

## Attendance and Graduation Rates

Last Ten Fiscal Years Table 19

| <u>Year</u> | <u>District Attendance Rate</u> | <u>State Average</u> | <u>District Graduation Rate</u> | <u>State Average</u> |
|-------------|---------------------------------|----------------------|---------------------------------|----------------------|
| 2009        | 94.6%                           | 94.3%                | 85.6%                           | 83.0%                |
| 2010        | 95.0                            | 94.3                 | 92.9                            | 84.3                 |
| 2011        | 94.9                            | 94.5                 | 75.5*                           | 90.2*                |
| 2012        | 94.8                            | 95.2                 | 78.0*                           | 81.3*                |
| 2013        | 94.6                            | 94.2                 | 80.0*                           | 82.2*                |
| 2014        | 94.4                            | 94.3                 | 81.3*                           | 82.3*                |
| 2015        | 93.2                            | 94.1                 | 85.7*                           | 83.0*                |
| 2016        | 93.0                            | 94.1                 | 85.6*                           | 83.5*                |
| 2017        | 92.8                            | 93.9                 | 84.9                            | 84.1                 |
| 2018        | (a)                             | (a)                  | (a)                             | (a)                  |

Source: Ohio Department of Education Local Report Card.

\*Graduation rate based on 4-year longitudinal graduation rate calculation.

(a) Information is not available until the subsequent year.

# Cleveland Heights-University Heights City School District

## Full-time School District Employees by Function

Last Ten Fiscal Years Table 20

| Function:  | 2009         | 2010         | 2011         | 2012         | 2013         | 2014       | 2015       | 2016       | 2017       | 2018       |
|--|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|------------|------------|
| <b>Instruction:</b>                              |              |              |              |              |              |            |            |            |            |            |
| Regular  | 345          | 378          | 410          | 382          | 374          | 360        | 367        | 369        | 365        | 360        |
| Special  | 114          | 102          | 110          | 148          | 161          | 155        | 153        | 86         | 85         | 97         |
| Vocational                                       | 13           | 18           | 18           | 21           | 19           | 20         | 17         | 14         | 14         | 14         |
| Adult/continuing                                 | -            | 3            | 3            | 1            | -            | -          | -          | -          | -          | -          |
| Other  | 2            | 2            | 2            | 13           | 15           | 11         | 10         | 11         | 11         | 11         |
| <b>Support services:</b>                         |              |              |              |              |              |            |            |            |            |            |
| Pupil  | 196          | 164          | 158          | 113          | 125          | 115        | 135        | 130        | 132        | 144        |
| Instructional staff                              | 53           | 51           | 49           | 63           | 68           | 64         | 52         | 56         | 56         | 60         |
| Administration                                   | 65           | 65           | 59           | 65           | 62           | 63         | 61         | 43         | 43         | 45         |
| Fiscal   | 10           | 11           | 11           | 10           | 10           | 10         | 10         | 7          | 7          | 8          |
| Business   | 4            | 4            | 4            | 4            | 3            | 3          | 3          | 1          | 1          | 1          |
| Operations of maintenance of plant               | 102          | 96           | 96           | 96           | 93           | 90         | 85         | 74         | 76         | 77         |
| Pupil transportation                             | 49           | 43           | 32           | 42           | 34           | 40         | 44         | 39         | 36         | 38         |
| Central  | 18           | 21           | 22           | 23           | 19           | 20         | 20         | 19         | 19         | 19         |
| <b>Operations of non-instructional services:</b> |              |              |              |              |              |            |            |            |            |            |
| Community services (1)                           | 42           | 39           | 36           | 42           | 51           | 45         | 39         | 39         | 40         | 40         |
| Other  | 1            | 1            | 1            | 1            | 1            | 1          | 1          | 1          | 1          | 1          |
| Extracurricular activities                       | 2            | 3            | 3            | 12           | 2            | 2          | 2          | 1          | 2          | 2          |
| <b>Total</b>                                     | <u>1,016</u> | <u>1,001</u> | <u>1,014</u> | <u>1,036</u> | <u>1,037</u> | <u>999</u> | <u>999</u> | <u>890</u> | <u>888</u> | <u>917</u> |

Source: School District personnel records.

(1) Includes food services personnel.



CLEVELAND HEIGHTS - UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT  
*University Heights, Ohio*

# ABOUT THE ARTWORK

The artwork displayed throughout this report was created by Cleveland Heights – University Heights elementary, middle and high school students.

We are grateful to them for allowing us to showcase their artistic talents.



**PHOEBE CUSHWA**  
Grade 1, Roxboro Elementary

**CLEVELAND  
UNIVERSITY  
CITY SCHOOL DISTRICT**  
**UNIVERSITY HEIGHTS, OHIO**





CLEVELAND  
UNIVERSITY **HEIGHTS**  
CITY SCHOOL DISTRICT  

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UNIVERSITY HEIGHTS, OHIO

# OHIO AUDITOR OF STATE KEITH FABER



**CLEVELAND HEIGHTS – UNIVERSITY HEIGHTS CITY 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 24, 2019**