



# Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2013



CLEVELAND  
MUNICIPAL  
SCHOOL DISTRICT

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Cleveland, OH 44114  
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ClevelandMetroSchools.org



# **Comprehensive Annual Financial Report**

of the

**Cleveland Municipal School District**

For the

**FISCAL YEAR ENDED  
JUNE 30, 2013**

Prepared by

**Finance Department**

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**1111 Superior Avenue E. \* Cleveland, Ohio 44114**

# CLEVELAND MUNICIPAL SCHOOL DISTRICT

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*Board Chair*



Louise P. Dempsey  
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*Chief Executive  
Officer*



John W. Scanlan  
*Chief Financial &  
Administrative Officer*



CLEVELAND  
MUNICIPAL  
SCHOOL DISTRICT

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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, 2013*  
**TABLE OF CONTENTS**

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**I. INTRODUCTORY SECTION**

Table of Contents .....	T1
Letter of Transmittal.....	T3
Board Members .....	T20
Senior Appointed Officials.....	T21
Organizational Chart .....	T22
ASBO Certificate of Excellence.....	T23
GFOA Certificate of Achievement.....	T24

**II. FINANCIAL SECTION**

Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	17
Statement of Activities .....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	19
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	21
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund .....	23
Statement of Fund Net Assets - Proprietary Fund.....	24
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund .....	25
Statement of Cash Flows – Proprietary Fund.....	26
Statement of Fiduciary Assets and Liabilities – Agency Funds.....	27
Notes to the Basic Financial Statements .....	28
Combining Statements and Individual Fund Schedules:	
Combining Statements – Nonmajor Governmental Funds:	
Fund Descriptions.....	60
Combining Balance Sheet – Nonmajor Governmental Funds.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	63
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	68
Combining Balance Sheet – Nonmajor Capital Projects Funds .....	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds .....	73
Combining Statements – Internal Service Funds:	
Fund Descriptions.....	74
Combining Statement of Fund Net Assets – Internal Service Funds .....	75
Combining Statement of Revenues, Expenses and Changes in Fund Assets – Internal Service Funds .....	76
Combining Statement of Cash Flows – Internal Service Funds.....	77

Combining Statements – Fiduciary Funds:	
Fund Descriptions.....	78
Combining Statement of Changes in Assets and Liabilities –	
All Agency Funds.....	79
Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund	
Balance/Fund Equity - Budget (Non-GAAP Basis) and Actual:	
Debt Service Fund.....	81
Classroom Facilities Fund.....	82
Educational Special Trust Fund.....	83
Classroom Facilities Maintenance Fund.....	84
Other Local Funds.....	85
Auxiliary Services (NPSS) Fund.....	86
Miscellaneous State Grants Fund.....	87
Other State Funds.....	88
Food Service Fund.....	89
Race to the Top Fund.....	90
Title VI-B Special Education Fund.....	91
Vocational Education Fund.....	92
Title I.....	93
Improving Teacher Quality Title II-A Fund.....	94
Miscellaneous Federal Grants Fund.....	95
Other Federal Funds.....	96
Permanent Improvement Fund.....	97
Building Renovation Fund.....	98
Liability Self-Insurance Fund.....	99
Employee Benefits Self-Insurance Fund.....	100

### III. STATISTICAL SECTION

Statistical Section.....	S1
Net Assets by Component – Last Ten Fiscal Years.....	S2
Changes in Net Assets of Governmental Activities – Last Ten Fiscal Years.....	S4
Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	S8
Governmental Funds Revenues – Last Ten Fiscal Years.....	S10
Governmental Funds Expenditures and Debt Service Ratio – Last Ten Fiscal Years.....	S12
Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds –	
Last Ten Fiscal Years.....	S14
Assessed and Estimated Actual Value of Taxable Property – Last Ten Collection Years.....	S16
Ad Valorem Property Tax Rates – All Direct and Overlapping Governments –	
Last Ten Collection Years.....	S18
Principal Property Tax Payers – 2012 and 2003.....	S20
Property Tax Levies and Collections – Ad Valorem Real and Tangible Personal Property Taxes –	
Last Ten Fiscal Years.....	S21
Ratio of Bonded Debt to Personal Income and Debt per Capita –	
Last Ten Fiscal Years.....	S22
Legal Debt Margin Information – Last Ten Fiscal Years.....	S24
Direct and Overlapping Debt Governmental Activities Debt	
As of June 30, 2013.....	S26
Demographic and Economic Statistics – Last Ten Fiscal Years.....	S27
Principal Employers – Current Year and Nine Years Ago.....	S28
Full-Time Equivalent District Employees by Type – Last Ten Fiscal Years.....	S29
Operating Statistics – Last Ten Fiscal Years.....	S30
Teacher Base Salaries – Last Ten Fiscal Years.....	S32
School Building Information - Last Ten Fiscal Years.....	S33

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December 31, 2013

**Chief Executive Officer**  
Eric S. Gordon

**Board of Education**  
Denise W. Link  
*Board Chair*

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*Vice Chair*

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**Ex Officio Members**  
Ronald M. Berkman, Ph.D.  
Alex Johnson, Ph.D.

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, 2013. 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 are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the 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 of the School District has the responsibility for 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 contract was renewed and is scheduled to expire on June 30, 2015. Prior to being named the Chief Executive Officer, Mr. Gordon served as the 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 November 15, 2011 the District formally announced the appointment of John W. Scanlan as the Chief Financial and Administrative Officer effective January 1, 2012. Mr. Scanlan was previously the Deputy Superintendent of Administration in New York's Rochester City School District and the Chief Operating Officer of the Oklahoma City Public School District.

### ***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 purpose and responsibility of the School District is to provide 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 programs in the areas of vocational education, special education and bilingual education. Through its specialty school programs, the School District offers advanced educational programs in such areas as fine arts, computer science, healthcare professions, law and municipal professions, business, and technical trades.

In fiscal year 2013, the School District enrolled 38,717 students (compared to 40,758 the previous year) in 73 K-8 schools, and 23 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.

The School District has completed its eleventh 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 on a one-for-one basis. The number of students attending charter/community schools has grown in the past ten years to 17,260 for fiscal 2013, resulting in the payment from the School District of state aid of \$127.1 million.

