



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2018**

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CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	N/A	N/A	1,120,237
School Breakfast Program	10.553	N/A	N/A	459,590
Non-Cash Assistance Subtotal				<u>1,579,827</u>
Cash Assistance:				
National School Lunch Program	10.555	N/A	N/A	16,194,204
School Breakfast Program	10.553	N/A	N/A	6,643,852
Cash Assistance Subtotal				<u>22,838,056</u>
Summer Food Service Program for Children	10.559	N/A	N/A	105,253
Total Child Nutrition Cluster				<u>24,523,136</u>
Fresh Fruit and Vegetable Program	10.582	N/A	N/A	710,113
<b>Total U.S. Department of Agriculture</b>				<u><b>25,233,249</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Direct Program</i>				
School Improvement Grants:				
Developing a Sustainable Principal Pipeline - 2017	84.377B	N/A	N/A	113,413
Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods - 2017	84.215F	N/A	N/A	611,217
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies - 2017	84.010	N/A	N/A	11,171,171
Title I Grants to Local Educational Agencies - 2018	84.010	N/A	N/A	35,927,124
Total Title I Grants to Local Educational Agencies				<u>47,098,295</u>
Special Education Cluster:				
Special Education Grants to States - 2017	84.027	N/A	N/A	3,444,234
Special Education Grants to States - 2018	84.027	N/A	N/A	14,180,420
Total Special Education Grants to States				<u>17,624,654</u>
Special Education Preschool Grants - 2017	84.173	N/A	N/A	117,067
Special Education Preschool Grants - 2018	84.173	N/A	N/A	116,884
Total Special Education Preschool Grants				<u>233,951</u>
Total Special Education Cluster				<u>17,858,605</u>
Career and Technical Education - Basic Grants to States - 2017	84.048	N/A	N/A	334,439
Career and Technical Education - Basic Grants to States - 2018	84.048	N/A	N/A	909,097
Total Career and Technical Education - Basic Grants to States				<u>1,243,536</u>
Education for Homeless Children and Youth - 2017	84.196	N/A	N/A	10,201
School Improvement Grants - 2017	84.377A	N/A	N/A	1,307,288
School Improvement Grants - 2018	84.377A	N/A	N/A	2,866,065
Total School Improvement Grants				<u>4,173,353</u>
Impact Aid - 2018	84.041	N/A	N/A	284,898
Student Support and Academic Enrichment Program - 2018	84.424A	N/A	N/A	272,529
Education Research, Development and Dissemination - 2018	84.305	N/A	N/A	2,534
English Language Acquisition State Grants - 2017	84.365	N/A	N/A	216,942
English Language Acquisition State Grants - 2018	84.365	N/A	N/A	482,301
Total English Language Acquisition State Grants				<u>699,243</u>
Improving Teacher Quality State Grants - 2017	84.367	N/A	N/A	421,682
Improving Teacher Quality State Grants - 2018	84.367	N/A	N/A	4,294,164
Total Supporting Effective Instruction State Grants				<u>4,715,846</u>
<b>Total U.S. Department of Education</b>				<u><b>77,083,670</b></u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Direct Program:</i>				
Cooperative Agreements to Promote Adolescent Health through School Based HIV/STD Prevention and School Based Surveillance:				
School-Based HIV/STD Prevention and School-Based Surveillance - 2017	93.079	N/A	N/A	104,793
School-Based HIV/STD Prevention and School-Based Surveillance - 2018	93.079			282,301
Total School-Based HIV/STD Prevention and School-Based Surveillance				<u>387,094</u>
<i>Passed Through the Educational Service Center of Northeast Ohio:</i>				
Refugee and Entrant Assistance Discretionary Grants - 2018	93.576	N/A	N/A	19,407
<b>Total U.S. Department of Health and Human Services</b>				<u><b>406,501</b></u>
<b>Total Expenditures of Federal Awards</b>				<u><b>102,723,420</b></u>

The accompanying notes are an integral part of this schedule.

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Cleveland Municipal School District (the District) 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 respective program(s) that benefitted from the use of those donated food commodities.

**NOTE F - MATCHING REQUIREMENTS**

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

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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

**NOTE G - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2017 to 2018 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 10,150,975
Special Education Grants to States	84.027	5,163,787
Improving Teacher Quality State Grants	84.367	4,150,509
English Language Acquisition State Grants	84.365	277,105
Special Education Preschool Grants	84.173	66,248

CFDA# - Catalog of Federal Domestic Assistance



# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Municipal School District, Cuyahoga County, (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 date May 10, 2019, wherein we noted that the District adopted Governmental Accounting Standard 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2018-001 through 2018-003.

***District's Response to Findings***

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

***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.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 10, 2019

# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

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

We have audited the Cleveland Municipal 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 each of the Cleveland Municipal School District's major federal programs 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 programs.

### ***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 each of the District's major federal programs 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 each of the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

***Basis for Qualified Opinion on Career and Technical Education –Basic Grants to States, Title I Grants to Local Educational Agencies and Child Nutrition Cluster Programs***

As described in finding 2018-004 in the accompanying schedule of findings, the District did not comply with requirements regarding Procurement Suspension and Debarment applicable to its Career and Technical Education- Basic Grants to States, Title I Grants to Local Educational Agencies, and Child Nutrition Cluster major federal programs. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to these programs.

***Qualified Opinion on Career and Technical Education- Basic Grants to States, Title I Grants to Local Educational Agencies, and Child Nutrition Cluster Programs***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Career and Technical Education- Basic Grants to States, Title I Grants to Local Educational Agencies and Child Nutrition Cluster Programs* paragraph, the Cleveland Municipal School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Career and Technical Education- Basic Grants to States, Title I Grants to Local Educational Agencies and Nutrition Cluster Programs* for the year ended June 30, 2018.

***Other Matters***

The District's response to our noncompliance finding 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 compliance and, accordingly, we express no opinion on it.

***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's compliance requirement will not be prevented, or timely detected or corrected. *A significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2018-004.

The District's response to our internal control over compliance finding 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 compliance and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the 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, each major fund and the aggregate remaining fund information of the Cleveland Municipal School District (the District) as of and for the year ended June 30, 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 May 10, 2019. Our opinion 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 10, 2019

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<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 internal control weaknesses reported for major federal programs?</b>	Yes
<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 Programs' Compliance Opinion</b>	Qualified for all major programs
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR §200.516(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster: CFDA # 10.553- School Breakfast Program (SPB) CFDA #10.555- National School Lunch Program (NSLP) CFDA #-10.559 – Summer Food Service Program for Children (SFSP)  CFDA # 84.048- Career and Technical Education-Basic Grants to States CFDA # 84.010- Title I Grants to Local Educational Agencies
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$3,000,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	No

CLEVELAND MUNICIPAL 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**

**1. Finding for Recovery Repaid Under Audit-Improper Procurement Card Expenditures**

<i>Finding Number</i>	2018-001
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NONCOMPLIANCE

According to the provisions of the District's 2017-2018 Purchasing Card Administrative Regulations, purchasing cards shall not be used to purchase prohibited services or items. Prohibited services and items include but are not limited to alcoholic beverages, gift cards, meals while in travel status, and sales tax. The regulations require each card holder to obtain detailed itemized receipts for all items purchased. Furthermore, the regulations require all card holders to follow the District's purchasing policies and prohibit the use of the purchasing card to split purchases, in order to circumvent purchasing policies.

A review of Tiffany James' FY 18 purchase card transactions revealed the following:

- 12 transactions, totaling \$371, were not supported by detailed itemized receipts.
- 21 transactions included sales tax totaling \$51.
- Three transactions, totaling \$95, were for the purchase of gifts cards or other types of gifts for students.

The above transactions, totaling \$517, were in direct violation of the District's Purchasing Card Administrative Regulations and illegal expenditures of District funds.

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 Tiffany James in the amount of \$517 and in favor of the Cleveland Municipal School District General Fund.

On March, 27, 2019, Tiffany James repaid the District in full.

We recommend the District review all purchase card transactions, for compliance with the approved purchase card regulations, prior to the payment of the monthly statement balance(s).

**Official's Response:**

The District received an anonymous complaint regarding Ms. James use of her P-Card during the year. Due to this complaint, the Legal department conducted a review of the transaction in question along with other transactions during the same time period. It was determined that Ms. James violated a few of the P-Card guidelines. Mrs. James has paid the District for the \$517 owed and was also suspended without pay for 5 days as a result of the violation. We updated the P-Card guidelines/training materials that are given to P-Card users every fiscal year. The updated P-Card guidelines have been distributed to all P-Card users effective April 16, 2019. In addition, all P-Card users will be required to complete an online training module prior to July 1, 2019 in order to maintain their P-Card privileges.



**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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

The Finance Department is now reviewing 100% of all transactions supporting documentation submitted by P-Card users.

**2. Finding For Recovery Resolved Under Audit- Improper Use of Procurement Cards**

<i>Finding Number</i>	2018-002
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NONCOMPLIANCE

According to the provisions of the District's 2017-2018 Purchasing Card Administrative Regulations, a purchase card holder must obtain a detailed, itemized receipt for each purchasing card transaction. The regulations also prohibit the payment of sales tax with the purchase card. Furthermore, all purchase card holders must be familiar with Ohio laws and guidelines regarding Public Employee Code of Ethics and Conflicts of interest.

A review of Terrance Mitchell's FY 18 purchase card transactions revealed the following:

- 147 transactions, totaling \$14,728, were not supported by detailed itemized receipts.
- Seven transactions, totaling \$1,699, were supported by receipts deemed to be fabricated.
- Three transactions, totaling \$741, were deemed to be conflicts of interest. These represented payments to himself and family members for undisclosed services.
- Eight transactions, totaling \$1,400, were for travel for unspecified purposes.
- Six transactions included sales tax totaling \$16.

The above transactions, totaling \$18,584, were in direct violation of the District's Purchasing Card Administrative Regulations and illegal expenditures of District funds.

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 Terrance Mitchell in the amount of \$18,584 and in favor of the Cleveland Municipal School District General Fund.

On January 18, 2019, Mr. Mitchell entered into a settlement agreement with District whereby he agreed to repay \$3,642 in three monthly installments. On March 6, 2019, Mr. Mitchell entered into a settlement agreement with the District whereby he agreed to repay the remaining \$14,942 in monthly installments.

We recommend the District review all purchases card transactions, for compliance with the approved purchase card regulation, prior to the payment of the monthly statement balance(s).

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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

**Official's Response:**

During the Finance department review of P-Card transactions, we notice some irregularities with Mr. Mitchell's transactions. Based on that review, we requested documentation for all transactions on his P-Card paying vendors through Square App and PayPal. Mr. Mitchell was unable to provide some of the documentation for certain transactions, provided fabricated receipts for some transactions and made three payments to himself and/or other family members. Mr. Mitchell has entered into a repayment agreement with the District and has already repaid a portion of the charges. Please note that a discipline recommendation to the Board for this violation is pending. The updated P-Card guidelines have been distributed to all P-Card users effective April 16, 2019. In addition, all P-Card users will be required to complete an online training module prior to July 1, 2019 in order to maintain their P-Card privileges. In addition to updated guidelines, we will also research a larger set of transactions when we suspect misuse, fraud, or abuse.

**3. Finding for Recovery Resolved Under Audit- Substitute Teacher Over Payment**

<i>Finding Number</i>	2018-003
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NONCOMPLIANCE

Article 10 Section 6 Part D of The Cleveland Teachers Union agreement states, "In secondary schools, teachers may cover classes as special substitute teachers during their unassigned periods with the guideline that each teacher is limited to a maximum of two (2) classes in a school day." Further, Article 9 Section 14 entitled Class Coverage provides that in the event the normal teacher of record is not available to cover their class period, other teachers may be assigned, on a period by period basis when they are available with unassigned periods, to cover those classes. Teachers performing special substitute duties or class coverage are to be paid in accordance with special substitute rates in Appendix A of the collective bargaining agreement.

The Conflict of Interest Section of the District's Personnel Conflict of Interest and Improper Compensation policy states in part "Employees shall not engage in, nor have a financial interest in, any activity which conflicts with their duties and responsibilities in the District".

On May 23, 2017, Nicole Pierce was hired by the District as a substitute teacher, for a one year period. During the same period, Nicole Pierce was also employed with an outside entity, Youth Opportunities Unlimited (Y.O.U.). Y.O.U. provided job training curriculum services to high school students, in the District, during regular school hours.

In FY 18 Nicole Pierce was paid by the District for 73 days of substituting services that included class periods in which she was working on behalf of and paid by Y.O.U. The internal audit department and Auditor of State determined that Nicole Pierce was not eligible to receive substitute pay for periods in which she was scheduled and paid as a Y.O.U. employee. Based on these facts, Nicole Pierce was improperly paid \$7,661 for substitution services performed concurrently with Y.O.U. services. These payments were illegal expenditures of the District.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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

Due to her employment with Y.O.U., Nicole Pierce was limited in the number of periods she was eligible to perform class coverage services, on any given day. In FY 18, Nicole Pierce was paid nine times for class coverage services during periods she was working for and paid by Y.O.U. Based on these facts, Nicole Pierce was improperly paid \$1,376 for ineligible class coverage periods. These payments were determined to be illegal expenditures of the District.

The above transactions, totaling \$9,037, were in direct violation of the District's Collective Bargaining Agreement with the Cleveland Teachers Union and are illegal expenditures of District funds.

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 Nicole Pierce in the amount of \$9,037 and in favor of the Cleveland Municipal School District General Fund.

On April 11, 2019 Nicole Pierce entered into a settlement agreement with the District whereby she agreed to repay the \$9,037 in monthly installments.

We recommend that the District establish procedures to ensure that only persons meeting all of the criteria established within the District's policies and bargaining agreement perform substitution or class coverage duties.

**Official's Response:**

Based on the information provided to the Academic office in regard to the improper use of the services of Youth Opportunities Unlimited (Y.O.U.), Management has shared the issue with all responsible parties to ensure that in the future we follow the correct steps to have the proper contracts and procedures to prevent external services providers from fulfilling two jobs simultaneously.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

**1. Suspension and Debarment**

<b>Finding Number</b>	2018-004
<b>CFDA Title and Number</b>	84.010- Title I Grants to Local Educational Agencies 84.048- Career and Technical Education- Basic Grants to States 10.553, 10.555, 10.559-Child Nutrition Cluster
<b>Federal Award Identification Number / Year</b>	CFDA 84.010- S010A170035/2018 CFDA 84.048- V048A170035/2018 CFDA 10.553- 172OH62N1099/2018 CFDA 10.555- 182OH62N1099/2018 CFDA 10.559- 192OH62N1099/2018

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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

<b>Federal Agency</b>	U.S. Department of Agriculture U.S. Department of Education		
<b>Compliance Requirement</b>	2 CFR § 180.305		
<b>Pass-Through Entity</b>	Ohio Department of Education		
<b>Repeat Finding from Prior Audit?</b>	Yes	<b>Finding Number? (if repeat)</b>	2017-001

**NONCOMPLIANCE AND MATERIAL WEAKNESS**

CFR § 417.30 and CFR § 3485.32 give regulatory effect to the US Department of Agriculture and the Department of Education for 2 CFR § 180.305 which states that Non-Federal entities are generally prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 CFR § 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

2 CFR § 180.300 provides that when a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transactions with that entity.

One instance in the Title I federal program, two instances in the Child Nutrition Cluster and two instances in the Career and Technical Education federal program had payments to a vendor of more than \$25,000 and there was no evidence the District checked the SAM Exclusions, collected a certification from the entity, or added a clause or condition to the covered transaction with the vendor.

These weaknesses indicate controls were not operating effectively, at the time the contract was awarded and expenditures were made, to ensure that contractors suspended or debarred did not receive federal program monies.

We recommend the District develop procedures for the above federal programs to ensure that prior to contracting with a vendor that will be paid with federal funds, it is verified the vendor is not suspended or debarred. Such can be done by checking the SAM Exclusions, collecting a certification from the vendor, or adding a clause or condition to the covered transaction with the vendor.

CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY

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

**Official's Response:**

The District added a clause to the existing PO instrument on September 20, 2018 that states:

*By fulfilling this Order in whole, or in part, Supplier accepts and agrees to the terms hereof...*

*Supplier represents that it has no unresolved findings for recovery against it by the Ohio Auditor of State or any notice of debarment or suspension from any Federal Agency. The District may terminate this binding instrument at any time if the Supplier or any of its directors or officers is found at any time to have any unresolved findings for recovery by the Auditor of State or any notice of debarment or suspension from any Federal Agency.*

Additionally, POs, Supplier Contracts and Requisitions for purchases \$25,000 or greater go through business process review, which includes the Purchasing Manager/Department. The AOS and SAMS search documentation must be attached to the transactions or the transactions will be sent back to the initiator to complete the searches and attach proof of the search to the pending transaction.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
JUNE 30, 2018**

**Chief Executive Officer**  
Eric S. Gordon

**Board of Education**  
Anne E. Bingham  
*Board Chair*

Robert M. Heard, Sr.  
*Vice Chair*

Louise P. Dempsey, Esq.  
Sara Elaquad  
Jasmine Fryer  
Denise W. Link  
Willetta A. Milam  
Shaletha T. Mitchell  
Lisa Thomas, Ph.D.

**Ex Officio Members**

Alex Johnson, Ph.D.  
Harlan M. Sands, J.D., MBA

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Material Noncompliance and Material Weakness. Procurement and Suspension and Debarment Finding	Not Corrected	Repeated as 2018-004; The District's current practice is that originators of expenditures, buyers, complete a search and retain the certification of the search. When contracting with a supplier, part of the practice/procedure includes using the Vendor Contract template provided by the District Law Department. The template requires attachment of the Suspended and Debarred certification to the contract. The supplier represents upon signing the contract that they are not suspended and debarred. The District's Procurement team will continue to train buyers in this procedure and practice while a cross-functional central office administrative group explores ways to enhance and streamline the process centrally.

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Corrective Action Plan  
2 CFR § 200.511(c)  
June 30, 2018

Chief Executive Officer  
Eric S. Gordon

Board of Education  
Anne E. Bingham  
*Board Chair*

Robert M. Heard, Sr.  
*Vice Chair*

Louise P. Dempsey, Esq.  
Jasmine Fryer  
Denise W. Link  
Willetta A. Milam  
Shaletha T. Mitchell  
Lisa Thomas, Ph.D.

Ex Officio Members  
Alex Johnson, Ph.D.  
Harlan M. Sands, J.D., MBA

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001 Noncompliance Finding for Recovery, Tiffiany James \$517 - Non-Compliance – Improper Procurement Card Expenditures	<p>Mrs. James paid the District for the \$517 owed. We updated the P-Card guidelines/training materials that are given to P-Card users every fiscal year. The updated P-Card guidelines have been distributed to all P-Card users effective April 16, 2019. In addition, all P-Card users will be required to complete an online training module prior to July 1, 2019 in order to maintain their P-Card privileges. Finally, we research a larger set of transactions when we suspect misuse, fraud, or abuse.</p> <p>The Finance Department reviews 100% of all transactions supporting documentation submitted by P-Card users.</p>	June 30 , 2019	Michael Bowen, Executive Director, Accounting Treasury & Reporting
2018-002 Noncompliance Finding for Recovery, Terrence Mitchell \$18,584 - Non-Compliance and Material Weakness – Improper Use of Procurement Cards	<p>Mr. Mitchell entered into a repayment agreement with the District and has already repaid a portion of the charges. The updated P-Card guidelines have been distributed to all P-Card users effective April 16, 2019. In addition, all P-Card users will be required to complete an online training module prior to July 1, 2019 in order to maintain their P-Card privileges. Finally, we research a larger set of transactions when we suspect misuse, fraud, or abuse.</p> <p>The Finance Department reviews 100% of all transactions supporting documentation submitted by P-Card users</p>	June 30, 2019	Michael Bowen, Executive Director, Accounting Treasury & Reporting
2018-003 Non-Compliance-Substitute Teacher Over Payment	<p>Ms. Pierce entered into a repayment agreement with the District to repay the \$9,037 identified by the State Auditors.</p> <p>In addition, the District has shared the issue with all responsible parties to ensure we have the proper contracts and procedures to prevent external services providers from fulfilling two jobs simultaneously.</p>	April 29, 2019	Valentina Moxon, Deputy Chief of School Supports
2018-004 Material Non-Compliance and Material Weakness Over Internal Control – Procurement, Suspension and Debarment	<p>The District's current practice is that originators of expenditures, “buyers”, complete a search for suspension and debarment, and retain the certification of the search.</p> <p>After receiving a similar Finding in our FY17 Audit, the District updated its Vendor Contract template to require potential suppliers to stipulate they are not suspended or debared. Additionally, POs, Supplier Contracts and Requisitions for purchases \$25,000 or greater go through business process review, which includes the Purchasing Manager/Department. The AOS and SAMS search documentation must be attached to the transactions or the transactions will be sent back to the initiator to complete the searches and attach proof of the search to the pending transaction.</p>	September 20, 2018	Mary Angela Foraker, Executive Director of Procure to Pay

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2018



CLEVELAND  
MUNICIPAL  
SCHOOL DISTRICT

1111 Superior Avenue E, Suite 1800 • Cleveland, Cuyahoga County, Ohio 44114  
216.838.0000 • [ClevelandMetroSchools.org](http://ClevelandMetroSchools.org)

# **Comprehensive Annual Financial Report**

of the

**Cleveland Municipal School District**

For the

**FISCAL YEAR ENDED  
JUNE 30, 2018**

Prepared by

**Finance Department**

Derek Richey  
Chief Financial Officer

Derek Cluse  
Deputy Chief Financial Officer/Controller

Michael Bowen  
Executive Director of Accounting

Carolyn Schieman  
Director of Accounting

# CLEVELAND MUNICIPAL SCHOOL DISTRICT

## Board of Education



**Anne E. Bingham**  
Board Chair  
2014 – 2021



**Robert M. Heard, Sr.**  
Board Vice Chair  
2004 – 2021



**Louise P. Dempsey, Esq.**  
1998 – 2019



**Jasmine Fryer**  
2017 – 2019



**Denise W. Link**  
2007 – 2019



**Willetta A. Milam**  
2003 – 2021



**Shaletta T. Mitchell**  
2011 – 2019



**Lisa Thomas, Ph.D.**  
2011 – 2021



**Alex Johnson, Ph.D.**  
Ex Officio



**Harlan M. Sands, JD., MBA**  
Ex Officio



**Eric S. Gordon**  
Chief Executive Officer

**Derek Richey**, Chief Financial Officer



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# Introductory Section

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**Cleveland Municipal School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2018*  
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**Chief Executive Officer**

Eric S. Gordon

**Board of Education**

Anne E. Bingham  
*Board Chair*

Robert M. Heard, Sr.  
*Vice Chair*

Louise P. Dempsey, Esq.  
Jasmine Fryer  
Denise W. Link  
Willetta A. Milam  
Shalettha T. Mitchell  
Lisa Thomas, Ph.D.

**Ex Officio Members**

Alex Johnson, Ph.D.  
Harlan M. Sands, J.D., MBA

January 22, 2019

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Cleveland Municipal School District (the “School District”) for the fiscal year ended June 30, 2018. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental activities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District’s financial affairs. Copies will be made available to taxpayers, financial rating services and other interested parties.

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

**The School District**

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

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

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

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

The Chief Executive Officer of the School District has the responsibility for hiring, directing and assigning teachers and other employees, assigning the pupils to the proper schools, grades and performing such other duties as determined by the appointed Board. In May of 2011, the Board with the concurrence of the Mayor appointed Eric Gordon as the School District's Chief Executive Officer with a one-year contract effective July 1, 2011 through June 30, 2012. Mr. Gordon's second contract was renewed and expired after three years on June 30, 2015. He was unanimously appointed to a third contract running through June 30 2019. Prior to being named the Chief Executive Officer, Mr. Gordon served as the School District's Chief Academic Officer since 2007.

The Chief Financial Officer/Treasurer is the chief fiscal officer of the Board and the School District. Under the current administrative structure, the Chief Financial Officer/Treasurer reports to the Chief Executive Officer. On August 1, 2017 the School District formally announced the appointment of Derek Richey as the Chief Financial and Administrative Officer effective August 1, 2017. Derek Richey was the former Executive Director of Budgets and Grants for the School District, and previously served as the Director of Strategic Resource Use for the Metropolitan Nashville Public Schools.

### ***The School District and its Facilities***

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

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

In fiscal year 2018, the School District was funded for 36,215 K-12 students according to the state foundation payment system (compared to 36,598 the previous year) in 68 K-8 schools, and 37 senior high schools. In addition, classes were provided in four residential school programs. The School District also operated a variety of specialized educational facilities (consisting of gardens, athletic fields, a sheltered

workshop and a greenhouse), eight administration facilities (including a central kitchen and two leased sites) and two transportation depots. Recent trend data indicates that the District has slowed the loss of students and district planning projections reflect slight growth for 2018 due to the return of students leaving failing/closed community schools.

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

### ***Charter/Community Schools***

Beginning in fiscal year 1999, State of Ohio legislation allowed for the creation of charter/community schools. By law the School District receives State Foundation Aid for students attending charter/community schools that are residents of the School District on a per pupil basis. That aid, which includes an imputed local match, is paid out to the charter/community schools for their operations. The number of students attending charter/community schools was 15,458 for fiscal 2018 (compared to 16,224 the previous year), resulting in the payment, from the School District of state aid, of \$127.9 million.

### ***Employee Relations***

As of June 30, 2018, the School District had 6,036 full and part-time employees (compared to 5,713 the previous year). The School District paid \$410.3 million in salaries and wages and \$149.8 million for fringe benefits such as employer retirement contributions, health care, life insurance, and certain other benefits.

The School District's certificated administrators and supervisors (such as principals, assistant principals and many central office staff) are not members of any bargaining unit but are represented by the Cleveland Council Administrators and Supervisors; however, many of these individuals are employees on an at-will basis. Teachers and educational specialists, including aides, are represented by the Cleveland Teachers Union ("CTU").

In March 2017, the School District entered into a contract with CTU for a three-year period beginning July 1, 2016 and ending June 30, 2019. This contract provides for 2% wage increase effective July 1, 2016 and 2.75% wage increases July 1, 2017 and July 1, 2018. Beginning in January 2018, CTU members, who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. CTU members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. The parties are currently in negotiations for a successor agreement. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive.

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

- The International Brotherhood of Teamsters Local 407 (school bus drivers and bus attendants), have entered into a two-year contract with the District for the period July 1, 2017 through June 30, 2019 with wage increases of 2.75% effective July 1, 2017 and July 1, 2018. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have

the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive;

- The City, County, and State Truck Drivers Union Local 244 (truck drivers), now represented by Teamsters Local 436, have entered into a two-year contract with the District for the period July 1, 2017 through June 30, 2019 with wage increases of 2.75% effective July 1, 2017 and July 1, 2018. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive;
- The National Conference of Fireman and Oilers Local 860 (assistant custodians, laborers, and mechanics), are still in contract negotiations with the District. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive;
- The International Brotherhood of Teamsters Local 436 no longer represents the District's security officers, who are now represented by the Ohio Patrolmen's Benevolent Association (OPBA) and are still in contract negotiations with the District. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive;
- The Service Employees International Union Local 1199 (clerical, food service and cleaning staff), have entered into a two-year contract with the District for the period July 1, 2017 through June 30, 2019 with wage increases of 2.75% effective July 1, 2017 and July 1, 2018 for employees with an annual compensation of more than \$27,040. Those employees earning \$27,040 on an annualized basis received a \$1.00 per hour increase effective July 1, 2017. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive. Beginning in January 2018, union members who earn \$27,040 or less, on an annualized basis, will pay 65% of the monthly contribution paid by District 1199 members, who earn more than \$27,040 on an annualized basis. For those employees whose annualized wage are \$27,040 or less, employee contribution shall be 6.5% of monthly healthcare premium costs capped at \$75 for individual and \$170 for family coverage. If at any time the employee's annualized wages exceed \$23,000, the employees contribution shall be increased to 10% effective the first month after the annualized wages exceed;

- The Cleveland Building Trades Council (trades people) and the carpenters union, have entered in to a two-year contract with the District for the period July 1, 2017 through June 30, 2019 with wage increases of 2.75% effective July 1, 2017 and July 1, 2018. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive; and
- The National Conference of Fireman and Oilers Local 777 (custodians), with a three year agreement ending on June 30, 2018, with a 3% compensation increase in the first year of the contract, a stipend of \$800 to be paid in the second year of the contract since sufficient progress was made toward a differentiated compensation system and a 1% increase in the third year of the contract. Members will pay 10% of monthly healthcare premium costs capped at \$75 for individual and \$170 for family coverage. For fiscal year 2017, they agreed to extend the previous contract for one year with a 2% compensation increase for the year. Beginning in January 2018, union members who participate in the wellness incentive will also pay monthly healthcare premium costs of \$75 for individual and \$170 for family coverage. Members who do not participate in the wellness incentive will pay 10% of the COBRA cost of the health insurance plan capped at \$100 for single coverage and \$220 for family coverage. Members will also have the option to participate in the UH Choice option with monthly contributions of \$35 for single coverage and \$100 for family coverage for those participating in the wellness incentive and \$50 for single coverage and \$120 for family coverage for those who do not participate in the wellness incentive

## **The Reporting Entity**

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

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

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

## **Economic Condition and Outlook**

The School District's primary sources of revenues are from the State of Ohio through the State Foundation program and through the levying of property taxes on real property located within the School District. These two sources combined represent approximately 94 percent of the School District's fiscal

year 2018 budget basis General Fund operating revenues. The following discussion provides additional information pertaining to these revenue sources.

### ***Taxes***

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

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

Fiscal year 2018 property taxes are currently estimated by the Cuyahoga County Auditor's Office based on a current collection rate of 88.4%, down from 89.4%. The forecast through 2023 assumes a current collection rate of 88.4%. The Ohio Revised Code and Ohio Administrative Code mandate Cuyahoga County to conduct a re-appraisal every six years, an update every three years and annual valuation of improvements based upon building permits received from each city annually. As of November 2018, the County is certifying its re-appraisal valuations and the District anticipates an 8% increase for both residential and commercial properties. The next re-appraisal is scheduled for the year 2021.

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

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

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

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



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

### ***School Foundation***

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

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

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

*Foundation Funding Components* that make up the foundation formula are:

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

In addition to these funding components, the foundation formula also provides for a Transitional Guarantee which guarantees that no district will receive less in total FY 2018 funding than it did in FY 2017 by distributing the difference between the FY 2017 total funding (guarantee base) and the FY 2018 total calculated amount. Although the formula guarantees at least the FY 2017 total funding, it also caps the FY 2018 calculated funding at 7.5% above the FY 2017 funding level.

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

## *Local Economy*

The City of Cleveland is located on the southern shores of Lake Erie, and is the county seat of Cuyahoga County. The City is included in the Cleveland-Elyria-Mentor, OH Metropolitan Statistical Area (MSA), comprised of Cuyahoga, Lake, Lorain, Geauga, and Medina counties. This MSA is the 28<sup>th</sup> largest of 366 Metropolitan Areas in the United States, and the largest Metropolitan Area in the State of Ohio. Founded in 1796, Cleveland quickly established economic strengths in heavy industry, including oil, iron and steel, and combined with its favorable location on major shipping channels soon emerged as the dominant manufacturing and business center of Northeast Ohio. While the City's economy has shifted more toward health care and financial services, its manufacturing base has assumed a smaller, yet still vital role. Competitive pressures in manufacturing have limited job creation, but the competitive position of Cleveland-based industrial companies has improved.