## *Employee Relations*

As of June 30, 2013 the School District had 5,785 full and part-time employees (compared to 6,557 the previous year). In the fiscal year ended June 30, 2013, the School District paid \$341.4 million in salaries and wages and \$137.1 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 at an at-will basis. Teachers and educational specialists, including aides, are represented by the Cleveland Teachers Union ("CTU").

In May 2013, the District entered into a contract with CTU for a three-year period ending June 30, 2016. This contract provides for 4% wage increases effective for the first year of the contract, a \$1,500 stipend to be paid in the second year of the contract to members who have transitioned to the new differentiated compensation system and a 1% increase in the third year of the contract. CTU members will also pay 10% of monthly healthcare premium costs capped at \$75 for individual and \$170 for family coverage.

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), the contract expired on June 30, 2013 and negotiations are still underway;
- the City, County, and State Truck Drivers Union Local 244 (truck drivers), with a three year agreement ending on June 30, 2016, with a 3% compensation increase in the first year of the contract, a stipend of \$450, \$650, or \$950 to be paid in the second year of the contract if sufficient progress is 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;
- the National Conference of Fireman and Oilers Local 860 (assistant custodians, laborers, and mechanics), the contract that expired on June 30, 2013 and negotiations are still underway;
- the International Brotherhood of Teamsters Local 436 (security officers), with a contract that expires June 30, 2016 with a 3% compensation increase in the first year of the contract, a stipend of \$450, \$650, \$950 to be paid in the second year of the contract if sufficient progress is made toward a differentiated compensation system and a 1% increase in the third year of the contract. Members will pay 7.9% of monthly healthcare premium costs capped at \$75 for individual and \$170 for family coverage;
- the Service Employees International Union Local 1199 (clerical, food service and cleaning staff), the contract expired on June 30, 2013 and negotiations are still underway;
- the Cleveland Building Trades Council (trades people) and the carpenters union, with a three year agreement ending June 30, 2016, with a 3% compensation increase in the first year of the contract, a stipend of \$450, \$650 or \$950 to be paid in the second year of the contract if sufficient progress is made toward a differentiated compensation system and a 1% increase in the third year of the contract. Members will pay 8.5% of monthly healthcare premium costs capped at \$75 for individual and \$170 for family coverage; and
- the National Conference of Fireman and Oilers Local 777 (custodians), with a three year agreement ending on June 30, 2016, 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 if sufficient progress is 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.

## **The Reporting Entity**

The School District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", 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 2013 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.

The assessed valuation of real property is fixed at 35 percent of true value and is determined pursuant to rules of the State Tax Commissioner, except that real property devoted exclusively to agricultural use is assessed at not more than 35 percent of its current agricultural use value.

Fiscal year 2014 property taxes are currently estimated by the Cuyahoga County Auditor's Office based on a current collection rate of 76.1%, down from 78.9%. The forecast through 2017 assumes a current collection rate of 82.6%. The Ohio Revised Code and Ohio Administrative Code mandate Cuyahoga County to conduct a re-appraisal every six years, an update every three years and annual valuation of improvements based upon building permits received from each city annually. The next update will be in 2015, with the next re-appraisal scheduled for the year 2018.

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

provision. 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.

Public utilities include electric companies, gas companies, and local and long distance telecommunications companies. Historically, utility property taxes have been assessed at rates of 100% and 88% of true value, depending on the type of property. SB 3, the Electric Utility Deregulation bill, was passed in 1999. This act revised the tax assessment rates for most classes of public utility property. The tax assessment rate for all tangible personal property of an electric company, except transmission and distribution property, was reduced by 25%. By enacting a kilowatt-hour excise tax and requiring the funding of a replacement fund (to make up for losses in assessed value), the Legislature intends to hold school districts financially harmless due to electric deregulation. A similar hold harmless provision was built into SB 287, dealing with the re-evaluation of public utility property for natural gas utilities. HB 66, the 2006-2007 biennium budget bill enacted a number of changes to the public utility property tax. The assessment rate of all electric transmission and distribution of personal property was reduced from 88% to 85%. The assessment rate for all other electric personal property was reduced from 25% to 24%. A School Property Tax Replacement Fund was established to reimburse school districts for the loss in taxable value resulting from deregulation of the electric and gas utility industries. As of fiscal year 2012, the District has not collected and money since it was phased out.

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.

Basic eligibility for School Foundation Program payments is based on a School District's compliance with State-mandated minimum standards.

The State Budget Act repeals the existing funding system for city (and municipal), exempted village and local school districts enacted as part of the previous State biennial budget act. The previous system of funding utilized a temporary formula for the 2011-2013 biennium (the Temporary Formula), allocating funding to school districts based on a wealth-adjusted portion of their State education aid (State Education Aid) for Fiscal Year 2011. During the 2009-2011 biennium, the funding system was known as the “Evidence Based Model” and calculated an “adequacy amount” of State Education Aid as the sum of a number of delineated factors calculated based on a school district’s number of “organizational units.” The Evidence Based Model replaced the formula in effect for the 2007-2009 biennium known as the “Foundation Program,” which utilized a per pupil “formula amount” to compute base-cost funding and some categorical funding.

Under the new funding formula in the State Budget Act, the State Department of Education (the Department) will compute and pay to each city (and municipal), exempted village and local school district, an amount of State Education Aid based on a base amount of spending per pupil multiplied by (i) the school district’s “average daily membership” (ADM), generally a full-time equivalent number of students to be certified by each school district to the Department, and (ii) an index (the State Share Index) dependent on factors such as a school district’s tax valuation percentage of the base amount for school districts with less tax valuation or lower median income residents. For Fiscal Year 2014, the base amount is \$5,745 and for Fiscal Year 2015 the base amount is \$5,800. Starting July 1, 2014, school districts will be required to report student enrollment (rather than average daily membership) data to the State as of the last day of October, March and June of each year.

In addition to the funding amount of State Education Aid described above (known as an “Opportunity Grant”), under the new core funding formula school districts may also receive, as applicable, State Education Aid in the form of (i) targeted assistance based on tax valuation and income factors, (ii) targeted assistance based on a percentage of a school district’s agricultural property, (iii) a specific amount based on six categories of disabilities for special education and related services, (iv) kindergarten through third grade literacy funds, (v) economically disadvantage funds, (vi) a specific amount for each of three English proficiency categories, (vii) career-technical categories, and (x) career-technical education associated services funds. As with Opportunity Grant funds, special education, kindergarten through third grade literacy, limited English proficiency and career-technical funds are subject to the State Share Index. Certain other categories of funding, including pupil transportation funding, are funded in whole or in part by the State outside of the core funding formula.

Notwithstanding the amount of State Education Aid a school district is scheduled to receive under the new funding formula, funding increases for core funding and pupil transportation funding are capped at not more than 6.25% of the previous years’ State aid for Fiscal Year 2014 and 10.5% of the previous years’ State aid for Fiscal Year 2015. All school districts are guaranteed to receive at least the amount of State aid in Fiscal Years 2014 and 2015 as they received in Fiscal Year 2013.

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 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 26<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 services as a United Airlines Hub and 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.

The following projects currently underway will provide the momentum necessary to continue rebuilding the City's economic base:

- One of the central focus areas is the Health Tech Corridor, a three-block wide area running from Cleveland State University to University Circle. The Health Tech Corridor includes three colleges and universities and three major hospitals. This is a transit oriented development centered along Euclid Avenue where a nearly \$200 million transportation project was completed in November 2008 by the Greater Cleveland Regional Transit Authority (RTA). The Health Tech Corridor also is the home to eight technology incubators. The City has funded three "post incubator" buildings in an effort to retain incubated companies as they sought larger, specialty lab and office space. This post-incubator space totals nearly 193,000 square feet at a cost of nearly \$41 million. Tenants include the nationally known Jump Start and Cleveland Hyatt Lab. Other developers also have projects underway that would provide an additional 200,000 square feet of post incubator space.
- The approximately \$425 million Global Center for Health Innovation and Convention Center project is now complete with the opening of the Convention Center in June 2013 followed by the opening of the Global Center for Health Innovation in October 2013. The project includes 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 (convention center), and is projected to generate significant economic activity in the City.
- The County has announced plans to construct a 600-650 room Convention Center hotel located adjacent to the Global Center for Health Innovation and Convention Center on the site of the soon to be vacated County administration building. A design-builder has already been selected and the County is reporting that demolition of the existing building on the site could begin as soon as early 2014.
- The \$64 million Westin Hotel project across from the Convention Center is well underway and the hotel is expected to open in early 2014. In addition, Drury Hotels purchased the District's former administration building located near the Westin to undertake a historic renovation of the space into a 180-room high end Drury Plaza Hotel. That hotel is expected to open in late 2015.
- Geis companies is in the process of closing on financing for the conversion of a historic office tower into 150 boutique-hotel suites, 120 luxury apartments, and meeting and banquet spaces. In connection with the tower renovation, Geis is also renovating the adjacent Cleveland Trust Rotunda built in 1906 and an abutting Euclid Avenue building. Those two buildings will converted into residential, office



and commercial space, including a street-level Heinen's grocery store. Construction began in April 2013 on another portion of the Geis' project, a new office structure that is being leased to the County for use as the new County Administration Building.

- Overall, the downtown housing market has a 96% occupancy rate, and many properties have long wait lists. The East Ohio Gas building located at Ninth and Rockwell is currently undergoing conversion to market rate housing and retail space. The developer is planning approximately 223 1 to 2 bedroom apartments. The Hanna Annex Building on East 13<sup>th</sup> Street is nearing completion on the conversion of the upper floor offices into 102 apartments consisting of primarily market rate rental housing that will include some corporate and affordable housing units. The developer is working in conjunction with an affiliate of the PlayhouseSquare Foundation to renovate and lease out the lower level to retail and commercial tenants. The total cost is around \$25 million. Other housing activity in downtown includes the Campus District area. Cleveland State University and Polaris Real Estate Equities constructed 300 market rate apartments adjacent to the north end of campus. The \$50 million Campus Village project also have 8,000 square feet of amenities including a movie theatre, meeting rooms and a cyber café at the corner of East 23<sup>rd</sup> and Chester Avenue.
- The approximately \$270 million Cleveland Flats East Development Project Phase I is complete. This consists of an approximately 476,000 square foot, 18-story office tower, and approximately 550-space parking garage, a 150-room A-Loft hotel, and approximately 31,000 square feet of restaurant and retail space. The \$133 million Phase II project is looking to close on its financing in early 2014 and will add 200 apartments and 69,860 square feet of new restaurants and retail as well as 48,000 square feet of entertainment space. A new riverwalk is planned which will provide access to the riverfront.
- Steelyard Commons, a \$120 million retail redevelopment project on the site of a former steel mill, opened in early 2007. Steelyard Commons has a 97% occupancy rate, maintaining most of its original tenants including Home Depot, Marshalls, Target, Wal-Mart, Old Navy and restaurants Steak 'n Shake, Applebees, I-Hop, Chipotle, and Burger King. Additional restaurants opened in 2012. Construction recently began on the second phase of Steelyard Commons, which will total 90,000 square feet and will be anchored by Burlington Coat Factory. The total project cost is approximately \$24 million.
- In University Circle, the new \$27 million Courtyard by Marriott opened in spring 2013 across from University Hospitals. Also, in the University Circle area, the 158,000 square foot "Uptown" Phase I project includes restaurants, retail and 102 market rate rental units. Construction on the \$21 million second phase began in 2012 and will include additional apartments, dormitories for the nearby Cleveland Institute of Art, and additional retail space.
- In late 2008, the City established a new program called the Vacant Property Initiative, providing a combination of loans and forgivable loans to companies that redeveloped a vacant building or lot to create and retain jobs in the City. The goal of the program was to keep existing companies in the City and attract new companies by leveling the playing field with suburban locations. The City funded 50 companies by providing \$26.6 million in City funds that leveraged \$262 million for projects totaling over \$288 in new investment. The program created 3,537 jobs and retained another 1,955 jobs. In addition to keeping and increasing payroll taxes, the program increases real estate taxes through the investment in these vacant properties.
- The City continues to see investment in its manufacturing sector. ArcelorMittal's Cleveland Plant opened its long idled West Bank facility and added 150 employees to now exceed 1,850 workers at the plant. They are now the most efficient steel mill in the US with the most tons of steel per hour of any US facility. The City's land development project called the Cuyahoga Valley Industrial Center

(“CVIC”), adjacent to Steel Warehouse, Heidtman Steel and ArcelorMittal, has created a 60-acre buildable site for redevelopment and is now finishing the roads and utility work to the site. The project has rail and highway access and is located directly beside Interstate 77. The project is expected to attract over 700,000 square feet of industrial buildings and is currently listed with a local brokerage firm for sale.