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

### *Downtown and Other Economic Development*

- In the fall of 2014, the Ohio Department of Transportation (ODOT) commenced construction on its Opportunity Corridor Project, a three-mile, approximately \$306 million road project that is designed to improve the transportation system and support planned economic development within the City in the areas between I-490/I-77 and University Circle. The Opportunity Corridor encompasses nearly 1,000 acres on the City's southeast side and is anchored by University Circle and the Cleveland Clinic. In addition to transportation benefits, it is anticipated that the Opportunity Corridor Project will bring new economic development and new jobs to the community. The Opportunity Corridor Project supports an economic development plan of the City and Greater Cleveland Partnership for the area through enhanced mobility, direct access to freeways and the University Circle area, new frontage for potential development, improved visibility and improved multi-modal access. The Opportunity Corridor Project is divided into three stages: the first stage commenced in the fall of 2014; the second stage commenced in the spring of 2016; and the third stage is expected to commence in 2018 with targeted completion in 2021.
- One of the central focus areas is the Health Tech Corridor, a three-block transit-oriented development running from Cleveland State University to University Circle, encompassing 1,600 acres. The Health Tech Corridor includes three colleges and universities and three major hospitals. In 2014, RTA completed a new transit station in University Circle on Cedar Avenue and completed construction of a new transit station on Mayfield Road in August 2015. These stations complement RTA's Health Line transportation system by connecting it to the City's second "downtown." The Health Line was key in the retention of Dealer Tire in the City's Midtown area. Dealer Tire recently opened their new Headquarters at the Victory Center, keeping their 450 employees in the City. They intend to add over 100 jobs in the next three years. The area also continues to provide a location for incubated health technology companies like Abeona, which has announced its intention to build a private gene manufacturing facility (one of 10 in the United States) in the Health Tech Corridor.
- Hemingway Development and University Hospitals have agreed to purchase a ten acre Brownfield site that the City assembled and cleaned up. University Hospitals is developing

another Health Technology Campus to be anchored by a 40,000 square foot University Hospitals Clinic for women and children, which broke ground in December 2016 and opened in July of 2018. Hemingway also broke ground in 2016 on a 60,000 square foot speculative tech center. Construction is expected to be completed in 2018, with much of the space preleased. A new Hilton Tru hotel is under construction in the area to meet the rising demand from the medical and technology developments in the corridor

- A development team of First Interstate Properties, Ltd., and Petros Development Corp. began construction in summer 2016 on One University Circle, a new 28-story residential tower in University Circle, five miles east of downtown in the vicinity of the Cleveland Clinic, Case Western Reserve University and many of the City's cultural institutions. Midwest Development Partners and the Coral Company plan to start construction on Centric, a residential and office complex, with expectations of occupancy in August of 2018. The two projects represent a total investment in the University Circle area of over \$180 million.
- In 2013, the Cleveland Clinic demolished a block of buildings across from its campus to make way for a new medical school in partnership with Case Western Reserve University. Originally planned as a 165,000 square foot medical education building, the project has now been expanded to become a Health Education Campus of in excess of 485,000 square feet and a cost over \$515 million. The project broke ground on October 1, 2015 and is expected to be completed in mid-2019. The Cleveland Clinic opened its \$276 million 377,000 square foot Taussig Cancer Center in March of 2017. The Clinic is converting the former Cancer Center building into the 120,000-square-foot new home of the Cleveland Clinic Children's outpatient facility. The \$20 million renovated facility is expected to open in the fall of 2018.
- In 2014, MetroHealth Medical Center announced its campus transformation project. As part of the multi-year project, MetroHealth opened its \$86 million Critical Care Pavilion in 2016. A 1,500-space parking garage is expected to be completed in 2018. A new hospital and other buildings are in the design process, with construction expected to commence in the spring of 2019 on the new hospital. The total cost for all phases of the campus transformation is anticipated to be approximately \$1 billion.
- The County's \$465 million Convention Center and Global Center for Health Innovation project in the City's downtown was completed in 2013. The project included an integrated facility for (i) exhibition space and showrooms for medical devices and equipment and related functions (the Global Center for Health Innovation) and (ii) exhibition, tradeshow and conference facilities, meeting rooms and related functions. A \$260 million Hilton convention center hotel, funded through bonds issued by the County, opened in mid-2016 in time for the Republican National Convention. The 30-story, 650-room Hilton was built on the site of the former County administration building, which was razed in early 2014. Several other hotels were completed in time for the Republican National Convention. They include the 481-room Westin, which opened in the spring of 2014; the 150-room Metropolitan, which opened in the fall of 2014; the 120-room Kimpton Schofield which opened in March 2016, and the 180-room Drury Plaza Hotel, which opened in April 2016.
- Exploirs, a Cleveland Clinic incubated software company, was purchased by IBM which intends to keep the company in the City and plans to add 100 jobs to its current workforce. They are in the process of constructing a new headquarters in the City at the intersection of East 105<sup>th</sup> Street and Cedar Avenue, along the Opportunity Corridor.
- The \$275 million Cleveland Flats East Development Project Phase I was completed in 2013. This project consisted of an approximately 476,000 square foot, 18-story office tower, an approximate 550-space parking garage, a 150-room Aloft hotel, and approximately 31,000 square feet of restaurant and retail space. The \$146 million Phase II included 243 apartments and 80,000

square feet of ground floor restaurant and retail space, as well as 48,000 square feet of entertainment space. A 1,200 linear foot river walk has been completed and provides access to the riverfront. The Phase II grand opening was held in October 2015. The Metroparks has opened a seasonal water taxi service that connects both sides of the river with future plans to connect in the future to a lakefront beach Wendy Park, furthering the tourist draws to this area.

- The Ohio City neighborhood continues to grow and be a destination for residents and tourists. The neighborhood includes the City-owned West Side Market, the oldest continually operating market in the country, which recently celebrated its 100<sup>th</sup> anniversary. The West 25th Street Lofts Project created 83 loft style apartments and some rooftop penthouse units, as well as 9,100 square feet of commercial space. The last of the apartments were completed in December 2016. Total project cost was over \$60 million. Abode Modern Lifestyle Developers has assembled four acres of land with hopes of constructing a \$40 to \$50 million new mixed use development. The area has seen more than \$15 million in new investments, to redevelop over 198,000 square feet of vacant or underutilized mixed use space, including historic renovations and some new construction. The Snavelly Group has announced a \$60 million mixed-use, mixed-income development that began construction in October 2016. The success of Ohio City investments has led to development moving along the retail corridor on Lorain Avenue, with investors buying buildings from West 25<sup>th</sup> Street to West 50<sup>th</sup> Street, with a variety of retail and commercial projects that include microbreweries, a home brewing supplier, an organic grocery store, restaurants and a shuffle board club. Many of the buildings are renovating long vacant apartments over the first floor retail space as the Ohio City housing market continues to draw new residents from all income levels, looking to be in this walkable, transit-oriented community.
- The Cleveland Cavaliers have announced that there will be a \$140 million transformation of the Quicken Loans Arena, which is the home of the Cleveland Cavaliers. A deal was reached earlier this year that local governments will provide half of the funding and the Cleveland Cavaliers will cover the remaining half plus any cost overruns. This deal will extend the Cavaliers lease of the arena from 2027 to 2034. The team also pledged to rehab basketball floors in all of the City's recreation centers and all of the District's high schools. This pledge would involve about 40 gymnasiums.

## **Major Initiatives**

### ***The Cleveland Plan (H.B. 525)***

Six years ago, in July 2012, Governor John Kasich signed House Bill 525, also known as “The Cleveland Plan,” into law. Cleveland Mayor Frank Jackson, Governor Kasich, the General Assembly, the Cleveland Teacher’s Union and the Cleveland business community collaborated to create a plan for the School District to improve standards, reward, retain, and recruit high-quality educators, and increase school autonomy and accountability.

The goal of this plan is to ensure that every child in Cleveland attends a high-quality school and that every neighborhood has a multitude of great schools from which families can choose. To reach this goal, Cleveland must transition from a traditional, single-course school district to a new system of district and charter schools that are held to the highest standards and work in partnership to create dramatic student achievement gains for every child. The plan is built upon growing the number of excellent schools in Cleveland, regardless of provider, and giving these schools autonomy over staff and budgets in exchange for high accountability for performance. It aims to create an environment that empowers and values principals and teachers as professionals and makes certain that our students are held to the highest expectations.

This plan is driven by a fierce sense of urgency. The intensity of global competition demands that students in Cleveland build the knowledge, skills and attributes that position them to be successful and

competitive in the 21<sup>st</sup> Century global economy. The future must include many different kinds of schools that give children and their parents choices from an array of innovative options. Fundamentally, schools in Cleveland must break the one-size-fits-all premise of today's education system.

This plan recognizes that public education in Cleveland is at a crossroads. Recent reform efforts undertaken by the District and its partners have generated positive results for some students. The number of high-performing district and charter schools in Cleveland has grown from 14 in 2006 to 37 in 2011, enrolling more than 11,400 students. And the District now offers a more diverse set of options for students and families than ever before, including 13 new schools opened since 2006. However, the pace of change is not fast enough, nor deep enough to overcome the challenges facing the District. We have no other option but to reinvent our school system, as unacceptable academic performance, declining enrollment and an untenable financial situation threaten the very existence of public education in the city.

Cleveland's Plan for Transforming Schools is grounded in an emerging national approach known as the "Portfolio Strategy," which is showing promising results in cities such as Baltimore, Denver and New York. It has four major components:

**Grow the number of High-Performing District and Charter Schools in Cleveland:** The principal focus of this work is to significantly increase the number of high-performing schools while reducing and eventually eliminating low-performing schools. To do this, the District will employ four distinct strategies. (1) *Promote, expand and replicate existing high-performing District and charter schools.* Great schools, measured by a consistent standard of quality, will have full autonomy over school budgets, staff selection and assignment, academic and student support programs, school calendar and school schedules in exchange for high accountability standards and access to financial and other resources. (2) *Start new schools.* Cleveland will attract the best national education models to our city, invent our own schools that are unique to Cleveland and encourage local community partners and Cleveland teachers to co-create new and innovative school models. (3) *Refocus and strengthen mid-performing schools.* For those schools that meet minimum state standards and have some critical academic and social conditions in place, the District will employ precise, customized and differentiated interventions and investments and grant some levels of autonomy. (4) *Repurpose and address low-performing schools.* The lowest performing schools will be targeted for immediate and dramatic action, including closure and reassignment of students to better schools, closure and start-up of a new school, phase in of a new program and phase out of the old, or turning the school over to a capable charter operator.

**Focus District's Central Office on key roles and Transfer Authority and Resources to Schools:** Organizational roles and relationships will change in three fundamental ways. The primary focus of central office will be to oversee the portfolio of schools to ensure continuous improvement, provide system coordination for essential functions (enrollment, data systems, etc.) and provide some targeted services directly to schools. Secondly, schools will be given varying levels of autonomy based on their level of performance and will be accountable for delivering an excellent education. All schools will have to abide by certain state and federal requirements, such as state testing and serving students with disabilities and English language learners, among others. Finally, the District will shift to weighted per-pupil funding system for all schools and transfer a majority of spending control to schools based on the number and needs of the students they enroll. This will include the transfer of some locally generated tax revenues to high-performing charter schools, that are sponsored by or have agreements with the District.

**Invest and Phase in High-Levering System reforms across all schools:** Beyond investments in this new, performance-based system of schools, Cleveland will invest in several fundamental building blocks upon which this plan must be built: high-quality preschool education, college and workforce readiness, year-round calendar, talent recruitment and capacity building, academic technology enhancement and support for high-quality charter schools.

**Create the Cleveland Transformation Alliance to ensure accountability for all public schools:** The Cleveland Transformation Alliance, a public-private partnership with representatives from the District,

the charter sector and the community, will be charged with ensuring the growth of the portfolio of high-performing District and charter schools in Cleveland. It will assume the following unique roles: ensure fidelity to the citywide education plan, assess the quality of all Cleveland schools, communicate to parents about quality school choices and serve as a watchdog for charter sector growth in Cleveland.

Cleveland's plan requires the right policy conditions including necessary changes in state policy, a fresh start in labor-management agreements and relationships and a financial sustainability plan. The long-term survival of the District is dependent upon the interwoven elements outlined in this plan.

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

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

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

### **District's Theory of Action**

The District believes that principals and their leadership teams are best positioned to drive college and career ready learning and to fulfill the ambitious student achievement goals of *The Cleveland Plan*.

Over the next two years, the District will systematically empower all school leadership teams to assume increasing responsibility for the instructional design and programming at their schools. By August 2019, all schools will be able to select instructional services and resources off of a menu of options that they also help to create and that will expand and improve over time.

Supporting flexible implementation of a strong instructional core will require central office to realign a number of its practices so that it can focus on holding schools accountable for outcomes and providing as-needed support to schools in utilizing these increased flexibilities.

Generally, we will need to:

1. Realign our principal selection, development, and accountability processes.
2. Refocus network support services.
3. Align central support services, and
4. Develop a communications and feedback system to ensure successful completion of action steps.

### ***Cleveland Plan Progress***

Following implementation of *The Cleveland Plan*, the School District in the 2017-2018 school year, achieved the following benchmarks:

- *Expanded Quality Preschool*: adding 1,961 seats over four years to a grand total of 4,818 seats.
- *K-3 Literacy Improvement*: the District outperformed 113 other Ohio school districts
- *Third Grade Reading Guarantee*: 83.9% of students were promoted to 4<sup>th</sup> grade this year, an increase of 4.3% from the previous year

- *Increased Graduation Rate:* Graduation Rates have increased 22.4% since the 2010-2011 school year. In 2017-2018 the graduation rate was 74.6%. This represents the fourth fastest growing rate in Ohio since 2011 and the fastest growing rate among state's large urban districts.
- *Report Card Gains:* Increased on 19 of 21 test score indicators
- *Reduction in off-track Attendance:* There are 22% fewer students missing more than ten days in a school year over the last three years.
- *Active Parent Engagement:* 86.6% of the District's parents met with their children's teachers last year

Additionally to the above progress, the following is also happening in the District:

- *Wide-Ranging School Choices:* The District continues to expand quality school options that enable students and families to attend the right school, to meet their needs and interests. Under the Cleveland Plan, the District added 16 new high school models in the last four years. This school year, 14 PreK-8 schools are implementing new academic designs that emphasize student-led inquiry, personalized learning or technology.
- *Committed Community Partnerships:* The District's students, teachers and parents are supported by more than 160 community agencies, including area hospitals, foundations, universities, corporations and service organizations, all committed to providing families with assets, resources and supports they need. That support continues to grow with nine Boys and Girls Clubs, 19 medical clinics, 65 annual dental clinics, 52 after school programs and 15 summer meal sites in the summer.
- *Sports and Extracurricular Activities:* Participation in interscholastic and extracurricular activities has a direct, positive impact on a student's academic performance, attendance and personal and social development. Students in grades 1-12 have access to a host of clubs, competitive sports and extracurricular field trips to meet the diverse interests of every child.
- *CMSD Parent University College Bus Tours:* This is an opportunity for families to experience college with their scholars. This opportunity allows families to make college or post-secondary education a reality. During the visits, families meet with admission representatives, take a walking tour of the campus and speak with current students. These trips allow families an opportunity to understand their role in their scholars' post-secondary education, FAFSA, college admission and the supports available to help them to succeed and graduate.
- *Continues to attract top talent:* The District aggressively recruits school leaders and teachers to ensure our students have the best instruction and guidance. Our Teach Cleveland initiative actively recruits educators who are passionate about serving children in urban schools.

## **Long-Term Financial Planning**

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

The School District prepares a Five Year Forecast along with assumptions prior to October 31<sup>st</sup> of each fiscal year and updates this forecast between April 1 and May 31<sup>st</sup> of each fiscal year.

## **Relevant Financial Policies**

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

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

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

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

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

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

Protection of the School District's deposits is provided by the federal deposit insurance corporation and/or by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and other designated third-party trustees of the financial institutions.

### **Internal Controls**

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

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



## **Awards**

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

The School District received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This award certifies that the report substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO. The award is granted only after an intensive review of financial reports by an expert ASBO panel of review consisting of certified public accountants and practicing School business officials. Receiving the award is recognition that a School system has met the highest standards of excellence in School financial reporting.

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

## **Acknowledgments**

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

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

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

Respectfully submitted,

Derek Richey  
Chief Financial Officer

# Cleveland Municipal School District

Board Members

Appointed by Mayor of City of Cleveland

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<u>Name</u>	<u>Began Service as a Board Member</u>	<u>Present Term Expires June 30</u>
Anne E. Bingham, Board Chair	2014	2021
Robert M. Heard, Vice Chair	2004	2021
Louise P. Dempsey, Esq.	2003	2019
Jasmine Fryer	2017	2019
Denise Link	2007	2019
Willetta A. Milam	2003	2017
Shaletha Mitchell	2011	2019
Lisa Thomas, Ph.D.	2011	2021
Harlan Sands, JD, MBA. ex-officio		
Alex Johnson, Ph.D. ex-officio		

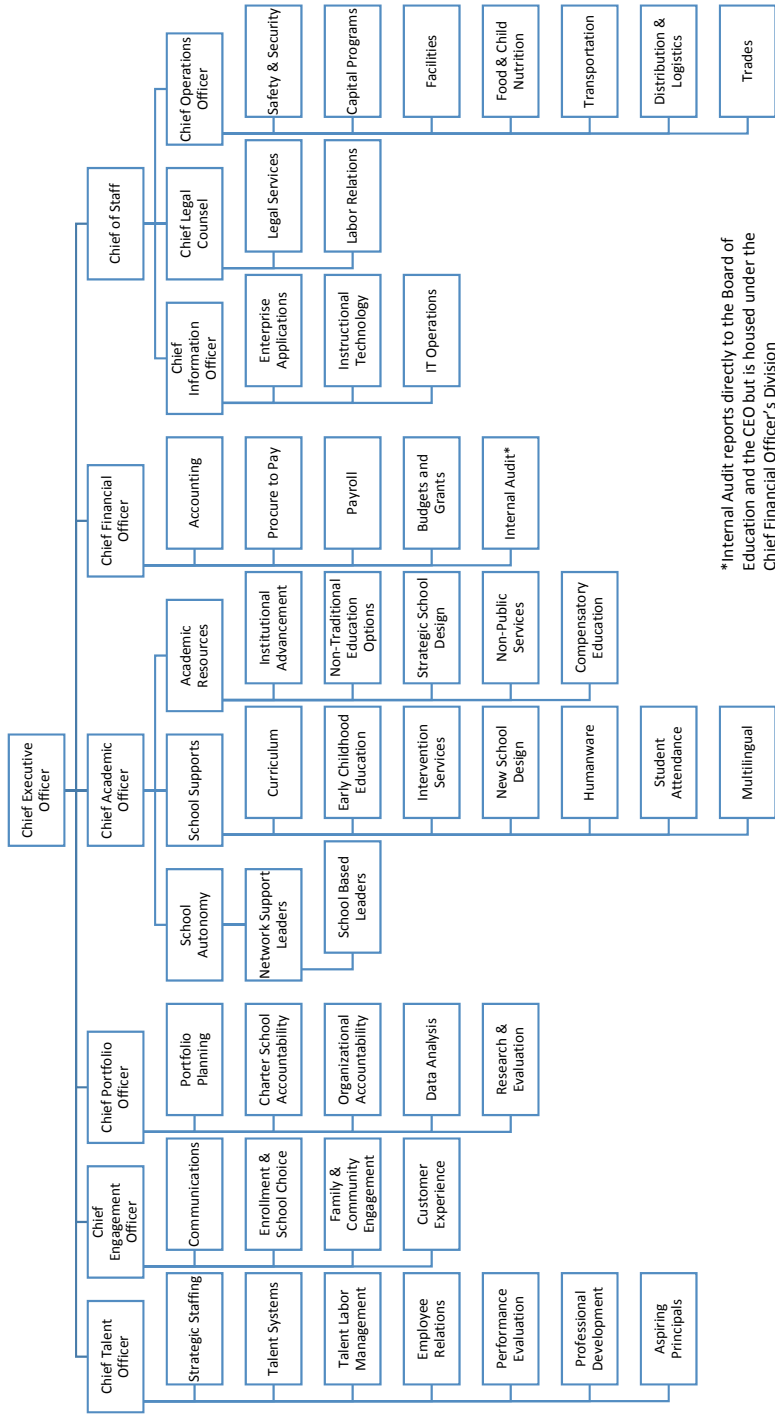
## Cleveland Municipal School District

### Senior Appointed Officials

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Eric Gordon	Chief Executive Officer
Trent Mosley	Chief Engagement Officer
Derek Richey	Chief Financial Officer
Curtis Timmons	Interim Chief Information Officer
Wayne Belock	Chief Legal Counsel
Patrick Zohn	Chief Operating Officer
Christine Fowler-Mack	Chief Portfolio Officer
Karen Thompson	Chief of Staff
Lori Ward	Chief Talent Officer
Diana Ehlert	Deputy Chief, Academic Resources
Gary Sautter	Deputy Chief, Capitol Programs
Dr. Roseanne Canfora	Deputy Chief, Communications
Derek Cluse	Deputy Chief, Financial Officer
Chris Broughton	Interim Deputy Chief, Organizational Accountability
Lester Fultz	Deputy Chief, Safety and Security
Lisa Farmer-Cole	Deputy Chief, School Autonomy
Valentina Moxen	Deputy Chief, School Supports
Michael Bowen	Executive Director, Accounting & Treasury
LaTisha Grimes	Executive Director, Assessments Testing and Logistics
Angele Latham	Executive Director, Budgets
Liz Nelson	Executive Director, Curriculum
Nicole Vitale	Executive Director, Early Childhood Education
Blessing Nwaozuzu	Executive Director, Enterprise Applications
Tracy Hill	Executive Director, Family and Community Engagement
Shawn Braxton	Executive Director, Instructional Technology
Larry Johnston	Executive Director, Internal Auditor
Jessica Baldwin	Executive Director, Intervention Services
Rosie Tufts	Executive Director, IT Operations
Carol Lockhart	Executive Director, Legal Services
Joe Micheller	Executive Director, New School Development
Gerard Leslie	Executive Director, Non-Traditional Education Options
Leo Serrano	Executive Director, Office of Institutional Advancement
Mychael Henderson	Executive Director, Payroll
Melissa Skelly	Executive Director, Policy and Planning
Angela Foraker	Executive Director, Procurement
Matt Linick	Executive Director, Research and Evaluation
Rick McIntosh	Executive Director, School Choice and Enrollment
Laura Mulvaney	Executive Director, Strategic Staffing
Luther Johnson	Executive Director, Talent Management
Stephen Christian	Executive Director, Talent Systems
Eric Taylor	Executive Director, Transportation
Chris Burkhardt	Executive Director, Food Services
Andrew Koonce	Network Support Leader, Achievement Schools
Jeffrey Graham	Interim Network Support Leader, Best Practices/Academics & Culture
Jacky Brown	Network Support Leader, L.I.F.T. Schools
Paul Hoover	Network Support Leader, Redesigning Schools
Janet Tribble	Interim Network Support Leader, Innovative Schools
Lorenzo Russell	Network Support Leader, Portfolio Schools
Erin Frew	Network Support Leader, STEAM Schools
Kevin Burtzloff	Board Attorney and Liason
Emily Hilty	Data Strategist
Heather Grant	Director, Aspiring Principals Program
Marcia Zashin	Director, Compensatory Education
Shirrell Greene-Joe	Director, Customer Experience
Rick Novack	Director, Distribution & Logistics
Irene Dunbrook	Director, Employee Relations
Robert Zellers	Director, I.T. Security
Mary Lou Prescott	Director, Labor Relations
Jose Gonzalez	Director, Multilingual/Multicultural Services
Curtis Hutchinson	Director, Non-Public Services
Jill Cabe	Director, Performance Evaluation
JacquINETTE Brown	Director, Professional Development
Shirley Watts	Director, Project Management Office
Megan Traum	Director, Strategic School Design
Lorri Hobson	Director, Student Attendance
Bob Kasler	Director, Trades

# Cleveland Municipal School District Organizational Chart



\*Internal Audit reports directly to the Board of Education and the CEO but is housed under the Chief Financial Officer's Division



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

The Certificate of Excellence in Financial Reporting  
is presented to

**Cleveland Metropolitan 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 black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

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

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE  
Executive Director

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# Financial Section

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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Municipal School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Municipal School District, Cuyahoga County, Ohio, as of June 30, 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 3 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 May 10, 2019, 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

May 10, 2019

**Cleveland Municipal School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018  
Unaudited

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The discussion and analysis of the School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2018 are as follows:

- ❑ Total current and other assets decreased by \$99.3 million and capital assets increased by \$65.2 million, resulting in a net decrease in total assets of \$34.1 million in Governmental Activities.
- ❑ The School District implemented GASB 75, which reduced beginning net position as previously reported by \$218.9 million. In addition, the School District restated the net position at the entity-wide level in the amount of \$10.2 for unreported incurred but not reported claims liability (IBNR) for self-insurance.
- ❑ Total short-term liabilities increased by \$7.2 million and total long-term liabilities decreased \$321.6 million, resulting in a net decrease in total liabilities of \$314.4 million in Governmental Activities.
- ❑ Total net position increased \$283.7 million in Governmental Activities. This decrease in pension and OPEB liabilities significantly decreased nearly all instructional and support services expenses compared to fiscal year 2017. See further explanation after Table 1.
- ❑ General revenues accounted for \$698.5 million in revenue or 77.9% of all revenues for Governmental Activities. Program specific revenues in the form of charges for services, sales, grants or contributions accounted for \$198.0 million or 22.1% of total revenues of \$896.5 million.
- ❑ Total program expenses were \$614.6 million in Governmental Activities.
- ❑ Among major funds, the General Fund had \$731.4 million in revenues and other financing sources and \$763.5 million in expenditures and other financing uses. The General Fund's fund balance decreased by \$32.2 million.

### **Using this Comprehensive Annual Financial Report (CAFR)**

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

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

**Cleveland Municipal School District**  
Management's Discussion and Analysis  
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**Reporting the School District on a Government-Wide Basis**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds utilized by the School District to provide programs and activities, the view of the School District as an entity looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash was received or paid.

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

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

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

**Reporting the School District's Most Significant Funds**

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 22. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for its financial transactions. However, these fund financial statements concentrate on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Debt Service Fund, the Permanent Improvement Fund and the Classroom Facilities Fund.

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

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

**The School District on a Government-Wide Basis**

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for FY 2018 compared to the FY 2017:

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

	Governmental Activities		Change
	2018	2017 Restated	
<b>Assets</b>			
Current and Other Assets	\$ 760.5	\$ 859.8	\$ (99.3)
Capital Assets	892.5	827.3	65.2
Total Assets	<u>1,653.0</u>	<u>1,687.1</u>	<u>(34.1)</u>
<b>Deferred Outflow &amp; Resources</b>			
Pension & OPEB	241.6	198.4	43.2
<b>Liabilities</b>			
Current Liabilities	110.4	103.2	7.2
Long-Term Liabilities	326.6	340.6	(14.0)
Net Pension & OPEB Liability	962.9	1,270.5	(307.6)
Total Liabilities	<u>1,399.9</u>	<u>1,714.3</u>	<u>(314.4)</u>
<b>Deferred Inflow of Resources</b>			
Property Taxes	207.6	203.4	4.2
Pension & OPEB	68.2	32.6	35.6
Total Deferred Inflow & Resources	<u>275.8</u>	<u>236.0</u>	<u>39.8</u>
<b>Net Position</b>			
Net Investment in Capital Assets	656.5	536.3	120.2
Restricted for Debt Service	49.7	47.6	2.1
Restricted for Capital Projects	190.7	320.5	(129.8)
Restricted for Educational Special Trust	9.1	10.2	(1.1)
Restricted for Classroom Facilities Maintenance	6.7	6.9	(0.2)
Restricted for Food Services	2.6	0.8	1.8
Restricted for Miscellaneous State Grants	1.2	0.3	0.9
Restricted for Other Purposes	8.3	7.7	0.6
Unrestricted	<u>(705.9)</u>	<u>(995.1)</u>	<u>289.2</u>
Total Net Position	<u>\$ 218.9</u>	<u>\$ (64.8)</u>	<u>\$ 283.7</u>

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Management's Discussion and Analysis  
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The net pension liability (NPL) is one of the largest liabilities 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 School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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 School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these 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.

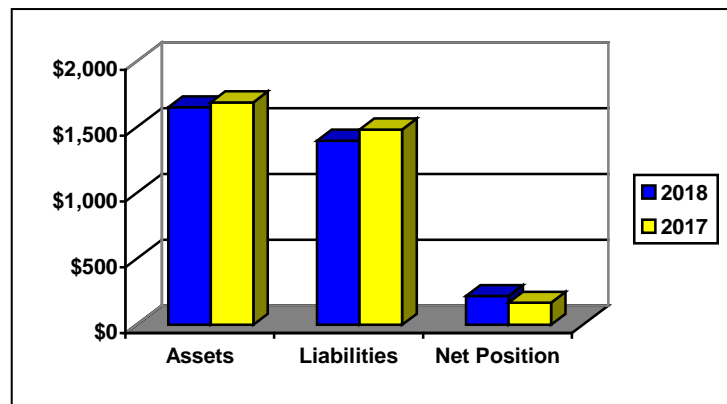
**Cleveland Municipal School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2018  
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Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), 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 School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School 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 at June 30, 2017, from \$164.3 million to a deficit \$64.8 million.

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



Current and other assets decreased by \$99.3 million and capital assets increased by \$65.2 million, resulting in an overall decrease in total assets of \$34.1 million. The decrease in current and other assets is mostly attributable to a combination of a decrease in intergovernmental receivable (primarily the OFCC receivable drawdown) of \$49.6 million and a net decrease in cash and investments of \$54.7 million, all of which are associated with the construction projects of ten new schools, which accounts for the increase in capital assets.

Current liabilities increased by \$7.2 million and long-term liabilities decreased by \$321.6 million, resulting in an overall decrease in liabilities of \$314.4 million. The increase in current liabilities is due primarily to the salary and associated benefits, including an increase in claims liability for the self-insurance program. The net decrease in long-term liabilities is due to the Net Pension and OPEB Liabilities decreasing by \$307.6 million along with debt retirement payments during the year.



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The significant decrease in net pension liability is largely the result of a change in benefit terms in which STRS reduced their COLA to zero coupled by a slight reduction in COLA benefits by SERS. The significant increase in deferred outflows and inflows related to pension/OPEB are primarily from the change of assumptions and the difference in projected and actual investments earnings, respectively. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL and are described in more detail in their respective notes.

**Table 2 shows the change in net position for fiscal years 2018 and 2017.**

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

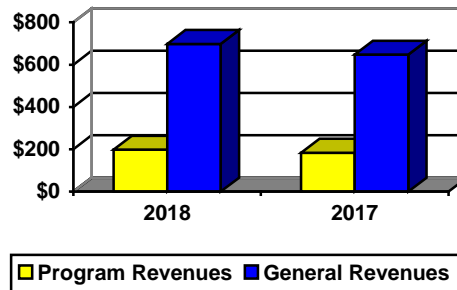
	Governmental Activities		Change
	2018	2017 Restated	
<b>Revenues</b>			
General Revenues:			
Property Taxes	\$ 261.5	\$ 218.4	\$ 43.1
Investment Income	1.8	2.8	(1.0)
Miscellaneous	11.6	14.9	(3.3)
Grants and Entitlements	423.6	411.5	12.1
Program Revenues:			
Charges for Services	10.5	10.3	0.2
Operating Grants	177.3	169.4	7.9
Capital Grants	10.2	3.9	6.3
<b>Total Revenues</b>	<b>896.5</b>	<b>831.2</b>	<b>65.3</b>
<b>Program Expenses</b>			
Instruction	359.0	586.4	(227.4)
Support Services:			
Pupil and Instructional Staff	38.6	73.0	(34.4)
Board of Education, Administration, Fiscal and Business	48.1	77.3	(29.2)
Operation and Maintenance of Plant	57.7	65.5	(7.8)
Pupil Transportation	34.2	34.8	(0.6)
Central	21.1	38.2	(17.1)
Operation of Non-Instructional Services	38.2	37.3	0.9
Extracurricular Activities	5.4	5.8	(0.4)
Interest and Fiscal Charges	12.3	13.5	(1.2)
<b>Total Expenses</b>	<b>614.6</b>	<b>931.8</b>	<b>(317.2)</b>
Transfers	1.8	(3.8)	5.6
<b>Change in Net Position</b>	<b>283.7</b>	<b>(104.4)</b>	<b>388.1</b>

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

	2018	2017
General Revenues	\$ 698.5	\$ 647.6
Program Revenues	198.0	183.6
Total Revenues	\$ 896.5	\$ 831.2

**Governmental Activities -  
 Revenue**



*General Revenues*

General revenues for the School District are comprised almost entirely of property tax collections and grants from various sources. Property taxes made up 37.4% and 33.7% and grants made up 60.7% and 63.5 % of general revenues for governmental activities for the School District in fiscal years 2018 and 2017, respectively.

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

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

The voters of the City of Cleveland approved a new property tax levy in November 2012 (Issue 106), the first operating levy since 1996. This four year levy was approved to support The Cleveland Plan (H.B. 525) that

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was signed into law in July 2012. Fourteen mills will be allocated to the current expenses of the School District and one mill will be allocated to the current expenses of partnering community school. The collection on that levy began in January 2013. This tax levy was renewed by the voters in November 2016.

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

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

*Program Revenues*

Operating and capital grants comprise 94.7% of total program revenues of the School District. These grants, obtained mainly from the Federal Government, State of Ohio and the Ohio School Facilities Commission, support specific educational programs and objectives as defined by these agencies as well as the capital programs. The amount available to the School District may vary from year to year depending on amounts made available by these agencies and the needs of the School District.

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

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017 Restated	Net Cost of Services 2017 Restated
Instruction	\$ 359.0	\$ (269.7)	\$ 586.4	\$ (496.4)
Support Services:				
Pupil and Instructional Staff	38.6	(8.1)	73.0	(40.8)
Board of Education, Administration, Fiscal and Business	48.1	(37.5)	77.3	(66.7)
Operation and Maintenance of Plant	57.7	(49.4)	65.5	(58.6)
Pupil Transportation	34.2	(28.9)	34.8	(31.9)
Central	21.1	(17.9)	38.2	(34.9)
Operation of Non-Instructional Services	38.2	1.0	37.3	(2.8)
Extracurricular Activities	5.4	(4.0)	5.8	(4.6)
Interest and Fiscal Charges	12.3	(12.3)	13.5	(13.5)
Capital Outlay	0.0	10.2	0.0	1.9
<b>Total Expenses</b>	<b>\$ 614.6</b>	<b>\$ (416.6)</b>	<b>\$ 931.8</b>	<b>\$ (748.3)</b>

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

The largest Governmental Activities program expense remains instruction, comprising 58.4% of the total cost of services. When combined with pupil and instructional support these categories make up 64.7% of the total cost of services. This make-up is consistent with the general educational objectives of the School District.