- In the Downtown NineTwelve District, the City is partnering with local businesses and RTA to sponsor three years of free trolley service along three new routes, to connect the NineTwelve to the Rock and Roll Hall of Fame, the Global Center for Health Innovation and the new Casino which opened in May 2012. The NineTwelve District has also seen continued business development. An affiliate of AmTrust Financial Services just completed an approximately \$25 million renovation of the 800 Superior Building, which has already brought in over 750 of the anticipated 1,000 new jobs.
- The \$600 million Horseshoe Casino Cleveland is being developed in two phases by Rock Ohio Caesars LLC, a joint venture of Rock Gaming LLC and Caesars Entertainment Corporation and will carry the Caesars’ Horseshoe brand used in other cities. Phase I of the project opened on May 14, 2012 in the renovated historic downtown Higbee building, and employs nearly 1,600 workers. Phase I development cost approximately \$350 million. The developer has purchased the property for Phase II, adjacent to the Phase I site, but construction has not started and an expected completion date has not been announced.

## **Major Initiatives**

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

On July 7, 2012, Governor John Kasich signed House Bill 525, also known as “The Cleveland Plan” (the 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 District to improve standards, reward, retain, and recruit high-quality educators, and increase school autonomy and accountability. The goal of the Plan is to ensure that every child in the District attends a high-quality school and that every neighborhood has a multitude of great schools from which families can choose. To reach this goal, the District will need to transition from a traditional, single-source 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 District students are held to the highest expectations.

The Plan 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. 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.* The District will endeavor to attract the best national education models, invent schools that are unique to the City and encourage local community partners and teachers within the District 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 student to better schools, closure and start-up of a new school, phase-in of a new program and phase-out of the old program, or turning the school over to a capable charter operator.

In addition, organizational roles and relationships will change in three fundamental ways. First, the primary roles 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 a 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.

Beyond the investments in this new, performance-based system of schools, the District 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.

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 within the District. Currently, there is no “one” organization that is responsible for the quality of all public school students in Cleveland. Approximately 70 percent of public school students attend district schools under the governance of the Cleveland Board of Education. Another 30 percent attend charter schools, each with its own governing board and authorizer. Currently, there are ten authorizers in the county that sponsor schools in Cleveland. This dispersed authority can be a strength. It ensures that no single entity holds a monopoly over school, encourage entrepreneurship, fosters the development of new models and can limit bureaucracy. But it also has limitations. Most notably, the public, and our parents in particular, lack consistent, useful information about the quality of schools in Cleveland. The Cleveland Transformation Alliance has been created to address this challenge.

Finally, the Plan includes a new type of property tax levy that may be pursued by municipal school districts. If approved by the electors, the board of education can levy a tax for the current expenses of the school district and also for current expenses of partnering community schools, which are, generally speaking, those community schools located within the territory of the school district and that are either (i) sponsored by the school district, or (ii) have entered into an agreement with the school district “whereby the district and the community school endorse each other’s programs”. The School District successfully placed such a levy on the November 6, 2012 ballot, specifically, a 15-mill current expense levy with 14 mills being allocated to the current expenses of the School District and one mill being allocated to the current expenses of partnering community schools (through distributions by the School District to such community schools upon receipt of tax proceeds and related revenue).

As result of the passage of this levy, the CEO released a draft implementation strategy for the Cleveland Plan seeking comment from community members and business leaders. The implementation strategy identified the following goals as the basis for measuring educational progress under the Plan:

- *Increase the number of students enrolled in high-performing schools:* At the end of six years, triple the number of Cleveland students enrolled in high-performing district and charter schools from the approximately 11,000 students currently enrolled in these schools to approximately 33,000 by 2018-2019.
- *Eliminate failing schools:* At the end of six years, (by 2018-2019) eliminate the District’s 63 failing schools

- *Increase the graduation rate and graduate more students ready for college and careers:* The current graduation rate, as computed by the state using a four-year cohort graduation rate computation is 59.1%. The goal is to cut in half the gap between this rate and the state's 90% graduation rate goal, thereby increasing the graduation rate to 71% by 2017-2018.
- *Raise student achievement while closing achievement gaps:* While all subjects and all grades will be targeted, the primary focus will be to raise student achievement rates in reading and math by 2017-2018, with a goal toward cutting in half the gap that exists between current achievement levels and 100% proficiency, and to do so by 2017-2018. This also includes the identification of specific achievement goals.
- *Increase college enrollment:* The goal is to increase college enrollment rates from the current baseline of 63.1% of graduates to 68.6% by 2017-2018. (This goal exceeds the 2011 national college going rate of 68.2%)
- *Significantly improve the conditions for learning:* Currently, 58.5% of District students rate their school experience as "adequate" or better. The goal is to significantly improve students' school experience – cutting the proportion of students who report that the conditions in their building as needing improvement in half, thereby increasing student satisfaction to 79.5%, by 2017-2018

### ***Significant Accomplishments***

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

- During the 2012-2013 school year, the District achieved the following benchmarks on the state report card:
  - The following schools were top proficiency performers in the following categories:
    - Riverside: 3<sup>rd</sup> grade Reading, 6<sup>th</sup> grade Reading and 7<sup>th</sup> grade Reading
    - William Cullen Bryant: 4<sup>th</sup> grade Reading, 4<sup>th</sup> grade Math and 8<sup>th</sup> grade Reading
    - Whitney Young: 6<sup>th</sup> grade Math, 8<sup>th</sup> grade Reading and 8<sup>th</sup> grade Math
    - Douglas MacArthur: 4<sup>th</sup> grade Reading and 7<sup>th</sup> grade Math
    - Tremont: 8<sup>th</sup> grade Math and 8<sup>th</sup> grade Science;
  - High School top performance index performers were John Hay Early College, John Hay School of Science and Medicine, John Hay School of Architecture and Design and Whitney Young;
  - K-8 top performance index performers were Campus International, Louisa May Alcott, Riverside and Douglas MacArthur;
  - Eight schools (Buhner, Campus International, Cleveland School of Arts Lower Campus, Cleveland School of Arts High School, John Hay Early College, John Hay Science and Medicine, Riverside and Warner Girls Academy) had attendance greater than 95%;
  - Three schools had a 4-year graduation rate of greater than 95% including Cleveland School of the Arts, John Hay Early College and John Hay School of Architecture and Design;
  - Also, the District achieved a 4-year graduation rate of 59.3%, up from 56.0% the previous year.
- In November 2013, the District began a new partnership with MetroHealth Medical Center. MetroHealth doctors and nurses will provide primary care to students once a week at the Mound-STEM school located on the Cleveland's west side. By providing students to access to primary care, the District believes that it will help increase performance to the buildings 450 Pre-K to 8<sup>th</sup> grade students. If the pilot program is successful, the District is hoping to roll out this program to 19 other buildings in the next two years.

- Since its inception, the Closing the Achievement Gap (CTAG) initiative has succeeded in increasing the number of participants promoted to 10<sup>th</sup> grade. The CTAG initiative provides targeted intervention for ninth-grade minority males who run the risk of dropping out of school, as statistics show that these students are more likely to drop out if they repeat ninth-grade. The goal is to partner these young men with Linkage Coordinators in schools who act as mentors, life coaches and advocates. They motivate the students and address social and emotional issues so young men will succeed academically and graduate from high school. Success relies upon collaboration among parents, school administrators, teachers and the community. Students develop effective study habits and communication skills, learn proper etiquette and the importance of smart decision-making and become better prepared to navigate high school. Exposure trips have significant impact on those who seldom leave their neighborhoods. Students travel to cultural and higher-educational institutions where each young man can see his potential, change his outlook and dream a brighter future.
- CMSD Parent University provides informative and skill building classes for parents and caregivers of students attending Cleveland's public schools. Free classes in locations throughout the city include Computer Basics, Reading at Home, Advocating for Your Child, College Readiness, Financial Literacy and other, designed to help families increase their involvement in school and support student learning at home.
- In Fiscal Year 2014, the District High Schools began to use web-based software known as Family Connection to help parents and their children to navigate high school courses, colleges and career plans. School counselors, principals and staff will be able to provide parents with up-to-date information specific to their child's high school. Family Connection allows the parent and their child to get involved in the planning and advising process, to research colleges and career options, and to prepare them for the future. Family Connection also enables the District to share information with parents about upcoming meetings and events, local scholarship opportunities and other resources for college career information.
- In January 2014, the District plans to provide RTA passes to all 6-12 grades that live greater than ½ mile from their home school for both public and non-public students that qualify. Currently the District only provides these passes to students who live two miles from their home school. During the 2013 school year, the District provided RTA transportation to approximately 8,500 6-12 graders, for the 2014 school year, the District will provide RTA transportation to approximately 14,000 students. The use of the RTA is essential for the transportation of high school and upper grade school student for both District and non-public students. This allows the District to service these students and to accommodate them at lower mileage eligibility thereby allowing added safety to their daily commutes and increasing their ability to get to school.
- The District's Project ACT ensures homeless students have access to the same free education all residential students receive within the District. Barriers that may prevent homeless students from attending school are eliminated through the work of Project ACT, which partners with District departments and community resources. Using a comprehensive holistic approach to deliver direct instructional and support services necessary for the homeless child's transition into school, Project ACT facilitators work to ensure each child's success and ongoing participation in the educational system. Support services include meeting the physical, social and emotional needs of each homeless child and empowering parents to support their children's educational endeavors. The District works closely with Project ACT and community support organizations to ensure school information is available to students and families who are living in doubled-up situations and shelters.
- Campus International at CSU Cole Center, one of the District's most popular choices for families, is adopting the rigorous International Baccalaureate curriculum. It has added one new grade level every year since opening in 2010 and now serves students in grades K-5. At this Mandarin Chinese

immersion school, every student learns Mandarin as a second language. With its strong focus on developing independent critical thinkers. Campus International prepares students for success in a 21<sup>st</sup> Century global economy. The school's unique partnership with Cleveland State University provides a wealth of academic services and cultural supports.

- Students with limited English skills have equal opportunity to succeed in the District with instruction in English as a second language, in addition to the student's dominate language; Students work to become documented as English proficient and the staff consists of highly qualified teachers-trained native and non-native speakers of more than 20 languages.
  - Buhner Dual Language school is the Districts high-performing dual language school that is fast becoming on the top schools in the region. The school has the first dual-language education program in Ohio. Classes are taught in both Spanish and English and focus on math and science achievement
  - Thomas Jefferson International Newcomers Academy welcomes students who newly arrive from Puerto Rico and countries around the globe. The school succeeds with a student-to-teacher ratio of 19:1. The school has dedicated, bi-lingual teachers assist students with limited English skills in a multi-cultural environment where they can learn and thrive. Also, total English immersion and small classes are provided to every student so they are put on a path of academic success.
- Cleveland School of Science and Medicine @ John Hay has earned a reputation for offering a unique college preparatory education for motivated, high-achieving students eager to pursue careers in science and medicine. With its consistent rating of excellent on the Ohio Report Card, this school partners with Cleveland's world-renowned hospitals and academic and medical institutions, taking students beyond the classrooms to real-world experiences with scientists, doctors, researchers and medical professionals. A longer school day and school year and extended block schedule enable the District to provide this unique and meaningful academic experience to students.
- The new Max S. Hayes High School broke ground in 2013 for a brand-new school. This popular school prepares students for careers in traditional and 21<sup>st</sup> Century, high-tech trades with numerous career track options: Auto Technology, Auto Collision Repair, Building Maintenance, Precision Machining, Welding, Computer Numerical Control Machining, Computer-Aided Design, Computer Networking, PC Repair, Manufacturing Design and Programming and Software Development. Its free summer camp enables students to design and build model racecars using computer software and precision tools.
- Students who enroll at the MC2STEM academies are immersed in STEM education that focuses on Science, Technology, Engineering and Math in dynamic learning environments across the city. 9<sup>th</sup> graders hold classes at the Great Lakes Science Center where they create and explore year-round undertakings in high-tech classrooms. The 10<sup>th</sup> graders have classes at the GE Lighting @ Nela Park. They are the only high school students in the nation who learn each day in office-and-lab like facilities of a Fortune 500 company. 11<sup>th</sup> and 12<sup>th</sup> graders are able to take courses at Cleveland State University and Cuyahoga Community College, immersing themselves in a college environment that prepares them for 21<sup>st</sup> Century studies and careers
- The District offers two separate Arts programs for its students. Cleveland School of the Arts @ Harry E. Davis has one of the highest attendance rates in the District. CSA offers a college-preparatory curriculum that focuses on literary and visual arts, dance, music and theatre. Students earn college credits while still in high school. With a new school opening next year, CSA is one of the top choices for students who are interested in the Arts. Cleveland School of the Arts – Lower Campus prepares students in a program that mirrors that high performance of CSA students at Harry