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 \$791,147 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 negative OPEB expense of \$23,948,038. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 Program Expenses under GASB 75	\$ 614,641,327
Negative OPEB Expense under GASB 75	23,948,038
2018 Contractually Required Contribution	1,282,343
Adjusted 2018 Program Expenses	639,871,708
Total 2017 Program Expenses under GASB 45	921,651,863
Decrease in Program Expenses not Related to OPEB	\$ (281,780,155)

**The School District's Funds**

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$961.4 million and expenditures and other financing uses of \$1,010.4 million, resulting in a net decrease in fund balances of \$49.0 million.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, the General fund balance was \$59.7 million, the decrease of \$32.2 was due to higher expenditures for salaries and benefits.

The net changes in fund balances for the year in the Debt Service Fund, Permanent Improvement Fund, Classroom Facilities Fund and Other Governmental Funds. The fund balance in the Debt Service Fund increased \$4.4 million, the fund balance in the Permanent Improvement Fund decreased \$32.9 and the fund balance in the Classroom Facilities Fund increased \$9.6. The increase in the Debt Service fund was due to the tax collection rates remaining stable from the previous year. The decrease in the Permanent Improvement Fund was due to the School District renovating two schools during the school year that opened in Fiscal Year 2019. The increase in the Classroom Facilities Fund was the result of the District beginning to receive the state's reimbursements from their share of the projects in Segment 7. Funding of this program is described in more detail in the *Capital Assets and Debt Administration* section. The fund balance for Other Governmental Funds increased by \$2.1 million. The increase is also mainly due to the tax collection rates remaining stable from the previous year.

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***General Fund Budgeting Highlights***

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

For the General Fund total actual revenues and other financing sources were \$731.7 million, which was \$12.8 million more than the final budget estimate. The School District received more than what was expected in property tax and intergovernmental revenue during the fiscal year.

The final expenditure and other financing uses budget was \$787.7 million. Total actual expenditures and other financing uses was \$784.8 million, or \$3 million below the final budget estimates. There is a continuing effort by the School District's management to reduce its expenditures to increase fund balance.

The General Fund's ending unencumbered cash balance totaled \$66.6 million, which was \$15.8 million more than the final budgeted amount.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2018 the School District had \$892.5 million invested in capital assets net of accumulated depreciation. Table 4 shows fiscal year 2018 balances compared to 2017:

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

	Governmental Activities		Change
	2018	2017	
Land	\$ 31.8	\$ 31.8	\$ 0.0
Land Improvements	0.1	0.1	0.0
Buildings and Improvements	761.5	731.6	29.9
Vehicles and Equipment	13.4	14.3	(0.9)
Intangible Assets	0.2	0.6	(0.4)
Construction in Progress	85.5	48.9	36.6
Totals	\$ 892.5	\$ 827.3	\$ 65.2

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

In 2000, a Facilities Assessment Commission was established to review the condition of the School District's facilities. The Commission recommended that a complete renovation program of all School District facilities be undertaken and that a substantial contribution from the State of Ohio (through the Ohio School Facilities Commission) could be included in the proposed construction and renovation plan by participation in the

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Classroom Facilities Assistance Program (CFAP). Since then, the School District and the Ohio School Facilities Commission have created a Master Facilities Plan, which was revised in 2008 and then again in 2014, that addresses the needs of all buildings in the School District and the unique needs of the School District and its students. The Revised Master Facilities Plan has been approved by the School District's Board, the Ohio School Facilities Commission and the State Controlling Board. The Revised Master Facilities Plan calls for building an additional 22 schools and refurbishing 20 to 23 others. Projects were contingent on voters approving a November 2014 ballot issue that authorized \$200 million in bonds for the construction and a half-mill property tax for maintenance, which was passed. The State will add more than \$2 for every \$1 that the District contributes to construction. Since 2000, the School District has built 38 schools and fully renovated seven others. One high school, Campus International, finished construction during the fiscal year and went into operation in fiscal year 2018.

Construction began in 2002 utilizing funding from several sources as described below under *Debt Administration*. Initial work focused mainly on making every facility warm, safe and dry. Concurrently, new facilities have been constructed and others significantly renovated and others inactivated for student use. See Note 12 to the basic financial statements for additional information on capital assets.

***Debt Administration***

At June 30, 2018 the School District had \$282.9 million in bonds, notes and other long term capital lease obligations outstanding, \$8.5 million due within one year. Table 5 summarizes bonds and notes outstanding.

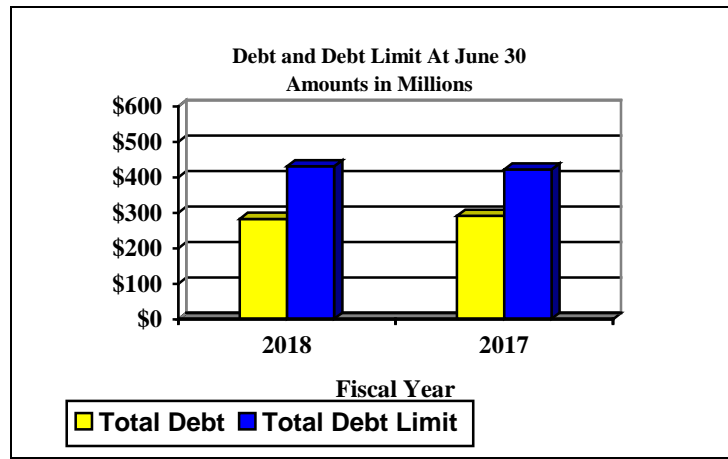
Table 5  
Outstanding Debt, at Year End  
(\$ In Millions)

	Governmental Activities 2018	Governmental Activities 2017
<b>General Obligation Bonds and Notes:</b>		
2010 School Facilities Improvement Bonds	55.0	55.0
2012 School Facilities Improvement Bonds	12.4	14.2
2013 School Facilities Improvement Bonds	27.4	27.4
2015 School Facilities Improvement Bonds	132.3	136.1
2015 Qualified School Constuction Bonds	49.2	49.2
<b>Other Long-Term Obligations:</b>		
Capital Lease Obligation	6.6	9.2
<b>Total</b>	<b>\$ 282.9</b>	<b>\$ 291.1</b>

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

	2018	2017
Total Debt	\$ 282.9	\$ 291.1
Total Debt Limit	\$ 430.8	\$ 421.9



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

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

In June 2015 the School District issued bonds for the purpose of constructing, renovating, remodeling,

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

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

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

At June 30, 2018, the School District's overall legal debt margin was \$179.7 million, with an unvoted debt margin of \$4.8 million. See Note 18 to the basic financial statements for additional information on all long-term obligations.

### **Current Issues**

In November 2012, the voters of the city of Cleveland approved a four year 15 mill operating levy, which was renewed in November 2016. With the passing of the four year levy, the School District is projecting a positive unencumbered cash balance through fiscal year 2019. In addition, there are other ongoing issues to be addressed over the next five years as described below.

*State Foundation Payments* – Am. Sub. H.B. 94 of the 131th Ohio General Assembly passed in July 2015 and replaced the prior fiscal year 2014 – fiscal year 2015 biennium budget's enacted by Governor Kasich's administration. The H.B. 94 state foundation formula is for fiscal years 2017 and 2018. Payments to city, local and exempted village school districts are calculated from data reported by the district, such as the number of students enrolled in the district, and are made twice each month according to a schedule published each spring. Since the data are updated throughout the year, the annual amount due to the School District is calculated for each payment and the district receives approximately 1/24<sup>th</sup> of the annual amount.

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

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



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*Financial Forecast* – The School District is required to adopt a five-year financial forecast of revenues and expenditures each year. A deficit was projected in fiscal years 2020 and beyond. The forecast includes several revenue and expense assumptions based upon recent legislation, historical trends, and future assumptions.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Michael Bowen, Executive Director of Accounting at Cleveland Municipal School District, 1111 Superior Avenue East, Cleveland, Ohio 44114 or by email [Michael.Bowen@clevelandmetroschools.org](mailto:Michael.Bowen@clevelandmetroschools.org).

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# **BASIC FINANCIAL STATEMENTS**

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**Cleveland Municipal School District**  
*Statement of Net Position-Governmental Activities*  
June 30, 2018

	Total
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 221,152,187
Cash and Cash Equivalents with Fiscal Agents	3,244,438
Investments	89,973,661
Investments with Fiscal Agents	25,124,177
Receivables:	
Taxes	326,845,255
Accounts	3,992,819
Intergovernmental	86,934,883
Accrued Interest	827,818
Materials and Supplies Inventory	2,422,548
Nondepreciable Capital Assets	117,314,431
Depreciable Capital Assets, Net	775,157,071
<b>Total Assets</b>	1,652,989,288
<b>Deferred Outflows of Resources</b>	
Pension	233,268,228
OPEB	8,294,693
<b>Total Deferred Outflows of Resources</b>	241,562,921
<b>Liabilities</b>	
Accounts Payable	25,714,994
Accrued Wages and Benefits	41,757,206
Retainage Payable	3,244,438
Intergovernmental Payable	23,336,476
Matured Compensated Absences Payable	664,280
Accrued Interest Payable	1,097,090
Claims Payable	14,534,630
Long-Term Obligations:	
Due Within One Year	16,410,412
Due in More Than One Year:	
Net Pension Liability	781,107,522
Net OPEB Liability	181,752,561
Other Amounts Due in More Than One Year	310,233,133
<b>Total Liabilities</b>	1,399,852,742
<b>Deferred Inflows of Resources</b>	
Property Taxes	207,644,490
Pension	47,974,383
OPEB	20,174,664
<b>Total Deferred Inflows of Resources</b>	275,793,537
<b>Net Position</b>	
Net Investment in Capital Assets	656,511,658
Restricted	
Restricted for Debt Service	49,731,602
Restricted for Capital Programs	190,674,105
Restricted for Educational Special Trust	9,070,842
Restricted for Classroom Facilities Maintenance	6,679,094
Restricted for Food Services	2,563,347
Restricted for Miscellaneous State Grants	1,245,582
Restricted for Other Purposes	8,368,512
Unrestricted	(705,938,812)
<b>Total Net Position</b>	\$ 218,905,930

See accompanying notes to the basic financial statements

**Cleveland Municipal School District**  
*Statement of Activities-Governmental Activities*  
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Total Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction:					
Regular	\$ 228,117,128	\$ 4,329,229	\$ 27,441,716	\$ 0	\$ (196,346,183)
Special	115,095,669	1,959,579	41,196,919	0	(71,939,171)
Vocational	3,097,548	45,108	1,007,776	0	(2,044,664)
Other	12,731,008	1,796	13,333,289	0	604,077
Support Services:					
Pupils	12,249,740	87,714	8,703,757	0	(3,458,269)
Instructional Staff	26,331,387	75,204	21,604,022	0	(4,652,161)
Board of Education	42,376	794	5,390	0	(36,192)
Administration	33,734,900	939,990	8,027,591	0	(24,767,319)
Fiscal	13,054,274	152,201	1,308,043	0	(11,594,030)
Business	1,251,274	23,437	159,146	0	(1,068,691)
Operation and Maintenance of Plant	57,685,305	1,175,092	7,125,013	0	(49,385,200)
Pupil Transportation	34,220,642	611,474	4,679,883	0	(28,929,285)
Central	21,149,084	392,949	2,844,995	0	(17,911,140)
Operation of Non-Instructional Services	38,187,653	249,544	38,894,323	0	956,214
Extracurricular Activities	5,402,338	482,208	942,887	0	(3,977,243)
Interest and Fiscal Charges	12,291,003	0	0	0	(12,291,003)
Capital Outlay	0	0	0	10,225,792	10,225,792
<b>Totals</b>	<b>\$ 614,641,329</b>	<b>\$ 10,526,319</b>	<b>\$ 177,274,750</b>	<b>\$ 10,225,792</b>	<b>\$ (416,614,468)</b>
<b>General Revenues</b>					
Property Taxes Levied For:					
General Purposes					235,113,848
Debt Service					21,471,349
Capital Outlay					2,359,011
Capital Projects					2,525,832
Investment Income					1,778,432
Miscellaneous					11,594,746
Grants and Entitlements not Restricted to Specific Programs					<u>423,617,304</u>
<i>Total General Revenues</i>					<u>698,460,522</u>
Transfers					1,827,066
Change in Net Position					283,673,120
<i>Net Position Beginning of Year Restated</i>					<u>(64,767,190)</u>
<i>Net Position End of Year</i>					<u>\$ 218,905,930</u>

See accompanying notes to the basic financial statements

**Cleveland Municipal School District**

*Balance Sheet  
Governmental Funds  
June 30, 2018*

	General	Debt Service	Permanent Improvement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 70,342,313	\$ 16,450,752	\$ 24,844,881	\$ 72,854,219	\$ 22,705,164	\$ 207,197,329
Cash and Cash Equivalents with Fiscal Agents	0	0	665,995	2,578,443	0	3,244,438
Investments	0	0	75,267,707	14,705,954	0	89,973,661
Investments with Fiscal Agents	0	25,124,177	0	0	0	25,124,177
Receivables:						
Taxes	288,771,199	27,554,968	2,732,844	0	7,786,244	326,845,255
Accounts	1,241,468	0	0	0	2,751,351	3,992,819
Intergovernmental	8,416,908	0	0	61,058,049	17,459,926	86,934,883
Accrued Interest	416,184	88,364	252,617	70,653	0	827,818
Interfund	13,885,051	0	0	0	0	13,885,051
Materials and Supplies Inventory	903,052	0	0	0	1,519,496	2,422,548
<b>Total Assets</b>	<b>383,976,175</b>	<b>69,218,261</b>	<b>103,764,044</b>	<b>151,267,318</b>	<b>52,222,181</b>	<b>760,447,979</b>
<b>Liabilities</b>						
Accounts Payable	8,086,595	0	715,993	13,217,288	3,695,118	25,714,994
Accrued Wages and Benefits	34,707,303	0	0	0	7,049,903	41,757,206
Retainage Payable	0	0	665,995	2,578,443	0	3,244,438
Interfund Payable	0	0	0	0	13,885,051	13,885,051
Intergovernmental Payable	20,368,170	0	0	0	2,968,306	23,336,476
Matured Compensated Absences Payable	664,280	0	0	0	0	664,280
<b>Total Liabilities</b>	<b>63,826,348</b>	<b>0</b>	<b>1,381,988</b>	<b>15,795,731</b>	<b>27,598,378</b>	<b>108,602,445</b>
<b>Deferred Inflow of Resources</b>						
Property Taxes	260,499,036	24,653,250	2,068,948	0	5,794,556	293,015,790
Unavailable Revenue	0	0	0	61,058,049	3,764,126	64,822,175
<b>Total Deferred Inflow of Resources</b>	<b>260,499,036</b>	<b>24,653,250</b>	<b>2,068,948</b>	<b>61,058,049</b>	<b>9,558,682</b>	<b>357,837,965</b>
<b>Fund Balance:</b>						
Nonspendable	903,052	0	0	0	1,519,496	2,422,548
Restricted	0	44,565,011	100,313,108	74,413,538	22,239,391	241,531,048
Assigned	58,747,739	0	0	0	0	58,747,739
Unassigned	0	0	0	0	(8,693,766)	(8,693,766)
<b>Total Fund Balances</b>	<b>59,650,791</b>	<b>44,565,011</b>	<b>100,313,108</b>	<b>74,413,538</b>	<b>15,065,121</b>	<b>294,007,569</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 383,976,175</b>	<b>\$ 69,218,261</b>	<b>\$ 103,764,044</b>	<b>\$ 151,267,318</b>	<b>\$ 52,222,181</b>	<b>\$ 760,447,979</b>

See accompanying notes to the basic financial statements

**Cleveland Municipal School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2018*

<b>Total Governmental Funds Balances</b>		<b>\$ 294,007,569</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		892,471,502
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	85,371,300	
Grants	<u>64,822,175</u>	
Total		150,193,475
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		(579,771)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(1,097,090)
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in governmental funds		
Deferred outflows - pension	233,268,228	
Deferred outflows - OPEB	8,294,693	
Deferred inflows - pension	(47,974,383)	
Deferred inflows - OPEB	(20,174,664)	
Net Pension Liability	(781,107,522)	
Net OPEB Liability	<u>(181,752,561)</u>	
Total		(789,446,209)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(276,260,000)	
Compensated Absences	(39,838,648)	
Worker's Compensation Claims	(3,901,874)	
Capital Lease Obligations	(6,643,024)	
Total		<u>(326,643,546)</u>
<b>Net Position of Governmental Activities</b>		<b>\$ 218,905,930</b>

See accompanying notes to the basic financial statements



**Cleveland Municipal School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2018*

	General	Debt Service	Permanent Improvement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 231,618,865	\$ 21,492,843	\$ 2,524,794	\$ 0	\$ 6,859,039	\$ 262,495,541
Investment Income	1,442,772	(67,142)	1,668,658	(207,239)	38,013	2,875,062
Tuition and Fees	8,255,258	0	0	0	0	8,255,258
Extracurricular Activities	3,430	0	0	0	560,733	564,163
Contributions and Donations	0	0	0	0	7,320,278	7,320,278
Food Services	0	0	0	0	218,225	218,225
Miscellaneous	11,582,853	0	0	0	752,310	12,335,163
Intergovernmental	474,657,180	2,465,170	71,447	71,019,938	114,723,879	662,937,614
<b>Total Revenues</b>	<b>727,560,358</b>	<b>23,890,871</b>	<b>4,264,899</b>	<b>70,812,699</b>	<b>130,472,477</b>	<b>957,001,304</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	335,992,013	0	0	0	3,495,707	339,487,720
Special	161,745,407	0	0	0	29,473,169	191,218,576
Vocational	6,638,512	0	0	0	689,348	7,327,860
Other	233,919	0	0	0	12,638,230	12,872,149
Support Services:						
Pupils	36,540,593	0	0	0	7,558,593	44,099,186
Instructional Staff	8,206,033	0	0	0	22,542,238	30,748,271
Board of Education	256,007	0	0	0	0	256,007
Administration	58,405,815	0	0	0	4,768,300	63,174,115
Fiscal	10,417,944	545,551	54,565	0	4,328,458	15,346,518
Business	1,629,759	0	0	0	0	1,629,759
Operation and Maintenance of Plant	69,355,623	0	188,885	0	4,872,684	74,417,192
Pupil Transportation	37,002,358	0	0	0	519,199	37,521,557
Central	28,135,140	0	0	0	167,465	28,302,605
Operation of Non-Instructional Services	1,792,898	0	0	0	36,589,829	38,382,727
Extracurricular Activities	5,190,849	0	0	0	739,830	5,930,679
Capital Outlay	0	0	37,496,023	61,243,321	0	98,739,344
Debt Service:						
Principal Retirement	0	5,585,000	0	0	0	5,585,000
Interest and Fiscal Charges	0	13,404,512	0	0	0	13,404,512
<b>Total Expenditures</b>	<b>761,542,870</b>	<b>19,535,063</b>	<b>37,739,473</b>	<b>61,243,321</b>	<b>128,383,050</b>	<b>1,008,443,777</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,982,512)	4,355,808	(33,474,574)	9,569,378	2,089,427	(51,442,473)
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Capital Assets	5,411	0	599,650	0	0	605,061
Transfers In	3,799,964	0	0	0	0	3,799,964
Transfers Out	(1,972,898)	0	0	0	0	(1,972,898)
<b>Total Other Financing Sources (Uses)</b>	<b>1,832,477</b>	<b>0</b>	<b>599,650</b>	<b>0</b>	<b>0</b>	<b>2,432,127</b>
Net Change in Fund Balances	(32,150,035)	4,355,808	(32,874,924)	9,569,378	2,089,427	(49,010,346)
Fund Balances at Beginning of Year	91,800,826	40,209,203	133,188,032	64,844,160	12,975,694	343,017,915
<b>Fund Balances at End of Year</b>	<b>\$ 59,650,791</b>	<b>\$ 44,565,011</b>	<b>\$ 100,313,108</b>	<b>\$ 74,413,538</b>	<b>\$ 15,065,121</b>	<b>\$ 294,007,569</b>

See accompanying notes to the basic financial statements

**Cleveland Municipal School District**  
*Reconciliation of the 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** \$ (49,010,346)

***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 outlay exceeded depreciation in the current period.

Capital Assets Additions	94,897,782	
Disposal of Capital Assets	(1,347,550)	
Current Year Depreciation	<u>(28,418,281)</u>	
<b>Total</b>		<b>65,131,951</b>

Revenues in the statement of activities that do not provide current financial resources are not reported in the funds. These revenues were attributed to property taxes and intergovernmental receivables

Property Taxes	(1,025,501)	
Ohio School Facilities Grant	(60,794,146)	
Other Grants	<u>2,397,405</u>	
<b>Total</b>		<b>(59,422,242)</b>

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 5,585,000

Repayment of capital lease is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,580,991

In the statement of activities, interest is accrued on outstanding bonds and bond premiums are amortized over the terms of the bonds, whereas in the governmental funds the expenditure is reported when the bonds are issued:

Accrued Interest on Bonds	16,419	
<b>Total</b>		<b>16,419</b>

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	4,015,611	
Worker's Compensation Claims	<u>1,798,527</u>	
<b>Total</b>		<b>5,814,138</b>

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

Pension	54,713,035	
OPEB	<u>1,282,343</u>	
		<b>55,995,378</b>

Except for amount reported as deferred inflows/outflows, changes in the net position and OPEB liabilities are reported as pension and OPEB expense in the statement of activities:

Pension	235,273,337	
OPEB	<u>23,948,038</u>	
		<b>259,221,375</b>

The internal service funds used by management to charge the the costs of insurance to individual funds are not reported in the District-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (2,239,544)

***Change in Net Position of Governmental Activities*** **\$ 283,673,120**

See accompanying notes to the basic financial statements

**Cleveland Municipal School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
**General Fund**  
*For the Fiscal Year Ended June 30, 2018*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 230,608,418	\$ 230,039,872	\$ 234,157,376	\$ 4,117,504
Investment Income	2,333,799	2,328,045	2,369,715	41,670
Tuition and Fees	8,178,923	8,158,759	8,304,793	146,034
Extracurricular Activities	3,378	3,370	3,430	60
Contributions and Donations	0	0	0	0
Miscellaneous	11,074,134	11,046,832	11,244,560	197,728
Sale of Personal Property	5,329	5,316	5,411	95
Intergovernmental	463,329,209	462,186,909	470,459,633	8,272,724
<b>Total Revenues</b>	<b>715,533,190</b>	<b>713,769,103</b>	<b>726,544,918</b>	<b>12,775,815</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	337,040,484	342,307,783	341,689,141	618,642
Special	161,743,822	163,632,540	161,607,945	2,024,595
Vocational	6,742,061	6,900,544	6,873,220	27,324
Adult/Continuing	0	0	0	0
Other	277,618	284,144	276,937	7,207
Support Services:				
Pupils	36,733,671	37,597,157	36,842,491	754,666
Instructional Staff	8,439,279	9,295,952	9,319,900	(23,948)
Board of Education	244,680	250,432	249,479	953
Administration	59,365,656	61,507,628	61,676,382	(168,754)
Fiscal	10,610,805	10,860,229	10,816,861	43,368
Business	1,663,735	1,943,837	1,948,559	(4,722)
Operation and Maintenance of Plant	65,778,989	68,334,855	68,521,552	(186,697)
Pupil Transportation	37,428,914	38,308,742	38,309,264	(522)
Central	33,573,773	36,192,818	36,288,109	(95,291)
Operation of Non-Instructional Services	615,024	635,057	636,803	(1,746)
Extracurricular Activities	5,482,259	5,689,052	5,704,612	(15,560)
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>765,740,770</b>	<b>783,740,770</b>	<b>780,761,255</b>	<b>2,979,515</b>
Deficiency of Revenues Under Expenditures	(50,207,580)	(69,971,667)	(54,216,337)	15,755,330
<b>Other Financing Sources (Uses):</b>				
Advances In	5,111,000	5,111,000	5,111,000	0
Advances Out	(4,000,000)	(4,000,000)	(4,000,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,111,000</b>	<b>1,111,000</b>	<b>1,111,000</b>	<b>0</b>
Net Change in Fund Balances	(49,096,580)	(68,860,667)	(53,105,337)	15,755,330
Fund Balances at Beginning of Year	99,411,830	99,411,830	99,411,830	0
Prior Year Encumbrances Appropriated	20,340,770	20,340,770	20,340,770	0
<b>Fund Balances at End of Year</b>	<b>\$ 70,656,020</b>	<b>\$ 50,891,933</b>	<b>\$ 66,647,263</b>	<b>\$ 15,755,330</b>

See accompanying notes to the basic financial statements

**Cleveland Municipal School District**

*Statement of Fund Net Position*

*Proprietary Fund*

*June 30, 2018*

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	<u>Governmental Activities - Internal Service Fund</u>
<b>Assets:</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 13,954,859
<b>Liabilities:</b>	
<i>Current Liabilities:</i>	
Claims Payable	<u>14,534,630</u>
<b>Net Position:</b>	
Unrestricted	<u>\$ (579,771)</u>

See accompanying notes to the basic financial statements

**Cleveland Municipal School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2018*

	<u>Governmental Activities - Internal Service Fund</u>
<b><i>Operating Revenues:</i></b>	
Charges for Services	\$ 98,240,895
<b><i>Total Operating Revenues</i></b>	<u>98,240,895</u>
<b><i>Operating Expenses:</i></b>	
Claims and Claim Adjustment Expenses	<u>100,480,439</u>
<b><i>Total Operating Expenses</i></b>	<u>100,480,439</u>
<b><i>Operating Income (Loss)</i></b>	(2,239,544)
<i>Change in Net Position</i>	(2,239,544)
<i>Net Position Beginning of Year (Restated)</i>	<u>1,659,773</u>
<b><i>Net Position End of Year</i></b>	<u><u>\$ (579,771)</u></u>

See accompanying notes to the basic financial statements

**Cleveland Municipal School District**  
*Statement of Cash Flows*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Governmental Activities - Internal Service Fund
<b><i>Increase In Cash and Cash Equivalents:</i></b>	
<b><i>Cash Flows from Operating Activities:</i></b>	
Cash Received from Interfund Services Provided	\$ 98,240,895
Cash Payments for Claims and Claim Adjustment Expenses	(98,135,980)
<b><i>Net Cash Provided by Operating Activities</i></b>	104,915
<b><i>Net Increase in Cash and Cash Equivalents</i></b>	104,915
Cash and Cash Equivalents at Beginning of Year	13,849,944
<b><i>Cash and Cash Equivalents at End of Year</i></b>	<b>\$ 13,954,859</b>
 <b><i>Reconciliation of Income to Net Cash Provided by Operating Activities</i></b>	
Operating Income (Loss)	\$ (2,239,544)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</i>	
Increase in Claims Payable	2,344,459
<b><i>Net Cash Provided by Operating Activities</i></b>	<b>\$ 104,915</b>
See accompanying notes to the basic financial statements	

**Cleveland Municipal School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*June 30, 2018*

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***Assets***

Equity in Pooled Cash and Cash Equivalents

\$ 533,650

***Liabilities***

Due to Students

\$ 533,650

***Total Liabilities***

\$ 533,650

See accompanying notes to the basic financial statements

## **Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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### **Note 1 - Description of the School District and Reporting Entity**

#### ***A. School District and Board of Education***

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

#### ***B. Financial Reporting Entity***

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

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

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

The Cleveland Public Library and the City of Cleveland have been defined as related organizations and the Ohio Schools Council and the Bond Accountability Commission as jointly governed organizations. These organizations are discussed further in Note 20 and Note 21 to the basic financial statements.

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

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



## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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### ***A. Basis of Presentation***

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

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

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

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

### ***B. Fund Accounting***

The School District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories of governmental, proprietary, and fiduciary.

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

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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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

***Permanent Improvement Fund*** The permanent improvement fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements.

***Classroom Facilities Fund*** The classroom facilities fund is used to account for monies received and expended in connection with contracts entered into by the School District for the construction or renovation to classroom facilities.

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

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

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

***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 and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two agency funds, one which accounts for student activities and one which accounts for various payroll withholding items.

### ***C. Measurement Focus***

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

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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

### ***D. Basis of Accounting***

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension and OPEB related liabilities. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows or resources related to pension are explained in Note 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources included property taxes, pension, and unavailable revenue. Property 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 governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net pension. (See Note 14)

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

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

### ***E. Budgetary Data***

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

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

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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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

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

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

During fiscal year 2018, investments were limited to STAR Ohio, certificates of deposit, treasury notes and bills, federal agency securities and commercial paper.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2018. 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2018.

Under existing Ohio statute, interest earnings are allocated to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to \$1,442,772 which includes \$848,001 assigned from other School District funds.

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

### ***G. Fund Balance***

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

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

***Restricted:*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors,

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

### ***H. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 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 year in which services are consumed.

### ***I. Inventory***

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

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

***J. Capital Assets***

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

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

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Intangible assets identified pursuant to GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, have been classified separately from other assets capitalized by the School District. Depreciation is computed using the straight-line method over the following useful lives:

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

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

***K. Inter-fund Balances***

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as “inter-fund receivables/payables”. These amounts are eliminated in the governmental activities column of the statement of net position.

***L. Pensions and Other Postemployment Benefits (OPEB)***

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

## **Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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### ***M. Compensated Absences***

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

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

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

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

### ***N. Bond Premium***

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

### ***O. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

### ***P. Net Position***

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by



## **Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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creditors, grantors or laws or regulations of other governments. Net position for other purposes included resources restricted for non-public schools and community involvement.

The government-wide statement of net position reports \$268,333,084 of restricted net position, none of which is restricted by enabling legislation.

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

### ***Q. Internal Activity***

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

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

### ***R. Operating Revenue and Expenses***

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

### ***S. Contribution of Capital***

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

### ***T. Extraordinary and Special Items***

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

### ***U. Estimates***

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

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

***V. Restatement of Fund Balance***

During the fiscal year, the District discovered the liability associated with Incurred But Not Reported (IBNR) claims of the District’s self-insurance plan was excluded from the Fiscal Year 2017 Statement of Net Position for the Proprietary Fund. IBNR represents insurance expenses incurred as the year end but not yet invoiced.

	Net Position 6/30/17	Additions	Deductions	Restated Net Position 6/30/17
Proprietary Fund	\$ 11,870,773	\$ -	\$ 10,211,000	\$ 1,659,773

**Note 3 – Change in Accounting Principles**

For the fiscal year ended June 30, 2018, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments*.

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 resulted in the inclusion of net OPEB liability and OPEB expense components on the accrual financial statements. See below for the effect on net position as previously reported.

Net Position June 30, 2017	\$ 164,306,723
Change in Net Position due to Unrecorded IBNR	<u>(10,211,000)</u>
Restated Net Position June 30, 2017	<u>154,095,723</u>
Adjustments:	
Net OPEB Liability	(219,654,060)
Deferred Outflow-Payments Subsequent to Measurement Date	<u>791,147</u>
Restated Net Position, July 1, 2017	<u><u>\$ (64,767,190)</u></u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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**Note 4 – Accountability and Compliance**

*Accountability*

The following funds had deficit fund balances as of June 30, 2018:

**Special Revenue Funds**

Other Local	\$	909,809
Other State		94,805
Title VI-B Special Education		2,140,502
Vocational Education		99,879
Title I		1,981,692
Improving Teacher Quality Title II-A		303,214
Other Federal		3,163,865

The deficits in the special revenue funds resulted from the recognition of accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

*Compliance*

Ohio Revised Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been appropriated as provided in Chapter 5705 of the Revised Code.

As of June 30, 2018, the following District’s funds had expenditures plus encumbrances which exceeded the funds appropriations, contrary to the above requirement

Fund	Appropriation	Expenditures Plus Encumbrances	Variance
Title I	\$ 40,914,076	\$ 42,849,209	\$ 1,935,133

This weakness may result in the District spending more than their available resources.

**Note 5 – Fund Balances**

Fund balance is classified in five categories (1) Nonspendable, (2) Restricted, (3) Committed, (4) Assigned and (5) Unassigned. Nonspendable fund balances include amounts that are not in spendable form or are legally required to remain intact. Restricted fund balances include amounts that have external restrictions by either grantors, debt covenants, laws or other governments. Committed fund balances include amounts that are committed to a specific purpose by board ordinance. Assigned fund balances include amounts to be used for a specific purpose. Unassigned fund balances include amounts that have not been assigned to any purpose.

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Debt Service	Permanent Improvement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b><i>Nonspendable</i></b>						
Inventory	\$ 903,052	\$ 0	\$ 0	\$ 0	\$ 1,519,496	\$ 2,422,548
<b><i>Restricted for</i></b>						
Debt Service Payments	0	44,565,011	0	0	0	44,565,011
Capital Improvements	0	0	100,313,108	74,413,538	0	174,726,646
Education Special Trust	0	0	0	0	9,159,821	9,159,821
Classroom Facilities Maintenance	0	0	0	0	5,974,098	5,974,098
Partnering Community Schools	0	0	0	0	1,567,598	1,567,598
Food Service Operations	0	0	0	0	1,219,864	1,219,864
Other Purposes	0	0	0	0	4,318,010	4,318,010
<b><i>Total Restricted</i></b>	<b>0</b>	<b>44,565,011</b>	<b>100,313,108</b>	<b>74,413,538</b>	<b>22,239,391</b>	<b>241,531,048</b>
<b><i>Assigned to:</i></b>						
Other Purposes	11,054,516	0	0	0	0	11,054,516
Subsequent Year Appropriations	47,693,223	0	0	0	0	47,693,223
<b><i>Total Assigned</i></b>	<b>58,747,739</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58,747,739</b>
<b><i>Unassigned (Deficit)</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,693,766)</b>	<b>(8,693,766)</b>
<b><i>Total Fund Balances</i></b>	<b>\$ 59,650,791</b>	<b>\$ 44,565,011</b>	<b>\$ 100,313,108</b>	<b>\$ 74,413,538</b>	<b>\$ 15,065,121</b>	<b>\$ 294,007,569</b>

For the purposes in the above chart, the Restricted Fund Balance for Other Purposes consists of Public School Support, Other Grants, District Managed Activity, Auxiliary Services, Miscellaneous State Grants, Management Information Systems, Public School Preschool, Data Communications for School Buildings, Interactive Distance Learning, Vocational Education Enhancement, Alternative Schools, Miscellaneous Federal Grants and School Maintenance and Operational Assistance. The Assigned Fund Balance for Other Purposes is for the monies that the District has assigned to specific purposes through encumbrances out of the General Fund.

### Note 6 - Budgetary Basis of Accounting

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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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 basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
4. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

	Net Change in Fund Balance
GAAP Basis	\$ (32,150,035)
Net Adjustment for Revenue Accruals	(4,820,815)
Advances In	5,111,000
Net Adjustment for Expenditure Accruals	(347,050)
Advances Out	(4,000,000)
Adjustment for Encumbrances	(16,898,437)
Budget Basis	<u><u>\$ (53,105,337)</u></u>

### Note 7 - Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
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 acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

# Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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

## Deposits with Financial Institutions

Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," the School District's bank balance was \$117,595,901 at fiscal year-end. Of the bank balance, \$1,513,797 was covered by federal depository insurance and \$116,082,104 was uninsured but collateralized with securities held by a pledging financial institution or by its trust department or agent although not in the School District's name.

Custodial credit risk is the risk that, in the event of a bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio Law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although the statutory requirements for deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

## Investments

Investments are reported at fair value. The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FHLB, FHLMC, and FNMA), commercial paper, U.S. Treasury bills, U.S. Treasury notes, and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). As of June 30, 2018, the School District had the following investments:

	Maturity		
	Less Than One Year	More Than One Year But Less Than Five Years	Total
U.S. Agency Obligations	\$ 81,927,194	\$ 141,766,795	\$ 223,693,989
STAR Ohio	2,152,611	0	2,152,611
Total Portfolio	\$ 84,079,805	\$ 141,766,795	\$ 225,846,600

# Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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**Interest Rate Risk** Ohio Revised Code and School District investment policy limits security purchases to those that mature within five years of the settlement date. School District investment policy also limits commercial paper purchases to issues from companies incorporated in the United States which have assets in excess of \$500 million and whose issues are rated in the highest classification by at least two standard rating services. The commercial paper must mature within 180 days of settlement date and the total holding of commercial paper may not exceed 25 percent of the portfolio, under Ohio Revised Code and School District investment policy. Money market mutual funds must be rated in the highest classification by at least one standard rating service and invest exclusively in eligible securities listed above, under School District investment policy.

**Credit Risk** The School District's investments at June 30, 2018 in FHLMC, FNMA, FFCB, FAMC and FHLB agency securities were rated AAA by Standard & Poor's. The investments in STAR Ohio were rated AAAM by Standard & Poor's. The School District has an investment policy to minimize credit risk by diversifying assets by issuer, ensuring that required minimum credit quality ratings exist and maintaining adequate collateralization of certificates of deposits.

**Concentration of Credit Risk** The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2018:

FHLB	33.91%
FHLMC	14.56%
FNMA	34.36%
FAMC	4.61%
FFCB	11.61%
STAR Ohio	0.95%

## Note 8 - Property Taxes

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

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar 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 thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 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 thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.



**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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.

The amount available as an advance at June 30, 2018 was \$33,829,465, which is comprised of \$28,272,163 in the general fund, \$2,901,718 in the debt service fund, \$663,896 in the permanent improvement fund, and \$1,327,792 in the partnering community school fund and \$663,896 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2017 was \$35,795,688, which is comprised of \$30,957,250 in the general fund, \$3,475,498 in the debt service fund, \$340,735 in the permanent improvement fund, \$681,470 in the partnering community school fund and \$340,735 in the classroom facilities maintenance special revenue fund.

Accrued property taxes receivable includes real property and public utility property and delinquent tangible personal property taxes which are 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 amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

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

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

	Half Collections		Half Collections	
	(in thousands of dollars)		(in thousands of dollars)	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 4,297,763	91.68%	\$ 4,368,898	91.27%
Public Utility Property	390,044	8.32	418,110	8.73
Total	<u>\$ 4,687,807</u>	<u>100.00%</u>	<u>\$ 4,787,008</u>	<u>100.00%</u>
Full voted tax rate per \$1,000 of assessed valuation		\$79.30		\$79.30

**Note 9 – Tax Abatements**

School District property taxes were reduced under Enterprise Zone agreements entered into by an overlapping government – the City of Cleveland. As a result of the agreements, the School District had \$33,070,303 in taxes abated for the tax year 2017/collection year 2018.

**Note 10 - Receivables**

Receivables at June 30, 2018 consist of taxes, accounts (rent and student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year except delinquent property taxes and Ohio Schools Facilities Grant.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Ohio Department of Education	\$ 5,802,406
Ohio Bureau of Workers Compensation	2,560,090
The Centers for Families and Children	55,426
Cuyahoga County Court	44,306
Ohio School Facilities Grant	61,058,049
Educational Special Trust	10,106
Miscellaneous State Grants and Subsidies	932,026
Other State Grants and Subsidies	393,575
Title VI-B Special Education Grant and Subsidies	4,374,688
Vocational Education Grant and Subsidies	141,594
Title I Grant and Subsidies	7,661,794
Improving Teacher Quality Title II-A Grant and Subsidies	2,416,533
Miscellaneous Federal Grants and Subsidies	183,104
Other Federal Grants and Subsidies	1,301,186
	<u>86,934,883</u>

### Note 11 – Contingencies

#### A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements which are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2018.

#### B. School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2018 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable or liability of the School District.

#### C. Litigation

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

**Cleveland Municipal School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

**Note 12 - Capital Assets**

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

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 31,814,081	\$ 0	\$ 0	\$ 31,814,081
Construction in Progress	48,949,415	94,847,477	(58,296,542)	85,500,350
<i>Total Capital Assets, not being Depreciated</i>	<u>80,763,496</u>	<u>94,847,477</u>	<u>(58,296,542)</u>	<u>117,314,431</u>
<i>Capital Assets, being Depreciated</i>				
Land Improvements	1,523,444	0	0	1,523,444
Buildings and Improvemets	1,118,513,657	58,296,541	(4,569,678)	1,172,240,520
Vehicles and Equipment	31,987,061	50,305	0	32,037,366
Internal Generated Software	5,878,735	0	0	5,878,735
<i>Total Capital Assets, being Depreciated</i>	<u>1,157,902,897</u>	<u>58,346,846</u>	<u>(4,569,678)</u>	<u>1,211,680,065</u>
Less: Accumulated Depreciation:				
Land Improvements	(1,448,544)	(12,866)	0	(1,461,410)
Buildings and Improvements	(386,880,191)	(27,074,933)	3,222,128	(410,732,996)
Vehicles and Equipment	(17,673,099)	(988,352)	0	(18,661,451)
Internal Generated Software	(5,325,007)	(342,130)	0	(5,667,137)
<i>Total Accumulated Depreciation</i>	<u>(411,326,841)</u>	<u>(28,418,281) *</u>	<u>3,222,128</u>	<u>(436,522,994)</u>
<i>Total Capital Assets, being Depreciated, Net</i>	<u>746,576,056</u>	<u>29,928,565</u>	<u>(1,347,550)</u>	<u>775,157,071</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 827,339,552</u>	<u>\$ 124,776,042</u>	<u>\$ (59,644,092)</u>	<u>\$ 892,471,502</u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 26,880,516
Special	62,511
Support Services:	
Administration	505,410
Operation and Maintenance of Plant	28,476
Pupil Transportation	938,628
Operation of Non-Instructional Services	2,740
Total Depreciation Expense	<u>\$ 28,418,281</u>

Construction in progress is composed of the following at June 30, 2018:

	Project Authorization	Expended to June 30, 2018	Committed
Regular Instruction	\$ 202,805,907	\$ 85,500,350	\$ 117,305,557

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

**Note 13 - Risk Management**

**A. Property and Liability**

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

Coverage During Fiscal Year	Liability Limits	Self- Insured Retention
<b>Coverage A - School Liability</b>	\$ 6,000,000	\$ 350,000
General Liability		
Automobile Liability		
Law Enforcement Liability		
Nurse' Professional Liability		
Ohio Stop Gap Liability		
<b>Coverage B - Educators Liability</b>	\$ 6,000,000	\$ 350,000
School Leaders Errors & Omissions (includes lawyer professional liability)		
Employment Practices Liability		
Sexual Harassment		
Sexual Misconduct/Abuse		
Employee Benefits Liability		

Coverage During Fiscal Year	Liability Limits	Deductible
Property (Physical Damage) Insurance	\$ 300,000,000	\$ 250,000
Boiler and Machinery	150,000,000	250,000
Commerical Crime Insurance	2,000,000	100,000
Public Officials Bond (Treasurer Bond)	1,000,000	N/A
Builders's Risk	30,000,000	50,000
Student Athletic	2,000,000	N/A
Terrorism	5,000,000	25,000
Cyber Risk	2,000,000	25,000
Healthcare Professional Liability	1,000,000	10,000

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

Because of the prohibitive cost of commercial insurance, the School District in 1987, established a self-insurance fund (an internal service fund) to account for and finance its uninsured risks of loss (insurance deductibles and/or self-insured retentions) and associated expenses attributing to liability and property damage claim settlements and judgments. Estimates of claims liabilities, based on historical cost information, for incurred claims (including incurred but not reported claims) as calculated by the School

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

District’s Risk Management Division for all outstanding unsettled claims total \$1,665,413 as of June 30, 2018, and are recorded in the Liability Self-Insurance internal service fund.

***B. Employee Health Benefits***

The School District has elected to provide medical and prescription drug benefits through a self insured program utilizing providers Medical Mutual of Ohio and Aetna Insurance companies. The maintenance of these benefits is accounted for in the Employee Benefits Self-Insurance internal service fund. Specific stop loss threshold covered per person is \$350,000 a claim and there is an unlimited maximum, which is in compliance with the Federal Healthcare Reform.

***C. Workers’ Compensation***

The School District participates in the Ohio Bureau of Workers’ Compensation (BWC) Retrospective Rating Plan. Under the retrospective rating plan, the School District assumes a portion of the risk in return for a reduction in current premiums. Estimates of claims liabilities based on actuarial methods, for incurred claims as calculated by the BWC for the cumulative retrospective rating period January 1, 2008, through June 30, 2018, including the estimate for incurred but not reported (IBNR) claims totals \$3,901,874.

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

The claims liability reported at June 30, 2018 for liability and property damage claim settlements and judgments, medical and prescription drug benefits and workers’ compensation is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for fiscal years 2017 and 2018 are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2017	\$ 13,522,826	83,226,953	82,373,335	\$ 14,376,444
2018	14,376,444	100,730,809	98,827,268	16,279,985

**Note 14 – Defined Benefit Pension Plans**

***A. Net Pension Liability***

The net pension liability reported on the statement of net position represents 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 already have occurred.

# Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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

GASB 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 – School District non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor 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:

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

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

## **Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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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 30 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.

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a three percent simple annual COLA. For those retiring after January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at three percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School 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. SERS allocated 0.5 percent of employer contributions to the Health Care Fund for fiscal year 2018.

The School District's contractually required contribution to SERS was \$13,540,530 for fiscal year 2018. Of this amount, \$1,046,043 is reported as an intergovernmental payable.

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

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, 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. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at 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 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.

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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

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 to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$41,172,505 for fiscal year 2018. Of this amount, \$7,386,151 is reported as an intergovernmental payable.



**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
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***D. Pension Liabilities, Pension Expense, and Deferred Outflows/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 independent actuarial valuation as of that date. The School District's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	3.39209950%	2.43498990%	
Prior Measurement Date	<u>3.28617650%</u>	<u>2.42079156%</u>	
Change in Proportionate Share	<u>0.10592300%</u>	<u>0.01419834%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 202,670,452	\$ 578,437,070	\$ 781,107,522
Pension Expense	\$ (3,519,932)	\$ (231,753,407)	\$ (235,273,339)

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 8,722,237	\$ 22,336,527	\$ 31,058,764
Changes of Assumptions	10,480,243	126,510,542	136,990,785
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	8,310,082	2,195,562	10,505,644
School District Contributions Subsequent to the			
Measurement Date	<u>13,540,530</u>	<u>41,172,505</u>	<u>54,713,035</u>
<b>Total Deferred Outflows of Resources</b>	<u>\$ 41,053,092</u>	<u>\$ 192,215,136</u>	<u>\$ 233,268,228</u>

**Cleveland Municipal School District**

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 0	\$ 4,661,977	\$ 4,661,977
Net Difference between Projected and Actual Earnings on Pension Plan Investments	962,034	19,089,102	20,051,136
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	<u>715,344</u>	<u>22,545,926</u>	<u>23,261,270</u>
<b>Total Deferred Inflows of Resources</b>	<u>\$ 1,677,378</u>	<u>\$ 46,297,005</u>	<u>\$ 47,974,383</u>

\$54,713,035 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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	\$ 11,890,721	\$ 17,626,144	\$ 29,516,865
2020	14,093,927	43,593,886	57,687,813
2021	4,575,205	32,871,710	37,446,915
2022	<u>(4,724,669)</u>	<u>10,653,886</u>	<u>5,929,217</u>
	<u>\$ 25,835,184</u>	<u>\$ 104,745,626</u>	<u>\$ 130,580,810</u>

***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 terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
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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
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates among active members were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates and 110 percent of female rates. Mortality among disabled 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 in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the most recent actuarial valuation. The rates of withdrawal, retirement and disability updated to reflect recent experience and mortality rates were also updated.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major 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 Stocks	22.50	4.75
Non-US Stocks	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>	

**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 earnings were calculated using the long-term assumed

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of 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.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's Proportionate Share of the Net Pension Liability	\$ 281,253,918	\$ 202,670,452	\$ 136,840,771

***F. Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent effective July 1, 2017

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 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. 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.

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

**Cleveland Municipal School District**

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

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

\*The target allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. 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 increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 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 payments to determine the total pension liability as of June 30, 2017.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the 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 assumption:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net Pension Liability	\$ 829,169,855	\$ 578,437,070	\$ 367,232,281

**G. Assumption Changes since the Prior Measurement Date**

The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent,

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

### ***H. Benefit Term Changes since the Prior Measurement Date***

Effective July 1, 2017, the COLA was reduced to zero.

### ***I. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As June 30, 2018, no members of the Board of Education have elected Social Security.

## **Note 15 - 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.

The net OPEB liability represents the School 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 School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which OPEB are financed; however, the School 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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .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 School District's surcharge obligation was \$780,842.

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 School District's contractually required contribution to SERS was \$1,282,343 for fiscal year 2018. Of this amount \$819,584 is reported as an intergovernmental payable.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension

**Cleveland Municipal School District**

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

***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 School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Current Measurement Date	3.23236710%	2.43498990%	
Prior Measurement Date	<u>3.16413311%</u>	<u>2.42079156%</u>	
Change in Proportionate Share	<u>0.06823399%</u>	<u>0.01419834%</u>	
Proportionate Share of the Net OPEB Liability	\$ 86,748,240	\$ 95,004,321	\$ 181,752,561
OPEB Expense	\$ 4,933,673	\$ (28,881,711)	\$ (23,948,038)



**Cleveland Municipal School District**

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For the Fiscal Year Ended June 30, 2018

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	\$ 0	\$ 5,484,237	\$ 5,484,237
Changes in Proportionate Share and Differences between School District Contributions and Proportionate Share of Contributions	877,258	650,855	1,528,113
School District Contributions Subsequent to the Measurement Date	<u>1,282,343</u>	<u>0</u>	<u>1,282,343</u>
<b>Total Deferred Outflows of Resources</b>	<u>\$ 2,159,601</u>	<u>\$ 6,135,092</u>	<u>\$ 8,294,693</u>
<b>Deferred Inflows of Resources</b>			
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	\$ 229,081	\$ 4,060,706	\$ 4,289,787
Changes of Assumptions	<u>8,231,961</u>	<u>7,652,916</u>	<u>15,884,877</u>
<b>Total Deferred Inflows of Resources</b>	<u>\$ 8,461,042</u>	<u>\$ 11,713,622</u>	<u>\$ 20,174,664</u>

\$1,282,343 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$ (2,722,017)	\$ (1,268,147)	\$ (3,990,164)
2020	(2,722,017)	(1,268,147)	(3,990,164)
2021	(2,082,479)	(1,268,147)	(3,350,626)
2022	(57,271)	(1,268,145)	(1,325,416)
2023	0	(252,970)	(252,970)
Thereafter	<u>0</u>	<u>(252,974)</u>	<u>(252,974)</u>
	<u>\$ (7,583,784)</u>	<u>\$ (5,578,530)</u>	<u>\$ (13,162,314)</u>

**B. 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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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 Stocks	22.50	4.75
Non-US Stocks	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 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.

**Cleveland Municipal School District**

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***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 1 percentage point lower (2.63 percent) and higher (4.63 percent) than the current discount rate (3.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5 percent decreasing to 4.0 percent) and higher (8.5 percent decreasing to 6.0 percent) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's Proportionate Share of the Net OPEB Liability	\$ 104,759,546	\$ 86,748,240	\$ 72,478,687

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 70,389,696	\$ 86,748,240	\$ 108,399,053

***C. Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6.00 percent to 11.00 percent, initial, 4.50 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*

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

*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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return*</u>
Domestic Equity	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
	<u>100.00 %</u>	

\*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual 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

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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.

***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.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net OPEB Liability	\$ 127,541,776	\$ 95,004,321	\$ 69,289,099
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 66,004,930	\$ 95,004,321	\$ 133,170,913

**Note 16 – Other Employee Benefits**

***A. Compensated Absences***

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

***B. Insurance***

The School District provides life insurance to most employees through Consumer Life Insurance in the amount of \$10,000 for each employee (\$50,000 for certain classes of employees). The School District also provides medical and prescription drug benefits through Medical Mutual of Ohio, Aetna and UH Choice, dental benefits through MetLife and vision through Spectera and Union Eye Care to all eligible employees.

**Note 17 - Set-Asides**

The School District is required by State statute to annually set aside, in the general fund, an amount based upon statutory formula for the acquisition and construction of capital improvements. Amounts not spent

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District may still establish a budget reserve, if it so chooses; however, the requirement is no longer mandatory. The School District is also required to set aside money for any unspent portions of a bus purchase subsidy received annually from the State.

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

Set-Aside Reserve Balance as of June 30, 2017	\$ (73,970,894)
Current Year Set-Aside Requirement	6,940,246
Current Year Offsets:	
Tax Levy for Classroom Facilities and Maintenance	(1,930,207)
Qualifying Disbursements	<u>(90,624,179)</u>
Totals	<u>(159,585,034)</u>
Set-Aside Balances Carried Forward to Future Fiscal Years	<u>(159,585,034)</u>
Set-Aside Reserve Balance as of June 30, 2018	<u>\$ 0</u>

**Cleveland Municipal School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

**Note 18 – Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2018 were as follows:

	Balance Outstanding 06/30/17	Additions	Deletions	Balance Outstanding 06/30/18	Amounts Due in One Year
<b>Governmental Activities:</b>					
<b>General Obligation Bonds and Notes:</b>					
2010 School Facilities Improvement Bonds	55,000,000	0	0	55,000,000	0
2012 School Facilities Improvement Refunding Bonds	14,150,000	0	1,790,000	12,360,000	1,865,000
2013 School Facilities Improvement Refunding Bonds	27,385,000	0	0	27,385,000	980,000
2015 School Facilities Improvement Bonds	136,110,000	0	3,795,000	132,315,000	3,035,000
2015 Qualified School Construction Bond	49,200,000	0	0	49,200,000	0
<b>Total General Obligation Bonds and Notes</b>	<b>281,845,000</b>	<b>0</b>	<b>5,585,000</b>	<b>276,260,000</b>	<b>5,880,000</b>
<b>Net Pension Liability</b>					
SERS	240,517,797	0	37,847,345	202,670,452	0
STRS	810,311,904	0	231,874,834	578,437,070	0
<b>Total Net Pension Liability</b>	<b>1,050,829,701</b>	<b>0</b>	<b>269,722,179</b>	<b>781,107,522</b>	<b>0</b>
<b>Other Post-Employment Benefits (OPEB)</b>					
SERS	90,189,498	0	3,441,258	86,748,240	0
STRS	129,464,562	0	34,460,241	95,004,321	0
<b>Total OPEB</b>	<b>219,654,060</b>	<b>0</b>	<b>37,901,499</b>	<b>181,752,561</b>	<b>0</b>
<b>Other Long-Term Obligations:</b>					
Compensated Absences	43,854,257	2,579,899	6,595,509	39,838,647	5,416,416
Workers' Compensation Claims	5,700,401	2,588,203	4,386,730	3,901,874	2,489,814
Capital Lease Obligation	9,224,015	0	2,580,991	6,643,024	2,624,182
<b>Total Other Long-Term Obligations</b>	<b>58,778,673</b>	<b>5,168,102</b>	<b>13,563,230</b>	<b>50,383,545</b>	<b>10,530,412</b>
<b>Total Governmental Activities</b>	<b>\$ 1,611,107,434</b>	<b>\$ 5,168,102</b>	<b>\$ 326,771,908</b>	<b>\$ 1,289,503,628</b>	<b>\$ 16,410,412</b>

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

On January 29, 2013, the School District issued \$45,600,000 of School Improvement Refunding Bonds, Series 2013, at a true interest cost of approximately 3%. Proceeds of this bond issue (including a portion



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For the Fiscal Year Ended June 30, 2018

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of the original issue premium), together with \$12,000,000 of cash on hand in the District's bond retirement fund, for a total of \$63,366,472.36, was deposited in an escrow fund that is being used ultimately to pay principal of and interest on \$59,020,000 in aggregate principal amount of certain of the District's School Improvement Bonds, Series 2004, through June 1, 2014, the date of optional early redemption of those Series 2004 Bonds. As a result, those Series 2004 Bonds were defeased and considered no longer outstanding for purposes of the District's direct debt limitations.

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

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

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

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

The School District's overall legal debt margin was \$179,722,707 with an unvoted debt margin of \$4,787,008 at June 30, 2018.

The School District is subject to federal arbitrage regulations. As of June 30, 2018 the District has not accrued any liability.

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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

Fiscal Year Ending June 30,	Principal	Interest	Total
<b>General Obligation Bonds</b>			
2019	\$ 5,880,000	\$ 13,248,076	\$ 19,128,076
2020	6,105,000	13,033,881	19,138,881
2021	6,375,000	12,758,431	19,133,431
2022	6,725,000	12,453,331	19,178,331
2023	7,035,000	12,161,631	19,196,631
2024-2028	101,505,000	51,145,568	152,650,568
2029-2050	142,635,000	77,093,335	219,728,335
Total	<u>\$ 276,260,000</u>	<u>\$ 191,894,253</u>	<u>\$ 468,154,253</u>

In fiscal year 2014, the School District entered into an agreement to lease 225 buses. The cost of this lease was \$19,068,000. This agreement is, in substance, a lease purchase (capital lease) and is classified as a long-term lease obligation in the financial statements. \$17,929,613 was added to vehicles and equipment.

The following is a schedule of future lease payments and present value of net minimum lease payments as June 30, 2018:

	Amount
2019	2,724,000
2020	2,724,000
2021	1,362,000
Total minimum lease payments	6,810,000
Less:	
Amount representing interest	166,976
Present value of net minimum lease payments	<u>\$ 6,643,024</u>

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

**Note 19 – Interfund Transfers and Balances**

**A. Transfers**

Transfers made during the year ended June 30, 2018 were as follows:

Transfers To	Transfers Out		Totals
	General	Districts Agency Fund	
Major Governmental Funds:			
General Fund	\$ 0	\$ 3,799,964	\$ 3,799,964
Agency Funds			
Districy Agency Fund	1,972,898	0	1,972,898
Totals	<u>\$ 1,972,898</u>	<u>\$ 3,799,964</u>	<u>\$ 5,772,862</u>

The purpose of the transfer from the General Fund to the Agency Fund was to cover the negative cash balance for payroll withholding taxes that were paid on June 30, 2018.

The purpose of the transfer from the District Agency Fund to the General Fund was to refund the General Fund monies it used in fiscal year 2017 for payroll withholding taxes.

**B. Interfund Balances**

Interfund balances at June 30, 2018, consist of the following individual fund receivables and payables:

Interfund Payable	Interfund Receivable
	General
Non-Major Governmental Funds:	
Other Local	\$ 1,924,064
Other State	181,261
Title VI-B Special Education	4,394,686
Vocational Education	153,375
Title I	3,107,334
Improving Teacher Quality Title II-A	571,303
Micellaneous Federal Grants	560,000
Other Federal	2,993,028
Totals	<u>\$ 13,885,051</u>

The interfund receivable and payable are due to the timing of the receipt of grant monies by the nonmajor funds. The School District expects to receive the grant monies and repay the advance within the next fiscal year.

## **Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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### **Note 20 - Related Organizations**

#### ***A. Cleveland Public Library***

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

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

#### ***B. City of Cleveland***

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

### **Note 21 - Jointly Governed Organizations**

#### ***A. Ohio Schools' Council Association***

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

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

#### ***B. Bond Accountability Commission***

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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

As a commission created by the Board, the BAC is a “public body” subject to the Ohio Sunshine Law as set forth in Section 121.22 of the Ohio Revised Code, and shall conduct its business in accordance with the provisions of the Sunshine Law, including, but not limited to, establishing a reasonable method of notifying the public of the time, place and purpose of its meetings, and preparing, filing and maintaining minutes of its meetings. Other than the Board directing the Chief Executive Officer to secure initial external funding in the amount of \$200,000, the Board does not assume any ongoing financial interest or responsibility for the BAC and, as a result, is considered a jointly governed organization. In fiscal year 2015, the District extended the contract with the BAC for three years in the amount of \$260,000. Annual reports can be obtained by contacting Elise Hara Auvil, Administrator Bond Accountability Commission c/o Cuyahoga Community College, 2900 Community College Avenue MBA, Room 221, Cleveland, Ohio 44115.

### Note 22 – Construction and Other Significant Commitments

<u>Projects</u>	<u>Committed Amount</u>	<u>Amount Paid</u>	<u>Remaining on Commitment</u>
Segment 1	\$ 218,634,102	\$ 218,634,102	\$ 0
Segment 2	99,998,886	99,998,886	0
Segment 3	132,209,511	132,209,511	0
Segment 4	135,924,569	135,924,569	0
Segment 5	194,258,230	194,203,976	54,254
Segment 6	33,062,491	30,160,621	2,901,870
Segment 7	128,161,510	57,702,755	70,458,755
Local Funding Initiatives	204,481,309	188,367,575	16,113,734
Total	<u>\$ 1,146,730,608</u>	<u>\$ 1,057,201,995</u>	<u>\$ 89,528,613</u>

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

### Note 23 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the fiscal year were as follows:

<i>Governmental:</i>	
General Fund	\$ 16,898,437
Permanent Improvement Fund	16,115,520
Classroom Facilities Fund	73,414,880
Other Governmental Funds	14,822,910
Total Governmental	<u>\$ 121,251,747</u>

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**Cleveland Municipal 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 (1)

	2018	2017	2016	2015	2014
School District's Proportion Share of the Net Pension Liability	3.392100%	3.286918%	3.194517%	3.024069%	3.024069%
School District's Proportionate Share of the Net Pension Liability	202,670,452	240,517,797	182,282,237	153,046,411	179,831,678
School District's Covered-Employee Payroll	121,042,457	96,357,436	94,913,384	87,603,918	82,710,748
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	167.4%	249.6%	192.1%	174.7%	217.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

See Accompanying Notes to the Required Supplementary Information

(1) Information prior to 2014 is not available.

Amounts are presented as of the School District's measurement date which is the prior fiscal year end.

**Cleveland Municipal 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 (1)

	2018	2017	2016	2015	2014
School District's Proportion Share of the Net Pension Liability	2.43498990%	2.42079156%	2.49956532%	2.57306004%	2.57306004%
School District's Proportionate Share of the Net Pension Liability	578,437,070	810,311,904	690,806,743	625,857,249	745,517,166
School District's Covered-Employee Payroll	259,652,429	253,700,519	264,163,707	264,526,215	257,756,744
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	222.8%	319.4%	261.5%	236.6%	289.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

See Accompanying Notes to the Required Supplementary Information

(1) Information prior to 2014 is not available.

Amounts are presented as of the School District's measurement date which is the prior fiscal year end.

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**Cleveland Municipal School District**  
Required Supplementary Information  
Schedule of the School District's Contributions  
School Employees Retirement System of Ohio  
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 13,540,530	\$ 16,945,944	\$ 7,475,192	\$ 12,509,584
Contributions in Relation to the Contractually Required Contribution	<u>(13,540,530)</u>	<u>(16,945,944)</u>	<u>(7,475,192)</u>	<u>(12,509,584)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District Covered-Employee Payroll	100,300,222	121,042,457	53,394,229	94,913,384
Contributions as a Percentage of Covered- Employee Payroll	13.50%	14.00%	14.00%	13.18%

See Accompanying Notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
\$ 12,141,903	\$ 11,447,168	\$ 11,818,410	\$ 11,137,020	\$ 13,810,800	\$ 9,893,625
(12,141,903)	(11,447,168)	(11,818,410)	(11,137,020)	(13,810,800)	(9,893,625)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
87,603,918	82,710,748	87,869,221	88,600,000	102,000,000	100,544,969
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

See Accompanying Notes to the Required Supplementary Information

**Cleveland Municipal School District**  
Schedule of the School District's Contributions  
State Teachers Retirement System of Ohio  
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 41,172,505	\$ 36,351,340	\$ 35,518,073	\$ 36,982,919
Contributions in Relation to the Contractually Required Contribution	<u>(41,172,505)</u>	<u>(36,351,340)</u>	<u>(35,518,073)</u>	<u>(36,982,919)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District Covered-Employee Payroll	294,089,321	259,652,429	253,700,519	264,163,704
Contributions as a Percentage of Covered- Employee Payroll	14.00%	14.00%	14.00%	14.00%

See Accompanying Notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
\$ 34,388,408	\$ 33,508,377	\$ 37,477,345	\$ 40,479,746	\$ 43,766,967	\$ 43,051,294
(34,388,408)	(33,508,377)	(37,477,345)	(40,479,746)	(43,766,967)	(43,051,294)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
264,526,215	257,756,744	288,287,270	311,382,660	336,668,980	331,163,800
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

See Accompanying Notes to the Required Supplementary Information

**Cleveland Municipal 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 (1)

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	2018	2017
School District's Proportion of the Net OPEB Liability	3.23236710%	3.16413311%
School District's Proportionate Share of the Net OPEB Liability	86,748,240	90,189,498
School District's Covered-Employee Payroll	121,042,457	53,394,229
School District's Proportionate Share of the OPEB Liability as a Percentage of its Covered-Employee Payroll	71.67%	168.91%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

See Accompanying Notes to the Required Supplementary Information

(1) Information prior to 2014 is not available.

Amounts are presented as of the School District's measurement date which is the prior fiscal year end.



**Cleveland Municipal 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 Five Fiscal Years (1)

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	2018	2017
School District's Proportion of the Net OPEB Liability	2.43498990%	2.42079156%
School District's Proportionate Share of the Net OPEB Liability	95,004,321	129,464,562
School District's Covered-Employee Payroll	259,652,429	253,700,519
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	36.59%	51.03%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

See Accompanying Notes to the Required Supplementary Information

(1) Information prior to 2017 is not available.

Amounts are presented as of the School District's measurement date which is the prior fiscal year end.