E. Davis and incorporates all aspects of the arts into its curriculum with engaging instruction in literary and visual arts, dance, music and theatre. Accelerated Reader and Accelerate Math programs, along with access to museums, theatres and cultural institutions, provide educational opportunities to prepare for their futures.

- The District's New Tech Academies are the first of their kind in the State of Ohio. They have grown so fast in popularity that the District now offers five New Tech Academies. Students do not have to be tech-savvy to attend New Tech, but they will graduate not only skilled in technology, but prepared for college and competition in a 21<sup>st</sup> century workplace. Students who attend these academies have the following opportunities: Computer access for every student every day, Tablet computers to replace textbooks, Project-based work in a personalized learning community, Academic environment that promotes creativity and independent thinking, Highly skilled teachers, selected for their knowledge of and dedication to the New Tech curriculum, Students present projects to peers, family and staff, and Focus on accountability, trust, respect and responsibility.
- Washington Park Environmental Studies Academy is a gem among the District's unique, high-performing schools. It has vibrant greenhouse and animal-care facilities – classroom labs that enrich each student's academic experience. The 55-acre campus is located on the Cleveland Metroparks' Washington Golf Course, which is a school partner.
- Design Lab Early College High School @ Health Careers prepares students to be thinkers, problem solvers and makers. It is a college preparatory program ensuring the students graduate college ready without need of remediation. As a project-based learning school, it uses the STEM disciplines to connect students with their world. Our MakerSpace gives students the opportunity to learn to make and make to learn. Its early college track allows students to take college courses and earn college credit while earning a high school diploma.
- Jane Addams Business Careers High School prepares students for college and also for today's modern business world. High-tech classrooms resemble workplaces where students earn a high school diploma while pursuing a state, industry and vocational certificate in a field of their choice.
- Douglas MacArthur Girls' Leadership Academy is one of two all-girls academies in the District for students who succeed best in an all-female learning environment. MacArthur girls develop self-confidence and respect for each other's thoughts and opinions in a curriculum focused on STEM. Etiquette instruction in all grades prepares today's girls to become tomorrow's leaders, and a rich curriculum is enhanced with activities like horseback riding, swimming and Tae Kwon Do. The District also offers two all-boys academies and Ginn Academy an all boy high school.
- Whitney M. Young Leadership Academy, a National Blue Ribbon Schools, boasts a 100 percent graduation rate and has consistently maintained Ohio's highest report card rating – Excellent With Distinction, the equivalent of an A+. The District's gifted and talented students are part of a long-standing tradition in gifted education that started in 1921 with the District's firm commitment to challenging and raising the bar for students with intellectual or academic ability.
- Oliver H. Perry is a PreK-8 school for gifted and talented students. Students benefit from strong community partnerships that have blossomed around the North Collinwood school. Teachers work collaboratively to ensure students are enriched with rigorous and challenging academic experience throughout the school year.
- Tremont Montessori, one of the top-performing schools in Cleveland, embraces the highly successful, individualized, hands-on curriculum of Dr. Maria Montessori. Tremont Montessori's overarching

purpose is to make today's students citizens of the world-caring people who cooperate and collaborate with grace and courtesy, and who learn independence and self-motivation.

- Riverside school is considered on the best urban schools in the nation and it is located in the heart of Cleveland. It earned the National Excellence in Urban Education award in 2013 based on achievement scores, attendance, graduation rates and low suspension rates. Also, it is hailed for using research-proven teaching methods to help students succeed.
- The renovation of Louisa May Alcott was completed during the year. The construction began and continued on Almira, Cleveland School of the Arts, Miles, Orchard, Paul L. Dunbar, John Marshall, and Max Hayes. Construction has yet to begin on Case, Glenville Area Elementary, New West Side High School and Buckeye-Woodland. The District plans on opening Almira, Miles, Orchard and Paul L. Dunbar during the 2014 school year.
- A District-wide uniform policy was instituted for grades K-8 in 2008. In the following year, high school students were required to participate in the District-wide uniform policy. This has continued to be a successful initiative for the District Community.

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

### **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 has implemented a 14-year, ten segment Master Facility Plan, that will require approximately \$1.5 billion to repair, renovate and rebuild its school facilities. The revised Master Facility Plan called for the construction/replacement of 50 schools, renovation of 15 existing facilities and maintain and repair 6 existing facilities as resources allow. Segment one of the construction projects began in 2002. Through June 30, 2013, the School District has constructed 26 new schools and renovated 7 existing facilities.

### **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 Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

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

All disbursements and transfers of cash between funds require appropriation authority. Budgets are controlled at the 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 intuitions 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 Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-profit Organizations*. 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**

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### *ASBO International Certificate of Excellence*

The School District received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. 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.