**Cleveland Municipal School District**  
Required Supplementary Information  
Schedule of the School District's Contributions - OPEB  
School Employees Retirement System of Ohio  
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,282,343	\$ 791,147	\$ 888,656	\$ 778,290
Contributions in Relation to the Contractually Required Contribution	<u>(1,282,343)</u>	<u>(791,147)</u>	<u>(888,656)</u>	<u>(778,290)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District Covered-Employee Payroll	100,300,222	121,042,457	53,394,225	94,913,381
Contributions as a Percentage of Covered- Employee Payroll	1.28%	0.65%	1.66%	0.82%

See Accompanying Notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
\$ 142,159	\$ 133,572	\$ 486,789	\$ 1,342,438	\$ 469,943	\$ 4,264,487
(142,159)	(133,572)	(486,789)	(1,342,438)	(469,943)	(4,264,487)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
87,603,918	82,710,751	87,869,219	88,600,000	102,000,000	100,544,970
0.16%	0.16%	0.55%	1.52%	0.46%	4.24%

See Accompanying Notes to the Required Supplementary Information

**Cleveland Municipal School District**  
Schedule of the School District's Contributions  
State Teachers Retirement System of Ohio - OPEB  
Last Ten Fiscal Years

	2018	2017	2016	2015
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
School District Covered-Employee Payroll	294,089,321	259,652,429	253,700,521	264,163,704
OPEB Contributions as a Percentage of Covered- Employee Payroll	0.00%	0.00%	0.00%	0.00%

See Accompanying Notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
\$ 2,645,262	\$ 2,577,567	\$ 2,882,873	\$ 3,113,827	\$ 3,366,690	\$ 3,311,638
(2,645,262)	(2,577,567)	(2,882,873)	(3,113,827)	(3,366,690)	(3,311,638)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
264,526,215	257,756,744	288,287,270	3,113,826,660	336,668,980	331,163,800
1.00%	1.00%	1.00%	0.10%	1.00%	1.00%

See Accompanying Notes to the Required Supplementary Information

**Cleveland Municipal School District**  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2018

**Net Pension Liability**

***A. Changes 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 as follows:

	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 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increase	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date

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 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. 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 valuations, mortality rates were based on 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.

***B. Changes in Assumptions – SERS***

For fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

**Cleveland Municipal School District**  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2018

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with full generational projections and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back on year for both men and women. Special mortality tables were used for the period after disability retirement.

**Net OPEB Liability**

***A. Changes in Assumptions - 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 B premium reimbursements will be discontinued beginning January 2019.

**Cleveland Municipal School District**  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2018

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***B. Changes 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 as follows:

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, including price inflation:

Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent



## **Combining Statements and Individual Fund Schedules Fund Descriptions – Non major Governmental Funds**

### *Non-major Special Revenue Funds*

---

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

#### **Local Funds:**

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

*Classroom Facilities Maintenance Fund* – This fund accounts for the proceeds of a levy for the maintenance of facilities.

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

*Other Local Funds* – This fund accounts for all activity in other local funds including Public School Support, Other Grants, and District Managed Activity.

#### **State Funds:**

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

*Miscellaneous State Grants Fund* – This fund is used to account for various monies received from State agencies which are not classified elsewhere including all money for students who resides in the district but are enrolled in a community school.

*Other State Funds* – This fund accounts for all activity in other State funds including Management Information Systems, Public School Preschool, Data Communications for School Buildings, Interactive Video Distance Learning, Vocational Education Enhancement and Alternative Schools.

**Fund Descriptions – Non major Governmental Funds (continued)**

***Non-major Special Revenue Funds (continued)***

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**Federal Funds:**

***Food Service Fund*** – This fund is used to record financial transactions related to food service operations.

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

***Vocational Education Fund*** – This fund accounts for revenues used in the development of vocational education programs in the following categories: secondary, post-secondary, adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, construction of educational schools, ancillary services, research, advisory committees and work-study projects, including sex equity grants.

***Title I*** – This fund accounts for Federal Monies used to assist the School District in meeting the special needs of economically and educationally deprived children.

***Improving Teacher Quality Title II-A Fund*** – Funding for professional development and other programs to ensure teachers meet high quality standards. This fund also accounts for monies used to hire additional classroom teachers in elementary grades, so that the number of students per teacher will be reduced.

***Miscellaneous Federal Grants Fund*** – This fund accounts for various monies received through State agencies from the Federal Government or directly from the Federal Government which are not required to be in a separate fund.

***Other Federal Funds*** – This fund accounts for all activity in other Federal funds including School Maintenance and Operational Assistance, Title II Technology, Title I Subsidiary A, Title I Subsidiary G, Nutrition Education Training Program, Bilingual Education Program, Transition for Refugee Children, and IDEA Preschool Grant for the Handicapped.

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**Cleveland Municipal School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2018*

	Educational Special Trust	Classroom Facilities Maintenance	Partnering Community Schools
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 9,095,477	\$ 5,900,695	\$ 239,806
Receivables:			
Taxes	0	2,568,615	5,217,629
Accounts	619,144	0	0
Intergovernmental	55,426	0	0
Materials and Supplies Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 9,770,047</b>	<b>\$ 8,469,310</b>	<b>\$ 5,457,435</b>
<b>Liabilities</b>			
Accounts Payable	\$ 503,002	\$ 590,493	\$ 0
Accrued Wages and Benefits	69,680	0	0
Interfund Payable	0	0	0
Intergovernmental Payable	37,544	0	0
<b>Total Liabilities</b>	<b>610,226</b>	<b>590,493</b>	<b>0</b>
<b>Deferred Inflow &amp; Resources</b>			
Property Taxes	0	1,904,719	3,889,837
Unavailable Revenue	0	0	0
<b>Total Deferred Inflow of Resources</b>	<b>0</b>	<b>1,904,719</b>	<b>3,889,837</b>
<b>Fund Balance:</b>			
Nonspendable	0	0	0
Restricted	9,159,821	5,974,098	1,567,598
Unassigned	0	0	0
<b>Total Fund Balances (Deficit)</b>	<b>9,159,821</b>	<b>5,974,098</b>	<b>1,567,598</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,770,047</b>	<b>\$ 8,469,310</b>	<b>\$ 5,457,435</b>

<u>Other Local</u>	<u>Auxiliary Services (NPSS)</u>	<u>Miscellaneous State Grants</u>	<u>Other State</u>	<u>Food Service</u>
\$ 879,913	\$ 3,258,107	\$ 486,478	\$ 25,735	\$ 1,825,394
0	0	0	0	0
1,924,066	0	0	0	208,141
0	0	932,026	393,575	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,519,496</u>
<u>\$ 2,803,979</u>	<u>\$ 3,258,107</u>	<u>\$ 1,418,504</u>	<u>\$ 419,310</u>	<u>\$ 3,553,031</u>
\$ 0	\$ 369,173	\$ 168,385	\$ 0	\$ 291,896
74,618	121,686	2,437	48,793	242,498
1,924,064	0	0	181,261	0
<u>36,868</u>	<u>68,408</u>	<u>2,100</u>	<u>26,632</u>	<u>279,277</u>
2,035,550	559,267	172,922	256,686	813,671
0	0	0	0	0
<u>1,678,238</u>	<u>0</u>	<u>120,597</u>	<u>257,429</u>	<u>0</u>
1,678,238	0	120,597	257,429	0
0	0	0	0	1,519,496
0	2,698,840	1,124,985	0	1,219,864
<u>(909,809)</u>	<u>0</u>	<u>0</u>	<u>(94,805)</u>	<u>0</u>
(909,809)	2,698,840	1,124,985	(94,805)	2,739,360
<u>\$ 2,803,979</u>	<u>\$ 3,258,107</u>	<u>\$ 1,418,504</u>	<u>\$ 419,310</u>	<u>\$ 3,553,031</u>

(continued)

**Cleveland Municipal School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*June 30, 2018*

	Title VI-B Special Education	Vocational Education
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 0
Receivables:		
Taxes	0	0
Accounts	0	0
Intergovernmental	4,374,688	141,594
Materials and Supplies Inventory	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<u><u>4,374,688</u></u>	<u><u>141,594</u></u>
<b>Liabilities</b>		
Accounts Payable	238,538	37,593
Accrued Wages and Benefits	1,275,615	28,996
Interfund Payable	4,394,686	153,375
Intergovernmental Payable	<u>591,021</u>	<u>21,509</u>
<b>Total Liabilities</b>	<u>6,499,860</u>	<u>241,473</u>
<b>Deferred Inflow &amp; Resources</b>		
Property Taxes	0	0
Unavailable Revenue	<u>15,330</u>	<u>0</u>
<b>Total Deferred Inflow of Resources</b>	<u>15,330</u>	<u>0</u>
<b>Fund Balance:</b>		
Nonspendable	0	0
Restricted	0	0
Unassigned	<u>(2,140,502)</u>	<u>(99,879)</u>
<b>Total Fund Balances (Deficit)</b>	<u>(2,140,502)</u>	<u>(99,879)</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 4,374,688</u></u>	<u><u>\$ 141,594</u></u>

<u>Title I</u>	<u>Improving Teacher Quality Title II-A</u>	<u>Miscellaneous Federal Grants</u>	<u>Other Federal</u>	<u>Total Nonmajor Other Governmental Funds</u>
\$ 0	\$ 0	\$ 959,827	\$ 33,732	\$ 22,705,164
0	0	0	0	7,786,244
0	0	0	0	2,751,351
7,661,794	2,416,533	183,104	1,301,186	17,459,926
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,519,496</u>
<u>7,661,794</u>	<u>2,416,533</u>	<u>1,142,931</u>	<u>1,334,918</u>	<u>52,222,181</u>
698,772	73,406	25,222	698,638	3,695,118
4,292,515	299,957	28,136	564,972	7,049,903
3,107,334	571,303	560,000	2,993,028	13,885,051
<u>1,544,865</u>	<u>120,965</u>	<u>16,379</u>	<u>222,738</u>	<u>2,968,306</u>
<u>9,643,486</u>	<u>1,065,631</u>	<u>629,737</u>	<u>4,479,376</u>	<u>27,598,378</u>
0	0	0	0	5,794,556
<u>0</u>	<u>1,654,116</u>	<u>19,009</u>	<u>19,407</u>	<u>3,764,126</u>
<u>0</u>	<u>1,654,116</u>	<u>19,009</u>	<u>19,407</u>	<u>9,558,682</u>
0	0	0	0	1,519,496
0	0	494,185	0	22,239,391
<u>(1,981,692)</u>	<u>(303,214)</u>	<u>0</u>	<u>(3,163,865)</u>	<u>(8,693,766)</u>
<u>(1,981,692)</u>	<u>(303,214)</u>	<u>494,185</u>	<u>(3,163,865)</u>	<u>15,065,121</u>
<u>\$ 7,661,794</u>	<u>\$ 2,416,533</u>	<u>\$ 1,142,931</u>	<u>\$ 1,334,918</u>	<u>\$ 52,222,181</u>

**Cleveland Municipal School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2018*

	Educational Special Trust	Classroom Facilities Maintenance	Partnering Community Schools
<b>Revenues:</b>			
Taxes	\$ 0	\$ 2,371,714	\$ 4,487,325
Investment Income	0	24,836	0
Extracurricular Activities	0	0	0
Contributions and Donations	7,320,278	0	0
Food Services	0	0	0
Miscellaneous	0	0	0
Intergovernmental	0	2,120,870	381,375
<b>Total Revenues</b>	<u>7,320,278</u>	<u>4,517,420</u>	<u>4,868,700</u>
<b>Expenditures:</b>			
Current:			
<i>Instruction:</i>			
Regular	206,265	0	0
Special	9,007	0	0
Vocational	1,700	0	0
Other	256,752	0	0
<i>Support Services:</i>			
Pupils	2,149	0	0
Instructional Staff	7,320,045	0	0
Administration	101,372	0	0
Fiscal	0	50,520	3,982,572
Operation and Maintenance of Plant	9,654	4,655,614	0
Pupil Transportation	(3,773)	0	0
Central	109,873	0	0
Operation of Non-Instructional Services	77,167	0	0
Extracurricular Activities	403,321	0	0
<b>Total Expenditures</b>	<u>8,493,532</u>	<u>4,706,134</u>	<u>3,982,572</u>
Net Change in Fund Balances	(1,173,254)	(188,714)	886,128
Fund Balances (Deficit) at Beginning of Year Restated	<u>10,333,075</u>	<u>6,162,812</u>	<u>681,470</u>
<b>Fund Balances (Deficit) at End of Year</b>	<u>\$ 9,159,821</u>	<u>\$ 5,974,098</u>	<u>\$ 1,567,598</u>



Other Local	Auxiliary Services (NPSS)	Miscellaneous State Grants	Other State	Food Service
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	13,009	0	0	168
560,733	0	0	0	0
0	0	0	0	0
0	0	0	0	218,225
745,828	0	0	0	6,482
0	8,700,666	1,931,653	1,262,058	24,762,422
<u>1,306,561</u>	<u>8,713,675</u>	<u>1,931,653</u>	<u>1,262,058</u>	<u>24,987,297</u>
652,038	0	(45)	991,229	0
303,953	0	(2,710)	0	0
0	0	16,476	0	0
0	0	859,782	0	0
0	69,487	53,422	0	0
782	159,432	153,961	41,206	0
360,960	0	0	214,775	0
0	0	0	0	0
119,399	62,542	0	0	0
150	0	0	0	0
0	0	0	0	0
893	7,953,687	0	0	23,247,772
336,079	0	430	0	0
<u>1,774,254</u>	<u>8,245,148</u>	<u>1,081,316</u>	<u>1,247,210</u>	<u>23,247,772</u>
(467,693)	468,527	850,337	14,848	1,739,525
<u>(442,116)</u>	<u>2,230,313</u>	<u>274,648</u>	<u>(109,653)</u>	<u>999,835</u>
<u>\$ (909,809)</u>	<u>\$ 2,698,840</u>	<u>\$ 1,124,985</u>	<u>\$ (94,805)</u>	<u>\$ 2,739,360</u>

(continued)

**Cleveland Municipal 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*

	Title VI-B Special Education	Vocational Education	Title I
<b>Revenues:</b>			
Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Food Services	0	0	0
Miscellaneous	0	0	0
Intergovernmental	17,591,354	1,231,752	41,586,985
<b>Total Revenues</b>	<u>17,591,354</u>	<u>1,231,752</u>	<u>41,586,985</u>
<b>Expenditures:</b>			
Current:			
<i>Instruction:</i>			
Regular	0	0	979,192
Special	9,913,039	0	18,770,442
Vocational	35,701	635,471	0
Other	416,677	0	7,244,004
<i>Support Services:</i>			
Pupils	2,821,892	0	3,964,062
Instructional Staff	1,321,362	513,192	3,307,861
Administration	873,438	66,905	2,319,099
Fiscal	0	0	4,305
Operation and Maintenance of Plant	0	0	396
Pupil Transportation	0	39,611	471,680
Central	0	0	0
Operation of Non-Instructional Services	1,001,400	0	3,875,681
Extracurricular Activities	0	0	0
<b>Total Expenditures</b>	<u>16,383,509</u>	<u>1,255,179</u>	<u>40,936,722</u>
Net Change in Fund Balances	1,207,845	(23,427)	650,263
Fund Balances (Deficit) at Beginning of Year Restated	<u>(3,348,347)</u>	<u>(76,452)</u>	<u>(2,631,955)</u>
<b>Fund Balances (Deficit) at End of Year</b>	<u>\$ (2,140,502)</u>	<u>\$ (99,879)</u>	<u>\$ (1,981,692)</u>

Improving Teacher Quality Title II-A	Miscellaneous Federal Grants	Other Federal	Total Nonmajor Other Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 6,859,039
0	0	0	38,013
0	0	0	560,733
0	0	0	7,320,278
0	0	0	218,225
0	0	0	752,310
<u>3,058,330</u>	<u>1,599,248</u>	<u>10,497,166</u>	<u>114,723,879</u>
<u>3,058,330</u>	<u>1,599,248</u>	<u>10,497,166</u>	<u>130,472,477</u>
100,131	201,148	365,749	3,495,707
119,604	(21,219)	381,053	29,473,169
0	0	0	689,348
0	171,796	3,689,219	12,638,230
0	527,575	120,006	7,558,593
3,914,705	131,544	5,678,148	22,542,238
597,079	2,534	232,138	4,768,300
0	0	291,061	4,328,458
25,079	0	0	4,872,684
0	1,100	10,431	519,199
0	57,592	0	167,465
252,438	47,784	133,007	36,589,829
<u>0</u>	<u>0</u>	<u>0</u>	<u>739,830</u>
<u>5,009,036</u>	<u>1,119,854</u>	<u>10,900,812</u>	<u>128,383,050</u>
(1,950,706)	479,394	(403,646)	2,089,427
<u>1,647,492</u>	<u>14,791</u>	<u>(2,760,219)</u>	<u>12,975,694</u>
<u>\$ (303,214)</u>	<u>\$ 494,185</u>	<u>\$ (3,163,865)</u>	<u>\$ 15,065,121</u>

## **Combining Statements**

### **Fund Descriptions – Internal Service Funds**

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Internal Service Funds are established to account for the providing of goods or services by one department to other departments of the School District on a cost reimbursement basis. The following is the School District's internal service fund types:

#### **Internal Service Funds**

***Liability Self-Insurance Fund*** – This fund accounts for the self-insurance of uninsured risks of loss and associated expenses attributable to deductibles and self-insured retention limits for general liability and property damage claim settlements and judgments.

***Employee Benefits Self-Insurance Fund*** – This fund accounts for the medical benefits self-insurance program for employees of the School District. Monthly fees are paid and any balance on hand is held until used.

**Cleveland Municipal School District**  
*Combining Statement of Fund Net Position*  
*Internal Service Funds*  
*June 30, 2018*

	<u>Liability Self-Insurance</u>	<u>Employee Benefits Self-Insurance</u>	<u>Totals</u>
<b>Assets</b>			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$ 2,055,511	\$ 11,899,348	\$ 13,954,859
<b>Liabilities</b>			
<i>Current Liabilities:</i>			
Claims Payable	<u>1,711,413</u>	<u>12,823,217</u>	<u>14,534,630</u>
<b>Net Assets</b>			
Unrestricted	<u>\$ 344,098</u>	<u>\$ (923,869)</u>	<u>\$ (579,771)</u>

**Cleveland Municipal School District**  
*Combining Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Internal Service Funds*  
*For the Fiscal Year Ended June 30, 2018*

	Liability Self-Insurance	Employee Benefits Self-Insurance	Totals
<b>Operating Revenues:</b>			
Charges for Services	\$ 6,242	\$ 98,234,653	\$ 98,240,895
<b>Operating Expenses:</b>			
Claims and Claim Adjustment Expenses	477,167	100,003,272	100,480,439
<b>Operating Income (Loss)</b>	(470,925)	(1,768,619)	(2,239,544)
<b>Nonoperating Revenues (Expenses):</b>			
Transfers In	0	0	0
Change in Net Assets	(470,925)	(1,768,619)	(2,239,544)
Net Assets at Beginning of Year, Restated	815,023	844,750	1,659,773
<b>Net Assets at End of Year</b>	<b>\$ 344,098</b>	<b>\$ (923,869)</b>	<b>\$ (579,771)</b>

**Cleveland Municipal School District**  
*Combining Statement of Cash Flows*  
*Internal Service Funds*  
For the Fiscal Year Ended June 30, 2018

	Liability Self-Insurance	Employee Benefits Self-Insurance	Totals
<b><i>Increase (Decrease) In Cash and Cash Equivalents:</i></b>			
<b><i>Cash Flows from Operating Activities:</i></b>			
Cash Received from Interfund Services Provided	\$ 6,242	\$ 98,234,653	\$ 98,240,895
Cash Payments for Claims and Claim Adjustment Expenses	<u>(744,925)</u>	<u>(97,391,055)</u>	<u>(98,135,980)</u>
<b><i>Net Cash Provided (Used) by Operating Activities</i></b>	(738,683)	843,598	104,915
<b><i>Net Increase (Decrease) in Cash and Cash Equivalents</i></b>	(738,683)	843,598	104,915
Cash and Cash Equivalents at Beginning of Year	<u>2,794,193</u>	<u>11,055,751</u>	<u>13,849,944</u>
<b><i>Cash and Cash Equivalents at End of Year</i></b>	<u><u>\$ 2,055,510</u></u>	<u><u>\$ 11,899,349</u></u>	<u><u>\$ 13,954,859</u></u>
 <b><i>Reconciliation of Income to Net Cash Provided (Used) by Operating Activities</i></b>			
Operating Income (Loss)	\$ (470,925)	\$ (1,768,619)	\$ (2,239,544)
<i>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</i>			
Increase (Decrease) in Claims Payable	<u>(267,758)</u>	<u>2,612,217</u>	<u>2,344,459</u>
<b><i>Net Cash Provided by Operating Activities</i></b>	<u><u>\$ (738,683)</u></u>	<u><u>\$ 843,598</u></u>	<u><u>\$ 104,915</u></u>

## **Combining Statements**

### **Fund Descriptions – Fiduciary Funds**

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Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following is the School District's fiduciary fund type:

#### **Agency Funds**

*District Agency Fund* – This fund reflects resources which accounts for various payroll withholding items.

*Student Managed Activity* – This fund reflects resources that belong to the student bodies of the various schools.



**Cleveland Municipal School District**  
*Combining Statement of Changes in Assets and Liabilities*  
*All Agency Funds*  
*For the Fiscal Year Ended June 30, 2018*

	Beginning Balance July 1, 2017	Additions	Deductions	Ending Balance June 30, 2018
<b>District Agency Fund</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 3,799,964	\$ 3,799,964	\$ 0
<b>Liabilities:</b>				
Payroll Withholdings	0	3,799,964	3,799,964	0
<b>Student Managed Activity</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	529,756	482,556	478,662	533,650
<b>Liabilities:</b>				
Due to Students	529,756	482,556	478,662	533,650
<b>All Agency Funds</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	529,756	4,282,520	4,278,626	533,650
<b>Total Assets</b>	<u>529,756</u>	<u>4,282,520</u>	<u>4,278,626</u>	<u>533,650</u>
<b>Liabilities:</b>				
Due To Students	529,756	482,556	478,662	533,650
Payroll Withholdings	0	3,799,964	3,799,964	0
<b>Total Liabilities</b>	<u>\$ 529,756</u>	<u>\$ 4,282,520</u>	<u>\$ 4,278,626</u>	<u>\$ 533,650</u>

**Individual Fund Schedules of Revenues, Expenditures/Expenses and  
Changes in Fund Balance/Fund Equity – Budget (Non-GAAP Basis) and Actual**

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Debt Service Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Taxes	\$ 20,915,938	\$ 22,066,623	\$ 1,150,685
Investment Income	200,000	399,678	199,678
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	1,200,000	2,465,170	1,265,170
<b>Total Revenues</b>	<u>22,315,938</u>	<u>24,931,471</u>	<u>2,615,533</u>
<b>Expenditures:</b>			
<i>Support Services:</i>			
Fiscal	610,488	545,551	64,937
<i>Debt Service:</i>			
Principal Retirement	5,585,000	5,585,000	0
Interest and Fiscal Charges	13,404,512	13,404,512	0
<b>Total Expenditures</b>	<u>19,600,000</u>	<u>19,535,063</u>	<u>64,937</u>
Net Change in Fund Balances	2,715,938	5,396,408	2,680,470
Fund Balances at Beginning of Year	<u>37,031,094</u>	<u>37,031,094</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 39,747,032</u>	<u>\$ 42,427,502</u>	<u>\$ 2,680,470</u>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 2,085,358	\$ 2,201,633	\$ 116,275
Investment Income	1,200,000	1,289,850	89,850
Sale of Personal Property	0	599,650	599,650
Intergovernmental	70,000	71,447	1,447
<b>Total Revenues</b>	<b>3,355,358</b>	<b>4,162,580</b>	<b>807,222</b>
<b>Expenditures:</b>			
<i>Support Services:</i>			
Fiscal	83,855	54,565	29,290
Operation and Maintenance of Plant	369,637	240,526	129,111
Capital Outlay	60,272,530	55,335,421	4,937,109
<b>Total Expenditures</b>	<b>60,726,022</b>	<b>55,630,512</b>	<b>5,095,510</b>
Net Change in Fund Balances	(57,370,664)	(51,467,932)	5,902,732
Fund Balances at Beginning of Year	85,462,699	85,462,699	0
<i>Prior Year Encumbrances Appropriated</i>	<u>50,726,021</u>	<u>50,726,021</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<b><u>\$ 78,818,056</u></b>	<b><u>\$ 84,720,788</u></b>	<b><u>\$ 5,902,732</u></b>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Classroom Facilities Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Income	\$ 400,000	\$ 595,132	\$ 195,132
Intergovernmental	113,600,000	71,019,938	(42,580,062)
<b>Total Revenues</b>	<u>114,000,000</u>	<u>71,615,070</u>	<u>(42,384,930)</u>
<b>Expenditures:</b>			
<i>Support Services:</i>			
Capital Outlay	163,116,994	123,466,327	39,650,667
<b>Total Expenditures</b>	<u>163,116,994</u>	<u>123,466,327</u>	<u>39,650,667</u>
Net Change in Fund Balances	(49,116,994)	(51,851,257)	(2,734,263)
Fund Balances at Beginning of Year	(38,764,447)	(38,764,447)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>108,116,994</u>	<u>108,116,994</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 20,235,553</u>	<u>\$ 17,501,290</u>	<u>\$ (2,734,263)</u>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Educational Special Trust Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Contributions and Donations	\$ 15,000,000	\$ 6,834,515	(8,165,485)
<b>Total Revenues</b>	<b>15,000,000</b>	<b>6,834,515</b>	<b>(8,165,485)</b>
<b>Expenditures:</b>			
<i>Instruction:</i>			
Regular	414,594	244,261	170,333
Special	18,878	9,007	9,871
Vocational	19,049	19,049	0
Other	422,451	351,142	71,309
<i>Support Services:</i>			
Pupils	4,504	2,149	2,355
Instructional Staff	15,053,601	9,300,669	5,752,932
Administration	265,791	127,817	137,974
Operation and Maintenance of Plant	20,234	10,034	10,200
Pupil Transportation	(3,723)	(3,723)	0
Central	201,265	151,020	50,245
Operation of Non-Instructional Services	161,734	80,298	81,436
Extracurricular Activities	820,777	466,530	354,247
<b>Total Expenditures</b>	<b>17,399,155</b>	<b>10,758,253</b>	<b>6,640,902</b>
Excess (Deficiency) of Revenues			
Excess of Revenues Over (Under) Expenditures	(2,399,155)	(3,923,738)	(1,524,583)
Fund Balances at Beginning of Year	8,093,329	8,093,329	0
<i>Prior Year Encumbrances Appropriated</i>	2,469,160	2,469,160	0
<b>Fund Balances at End of Year</b>	<b>\$ 8,163,334</b>	<b>\$ 6,638,751</b>	<b>\$ (1,524,583)</b>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Classroom Facilities Maintenance Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Taxes	\$ 1,959,674	\$ 2,048,553	\$ 88,879
Investment Income	60,000	24,836	(35,164)
Intergovernmental	2,120,000	2,120,870	870
<b>Total Revenues</b>	<u>4,139,674</u>	<u>4,194,259</u>	<u>54,585</u>
<b>Expenditures:</b>			
<i>Support Services:</i>			
Fiscal	110,624	50,520	60,104
Operation and Maintenance of Plant	9,435,399	7,924,630	1,510,769
<b>Total Expenditures</b>	<u>9,546,023</u>	<u>7,975,150</u>	<u>1,570,873</u>
Excess of Revenues Over (Under) Expenditures	(5,406,349)	(3,780,891)	1,625,458
Fund Balances at Beginning of Year	4,519,909	4,519,909	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,546,023</u>	<u>1,546,023</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 659,583</u>	<u>\$ 2,285,041</u>	<u>\$ 1,625,458</u>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Partnering Community Schools*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Taxes	\$ 3,979,268	\$ 3,841,003	\$ (138,265)
Intergovernmental	384,000	381,375	(2,625)
<b>Total Revenues</b>	<u>4,363,268</u>	<u>4,222,378</u>	<u>(140,890)</u>
<b>Expenditures:</b>			
<i>Support Services:</i>			
Fiscal	4,200,000	4,081,379	118,621
<b>Total Expenditures</b>	<u>4,200,000</u>	<u>4,081,379</u>	<u>118,621</u>
Excess of Revenues Over (Under) Expenditures	163,268	140,999	(22,269)
Fund Balances at Beginning of Year	0	0	0
<b>Fund Balances at End of Year</b>	<u>\$ 163,268</u>	<u>\$ 140,999</u>	<u>\$ (22,269)</u>