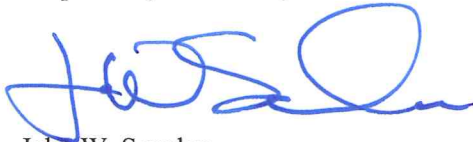
### **Acknowledgments**

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,



John W. Scanlan  
Chief Financial and Administrative Officer

# Cleveland Municipal School District

## Board Members

Appointed by Mayor of City of Cleveland

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<b>Name</b>	<b>Began Service as a Board Member</b>	<b>Present Term Expires June 30</b>
Denise W. Link, Chair	2007	2015
Louise P. Dempsey, Vice Chair	1998	2015
Patricia Crutchfield ( a )	2009	2013
Robert M. Heard, Sr.	2004	2013
Willetta A. Milam	2003	2013
Shaletha Mitchell	2011	2015
Stephanie Morales ( b )	2013	2015
Iris M. Rodriguez ( c )	2008	2013
Dr. Lisa Thomas	2011	2013
Eric Wobser ( d )	2011	2013
Dr. Ronald M. Berkman, ex-officio		
Dr. Alex Johnson, ex-officio		

( a ) Worked through September 24, 2013

( b ) Appointed May 3, 2013

( c ) Resigned December 11, 2012; effective December 31, 2012

( d ) Resigned effective November 8, 2013

# Cleveland Municipal School District

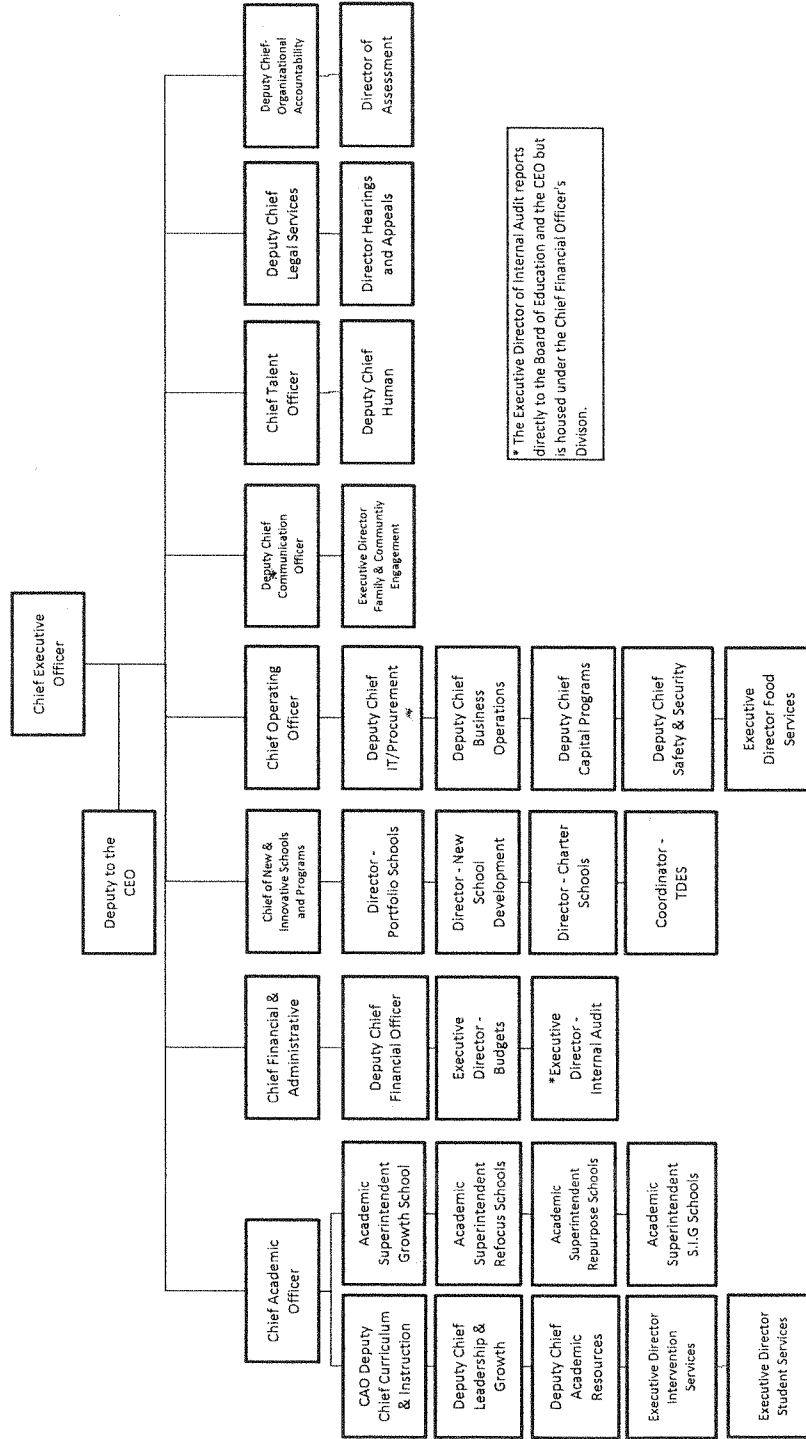
## Senior Appointed Officials

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Eric Gordon	Chief Executive Officer
Michelle N. Pierre-Farid	Chief Academic Officer
John Scanlan	Chief Financial and Administrative Officer
Christine Fowler-Mack	Chief of New and Innovative Schools and Programs
Patrick Zohn	Chief Operating Officer
Lora Cover	Chief Talent Officer
Diana Ehlert	Deputy Chief, Academic Resources
Nicholas Jackson	Deputy Chief, Business Operations
Gary Sautter	Deputy Chief, Capitol Programs
Karen Thompson	Deputy Chief, Curriculum and Instruction
Dennis Kubick	Deputy Chief, Financial Officer/Controller
Serena Houston-Edwards	Deputy Chief, Human Resources
TBD	Deputy Chief, Leadership and Growth
Wayne Belock	Deputy Chief, Legal Counsel
Joseph Podach	Deputy Chief, Operations and Performance Improvement
Dr. Russell Brown	Deputy Chief, Organizational Accountability
Lester Fultz	Deputy Chief, Safety and Security
Rojeana Howell-Curtis	Academic Superintendent, Growth Schools
Luther Johnson	Academic Superintendent, Refocus Schools
Donald Jolly	Academic Superintendent, Repurpose Schools
Valentina Moxon	Academic Superintendent, School Improvement Grant Schools
Lisa Farmer Cole	Director, Innovative Portfolio Schools
Cardell Parker	Director, Hearings and Appeals
Ron Kisner	Director, Ombudsman
Dr. Roseann Canfora	District Communications Officer
George Anagnostou	Executive Director, Budgets
Tracy Hill	Executive Director, Family and Community Engagement
Regis Balaban	Executive Director, Food Services
Larry Johnston	Executive Director, Internal Auditor
Donna Bowen	Executive Director, Intervention Services
Blessing Nwaozuzu	Executive Director, Student Services



# Cleveland Municipal School District Organizational Chart



\* The Executive Director of 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 Award  
is presented to*

## Cleveland Municipal School District

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2012*

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



A handwritten signature in black ink, reading 'Ron McCulley', written over a horizontal line.