**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Other Local Funds*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Extracurricular Activities	\$ 814,004	\$ 560,733	\$ (253,271)
Miscellaneous	2,830,000	634,910	(2,195,090)
<b>Total Revenues</b>	<b>3,644,004</b>	<b>1,195,643</b>	<b>(2,448,361)</b>
<b>Expenditures:</b>			
<i>Instruction:</i>			
Regular	693,788	672,440	21,348
Special	464,323	348,859	115,464
<i>Support Services:</i>			
Pupils	22,119	0	22,119
Instructional Staff	2,650	782	1,868
Board of Education	0	0	0
Administration	325,569	368,689	(43,120)
Fiscal	145,126	0	145,126
Operation and Maintenance of Plant	104,684	115,246	(10,562)
Pupil Transportation	508	150	358
Operation of Non-Instructional Services	3,026	893	2,133
Extracurricular Activities	1,015,598	459,815	555,783
<b>Total Expenditures</b>	<b>2,777,391</b>	<b>1,966,874</b>	<b>810,517</b>
Net Change in Fund Balances	866,613	(771,231)	(1,637,844)
Fund Balances at Beginning of Year	(491,991)	(491,991)	0
<i>Prior Year Encumbrances Appropriated</i>	109,567	109,567	0
<b>Fund Balances at End of Year</b>	<b>\$ 484,189</b>	<b>\$ (1,153,655)</b>	<b>\$ (1,637,844)</b>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Auxiliary Services (NPSS) Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 20,000	\$ 13,009	\$ (6,991)
Intergovernmental	8,937,160	8,700,666	(236,494)
<b>Total Revenues</b>	<u>8,957,160</u>	<u>8,713,675</u>	<u>(243,485)</u>
<b>Expenditures:</b>			
<i>Support Services:</i>			
Pupils	90,045	67,397	22,648
Instructional Staff	225,025	168,428	56,597
Operation and Maintenance of Plant	83,558	62,542	21,016
Operation of Non-Instructional Services	12,267,839	10,190,044	2,077,795
<b>Total Expenditures</b>	<u>12,666,467</u>	<u>10,488,411</u>	<u>2,178,056</u>
Excess of Revenues Over (Under) Expenditures	(3,709,307)	(1,774,736)	1,934,571
<b>Other Financing Sources (Uses):</b>			
Advances Out	(495,000)	(495,000)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(495,000)</u>	<u>(495,000)</u>	<u>0</u>
Net Change in Fund Balances	(4,204,307)	(2,269,736)	1,934,571
Fund Balances at Beginning of Year	1,053,630	1,053,630	0
<i>Prior Year Encumbrances Appropriated</i>	<u>3,466,467</u>	<u>3,466,467</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 315,790</u>	<u>\$ 2,250,361</u>	<u>\$ 1,934,571</u>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Miscellaneous State Grants Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 1,945,020	\$ 1,106,492	\$ (838,528)
<b>Total Revenues</b>	<u>1,945,020</u>	<u>1,106,492</u>	<u>(838,528)</u>
<b>Expenditures:</b>			
<i>Instruction:</i>			
Regular	202	147	55
Special	12,172	8,841	3,331
Vocational	74,328	74,328	0
Other	966,483	966,483	0
<i>Support Services:</i>			
Pupils	57,591	52,413	5,178
Instructional Staff	201,839	185,096	16,743
Extracurricular Activities	592	1,399	(807)
<b>Total Expenditures</b>	<u>1,313,207</u>	<u>1,288,707</u>	<u>24,500</u>
Deficiency of Revenues Under Expenditures	631,813	(182,215)	(814,028)
Net Change in Fund Balances	631,813	(182,215)	(814,028)
Fund Balances at Beginning of Year	120,593	120,593	0
<i>Prior Year Encumbrances Appropriated</i>	<u>213,208</u>	<u>213,208</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 965,614</u>	<u>\$ 151,586</u>	<u>\$ (814,028)</u>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Other State Funds*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 2,693,462	\$ 1,497,904	\$ (1,195,558)
<b>Total Revenues</b>	<b>2,693,462</b>	<b>1,497,904</b>	<b>(1,195,558)</b>
<b>Expenditures:</b>			
<i>Instruction:</i>			
Regular	1,105,378	1,105,243	135
<i>Support Services:</i>			
Instructional Staff	30,967	29,549	1,418
Administration	245,613	222,959	22,654
Central	-	-	0
<b>Total Expenditures</b>	<b>1,381,958</b>	<b>1,357,751</b>	<b>24,207</b>
Deficiency of Revenues			
Deficiency of Revenues Under Expenditures	1,311,504	140,153	(1,171,351)
<b>Other Financing Sources (Uses):</b>			
Advances In	177,000	177,000	0
Advances Out	(280,000)	(280,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(103,000)</b>	<b>(103,000)</b>	<b>0</b>
Net Change in Fund Balances	1,208,504	37,153	(1,171,351)
Fund Balances at Beginning of Year	(278,095)	(278,095)	0
<i>Prior Year Encumbrances Appropriated</i>	182,738	182,738	0
<b>Fund Balances at End of Year</b>	<b>\$ 1,113,147</b>	<b>\$ (58,204)</b>	<b>\$ (1,171,351)</b>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 0	\$ 168	\$ 168
Food Services	300,000	218,225	(81,775)
Miscellaneous	100,000	13,318	(86,682)
Intergovernmental	25,600,000	24,099,612	(1,500,388)
<b>Total Revenues</b>	<u>26,000,000</u>	<u>24,331,323</u>	<u>(1,668,677)</u>
<b>Expenditures:</b>			
<i>Support Services:</i>			
Operation of Non-Instructional Services	25,918,014	25,553,876	364,138
<b>Total Expenditures</b>	<u>25,918,014</u>	<u>25,553,876</u>	<u>364,138</u>
Deficiency of Revenues Under Expenditures	81,986	(1,222,553)	(1,304,539)
Net Change in Fund Balances	81,986	(1,222,553)	(1,304,539)
Fund Balance at Beginning of Year	260,393	260,393	0
<i>Prior Year Encumbrances Appropriated</i>	<u>918,014</u>	<u>918,014</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 1,260,393</u>	<u>\$ (44,146)</u>	<u>\$ (1,304,539)</u>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI-B Special Education Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 21,166,649	\$ 14,814,009	\$ (6,352,640)
<b>Total Revenues</b>	<u>21,166,649</u>	<u>14,814,009</u>	<u>(6,352,640)</u>
<b>Expenditures:</b>			
<i>Instruction:</i>			
Special	11,594,858	10,962,617	632,241
Vocational	38,158	38,161	(3)
Other	403,296	360,281	43,015
<i>Support Services:</i>			
Pupils	3,452,602	3,452,991	(389)
Instructional Staff	1,699,371	1,699,531	(160)
Administration	1,428,756	1,288,420	140,336
Operation of Non-Instructional Services	1,114,142	995,309	118,833
<b>Total Expenditures</b>	<u>19,731,183</u>	<u>18,797,310</u>	<u>933,873</u>
Excess of Revenues Over (Under) Expenditures	1,435,466	(3,983,301)	(5,418,767)
<b>Other Financing Sources (Uses):</b>			
Advances In	1,255,000	1,255,000	0
Advances Out	(2,138,000)	(2,318,000)	(180,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(883,000)</u>	<u>(1,063,000)</u>	<u>(180,000)</u>
Net Change in Fund Balances	552,466	(5,046,301)	(5,598,767)
Fund Balances at Beginning of Year	(1,515,195)	(1,515,195)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,251,182</u>	<u>2,251,182</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 1,288,453</u>	<u>\$ (4,310,314)</u>	<u>\$ (5,598,767)</u>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Vocational Education Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 2,133,525	\$ 1,310,990	\$ (822,535)
<b>Total Revenues</b>	<b>2,133,525</b>	<b>1,310,990</b>	<b>(822,535)</b>
<b>Expenditures:</b>			
<i>Instruction:</i>			
Regular	0	0	0
Vocational	826,477	826,411	66
<i>Support Services:</i>			
Instructional Staff	596,600	547,693	48,907
Administration	82,358	66,000	16,358
Pupil Transportation	49,717	43,336	6,381
<b>Total Expenditures</b>	<b>1,555,152</b>	<b>1,483,440</b>	<b>71,712</b>
Deficiency of Revenues Under Expenditures	578,373	(172,450)	(750,823)
<b>Other Financing Sources (Uses):</b>			
Advances In	110,000	110,000	0
Advances Out	(428,000)	(428,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(318,000)</b>	<b>(318,000)</b>	<b>0</b>
Net Change in Fund Balances	260,373	(490,450)	(750,823)
Fund Balances at Beginning of Year	(96,687)	(96,687)	0
<i>Prior Year Encumbrances Appropriated</i>	303,855	303,855	0
<b>Fund Balances at End of Year</b>	<b>\$ 467,541</b>	<b>\$ (283,282)</b>	<b>\$ (750,823)</b>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title I Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 43,056,135	\$ 40,067,458	\$ (2,988,677)
<b>Total Revenues</b>	<b>43,056,135</b>	<b>40,067,458</b>	<b>(2,988,677)</b>
<b>Expenditures:</b>			
<i>Instruction:</i>			
Regular	2,659,915	2,794,764	(134,849)
Special	19,062,179	19,656,693	(594,514)
Other	5,302,728	5,818,182	(515,454)
<i>Support Services:</i>			
Pupils	3,785,072	3,898,464	(113,392)
Instructional Staff	3,623,992	3,832,920	(208,928)
Administration	2,217,368	2,337,322	(119,954)
Fiscal	4,230	4,305	(75)
Operation and Maintenance of Plant	389	396	(7)
Pupil Transportation	372,388	378,988	(6,600)
Operation of Non-Instructional Services	3,885,815	4,127,175	(241,360)
<b>Total Expenditures</b>	<b>40,914,076</b>	<b>42,849,209</b>	<b>(1,935,133)</b>
Excess of Revenues Over (Under) Expenditures	2,142,059	(2,781,751)	(4,923,810)
Net Change in Fund Balances	2,142,059	(2,781,751)	(4,923,810)
Fund Balances at Beginning of Year	(4,449,690)	(4,449,690)	0
<i>Prior Year Encumbrances Appropriated</i>	2,914,076	2,914,076	0
<b>Fund Balances at End of Year</b>	<b>\$ 606,445</b>	<b>\$ (4,317,365)</b>	<b>\$ (4,923,810)</b>



**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Improving Teacher Quality Title II-A Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 6,800,000	\$ 2,442,697	\$ (4,357,303)
<b>Total Revenues</b>	<b>6,800,000</b>	<b>2,442,697</b>	<b>(4,357,303)</b>
<b>Expenditures:</b>			
<i>Instruction:</i>			
Regular	106,170	100,131	6,039
Special	341,675	322,241	19,434
<i>Support Services:</i>			
Instructional Staff	3,714,098	3,670,968	43,130
Administration	551,716	520,335	31,381
Operation of Non-Instructional Services	288,182	288,182	0
<b>Total Expenditures</b>	<b>5,001,841</b>	<b>4,901,857</b>	<b>99,984</b>
Excess of Revenues Over (Under) Expenditures	1,798,159	(2,459,160)	(4,257,319)
<b>Other Financing Sources (Uses):</b>			
Advances In	0	0	0
Advances Out	(160,000)	(160,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(160,000)</b>	<b>(160,000)</b>	<b>0</b>
Net Change in Fund Balances	1,638,159	(2,619,160)	(4,257,319)
Fund Balances at Beginning of Year	1,861,503	1,861,503	0
<i>Prior Year Encumbrances Appropriated</i>	1,840	1,840	0
<b>Fund Balances at End of Year</b>	<b>\$ 3,501,502</b>	<b>\$ (755,817)</b>	<b>\$ (4,257,319)</b>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Miscellaneous Federal Grants Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 842,320	\$ 1,440,548	\$ 598,228
<b>Total Revenues</b>	<b>842,320</b>	<b>1,440,548</b>	<b>598,228</b>
<b>Expenditures:</b>			
<i>Instruction:</i>			
Regular	623,773	443,031	180,742
Other	300,433	172,329	128,104
<i>Support Services:</i>			
Pupils	877,652	533,094	344,558
Instructional Staff	439,218	292,336	146,882
Administration	4,431	3,268	1,163
Pupil Transportation	1,924	1,100	824
Central	100,716	57,592	43,124
Operation of Non-Instructional Services	83,564	62,778	20,786
<b>Total Expenditures</b>	<b>2,431,711</b>	<b>1,565,528</b>	<b>866,183</b>
Excess of Revenues Over Expenditures	(1,589,391)	(124,980)	1,464,411
<b>Other Financing Sources (Uses):</b>			
Advances In	560,000	560,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>560,000</b>	<b>560,000</b>	<b>0</b>
Net Change in Fund Balances	(1,029,391)	435,020	1,464,411
Fund Balances at Beginning of Year	38,341	38,341	0
<i>Prior Year Encumbrances Appropriated</i>	311,459	311,459	0
<b>Fund Balances at End of Year</b>	<b>\$ (679,591)</b>	<b>\$ 784,820</b>	<b>\$ 1,464,411</b>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Other Federal Funds*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 10,692,475	\$ 9,971,154	\$ (721,321)
<b>Total Revenues</b>	<b>10,692,475</b>	<b>9,971,154</b>	<b>(721,321)</b>
<b>Expenditures:</b>			
Current:			
<i>Instruction:</i>			
Regular	172,659	150,229	22,430
Special	532,454	516,700	15,754
Other	4,734,911	4,734,994	(83)
<i>Support Services:</i>			
Pupils	126,897	127,415	(518)
Instructional Staff	6,941,251	6,794,707	146,544
Administration	355,489	303,979	51,510
Fiscal	307,286	291,061	16,225
Pupil Transportation	13,630	13,634	(4)
Operation of Non-Instructional Services	220,197	209,121	11,076
<b>Total Expenditures</b>	<b>13,404,774</b>	<b>13,141,840</b>	<b>262,934</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,712,299)	(3,170,686)	(458,387)
<b>Other Financing Sources (Uses):</b>			
Advances In	1,830,000	1,898,000	68,000
Advances Out	(1,430,000)	(1,430,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>400,000</b>	<b>468,000</b>	<b>68,000</b>
Net Change in Fund Balances	(2,312,299)	(2,702,686)	(390,387)
Fund Balances at Beginning of Year	1,788,685	1,788,685	0
<i>Prior Year Encumbrances Appropriated</i>	1,183,765	1,183,765	0
<b>Fund Balances at End of Year</b>	<b>\$ 660,151</b>	<b>\$ 269,764</b>	<b>\$ (390,387)</b>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Liability Self-Insurance Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 1,000,000	\$ 6,242	\$ 993,758
<b>Total Revenues</b>	<u>1,000,000</u>	<u>6,242</u>	<u>993,758</u>
<b>Expenses:</b>			
Current:			
Support Services:			
Administration	1,189,021	918,554	270,467
<b>Total Expenditures</b>	<u>1,189,021</u>	<u>918,554</u>	<u>270,467</u>
Net Change in Fund Equity	(189,021)	(912,312)	(723,291)
Fund Equity at Beginning of Year	2,605,172	2,605,172	0
<i>Prior Year Encumbrances Appropriated</i>	<u>189,021</u>	<u>189,021</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<u><u>\$ 2,605,172</u></u>	<u><u>\$ 1,881,881</u></u>	<u><u>\$ (723,291)</u></u>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Employee Benefits Self-Insurance Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 100,000,000	\$ 98,234,653	\$ (1,765,347)
<b>Total Revenues</b>	<u>100,000,000</u>	<u>98,234,653</u>	<u>(1,765,347)</u>
<b>Expenses:</b>			
<i>Support Services:</i>			
Central	98,000,000	97,391,055	608,945
<b>Total Expenditures</b>	<u>98,000,000</u>	<u>97,391,055</u>	<u>608,945</u>
Excess of Revenues Over (Under) Expenditures	2,000,000	843,598	(1,156,402)
Net Change in Fund Equity	2,000,000	843,598	(1,156,402)
Fund Equity at Beginning of Year	11,055,751	11,055,751	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<u>\$ 13,055,751</u>	<u>\$ 11,899,349</u>	<u>\$ (1,156,402)</u>

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# Statistical Section

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## STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>S2</b>
These schedules contain trend information to help the reader understand how the School District’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>S16</b>
These schedules contain information to help the reader assess the affordability of the School District’s most significant local revenue source of Property Tax and Foundation payments.	
<b>Debt Capacity</b>	<b>S22</b>
These schedules present information to help the reader assess the affordability of the School District’s current levels of outstanding debt, and the ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>S27</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District’s financial activities take place.	
<b>Operating Information</b>	<b>S29</b>
These schedules contain service data to help the reader understand how the information in the School District’s financial report relates to the services the School District provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 54 for the year ended June 30, 2011; schedules presenting government wide net position information include information beginning in that year. GASB 54 changed the classification of the governmental fund balance, but did not change the government wide net position. The School District implemented GASB 68 for the year ended June 30, 2015 and implemented GASB 75 for the year ended June 30, 2018.

## Cleveland Municipal School District

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

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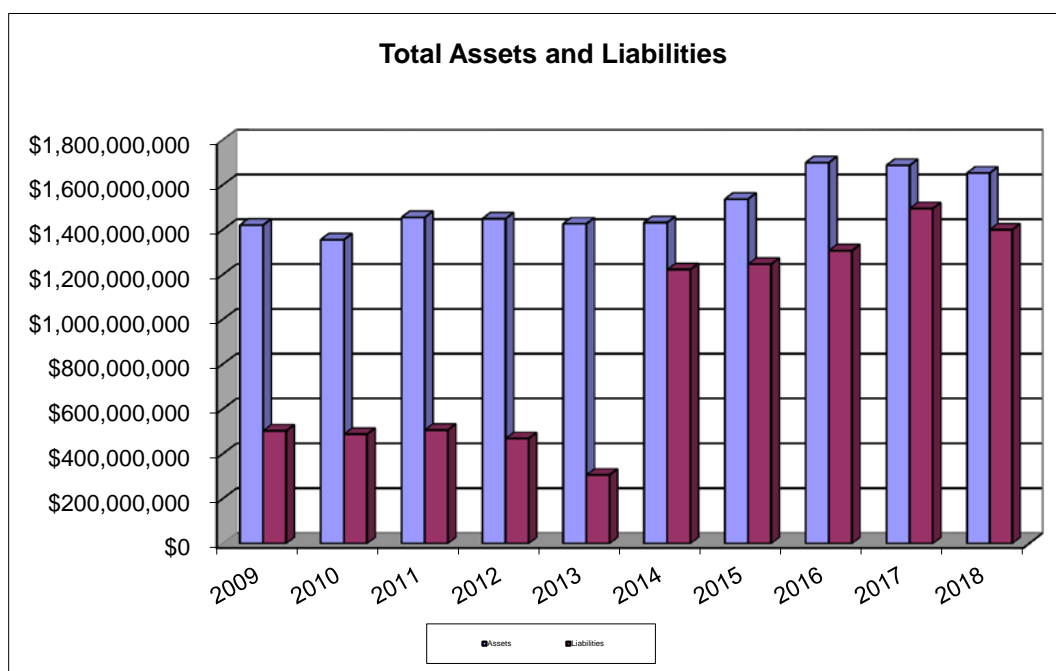
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 410,820,839	\$ 500,616,971	\$ 503,951,883	\$ 518,814,295
Restricted				
Restricted Debt Service	33,857,725	47,506,378	48,223,777	51,217,114
Restricted Capital Programs	391,466,835	257,882,844	260,606,827	278,969,178
Restricted Special Revenue	40,215,098	41,703,464	77,722,493	58,944,626
Unrestricted	41,835,337	20,520,336	58,715,005	73,262,646
<b>Total Net Position</b>	<u>\$ 918,195,834</u>	<u>\$ 868,229,993</u>	<u>\$ 949,219,985</u>	<u>\$ 981,207,859</u>

**Source:** School District Financial Records

a-GASB 68 was implemented in FY 15 and restated FY 14

b-GASB 75 was implemented in FY 18 and restated FY 17

2013	2014 (a)	2015 (a)	2016	2017 (b)	2018
\$ 558,674,014	\$ 619,248,160	\$ 501,440,286	\$ 511,830,184	\$ 536,270,536	\$ 656,511,658
42,713,939	49,735,043	51,010,824	46,540,646	47,607,887	49,731,602
184,352,359	84,864,225	222,963,999	319,958,620	320,528,644	190,674,105
47,468,206	47,730,652	18,957,773	19,575,978	25,968,633	27,927,377
113,553,821	(720,669,457)	(754,622,557)	(707,027,575)	(995,142,892)	(705,938,812)
\$ 946,762,339	\$ 80,908,623	\$ 39,750,325	\$ 190,877,853	\$ (64,767,192)	\$ 218,905,930



**Cleveland Municipal School District**  
Changes in Net Position of Governmental Activities  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2009	2010	2011	2012
<b>Expenses</b>				
Governmental Activities:				
Instruction:				
Regular	\$ 328,162,328	\$ 380,866,357	\$ 297,907,426	\$ 322,367,731
Special	180,413,911	189,643,261	207,990,072	174,228,202
Vocational	11,895,564	11,923,801	10,336,437	11,316,290
Adult/Continuing	2,856,799	3,668,819	132,537	0
Other	19,497,068	9,655,896	6,384,172	4,493,188
<i>Support Services:</i>				
Pupils	27,746,864	39,107,286	37,463,820	36,216,356
Instructional Staff	57,621,095	65,429,955	59,204,651	50,834,523
Board of Education	284,153	234,344	250,996	285,033
Administration	44,605,981	48,600,081	43,536,920	41,533,976
Fiscal	12,212,820	10,120,397	15,131,810	12,498,573
Business	2,645,732	2,223,407	1,643,284	1,700,249
Operation and Maintenance of Plant	74,505,273	61,657,748	63,176,797	55,146,243
Pupil Transportation	31,991,149	30,858,435	28,923,689	27,896,118
Central	19,272,538	14,648,056	12,437,133	11,966,119
Operation of Non-Instructional Services	42,225,005	41,452,383	42,237,400	39,718,319
Extracurricular Activities	6,910,474	6,492,522	6,418,054	5,857,755
Interest and Fiscal Charges	8,078,738	7,478,002	9,869,253	9,640,956
<b>Total Primary Government Expenses</b>	<b>870,925,492</b>	<b>924,060,750</b>	<b>843,044,451</b>	<b>805,699,631</b>
<b>Program Revenues</b>				
Governmental Activities:				
<b>Charges for Services and Sales</b>				
Instruction:				
Regular	616,265	805,242	2,351,003	1,800,754
Special	229,296	364,149	976,843	832,254
Vocational	19,401	29,849	62,210	61,797
Adult/Continuing	707	5,916	0	0
Other	4,804	18,813	36,692	28,614
<i>Support Services:</i>				
Pupils	63,040	95,886	316,993	190,315
Instructional Staff	45,270	67,537	154,682	144,317
Board of Education	536	654	1,788	1,831
Administration	113,343	105,953	417,562	237,566
Fiscal	40,664	26,169	258,747	68,264
Business	5,007	6,204	11,703	10,921
Operation and Maintenance of Plant	96,210	167,875	522,574	336,066
Pupil Transportation	56,888	74,134	175,290	170,981
Central	34,908	39,399	87,927	75,555
Operation of Non-Instruction Services	5,512	7,879	11,614	15,927
Extracurricular Activities	800,606	788,285	653,175	575,250

**Source:** School District financial records

	2013	2014	2015	2016	2017	2018
\$	367,669,653	\$ 381,411,371	\$ 362,037,069	\$ 355,008,543	\$ 376,444,351	\$ 228,117,128
	172,023,833	182,682,324	173,593,367	172,360,574	181,613,355	115,095,669
	12,599,383	11,404,778	8,453,227	9,056,446	8,667,189	3,097,548
	112,488	620	0	64,500	384,463	0
	673,778	1,970,489	7,393,303	7,948,798	9,134,951	12,731,008
	34,197,654	35,833,670	35,790,269	34,179,013	40,460,547	12,249,740
	55,202,905	30,250,022	36,113,336	32,419,457	32,535,827	26,331,387
	274,588	264,265	248,308	266,498	306,270	42,376
	46,168,870	43,290,224	42,751,427	50,223,299	63,093,132	33,734,900
	12,708,747	12,274,449	16,310,738	16,663,611	12,399,059	13,054,274
	2,018,076	1,590,930	1,137,981	1,375,403	1,503,595	1,251,274
	59,940,850	62,189,841	64,587,903	68,629,253	65,547,856	57,685,305
	30,662,826	56,924,644	34,699,642	35,010,112	34,783,284	34,220,642
	20,006,680	17,526,350	25,503,536	29,503,864	38,152,866	21,149,084
	36,951,908	35,846,103	34,670,028	35,255,055	37,273,100	38,187,653
	6,990,941	6,510,125	6,649,997	6,332,462	5,802,430	5,402,338
	11,669,533	93,660	6,984,197	13,212,539	13,549,588	12,291,003
	869,872,713	880,063,865	856,924,328	867,509,427	921,651,863	614,641,329

4,192,551	4,170,473	3,825,172	3,283,143	4,014,946	4,329,229
1,621,243	1,533,891	1,657,048	1,628,204	1,894,148	1,959,579
111,542	99,620	69,797	61,803	72,721	45,108
1,068	5	1,692	510	2,713	0
4,590	1,307	0	4,775	(3,058)	1,796
457,244	467,558	452,849	437,033	267,694	87,714
192,966	56,314	472,420	115,213	90,197	75,204
2,692	2,311	2,188	2,116	3,009	794
547,753	597,459	339,112	779,516	897,805	939,990
324,446	323,162	351,598	358,888	180,927	152,201
19,786	13,915	10,029	10,895	13,893	23,437
656,920	591,810	587,592	570,943	692,682	1,175,092
270,047	319,926	282,985	261,455	335,899	611,474
194,889	152,101	221,306	222,148	375,880	392,949
11,351	7,806	184,278	693,540	871,387	249,544
574,128	618,561	617,323	556,374	617,423	482,208

(continued)

**Cleveland Municipal School District**  
Changes in Net Position of Governmental Activities (continued)  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2009	2010	2011	2012
<b>Operating Grants, Contributions and Interest</b>				
Instruction:				
Regular	\$ 37,192,665	\$ 32,685,231	\$ 38,093,482	\$ 20,734,813
Special	62,689,317	63,043,009	103,872,868	28,181,385
Vocational	1,637,911	1,326,967	1,446,826	1,572,223
Adult/Continuing	2,462,002	1,904,193	71,032	0
Other	18,403,044	3,127,296	1,663,788	49,095
Support Services:				
Pupils	5,916,754	5,548,551	6,100,952	6,609,256
Instructional Staff	35,440,720	42,964,473	39,853,992	26,649,396
Board of Education	2,849	1,387	1,240	1,979
Administration	4,575,772	4,916,794	4,190,878	2,101,662
Fiscal	925,564	705,052	3,198,202	764,430
Business	18,548	13,164	8,117	11,804
Operation and Maintenance of Plant	14,781,452	2,447,744	623,740	2,234,494
Pupil Transportation	1,093,004	894,026	3,096,448	280,450
Central	641,824	568,623	299,521	151,489
Operation of Non-Instruction Services	33,961,591	31,495,919	41,054,534	29,413,981
Extracurricular Activities	61,459	44,017	92,068	36,928
<b>Capital Grants and Contributions</b>				
Instruction:				
Regular	150,881,349	3,376,765	2,037,682	43,033,556
Support Services:				
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Program Revenues</i>	<u>372,818,282</u>	<u>197,667,155</u>	<u>251,744,173</u>	<u>166,377,353</u>
Net Expense	<u>\$ (498,107,210)</u>	<u>\$ (726,393,595)</u>	<u>\$ (591,300,278)</u>	<u>\$ (639,322,278)</u>
<b>General Revenues and Other</b>				
<b>Changes in Net Position</b>				
Governmental Activities:				
Property Taxes Levied For:				
General Purposes	\$ 155,294,660	\$ 156,893,542	\$ 158,760,869	\$ 155,316,742
Debt Service	10,941,106	16,654,007	28,724,375	28,235,142
Capital Outlay	22,122,341	17,391,407	2,097,559	2,083,420
Capital Projects	0	0	0	0
Investment Income	9,507,759	5,756,808	3,535,089	1,910,966
Miscellaneous	10,669,482	11,268,565	13,723,968	18,445,756
Grants and Entitlements not Restricted to Specific Programs	419,460,527	468,463,425	465,448,410	465,318,126
<b>Total General Revenues</b>	<u>627,995,875</u>	<u>676,427,754</u>	<u>672,290,270</u>	<u>671,310,152</u>
<b>Change in Net Position</b>	<u>\$ 129,888,665</u>	<u>\$ (49,965,841)</u>	<u>\$ 80,989,992</u>	<u>\$ 31,987,874</u>

	2013	2014	2015	2016	2017	2018
\$	5,201,595	\$ 38,760,754	\$ 28,622,647	\$ 27,686,802	\$ 28,914,602	\$ 27,441,716
	43,030,489	50,997,326	45,079,772	48,647,774	45,270,733	41,196,919
	1,379,138	1,692,844	1,151,574	1,961,612	1,588,553	1,007,776
	510	53	0	4,990	125,490	0
	168,775	1,809,839	6,442,704	7,868,381	8,172,852	13,333,289
	6,132,756	7,294,674	6,809,394	6,572,417	7,833,549	8,703,757
	30,471,914	26,469,136	28,316,332	21,059,213	24,085,576	21,604,022
	1,247	22,411	19,814	20,685	22,074	5,390
	3,090,526	7,917,347	6,098,758	7,633,524	7,410,219	8,027,591
	717,508	1,885,624	1,312,335	1,768,304	1,952,889	1,308,043
	9,162	134,917	90,807	106,520	101,908	159,146
	2,236,816	7,388,942	6,694,034	7,200,079	4,329,621	7,125,013
	315,733	3,482,438	2,898,364	2,709,989	2,549,930	4,679,883
	99,632	1,592,966	2,430,507	3,592,550	2,829,392	2,844,995
	32,517,985	31,407,090	33,223,035	35,342,724	33,611,343	38,894,323
	32,198	505,410	490,802	466,759	551,198	942,887
	2,100,511	3,155,969	13,049,804	119,391,577	0	0
	0	0	0	0	10,421	0
	0	0	0	0	1,919,786	0
	0	0	0	0	1,921,083	10,225,792
	<u>136,689,711</u>	<u>193,473,959</u>	<u>191,806,072</u>	<u>301,020,456</u>	<u>183,529,485</u>	<u>198,026,861</u>
\$	<u>(733,183,002)</u>	<u>(686,589,906)</u>	<u>(665,118,256)</u>	<u>(566,488,971)</u>	<u>(738,122,378)</u>	<u>(416,614,468)</u>
\$	200,094,021	\$ 235,958,843	\$ 157,957,030	\$ 246,417,195	\$ 197,120,815	\$ 235,113,848
	12,635,634	30,404,951	11,786,075	22,789,130	17,846,019	21,471,349
	1,042,267	2,498,740	1,171,067	2,947,290	1,655,130	2,359,011
	0	0	1,735,036	2,123,398	1,805,373	2,525,832
	1,345,163	2,942,716	1,771,268	3,434,960	2,846,853	1,778,432
	23,507,563	11,360,311	17,813,733	8,509,968	14,939,918	11,594,746
	459,821,084	413,100,316	431,725,749	431,394,557	411,531,716	423,617,304
	<u>698,445,732</u>	<u>696,265,877</u>	<u>623,959,958</u>	<u>717,616,498</u>	<u>647,745,824</u>	<u>698,460,522</u>
\$	<u>(34,737,270)</u>	<u>9,675,971</u>	<u>(41,158,298)</u>	<u>151,127,527</u>	<u>(90,376,554)</u>	<u>281,846,054</u>

## Cleveland Municipal School District

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

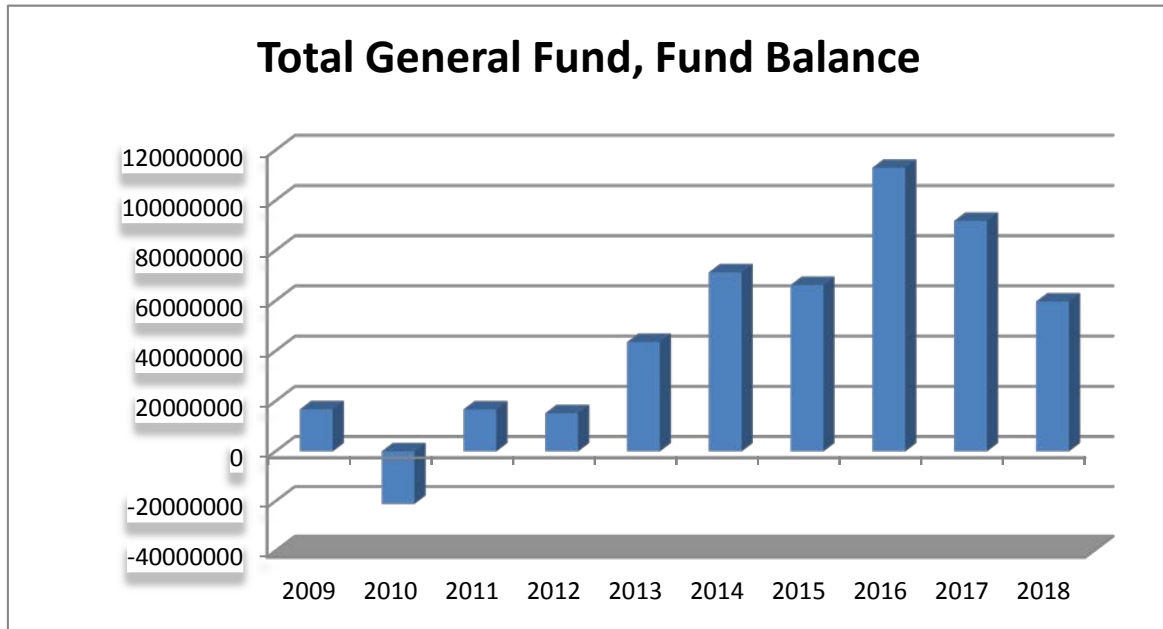
	2009	2010	2011	2012
<b>General Fund</b>				
Nonspendable	\$ 598,118	\$ 1,920,719	\$ 3,691,170	\$ 4,920,465
Restricted	(6,453,783)	(40,964,314)	0	0
Assigned	919,523	2,207,974	5,608,988	7,802,251
Unassigned	<u>21,682,643</u>	<u>15,781,618</u>	<u>7,386,402</u>	<u>2,456,478</u>
<b>Total General Fund</b>	<u>16,746,501</u>	<u>(21,054,003)</u>	<u>16,686,560</u>	<u>15,179,194</u>
<b>All Other Government Funds</b>				
Nonspendable	798,579	798,579	861,912	526,708
Restricted				
Debt Service	25,015,901	25,302,974	24,546,026	26,553,552
Capital Programs	112,989,202	92,432,492	125,465,988	116,773,664
Special Revenue	68,916,232	51,415,431	54,820,445	75,197,128
Unassigned	0	0	(35,448,458)	(6,600,746)
<b>Total all Other Governmental Funds</b>	<u>207,719,914</u>	<u>169,949,476</u>	<u>170,245,913</u>	<u>212,450,306</u>
<b>Total Governmental Funds</b>	<u>\$ 224,466,415</u>	<u>\$ 148,895,473</u>	<u>\$ 186,932,473</u>	<u>\$ 227,629,500</u>

**Source:** School District financial records

**Note:** The School District implemented GASB 54 in 2011



2013	2014	2015	2016	2017	2018
\$ 6,535,268	\$ 1,036,595	\$ 841,940	\$ 806,615	\$ 936,035	\$ 903,052
0	0	0	0	0	0
9,185,899	12,144,755	10,265,807	12,150,076	4,852,598	58,747,739
27,814,870	58,129,480	55,156,983	100,011,060	86,012,193	0
43,536,037	71,310,830	66,264,730	112,967,751	91,800,826	59,650,791
803,066	789,880	394,760	372,733	258,985	1,519,496
29,520,664	31,213,000	43,972,211	37,721,276	40,209,203	44,565,011
55,767,865	50,200,775	206,917,876	187,937,113	198,032,192	174,726,646
78,180,740	53,265,187	25,236,675	19,950,086	22,914,688	22,239,391
(19,869,898)	(15,616,054)	(14,897,662)	(12,252,343)	(10,197,979)	(8,693,766)
144,402,437	119,852,788	261,623,860	233,728,865	251,217,089	234,356,778
\$ 187,938,474	\$ 191,163,618	\$ 327,888,590	\$ 346,696,616	\$ 343,017,915	\$ 294,007,569



## Cleveland Municipal School District

### Governmental Funds Revenues

#### Last Ten Fiscal Years

(modified accrual basis of accounting)

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	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General Revenues</b>				
<b>Local Sources:</b>				
Taxes	\$ 198,637,233	\$ 175,412,408	\$ 185,815,163	\$ 179,685,485
Investment Income	9,507,759	5,756,808	3,535,089	1,910,966
Tuition and Fees	1,341,693	1,831,628	4,181,794	3,999,330
Extracurricular Activities	790,764	772,316	612,023	541,229
Contributions and Donations (1)	7,984,141	6,253,700	8,107,354	2,627,175
Sale of Personal Property	0	0	152,615	1,374,307
Food Services	0	0	0	0
Miscellaneous	10,669,482	11,268,565	14,816,339	17,071,449
<b>Total Local Sources</b>	<u>228,931,072</u>	<u>201,295,425</u>	<u>217,220,377</u>	<u>207,209,941</u>
<b>State and Federal Sources</b>	<u>685,657,343</u>	<u>683,818,405</u>	<u>671,147,942</u>	<u>646,708,097</u>
<b>Total Revenues</b>	<u>914,588,415</u>	<u>885,113,830</u>	<u>888,368,319</u>	<u>853,918,038</u>

**Source:** School District financial records

Notes:

(1) 2008 was the first year the School District reported contributions and donations. Previously reported under miscellaneous revenues.

2013	2014	2015	2016	2017	2018
\$ 211,788,636	\$ 242,555,376	\$ 256,365,424	\$ 249,636,203	\$ 232,206,251	\$ 262,495,541
1,345,163	2,942,716	1,771,268	3,551,112	2,730,701	2,875,062
6,236,352	5,878,768	6,053,782	5,474,617	7,224,318	8,255,258
512,011	567,220	563,270	509,981	565,573	564,163
4,369,374	6,156,679	8,208,426	9,935,905	8,985,343	7,320,278
4,838,821	717	6,460,191	0	263	0
0	0	287,363	685,744	860,882	218,225
15,259,654	13,862,593	4,237,700	10,826,181	15,681,725	12,335,163
<u>244,350,011</u>	<u>271,964,069</u>	<u>283,947,424</u>	<u>280,619,743</u>	<u>268,255,056</u>	<u>294,063,690</u>
<u>617,215,410</u>	<u>639,333,984</u>	<u>600,433,083</u>	<u>621,940,419</u>	<u>585,917,465</u>	<u>662,937,614</u>
<u>861,565,421</u>	<u>911,298,053</u>	<u>884,380,507</u>	<u>902,560,162</u>	<u>854,172,521</u>	<u>957,001,304</u>

**Cleveland Municipal School District**  
 Governmental Funds Expenditures and Debt Service Ratio  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	2009	2010	2011	2012
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	\$ 317,468,088	\$ 320,913,453	\$ 285,176,732	\$ 296,589,788
Special	180,320,570	189,382,175	207,710,557	174,268,968
Vocational	11,903,774	11,906,845	10,325,890	11,317,046
Adult/Continuing	2,856,799	3,665,685	117,389	0
Other	19,463,893	9,233,999	6,470,346	4,565,662
Support Services:				
Pupils	36,579,743	38,434,140	36,624,319	36,685,082
Instructional Staff	57,763,047	65,575,019	60,166,032	50,661,878
Board of Education	278,777	237,500	245,987	274,705
Administration	43,240,868	43,344,082	36,689,828	32,974,897
Fiscal	12,207,258	10,093,012	15,237,357	12,788,220
Business	2,657,905	2,230,778	1,637,398	1,689,243
Operations and Maintenance of Plant	64,415,385	61,633,008	86,750,620	55,268,800
Pupil Transportation	30,463,468	27,703,192	27,878,194	27,339,459
Central	18,952,494	14,731,249	12,527,955	12,018,833
Operation of Non-Instructional Services	41,995,798	41,262,127	18,517,941	37,955,918
Extracurricular Activities	6,902,348	6,493,928	6,385,611	5,856,800
Capital Outlay	98,020,101	95,529,232	56,852,634	25,129,584
Debt Service				
Principal Retirement	9,845,919	10,193,245	24,867,030	37,540,082
Interest and Fiscal Charges	8,819,056	8,122,103	10,112,550	10,357,440
Bond Issuance Costs	0	0	36,949	0
<b>Total Expenditures</b>	<b>\$ 964,155,291</b>	<b>\$ 960,684,772</b>	<b>\$ 904,331,319</b>	<b>\$ 833,282,405</b>
Capital Asset Additions	87,869,540	108,906,618	57,242,290	25,787,407
Debt Service as a Percentage of Noncapital Expenditures	2.1%	2.2%	4.1%	5.9%

**Source:** School District financial records

2013	2014	2015	2016	2017	2018
\$ 296,652,085	\$ 328,296,064	\$ 335,082,439	\$ 324,618,371	\$ 338,992,197	\$ 339,487,720
171,815,811	182,611,969	177,015,873	172,622,234	175,476,604	191,218,576
12,554,974	12,096,694	8,602,736	9,061,911	8,289,369	7,327,860
108,929	620	0	64,500	384,463	0
883,337	1,974,637	7,543,041	7,948,798	9,124,540	12,872,149
36,194,695	34,740,999	35,762,625	34,931,451	38,840,456	44,099,186
53,789,823	31,412,749	36,799,727	32,344,941	32,052,227	30,748,271
273,980	268,543	254,804	257,321	283,108	256,007
35,343,239	40,298,245	46,708,964	51,041,593	58,651,736	63,174,115
12,622,530	12,268,155	16,625,868	16,527,158	12,095,073	15,346,518
2,013,062	1,571,515	1,174,319	1,325,568	1,395,552	1,629,759
60,109,673	62,283,307	68,459,149	70,242,266	66,993,138	74,417,192
27,477,112	54,625,249	33,667,163	30,536,879	30,774,583	37,521,557
19,762,993	17,449,971	25,793,659	29,169,898	37,076,806	28,302,605
37,885,012	35,451,831	34,800,157	35,427,070	37,339,474	38,382,727
6,979,541	6,488,287	6,821,653	6,332,299	5,757,733	5,930,679
100,952,346	75,299,430	76,490,025	26,687,322	45,068,587	98,739,344
2,184,442	15,524,161	41,460,586	20,405,143	8,488,640	5,585,000
11,652,099	6,482,113	3,129,494	13,207,413	13,572,360	13,404,512
364,505	177,858	826,655	0	0	0
<u>\$ 889,620,188</u>	<u>\$ 919,322,397</u>	<u>\$ 957,018,937</u>	<u>\$ 882,752,136</u>	<u>\$ 920,656,646</u>	<u>\$ 1,008,443,777</u>
52,343,089	99,865,136	71,296,300	18,379,931	43,638,438	94,897,782
1.7%	2.7%	5.0%	3.9%	2.5%	2.1%

**Cleveland Municipal School District**  
Other Financing Sources and Uses and Net Change in Fund Balances,  
Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (49,566,876)	\$ (75,570,942)	\$ (15,963,000)	\$ 20,635,633
<b>Other Financing Sources (Uses)</b>				
Inception of Capital Lease	0	0	0	0
Issuance from the Sale of Bonds	0	0	55,000,000	20,855,000
Proceeds from the Sale of Notes	0	0	0	0
Payment of Refunded Bond Escrow Agent	0	0	0	0
Procecds from Sale of Capital Assets	0	0	0	0
Transfers In	3,770,394	11,072,036	14,573,314	15,596,576
Transfers Out	<u>(3,770,394)</u>	<u>(11,072,036)</u>	<u>(15,573,314)</u>	<u>(16,390,182)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>54,000,000</u>	<u>20,061,394</u>
<b>Net Change in Fund Balances</b>	<u>\$ (49,566,876)</u>	<u>\$ (75,570,942)</u>	<u>\$ 38,037,000</u>	<u>\$ 40,697,027</u>

**Source:** School District financial records

2013	2014	2015	2016	2017	2018
\$ (28,054,767)	\$ (8,024,344)	\$ (72,638,430)	\$ 19,808,026	\$ (66,484,125)	\$ (51,442,473)
0	17,943,165	0	0	0	0
45,600,000	10,525,000	200,000,000	0	0	0
0	0	0	0	0	0
(63,366,472)	(16,913,399)	0	0	0	0
0	0	0	0	0	605,061
13,469,667	9,320,558	8,679,511	7,960,673	1,655,767	3,799,964
(13,469,667)	(10,070,558)	(9,179,511)	(8,960,673)	(6,455,731)	(1,972,898)
(11,636,259)	11,249,488	208,777,561	(1,000,000)	(4,799,964)	2,432,127
<u>\$ (39,691,026)</u>	<u>\$ 3,225,144</u>	<u>\$ 136,139,131</u>	<u>\$ 18,808,026</u>	<u>\$ (71,284,089)</u>	<u>\$ (49,010,346)</u>

**Cleveland Municipal School District**  
 Assessed and Estimated Actual Value of Taxable Property  
 Last Ten Collection Years  
 (in thousands of dollars)

Fiscal Year	Real Property		Public Utility	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2009	5,544,198	15,840,565	222,204	252,505
2010	5,336,350	15,246,715	235,305	267,392
2011	5,455,841	15,588,117	243,660	276,886
2012	5,449,321	15,569,488	247,613	281,378
2013	4,602,210	13,149,171	266,558	302,907
2014	4,601,349	13,146,711	298,603	339,322
2015	4,629,285	13,226,529	318,829	362,306
2016	4,315,725	12,330,643	333,849	379,374
2017	4,297,763	12,279,323	390,044	443,232
2018	4,312,945	12,322,700	415,800	472,500

**Source:** Office of the County Auditor, Cuyahoga County, Ohio

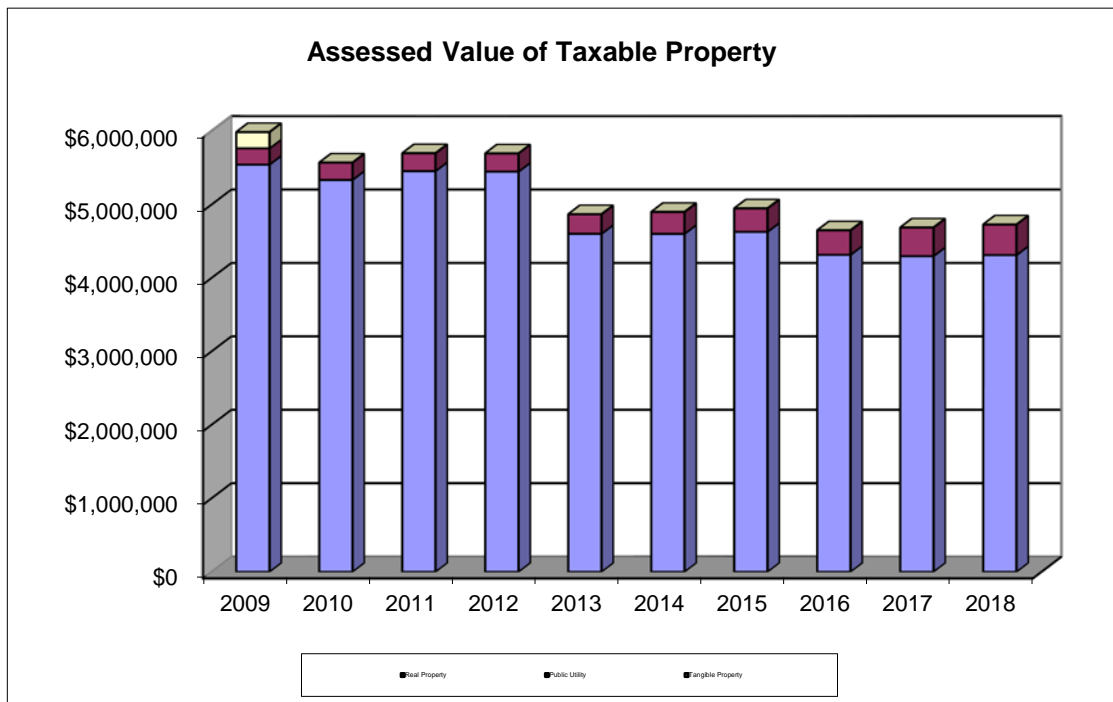
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax was being phased out beginning in 2006. The listing percentage was 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rebates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed.



Tangible Property		Total		Ratio	Total Direct Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
221,153	3,538,448	5,987,555	19,631,518	30	64.80
-	0	5,571,655	15,514,107	36	64.80
0	0	5,699,501	15,865,003	36	64.80
0	0	5,696,934	15,850,866	36	64.80
0	0	4,868,768	13,452,078	36	64.80
0	0	4,899,952	13,486,033	36	79.80
0	0	4,948,114	13,588,834	36	79.40
0	0	4,649,574	12,710,017	37	79.40
0	0	4,687,807	12,722,555	37	79.30
0	0	4,728,745	12,795,200	37	79.30



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

Collection Year	City of Cleveland	Cuyahoga County	Cleveland Public Library	Cleveland Municipal School District		
				General Fund	Building Maintenance	Bond Retirement
2009	12.70	18.10	6.80	58.20	0.50	6.10
2010	12.70	18.10	6.80	58.20	0.50	6.10
2011	12.70	18.40	6.80	58.20	0.50	6.10
2012	12.70	18.30	6.80	58.20	0.50	6.10
2013	12.70	18.30	6.80	73.20	0.50	6.10
2014	12.70	20.03	6.80	73.20	0.50	6.10
2015	12.70	23.43	6.80	73.20	1.00	5.20
2016	12.70	14.05	6.80	73.20	1.00	5.10
2017	12.70	14.05	6.80	73.20	1.00	5.10
2018	12.70	14.05	6.80	73.20	1.00	5.10

**Source:** Cuyahoga County Auditor

Notes:

- (1) Amount represents the total for a City of Cleveland resident.
- (2) Certain points of the Villages of Bratenahl, Newburgh Heights and Linndale and the City of Garfield Heights are within the School District and are subject to the School District's tax.

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<u>CMSD Total</u>	<u>Total (1)</u>	<u>Village of Bratenahl (2)</u>	<u>Village of Newburgh Heights (2)</u>	<u>Village of Linndale (2)</u>	<u>City of Garfield Heights (2)</u>
64.80	102.40	15.50	19.50	2.80	23.30
64.80	102.40	15.50	19.50	2.80	28.70
64.80	102.70	16.00	23.10	2.80	24.70
64.80	102.60	16.00	23.10	2.80	24.30
79.80	117.60	16.10	23.10	2.80	27.00
79.80	119.33	16.00	31.80	2.80	27.00
79.40	122.33	16.00	31.80	2.80	27.20
79.30	112.85	15.00	31.80	2.80	27.20
79.30	112.85	15.00	31.80	2.80	29.40
79.30	112.85	15.00	31.80	2.80	28.06

## Cleveland Municipal School District

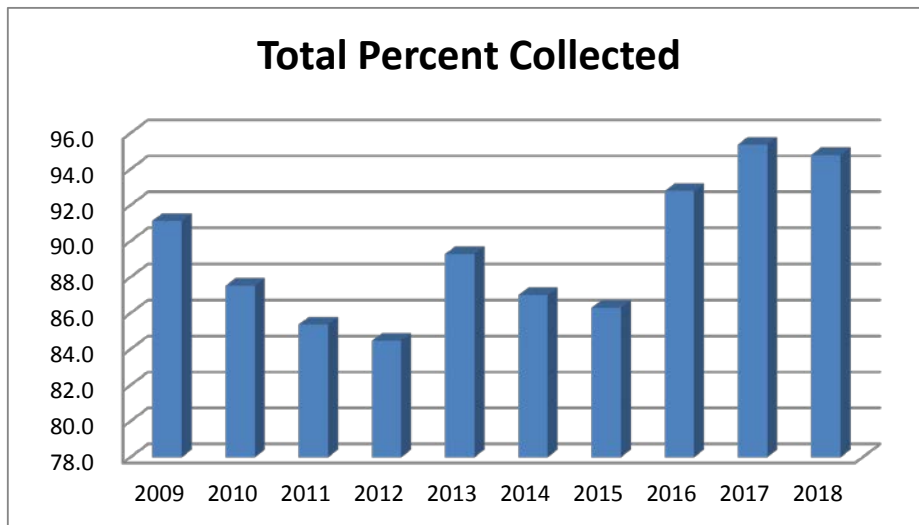
Principal Property Tax Payers  
2017 and 2008 (1)

Taxpayer	2017			2008		
	Approximate Assessed Valuation	Rank	Percent of Total District Assessed Valuation	Approximate Assessed Valuation	Rank	Percent of Total District Assessed Valuation
Cleveland Electric Illuminating Co.	\$ 212,442,850	1	5.01%			
East Ohio Gas Co.	123,820,670	2	2.92%			
Cleveland Clinic Foundation	100,771,790	3	2.38%			
City of Cleveland, Ohio	99,489,340	4	2.35%			
127 PS Fee Owner, LLC	87,315,840	5	2.06%			
Cleveland-Cuyahoga Port Authority	83,891,590	6	1.98%			
American Transmission System	79,504,510	7	1.87%			
Rock Ohio Caesars Cleveland, LLC	45,641,450	8	1.08%			
Cleveland Financial Associates, LLC	45,527,380	9	1.07%			
National City Bank	33,376,240	10	0.79%			
Cleveland Electric Illuminating Co.				\$ 140,684,540	1	2.35%
City of Cleveland, Ohio				137,750,750	2	2.30%
Cleveland Clinic Foundation				101,495,590	3	1.70%
Case Western Reserve				59,652,010	4	1.00%
Cleveland Financial Associates, LLC				49,232,020	5	0.82%
East Ohio Gas Co.				34,800,200	6	0.58%
National City Center, LLC				27,949,990	7	0.47%
ISG Cleveland Incorporated				26,790,930	8	0.45%
TIC OCC Ainley, LCC				22,177,160	9	0.37%
Behringer Harvard 600				21,000,000	10	0.35%
Total Ten Largest	<u>911,781,660</u>		<u>21.50%</u>	<u>621,533,190</u>		<u>10.38%</u>
Total District Assessed Valuation	<u>\$ 4,240,407,000</u>			<u>\$ 5,987,554,968</u>		

**Source:** City of Cleveland 2017 CAFR, CMSD 2009 CAFR  
(1) 2018 Tax Collection Year Information Not Available.

**Cleveland Municipal School District**  
Property Tax Levies and Collections  
Ad Valorem Real and Tangible Personal Property Taxes  
Last Ten Fiscal Years  
(in thousands of dollars)

Collection Year	Current Tax Levy Billed (1)	Current Collected	Percent Collected (1)	Collected Delinquencies	Total Collected	Total Collected As Percent Of Current Tax Levy
2009	218,073	183,273	84.0	15,452	198,725	91.1
2010	224,782	181,857	80.9	14,888	196,745	87.5
2011	225,219	177,622	78.9	14,652	192,274	85.4
2012	227,945	173,457	76.1	19,090	192,547	84.5
2013	286,871	236,946	82.6	19,192	256,138	89.3
2014	294,107	236,058	80.3	19,822	255,880	87.0
2015	300,289	239,052	79.6	20,107	259,159	86.3
2016	279,407	242,941	86.9	16,304	259,245	92.8
2017	284,689	254,540	89.4	16,955	271,495	95.4
2018	294,196	259,936	88.4	18,928	278,864	94.8



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

Notes:

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year.

## Cleveland Municipal School District

Ratio of Bonded Debt to Personal Income and Debt per Capita  
Last Ten Fiscal Years

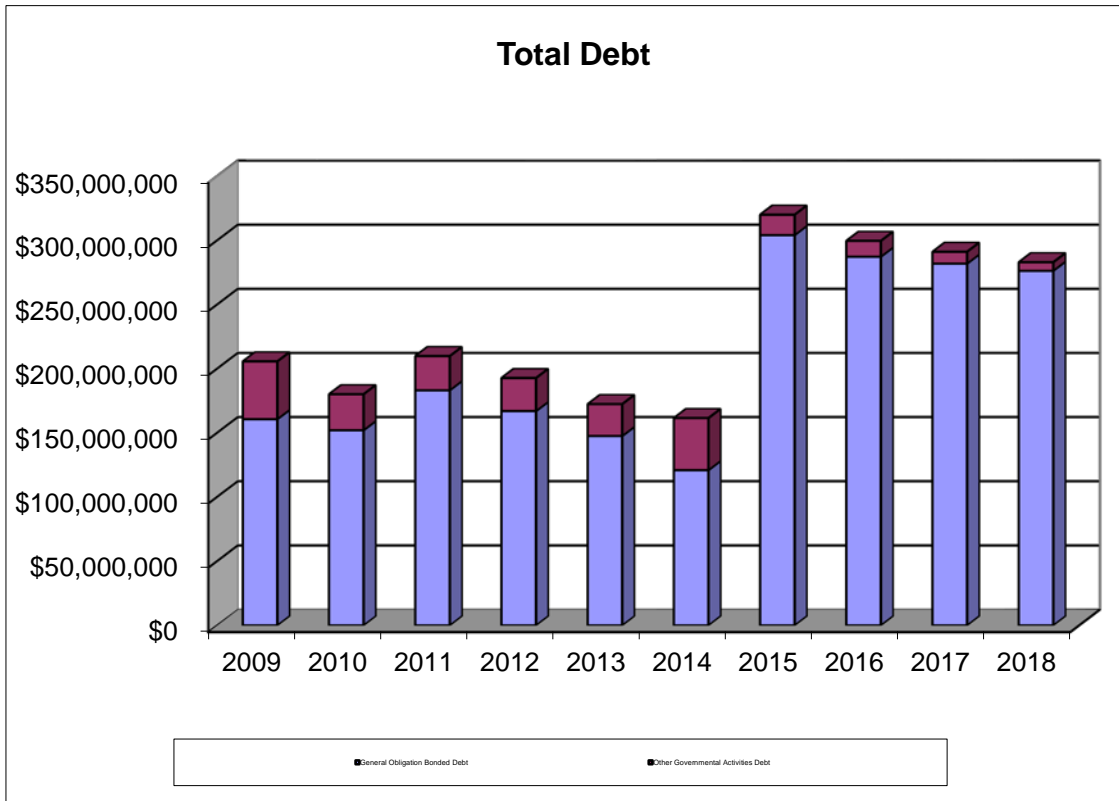
Fiscal Year	Estimated Population (1)	Estimated Actual Values	General Obligation Bonded Debt		
			Net General Obligation Bonded Debt (2)	Ratio of General Obligation Bonded Debt to Estimated Actual Value	General Obligation Bonded Debt per Capita
2009	433,748	\$ 19,631,518,000	\$ 160,598,657	81.81%	\$ 370
2010	431,369	15,514,107,000	151,950,319	0.98	352
2011	431,369	15,865,004,000	183,101,981	1.15	424
2012	396,815	15,850,866,000	166,883,643	1.05	421
2013	390,928	13,452,078,000	147,445,305	1.10	377
2014	390,113	13,486,033,000	120,820,000	0.90	310
2015	389,521	13,588,834,000	304,080,000	2.24	781
2016	388,072	12,710,017,000	287,240,000	2.26	740
2017	385,809	13,284,495,286	281,845,000	2.12	731
2018	325,719	13,393,733,400	276,260,000	2.06	848

**Sources:**

- (1) U.S. Bureau of the Census
- (2) Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.
- (3) The personal income can be found on S27.

**Other Governmental Activities Debt**

Qualified Zone Academy Bonds	Notes	Capital Lease Obligation	Total Debt	Percentage of Personal Income (3)	Per Capita
\$ 21,250,000	\$ 22,007,532	\$ 1,751,391	\$ 205,607,580	331.70%	\$ 474
21,250,000	6,215,191	595,487	180,010,997	2.92	417
21,250,000	5,388,648	0	209,740,629	3.24	486
21,250,000	4,518,566	0	192,652,209	2.98	485
21,250,000	3,602,652	0	172,297,957	2.62	441
21,250,000	2,638,491	16,714,894	161,423,385	2.44	414
0	1,623,542	14,259,257	319,962,799	4.83	821
0	555,129	11,762,527	299,557,656	4.43	772
0	0	9,224,016	291,069,016	4.30	754
0	0	6,643,024	282,903,024	4.08	869



**Cleveland Municipal School District**

Legal Debt Margin Information

Last Ten Fiscal Years

**Legal Debt Margin Calculation for Fiscal Year 2018**

Assessed Value	\$ 4,787,008,390
Debt Limit (9% of assessed value)	430,830,755
Debt Applicable to Limit	<u>251,108,048</u>
Legal Debt Margin	<u><u>\$ 179,722,707</u></u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 538,879,947	\$ 501,448,950	\$ 512,955,090	\$ 512,724,060
Total Net Debt Applicable to Limit	<u>127,899,099</u>	<u>119,367,026</u>	<u>156,124,865</u>	<u>138,566,996</u>
<b>Legal Debt Margin</b>	<u><u>\$ 410,980,848</u></u>	<u><u>\$ 382,081,924</u></u>	<u><u>\$ 356,830,225</u></u>	<u><u>\$ 374,157,064</u></u>

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.73%	23.80%	30.44%	27.03%
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**Source:** Office of the County Auditor, Cuyahoga County, Ohio

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.  
Voted debt margins are determined without reference to applicable monies in the  
School District's Debt Service Fund.



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<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 438,189,120	\$ 446,125,379	\$ 450,630,496	\$ 418,461,602	\$ 421,902,602	\$ 430,830,755
<u>115,251,131</u>	<u>107,878,824</u>	<u>287,903,530</u>	<u>268,001,993</u>	<u>259,589,396</u>	<u>251,108,048</u>
<u>\$ 322,937,989</u>	<u>\$ 338,246,555</u>	<u>\$ 162,726,966</u>	<u>\$ 150,459,609</u>	<u>\$ 162,313,206</u>	<u>\$ 179,722,707</u>
26.30%	24.18%	63.89%	64.04%	61.53%	58.28%

**Cleveland Municipal School District**  
Direct and Overlapping Debt Governmental Activities Debt  
As of June 30, 2018

Name of Governmental Unit	Municipality Assessed Value	Assessed Value	General Obligation Debt Outstanding	Percentage Applicable to Cleveland Municipal School District (1)	Amount Applicable to Cleveland Municipal School District
<b>Direct Debt:</b>					
Cleveland Municipal School District	\$ 5,323,008,640	\$ 5,323,008,640	\$ 250,377,647	100.00%	\$ 250,377,647
<b>Overlapping Debt:</b>					
City of Cleveland (2)	\$ 5,159,873,730	\$ 5,263,290,660	\$ 291,835,000	98.04	286,100,815
Cuyahoga County (2)	\$ 5,323,008,640	\$ 27,878,269,480	\$ 207,485,000	19.09	39,616,679
Village of Bratenahl (2)	\$ 97,750,290	\$ 97,750,290	\$ 2,100,000	100.00	2,100,000
Village of Linndale (2)	\$ 2,319,160	\$ 2,319,160	-	100.00	0
Newburgh Heights Village (2)	\$ 19,991,300	\$ 19,991,300	\$ 950,000	100.00	950,000
City of Garfield Heights (2)	\$ 19,417,680	\$ 336,078,920	\$ 14,037,200	5.78	811,029
City of Brookpark (2)	\$ 23,656,480	\$ 451,115,860	\$ 10,920,000	5.24	572,644
Greater Cleveland Regional Transit Authority (2)	\$ 5,323,008,640	\$ 27,878,269,480	\$ 1,995,000	19.09	380,920
<b>Total Overlapping Debt</b>	<u>15,969,025,920</u>	<u>61,927,085,150</u>	<u>529,322,200</u>		<u>330,532,088</u>
<b>Total</b>	<u>\$ 21,292,034,560</u>	<u>\$ 67,250,093,790</u>	<u>\$ 779,699,847</u>		<u>\$ 580,909,735</u>

**Source:** Office of the County Auditor, Cuyahoga County, Ohio

Notes:

- (1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision.
- (2) City of Cleveland, Cuyahoga County, Village of Bratenahl, City of Garfield Heights, Village of Lindale, City of Brookpark, Newburgh Heights Village and the Greater Cleveland Regional Transit Authority operate on a calendar year.

## Cleveland Municipal School District

### Demographic and Economic Statistics

#### Last Ten Fiscal Years

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Year	City Population	Personal Income (thousands of dollars)	Per Capita Personal Income	State Unemployment Rate
2009	433,748	6,198,692,668	14,291	10.5%
2010	431,369	6,164,694,379	14,291	10.5
2011	396,815	6,468,878,130	16,302	9.3
2012	396,815	6,468,878,130	16,302	7.4
2013	390,928	6,572,281,536	16,812	7.5
2014	390,113	6,628,800,096	16,992	5.5
2015	389,521	6,618,740,832	16,992	5.0
2016	388,072	6,766,423,392	17,436	5.0
2017	385,809	6,765,932,433	17,537	5.1
2018	385,525	6,940,606,575	18,003	4.5

**Source:** U.S. Bureau of the Census, Bureau of Economic Analysis and U.S. Department of Labor Statistics.

## Cleveland Municipal School District

Principal Employers  
Current Year and Nine Years Ago

Employer	2017			2008		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Cleveland Clinic Health System	32,772	1	22.17%			
University Hospitals	16,506	2	11.17			
U.S. Office of Personnel Management	12,045	3	8.15			
Cuyahoga County	7,397	4	5.00			
City of Cleveland	6,561	5	4.44			
MetroHealth System	6,469	6	4.38			
Cleveland Metropolitan School District	6,392	7	4.32			
KeyCorp	4,841	8	3.28			
Case Western Reserve University	4,501	9	3.05			
Sherwin -Williams Co.	4,185	10	2.83			
Cleveland Clinic Health System				32,415	1	19.19%
U.S. Office of Personnel Management				13,101	2	7.76
University Hospitals Health System				10,904	3	6.46
Cuyahoga County				9,566	4	5.66
United States Postal Service				8,032	5	4.76
City of Cleveland				7,950	6	4.71
State of Ohio				7,783	7	4.61
National City Corp				6,467	8	3.83
KeyCorp				6,326	9	3.75
Metrohealth System				5,757	10	3.41
	<u>101,669</u>		<u>68.79%</u>	<u>108,301</u>		<u>64.11%</u>
Total Employment within city			147,800			168,900

**Source:** City of Cleveland 2017 CAFR

**Cleveland Municipal School District**  
Full-Time Equivalent District Employees by Type  
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Percentage Change 2009-2018
<b>Educational Staff</b>											
Regular Education	1,956	1,945	2,392	1,940	1,648	1,742	1,780	1,744	2,060	1,982	1.33 %
Special Education	1,244	1,212	925	775	787	718	848	813	868	920	-26.05
Vocational Education	80	76	83	0	0	0	0	0	0	0	0.00
Educational Services	378	384	217	14	9	0	0	0	0	0	0.00
Full Time (permanent) Substitute	2	2	0	0	0	0	0	0	0	0	0.00
Other Professional - Educational	13	10	46	27	27	35	29	45	21	15	15.38
<b>Total Educational</b>	<b>3,673</b>	<b>3,629</b>	<b>3,663</b>	<b>2,756</b>	<b>2,471</b>	<b>2,495</b>	<b>2,657</b>	<b>2,602</b>	<b>2,949</b>	<b>2,917</b>	<b>-20.58</b>
<b>Student Services</b>											
Curriculum Specialist	27	64	65	116	124	106	108	66	74	71	162.96
Paraprofessional	0	0	0	148	101	153	152	153	163	173	0.00
Counseling	72	70	72	57	58	52	51	50	48	50	-30.56
Librarian/Media	96	92	69	47	32	34	29	26	19	21	-78.13
Remedial Specialist	33	34	55	224	227	247	121	261	0	0	-100.00
Psychologist	61	71	69	75	75	70	69	68	68	68	11.48
Registered Nurse	65	63	60	42	33	39	38	42	55	51	-21.54
Social Work	13	14	7	8	7	6	6	7	7	4	0.00
Physical Therapist	9	9	9	8	8	8	8	7	8	9	0.00
Speech/Language Therapist	75	74	74	72	71	75	75	71	76	80	6.67
Occ/ Mobility Therapist	25	25	26	25	23	25	24	25	32	34	36.00
Other Professional Services	71	69	96	147	145	135	78	81	67	47	-33.80
<b>Total Student Services</b>	<b>547</b>	<b>585</b>	<b>602</b>	<b>969</b>	<b>904</b>	<b>950</b>	<b>759</b>	<b>857</b>	<b>617</b>	<b>608</b>	<b>11.15</b>
<b>Support Staff</b>											
Bookkeeping	4	3	34	20	21	16	30	19	32	21	425.00
Clerical Assignment	259	246	275	220	213	203	201	202	213	195	-24.71
Teaching Aide	734	800	517	496	500	524	532	537	543	781	6.40
Other Office/Clerical	44	21	109	24	20	18	20	27	33	16	-63.64
Attendance Officer	19	19	19	17	16	16	16	12	10	8	-57.89
Maintenance	33	30	35	31	34	33	32	37	40	33	0.00
Custodial	329	320	305	292	279	308	320	323	333	298	-9.42
Food Service /Dietitian	5	5	4	4	4	5	4	3	8	6	20.00
Guard/Watchman	324	319	305	212	228	225	230	226	193	182	-43.83
Mechanic/ Foreman	59	57	50	50	47	42	47	50	47	40	-32.20
Vehicle Operating/Dispatch	45	41	46	46	29	31	27	29	113	262	482.22
Computer Operating/Programmer	7	6	17	25	26	25	25	25	22	20	185.71
<b>Total Support</b>	<b>1,862</b>	<b>1,867</b>	<b>1,716</b>	<b>1,437</b>	<b>1,417</b>	<b>1,446</b>	<b>1,484</b>	<b>1,490</b>	<b>1,587</b>	<b>1,862</b>	<b>0.00</b>
<b>Administrative Staff</b>											
Administrative Assistant	11	11	6	5	5	7	8	8	10	12	9.09
Deputy/Associate Superintendent	35	35	21	20	20	28	25	40	26	21	-40.00
Director	0	0	6	4	4	8	10	5	33	30	0.00
Principal	129	123	121	115	104	111	113	113	113	108	-16.28
Assistant Principal	79	72	74	74	71	74	72	81	97	101	27.85
Supervisor/Manager	132	125	51	47	42	84	66	92	128	201	52.27
Coordinator	29	29	28	34	28	47	43	44	81	58	100.00
Education Administrative Specialist	10	9	9	9	9	8	6	10	6	8	0.00
Other Official/Administrator	136	140	48	45	44	44	49	59	66	110	-19.12
<b>Total administrative</b>	<b>561</b>	<b>544</b>	<b>364</b>	<b>353</b>	<b>327</b>	<b>411</b>	<b>392</b>	<b>452</b>	<b>560</b>	<b>649</b>	<b>15.69</b>
<b>Total</b>	<b>6,643</b>	<b>6,625</b>	<b>6,345</b>	<b>5,515</b>	<b>5,119</b>	<b>5,302</b>	<b>5,292</b>	<b>5,401</b>	<b>5,713</b>	<b>6,036</b>	<b>-9.14 %</b>

Source: District records

## Cleveland Municipal School District

Operating Statistics  
Last Ten Fiscal Years

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<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (1)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>
2009	47,120	\$ 717,251,299	\$ 15,222	8.91%
2010	46,697	710,783,125	15,221	(0.00)
2011	43,363	676,334,027	15,597	2.47
2012	40,758	600,391,312	14,731	(5.55)
2013	38,717	604,516,648	15,614	5.99
2014	37,967	620,202,126	16,335	4.62
2015	39,083	768,488,105	19,663	20.37
2016	39,125	686,521,896	17,547	(10.76)
2017	38,952	721,093,583	18,512	5.50
2018	38,637	762,889,478	19,745	6.66

**Source:** Ohio Department of Education

Notes:

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

<u>Expenses (2)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil- Teacher Ratio</u>	<u>Percentage of Students Receiving Free and Reduced - Paid Meals (3)</u>
\$ 732,627,838	\$ 15,548	3.18%	3,583	13.2	77.85%
780,525,681	16,715	7.50	3,554	13.1	77.88
697,047,069	16,075	(3.83)	3,317	13.1	82.01
636,194,688	15,609	(2.90)	2,715	15.0	81.87
688,253,032	17,777	13.89	2,853	13.6	100.00
696,276,661	18,339	3.16	2,495	15.2	100.00
706,826,034	18,085	(1.38)	2,657	14.7	100.00
718,366,526	18,361	1.52	2,602	15.0	100.00
775,668,799	19,913	8.46	2,826	13.8	100.00
474,524,881	12,282	(38.33)	2,920	13.2	100.00

## Cleveland Municipal School District

Teacher Base Salaries

Last Ten Fiscal Years

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Fiscal Year	Minimum Salary	Maximum Salary	Statewide Average Salary
2009	\$ 37,412	\$ 79,353	\$ 54,656
2010	38,534	81,734	55,958
2011	36,836	76,736	56,715
2012	36,740	77,929	56,715
2013	37,412	79,353	56,307
2014	42,215	87,631	55,916
2015	42,215	81,760	57,636
2016	42,637	82,578	57,154
2017	43,490	84,230	58,849
2018	44,686	86,546	62,352

**Source:** Ohio Department of Education

American Federation of Teachers, AFL-CIO



**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>K-8 Schools:</b>										
A.B. Hart (1932)										
Square feet	115,452	115,452	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	975	975	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	399	308	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Adlai Stevenson (1967)(2010)										
Square feet	41,000	41,000	63,282	63,282	63,282	63,282	63,282	63,282	63,282	63,282
Capacity	525	525	450	450	450	450	450	450	450	450
Enrollment	368	258	417	370	428	334	400	430	445	443
Alexander G. Bell (1971)										
Square feet	70,829	70,829	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	825	825	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	382	394	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Alfred A. Benesch-Carl Lewis Stokes (1977)										
Square feet	42,133	42,133	42,133	42,133	42,133	42,133	42,133	42,133	42,133	42,133
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	400	433	323	0	0	367	386	376	348	318
Almira (1916) (2013)										
Square feet	68,933	68,933	68,933	68,933	64,297	64,297	64,297	64,297	64,297	64,297
Capacity	650	650	650	650	450	450	450	450	450	450
Enrollment	474	374	386	325	317	335	484	499	491	547
Andrew J. Rickoff (2005)										
Square feet	95,153	95,153	95,153	95,153	95,153	95,153	95,153	95,153	95,153	95,153
Capacity	720	720	720	720	720	720	720	720	720	720
Enrollment	544	513	487	525	490	478	436	477	457	441
Anton Grdina (1959) (2011)										
Square feet	75,600	75,600	75,600	72,670	72,670	72,670	72,670	72,670	72,670	72,670
Capacity	700	700	700	540	540	540	540	540	540	540
Enrollment	475	419	330	344	342	323	324	371	361	396
Artemus Ward (2009)										
Square feet	64,298	64,298	63,282	63,282	63,282	63,282	63,282	63,282	63,282	63,282
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	420	475	458	494	514	460	474	491	514	513
Audubon (1922)										
Square feet	146,209	146,209	146,209	146,209	146,209	146,209	146,209	146,209	146,209	146,209
Capacity	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350
Enrollment	435	355	355	0	0	0	0	0	0	0
Benjamin Franklin (1923)										
Square feet	83,260	83,260	83,719	83,719	83,719	83,719	83,719	83,719	83,719	83,719
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	656	640	648	608	548	578	560	602	652	615

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Bolton (1971)</b>										
Square feet	53,700	53,700	53,700	53,700	53,700	53,700	53,700	53,700	53,700	53,700
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	289	300	388	347	284	284	279	346	318	330
<b>Brooklawn (1957) New Tech West</b>										
Square feet	28,545	28,545	28,545	28,545	28,545	28,545	28,545	28,545	28,545	28,545
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	270	253	0	0	0	0	287	289	298	295
<b>Buckeye-Woodland (1975)</b>										
Square feet	44,800	44,800	52,493	52,493	52,493	52,493	52,493	0	0	0
Capacity	625	625	625	625	625	625	625	0	0	0
Enrollment	262	253	319	270	205	228	212	0	0	0
<b>Buhrer (1969) (2009)</b>										
Square feet	42,086	52,850	52,850	52,850	52,850	52,850	52,850	52,850	52,850	52,850
Capacity	600	350	350	350	350	350	350	350	350	350
Enrollment	0	333	320	342	356	364	361	393	391	395
<b>Campus International School (2017)</b>										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	93,000
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	720
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	95
<b>Captain Arthur Roth (1965)</b>										
Square feet	70,016	70,016	70,016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	975	975	975	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	280	259	287	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Case (1975)</b>										
Square feet	69,559	69,559	69,559	69,559	69,559	69,559	69,559	69,559	69,559	69,559
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	353	412	412	367	320	304	301	361	331	301
<b>Charles Dickens</b>										
Square feet	N/A	N/A	64,272	64,272	64,272	64,272	64,272	64,272	64,272	64,272
Capacity	N/A	N/A	450	450	450	450	450	450	450	450
Enrollment	N/A	N/A	425	406	382	315	316	387	408	408
<b>Charles H. Lake (1961)</b>										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Charles A. Mooney</b>										
Square feet	N/A	N/A	152,607	152,607	152,607	152,607	152,607	152,607	152,607	152,607
Capacity	N/A	N/A	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Enrollment	N/A	N/A	742	472	479	477	479	773	807	772

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Charles Orr (1955)										
Square feet	33,000	33,000	33,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	425	425	425	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	99	143	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charles W. Elliot (1954)										
Square feet	104,360	104,360	104,360	104,360	104,360	104,360	104,360	104,360	104,360	104,360
Capacity	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Enrollment	316	311	447	502	464	397	303	342	315	326
Clara Westropp Fundamental Education Center (1967)										
Square feet	116,246	116,246	116,246	116,246	116,246	116,246	116,246	116,246	116,246	116,246
Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	580	547	515	449	399	408	373	406	413	345
Clark (1973)										
Square feet	59,064	59,064	59,064	59,064	59,064	59,064	59,064	59,064	59,064	59,064
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	557	584	553	592	623	593	578	606	598	590
Corlett (1) (1915)										
Square feet	61,800	61,800	61,800	61,800	61,800	61,800	61,800	61,800	61,800	61,800
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	0	0	0	0	0	0	0	0	0	0
Cranwood (1957)										
Square feet	50,249	50,249	50,249	50,249	50,249	50,249	50,249	50,249	50,249	50,249
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	0	300	365	324	0	0	232	361	453	0
Daniel E. Morgan (1959)(2007)										
Square feet	66,409	66,409	66,409	66,409	66,409	66,409	66,409	66,409	66,409	66,409
Capacity	480	480	480	480	480	480	480	480	480	480
Enrollment	406	355	325	322	302	295	269	288	268	247
Denison (1972)										
Square feet	42,714	42,714	52,351	52,351	52,351	52,351	52,351	52,351	52,351	52,351
Capacity	825	825	825	825	825	825	825	825	825	825
Enrollment	709	708	597	645	570	465	417	375	343	325
Dike Montessori-CSA Lower Campus (1971)										
Square feet	53,300	53,300	53,300	53,300	53,300	53,300	53,300	53,300	53,300	53,300
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	371	380	0	412	0	0	0	0	338	403
Douglas MacArthur (1) (1967) Girls Leadership Academy										
Square feet	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Capacity	400	400	400	400	400	400	400	400	400	400
Enrollment	136	173	207	250	274	281	300	326	340	346

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
East Clark (2) (1894)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
East Clark (2009)										
Square feet	N/A	63,281	63,281	63,281	63,281	63,281	63,281	63,281	63,281	63,281
Capacity	N/A	450	450	450	450	450	450	450	450	450
Enrollment	N/A	452	389	398	314	309	265	242	271	237
Emile B. deSauze (1966)										
Square feet	51,457	51,457	48,860	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	575	575	575	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	304	284	258	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Empire Computech (1915)										
Square feet	75,003	75,003	75,003	75,003	75,003	75,003	75,003	75,003	75,003	75,003
Capacity	900	900	900	900	900	900	900	900	900	900
Enrollment	279	236	0	0	0	0	0	0	0	0
Euclid Park (1922)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Euclid Park (2010)										
Square feet	N/A	N/A	53,767	53,767	53,767	53,767	53,767	53,767	53,767	53,767
Capacity	N/A	N/A	351	351	351	351	351	351	351	351
Enrollment	N/A	N/A	321	345	343	364	347	367	344	334
F. D. Roosevelt (1976)										
Square feet	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Capacity	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115
Enrollment	520	463	592	544	460	411	392	445	441	435
Forest Hill Parkway (1967)										
Square feet	51,278	51,278	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	450	450	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	365	276	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fullerton (1974)										
Square feet	36,468	36,468	36,468	36,468	36,468	36,468	36,468	36,468	36,468	36,468
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	379	372	407	327	300	281	261	220	213	222
Garfield (2) (1922)										
Square feet	31,763	31,763	31,763	31,763	31,763	31,763	31,763	31,763	31,763	31,763
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	0	0	0	0	0	0	0	0	0	0

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Garfield (2009)										
Square feet	N/A	60,777	60,777	60,777	60,777	60,777	60,777	60,777	60,777	60,777
Capacity	N/A	426	426	426	426	426	426	426	426	426
Enrollment	N/A	375	425	518	526	500	486	554	579	583
George Washington Carver (1954)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
George Washington Carver (2010)										
Square feet	N/A	N/A	N/A	63,280	63,280	63,280	63,280	63,280	63,280	63,280
Capacity	N/A	N/A	N/A	450	450	450	450	450	450	450
Enrollment	N/A	N/A	N/A	536	449	356	345	402	384	341
Giddings (1970)										
Square feet	53,533	53,533	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	550	550	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	275	275	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gracemount (1947)										
Square feet	49,922	49,922	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	475	475	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	493	493	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hannah Gibbons (1960) (2006)										
Square feet	52,953	52,953	52,953	52,953	52,953	52,953	52,953	52,953	52,953	52,953
Capacity	351	351	351	351	351	351	351	351	351	351
Enrollment	237	228	226	281	277	254	240	274	266	256
Harvey Rice (1903) (2009)										
Square feet	82,414	63,280	63,280	63,280	63,280	63,280	63,280	63,280	63,280	63,280
Capacity	975	450	450	450	450	450	450	450	450	450
Enrollment	233	362	422	446	468	448	445	444	475	458
H. Barbara Booker (1972)										
Square feet	53,296	53,296	53,296	53,296	53,296	53,296	53,296	53,296	53,296	53,296
Capacity	875	875	875	875	875	875	875	875	875	875
Enrollment	403	416	430	415	417	357	320	380	356	379
Harry E. Davis (1962) Cleveland School of Arts Swing Space										
Square feet	115,064	115,064	115,064	115,064	115,064	115,064	115,064	115,064	115,064	115,064
Capacity	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Enrollment	0	595	595	616	541	535	568	568	568	0
Henry W. Longfellow (1924)										
Square feet	50,616	50,616	50,616	50,616	50,616	50,616	50,616	50,616	50,616	50,616
Capacity	337	337	337	337	337	337	337	337	337	337
Enrollment	238	252	0	0	0	0	0	0	0	0

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Iowa Maple (1951)										
Square feet	57,842	57,842	57,842	57,842	57,842	57,842	57,842	57,842	57,842	57,842
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	306	318	336	399	358	310	284	291	285	265
John D. Rockefeller (1961)										
Square feet	54,400	54,400	54,400	54,400	54,400	N/A	N/A	N/A	N/A	N/A
Capacity	700	700	700	700	700	N/A	N/A	N/A	N/A	N/A
Enrollment	236	216	0	0	0	N/A	N/A	N/A	N/A	N/A
John W. Raper (1962)										
Square feet	64,556	64,556	64,556	64,556	64,556	64,556	64,556	64,556	64,556	64,556
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	383	356	0	0	0	0	0	0	0	0
Joseph F. Landis (1963)										
Square feet	49,170	49,170	49,170	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	725	725	725	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	341	360	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Joseph M. Gallagher (1976)										
Square feet	126,816	126,816	126,816	126,816	126,816	126,816	126,816	126,816	126,816	126,816
Capacity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	771	737	654	652	638	676	657	741	781	752
Kenneth W. Clement (1) (1976)										
Square feet	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	129	166	168	168	154	158	172	200	190	173
Kentucky-Paul L. Dunbar Swing Space (1940)										
Square feet	42,870	42,870	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	437	316	192	158	173	215	244	244	244	0
Louis Agassiz (1929)										
Square feet	43,074	43,074	43,074	43,074	43,074	43,074	43,074	43,074	43,074	43,074
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	338	351	344	338	315	310	263	335	323	319
Louis Pasteur (1959)										
Square feet	57,835	57,835	57,835	57,835	57,835	57,835	57,835	57,835	57,835	57,835
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	0	0	0	0	0	0	0	0	0	0
Louisa May Alcott (1926)										
Square feet	31,240	31,240	31,240	31,240	30,649	30,649	30,649	30,649	30,649	30,649
Capacity	300	300	300	300	300	300	300	300	300	300
Enrollment	235	226	233	203	238	224	234	258	250	243

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Luiz Munoz Marin (1976)										
Square feet	157,009	157,009	119,639	119,639	119,639	119,639	119,639	119,639	119,639	119,639
Capacity	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Enrollment	774	773	796	708	683	621	551	588	542	528
Margaret Spellacy - Ginn Academy (1969)										
Square feet	116,246	116,246	106,582	106,582	106,582	106,582	106,582	106,582	106,582	106,582
Capacity	900	900	900	900	900	900	900	900	900	900
Enrollment	477	272	251	216	203	258	337	381	407	380
Marion C. Seltzer (1972)										
Square feet	46,835	46,835	46,835	46,835	46,835	46,835	46,835	46,835	46,835	46,835
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	574	585	535	487	432	415	338	360	397	430
Marion Sterling (1973)										
Square feet	51,896	51,896	51,896	51,896	51,896	51,896	51,896	51,896	51,896	51,896
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	483	469	503	454	356	318	280	318	328	335
Mary B. Martin & Early Childhood (2006)										
Square feet	70,048	70,048	70,048	70,048	70,048	70,048	70,048	70,048	70,048	70,048
Capacity	490	490	490	490	490	490	490	490	490	490
Enrollment	398	343	321	445	300	369	340	346	344	312
Mary M. Bethune (2006)										
Square feet	68,498	68,498	68,731	68,731	68,731	68,731	68,731	68,731	68,731	68,731
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	344	349	363	333	342	306	289	280	291	311
McKinley (1922)										
Square feet	46,724	46,724	46,724	46,724	46,724	46,724	46,724	46,724	46,724	46,724
Capacity	375	375	375	375	375	375	375	375	375	375
Enrollment	308	288	304	304	297	266	239	255	213	0
Memorial (2005)										
Square feet	83,584	83,584	84,865	84,865	84,865	84,865	84,865	84,865	84,865	84,865
Capacity	625	625	625	625	625	625	625	625	625	625
Enrollment	475	480	481	464	424	421	380	404	429	415

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Michael R. White (1921)										
Square feet	64,598	64,598	64,598	64,598	64,598	64,598	64,598	64,598	64,598	64,598
Capacity	825	825	825	825	825	825	825	825	825	825
Enrollment	341	323	447	420	382	332	295	258	236	202
Miles (1912)										
Square feet	88,876	88,876	88,876	88,876	88,876	88,876	88,876	88,876	88,876	88,876
Capacity	950	950	950	950	950	950	950	950	950	950
Enrollment	314	0	0	0	262	269	322	418	423	420
Miles Park (2007)										
Square feet	92,027	92,027	92,029	92,029	92,029	92,029	92,029	92,029	92,029	92,029
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	430	497	556	605	543	563	470	513	519	488
Mound (1904)										
Square feet	38,355	38,355	36,642	36,642	36,642	36,642	36,642	36,642	36,642	36,642
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	241	234	253	0	0	0	0	0	0	0
Mound (2011)										
Square feet	N/A	N/A	N/A	63,280	63,280	63,280	63,280	63,280	63,280	63,280
Capacity	N/A	N/A	N/A	450	450	450	450	450	450	450
Enrollment	N/A	N/A	N/A	467	461	395	402	398	403	402
Mount Auburn (1) (1922)										
Square feet	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	0	0	0	0	0	0	0	0	0	0
Nathan Hale (1929)										
Square feet	106,855	106,855	106,855	106,855	106,855	106,855	106,855	106,855	106,855	106,855
Capacity	725	725	725	725	725	725	725	725	725	725
Enrollment	311	298	0	0	0	0	0	0	0	0
Nathan Hale (2011)										
Square feet	N/A	N/A	56,348	56,348	56,348	56,348	56,348	56,348	56,348	56,348
Capacity	N/A	N/A	400	400	400	400	400	400	400	400
Enrollment	N/A	N/A	409	436	390	380	352	505	515	525
Nathanial Hawthorne (1917)										
Square feet	48,375	48,375	48,375	48,375	48,375	48,375	48,375	48,375	48,375	48,375
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	0	0	356	0	0	0	0	0	0	0



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Newton D. Baker (1954)										
Square feet	91,706	91,706	91,706	91,706	91,706	91,706	91,706	91,706	91,706	91,706
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	567	441	463	366	287	349	335	400	447	491
Oliver Hazard Perry (1927)										
Square feet	55,570	55,570	55,570	55,570	55,570	55,570	55,570	55,570	55,570	55,570
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	409	406	388	331	305	255	247	275	249	290
Orchard (1901)										
Square feet	66,678	66,678	66,678	66,678	63,282	63,282	63,282	63,282	63,282	63,282
Capacity	800	800	800	800	450	450	450	450	450	450
Enrollment	0	0	0	0	305	301	416	445	475	480
Patrick Henry (1922)										
Square feet	130,443	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	975	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	305	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Patrick Henry (2009)										
Square feet	N/A	63,281	63,287	63,287	63,287	63,287	63,287	63,287	63,287	63,287
Capacity	N/A	450	450	450	450	450	450	450	450	450
Enrollment	N/A	309	331	340	355	342	312	361	315	291
Paul Lawrence Dunbar (1965)										
Square feet	48,372	48,372	48,372	48,372	48,372	48,372	48,372	48,372	48,372	48,372
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	228	316	0	0	0	0	0	334	360	383
Paul Revere (1925)										
Square feet	82,840	82,840	80,996	80,996	80,996	80,996	80,996	80,996	80,996	80,996
Capacity	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125
Enrollment	370	370	441	456	329	290	258	0	0	0
Riverside (2005)										
Square feet	61,820	61,820	61,820	61,820	61,820	61,820	61,820	61,820	61,820	61,820
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	545	521	537	465	474	473	497	519	493	492
Robert Fulton (1929)										
Square feet	74,121	74,121	74,121	74,121	74,121	74,121	74,121	74,121	74,121	74,121
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	282	292	292	0	0	0	0	0	0	0

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Robert H. Jamison (1966)										
Square feet	140,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	1,125	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	503	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Robert H. Jamison @ Moses Cleveland (2009)										
Square feet	N/A	64,298	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Capacity	N/A	450	450	450	450	450	450	450	450	450
Enrollment	N/A	444	397	400	388	388	364	375	389	365
Robinson G. Jones (2009)										
Square feet	64,281	64,281	64,281	64,281	64,281	64,281	64,281	64,281	64,281	64,281
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	361	369	361	397	391	422	416	477	502	493
Scranton (1973)										
Square feet	52,575	52,575	52,575	52,575	52,575	52,575	52,575	52,575	52,575	52,575
Capacity	625	625	625	625	625	625	625	625	625	625
Enrollment	430	465	433	424	421	390	345	434	482	489
Stephen E. Howe (1) (1964)										
Square feet	48,613	48,613	48,613	48,613	48,613	48,613	48,613	48,613	48,613	48,613
Capacity	625	625	625	625	625	625	625	625	625	625
Enrollment	0	0	0	0	0	0	0	0	0	0
Sunbeam (1923)										
Square feet	78,518	78,518	78,518	78,518	78,518	78,518	78,518	78,518	78,518	78,518
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	170	207	236	225	213	229	242	380	400	397
Thomas Jefferson (1925)										
Square feet	133,609	133,609	133,609	133,609	133,609	133,609	133,609	133,609	133,609	133,609
Capacity	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	0	0	0	0	0	0	0	0	0	0
Thomas Jefferson (2011)										
Square feet	N/A	N/A	101,591	101,591	101,591	101,591	101,591	101,591	101,591	101,591
Capacity	N/A	N/A	785	785	785	785	785	785	785	785
Enrollment	N/A	N/A	188	251	294	372	457	720	822	829
Tremont (1917)										
Square feet	119,508	119,508	119,508	119,508	119,508	119,508	119,508	119,508	119,508	119,508
Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	377	463	452	518	535	504	534	585	560	544

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<b>Union (1969)</b>										
Square feet	49,426	49,426	49,426	49,426	49,426	49,426	49,426	49,426	49,426	49,426
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	251	220	239	0	0	0	0	0	0	0
<b>Valley View (1) (1951) Boys Leadership Academy</b>										
Square feet	25,882	25,882	25,882	25,882	25,882	25,882	25,882	25,882	25,882	25,882
Capacity	350	350	350	350	350	350	350	350	350	350
Enrollment	106	133	169	175	189	172	170	205	190	193
<b>Wade Park (1975)</b>										
Square feet	68,600	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	725	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	177	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Wade Park (2009)</b>										
Square feet	N/A	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600
Capacity	N/A	501	501	501	501	501	501	501	501	501
Enrollment	N/A	355	372	370	346	331	330	399	382	406
<b>Walton (1971)</b>										
Square feet	52,786	52,786	52,786	52,786	52,786	52,786	52,786	52,786	52,786	52,786
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	553	577	576	467	370	310	287	239	254	289
<b>Warner (2007)</b>										
Square feet	75,799	75,799	75,799	75,799	75,799	75,799	75,799	75,799	75,799	75,799
Capacity	570	570	570	570	570	570	570	570	570	570
Enrollment	163	242	276	325	314	370	352	425	426	478
<b>Watterson-Lake (1906)</b>										
Square feet	65,241	65,241	65,241	65,241	65,241	65,241	65,241	65,241	65,241	65,241
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	533	500	393	377	339	265	221	189	0	0
<b>Waverly (1976)</b>										
Square feet	72,603	72,603	72,603	72,603	72,603	72,603	72,603	72,603	72,603	72,603
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	460	430	383	340	302	278	196	166	305	271
<b>William Cullen Bryant (1930)</b>										
Square feet	42,187	42,187	42,187	42,187	42,187	42,187	42,187	42,187	42,187	42,187
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	427	423	345	364	385	412	373	407	431	423
<b>William R. Harper (1927)</b>										
Square feet	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	0	0	0	0	0	0	0	0	0	0

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Willow (1964)</b>										
Square feet	53,914	53,914	53,914	53,914	53,914	53,914	53,914	53,914	53,914	53,914
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	218	216	234	255	227	266	260	259	245	211
<b>Woodland Hills (1971)</b>										
Square feet	49,443	49,443	49,443	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	600	600	600	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	353	300	345	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Wilbur Wright (1929)</b>										
Square feet	105,192	105,192	105,192	105,192	105,192	105,192	105,192	105,192	105,192	105,192
Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	572	596	539	437	442	370	337	380	378	483
<b>Willson (2010)</b>										
Square feet	N/A	N/A	76,217	76,217	76,217	76,217	76,217	76,217	76,217	76,217
Capacity	N/A	N/A	574	574	574	574	574	574	574	574
Enrollment	N/A	N/A	385	392	367	329	331	368	358	348
<b>Senior High Schools</b>										
<b>Campus International High School (formerly K-8)</b>										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	56,650	56,650	56,650	56,650
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	114	210	298	366	451	538	604	95
<b>Carl F. Shuler (1958) -Bard Early College Cleveland (West)</b>										
Square feet	100,500	100,500	100,500	100,500	100,500	100,500	100,500	100,500	100,500	100,500
Capacity	875	875	875	875	875	875	875	875	875	875
Enrollment	363	475	360	313	299	823	800	0	0	428
<b>Cleveland Learning Center - Halle (1) (1904)</b>										
Square feet	41,085	41,085	49,337	49,337	Closed	Closed	Closed	Closed	Closed	Closed
Capacity	500	500	500	500	Closed	Closed	Closed	Closed	Closed	Closed
Enrollment	464	344	356	356	Closed	Closed	Closed	Closed	Closed	Closed
<b>Cleveland School of the Arts (1910)</b>										
Square feet	90,400	90,400	90,400	90,400	90,400	90,400	122,727	122,727	122,727	122,727
Capacity	850	850	850	850	850	850	775	775	775	775
Enrollment	558	0	1,114	0	541	535	607	584	542	473
<b>Cleveland School for the Digital Arts (2015)</b>										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	122,727	122,727	122,727	122,727
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	775	775	775	775
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	129	152	241	311
<b>Collinwood CompuTech (1924)</b>										
Square feet	345,203	345,203	345,203	345,203	345,203	345,203	345,203	345,203	345,203	345,203
Capacity	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Enrollment	898	793	712	623	624	591	607	436	370	331
East High (1975) Administration Site										
Square feet	165,711	165,711	165,711	165,711	165,711	165,711	165,711	165,711	165,711	165,711
Capacity	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875
Enrollment	701	717	0	0	0	0	0	0	0	0
East Technical (1972)										
Square feet	318,600	318,600	320,370	320,370	320,370	320,370	320,370	320,370	320,370	320,370
Capacity	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775
Enrollment	785	746	1,171	817	565	655	543	505	511	510
Garrett Morgan Cleveland School of Science (1940)										
Square feet	101,900	101,900	101,900	101,900	101,900	101,900	101,900	101,900	101,900	101,900
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	208	247	240	314	310	297	275	252	253	229
Glenville (1966)										
Square feet	248,000	248,000	248,000	248,000	248,000	248,000	248,000	248,000	248,000	248,000
Capacity	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350
Enrollment	1,167	963	985	813	716	637	568	469	405	388
Health Careers Center (1980)-Design Lab Early College										
Square feet	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	196	254	277	264	263	438	211	196	229	246
James F. Rhodes (1932)										
Square feet	164,931	164,931	164,931	164,931	164,931	164,931	164,931	164,931	164,931	164,931
Capacity	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225
Enrollment	1,360	1,230	1,171	1,195	1,199	1,188	1,437	1,252	1,276	1,219
Jane Addams Business Careers (1968)										
Square feet	214,752	214,752	214,752	214,752	214,752	214,752	214,752	214,752	214,752	214,752
Capacity	975	975	975	975	975	975	975	975	975	975
Enrollment	474	518	595	638	294	345	414	338	295	241
John Adams High (2007)										
Square feet	228,032	228,032	228,032	228,032	228,032	228,032	228,032	228,032	228,032	228,032
Capacity	1,335	1,335	1,335	1,335	1,335	1,335	1,335	1,335	1,335	1,335
Enrollment	1,140	1,162	1,121	1,109	1,017	1,053	881	833	1,033	704
John F. Kennedy (1965)										
Square feet	264,661	264,661	264,661	264,661	264,661	264,661	264,661	264,661	264,661	264,661
Capacity	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075
Enrollment	978	839	975	804	823	800	571	319	170	535
John Hay (2006)										
Square feet	210,353	210,353	210,353	210,353	210,353	210,353	210,353	210,353	210,353	210,353
Capacity	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232
Enrollment	673	857	855	835	882	872	1,259	1,351	601	1,031

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
John Marshall (1932) (2015)										
Square feet	256,924	256,924	256,924	256,924	N/A	N/A	228,606	228,606	228,606	228,606
Capacity	2,250	2,250	2,250	2,250	N/A	N/A	1,260	1,260	1,260	1,260
Enrollment	1,668	1,519	1,213	1,039	N/A	N/A	1,214	1,226	1,617	1,221
Lincoln-West (1970)										
Square feet	304,645	304,645	337,548	337,548	337,548	337,548	337,548	337,548	337,548	337,548
Capacity	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875
Enrollment	1,386	1,357	1,301	1,156	1,109	1,031	945	717	688	681
Margaret A. Ireland Complex (1962)										
Square feet	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	156	0	122	0	0	0	0	0	0	0
Martin L. King Jr. (1972)										
Square feet	173,359	173,359	179,544	179,544	179,544	179,544	179,544	179,544	179,544	179,544
Capacity	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175
Enrollment	502	233	273	262	263	438	428	434	379	357
Max S. Hayes Vocational-Genesis (1957)(2016)										
Square feet	246,282	246,282	224,329	224,329	224,329	224,329	224,329	169,864	169,864	169,864
Capacity	2,150	2,150	2,150	2,150	2,150	2,150	2,150	800	800	800
Enrollment	498	506	510	877	565	883	974	650	905	639
MC2 Stem Academy										
Square feet	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Capacity	150	150	150	150	150	150	150	150	150	150
Enrollment	67	152	214	274	289	326	386	396	406	387
South (Admin Records) (1968)										
Square feet	292,518	292,518	265,187	265,187	265,187	265,187	265,187	265,187	265,187	265,187
Capacity	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	880	896	0	0	0	0	0	0	0	0
Lakeside (formerly Successtech)- Digital Arts, Davis Maritime										
Square feet	136,817	136,817	136,817	136,817	136,817	136,817	136,817	136,817	136,817	136,817
Capacity	400	400	400	400	400	400	400	400	400	400
Enrollment	243	241	227	232	195	203	222	237	289	369
Washington Park										
Square feet	N/A	N/A	27,331	27,331	27,331	27,331	27,331	27,331	27,331	27,331
Capacity	N/A	N/A	475	475	475	475	475	475	475	475
Enrollment	N/A	N/A	140	146	196	185	237	282	265	268
Whitney Young (1950)										
Square feet	121,609	121,609	121,609	121,609	121,609	121,609	121,609	121,609	121,609	121,609
Capacity	725	725	725	725	725	725	725	725	725	725
Enrollment	380	339	401	332	294	257	268	239	231	186

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Administrative</b>										
Buildings	8	8	8	8	8	7	7	7	7	7
Square Feet	556,286	556,286	556,286	556,286	556,286	346,927	346,927	346,927	346,927	346,927
Transportation										
Garages (3)	3	3	3	3	3	3	3	3	3	3
Buses	305	305	305	305	305	337	337	337	337	337
<b>Athletics</b>										
Football Fields	4	4	4	5	5	4	4	4	4	4
Soccer Fields	4	4	4	6	6	4	4	4	4	4
Running Tracks	2	2	2	4	4	3	3	3	3	3
Baseball/Softball	0	0	0	0	0	0	0	0	0	0
Swimming Pools	5	5	5	3	3	2	2	2	2	2
Playgrounds	50	50	50	50	50	50	50	50	50	50

Source: District Records

Ohio Department of Education

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# CLEVELAND MUNICIPAL SCHOOL DISTRICT

**Eric S. Gordon, Chief Executive Officer**

**Derek Richey**  
Chief Financial Officer

**Derek Cluse**  
Deputy Chief Financial Officer

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# OHIO AUDITOR OF STATE KEITH FABER



**CLEVELAND MUNICIPAL SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 28, 2019**