Ron McCulley, CPPB, RSBO  
President

A handwritten signature in black ink, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

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

Presented to

**Cleveland Municipal School  
District, Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

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# Financial Section

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Cleveland Municipal School District  
Cuyahoga County  
1380 East Sixth Street  
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, 2013, 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 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, 2013, 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 described in Note 3 to the financial statements, during fiscal year 2013, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to 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*, 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 these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are 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 have also issued our report dated December 31, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 31, 2013

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**Cleveland Municipal School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
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, 2013. 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 2013 are as follows:

- ❑ Total current and other assets decreased by \$42.6 million and capital assets increased by \$19.5 million, resulting in a net decrease in total assets of \$23.1 million in Governmental Activities.
- ❑ Total short-term liabilities increased \$5.0 million and total long-term liabilities decreased \$17.8 million, resulting in a net decrease in total liabilities of \$12.8 million in Governmental Activities.
- ❑ Total net assets decreased \$34.5 million in Governmental Activities.
- ❑ General revenues accounted for \$698.7 million in revenue or 83.6% of all revenues for Governmental Activities. Program specific revenues in the form of charges for services, sales, grants or contributions accounted for \$136.7 million or 16.4% of total revenues of \$835.4 million.
- ❑ Total program expenses were \$869.8 million in Governmental Activities.
- ❑ Among major funds, the General Fund had \$661.9 million in revenues and other financing sources and \$633.5 million in expenditures and other financing uses. The General Fund's fund balance increased by \$28.4 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 Assets* and *Statement of Activities* provide information about the activities of the entire School District, presenting both an aggregate view of the School District's current finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements present how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund, the Debt Service Fund, and the Classroom Facilities Fund, are the most significant governmental funds .

### **Reporting the School District on a Government-Wide Basis**

#### *Statement of Net Assets 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

**Cleveland Municipal School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

---

question, "How did we do financially during 2013?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities 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 assets and changes in those net assets. This change in net assets 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 Assets 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 18. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for its financial transactions. However, these fund financial statements concentrate on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Debt Service Fund, and the Classroom Facilities Fund.

**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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

**Cleveland Municipal School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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

The Statement of Net Assets provides the perspective of the School District as a whole.

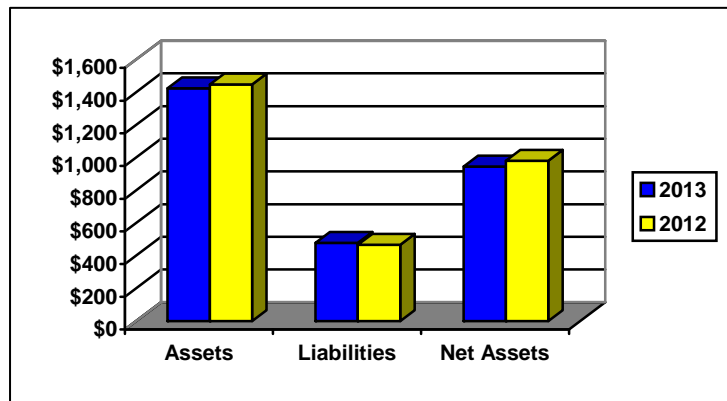
Table 1 provides a summary of the School District's net assets for 2013 compared to 2012:

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

	<u>Governmental Activities</u>		<u>Change</u>
	<u>2013</u>	<u>2012</u>	
<b>Assets</b>			
Current and Other Assets	\$ 695.1	\$ 737.7	\$ (42.6)
Capital Assets	731.0	711.5	19.5
Total Assets	<u>1,426.1</u>	<u>1,449.2</u>	<u>(23.1)</u>
<b>Liabilities</b>			
Current Liabilities	85.7	80.7	5.0
Long-Term Liabilities	<u>219.6</u>	<u>237.4</u>	<u>(17.8)</u>
Total Liabilities	<u>305.3</u>	<u>318.1</u>	<u>(12.8)</u>
<b>Deferred Inflow &amp; Resources</b>			
Propert Taxes	<u>174.1</u>	<u>149.8</u>	<u>24.3</u>
<b>Net Assets</b>			
Invested in Capital			
Assets Net of Related Debt	558.6	518.8	39.8
Restricted			
Restricted for Debt Service	42.7	51.2	(8.5)
Restricted for Capital Projects	184.4	278.9	(94.5)
Restricted for Classroom Facilities Maintenance	26.6	31.5	(4.9)
Restricted for Miscellaneous State Grants	0.8	2.1	(1.3)
Restricted for Food Service	0.6	0.8	(0.2)
Restricted for Miscellaneous Federal Grants	0.4	0.7	(0.3)
Restricted for Other Purposes	19.1	23.9	(4.8)
Unassigned	<u>113.5</u>	<u>73.3</u>	<u>40.2</u>
Total Net Assets	<u>\$ 946.7</u>	<u>\$ 981.2</u>	<u>\$ (34.5)</u>

**Cleveland Municipal School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2013  
 Unaudited

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



Current and other assets decreased by \$42.6 million and capital assets increased by \$19.5 million, resulting in an overall decrease in total assets of \$23.1 million. The decrease in current and other assets is mostly attributable to a net decrease in Investments of \$31.1 million. The primary reason for the increase in capital assets is that the School District began building three high schools during the Fiscal Year.

Current liabilities increased by \$5.0 million and long-term liabilities decreased by \$17.8 million, resulting in an overall decrease in total liabilities of \$12.8 million. The increase in current liabilities is due primarily to the increase of Accounts Payable of \$5.8 million. The decrease in long-term liabilities is due primarily to the decrease in long-term debt payments of \$20.3 million due to a refunding of bonds done during the Fiscal Year.

Total net assets decreased by \$34.5 million. This is mainly the result of a \$94.5 million decrease of the fund balance in the Capital Projects Funds. The Capital Project Funds balance decreased because the intergovernmental receivable was reduced by \$34.3 million due to the District's capital program nearing completion. Also, net assets increased due to the unassigned net assets increasing by \$40.2 million. This increase was due to the District passing an operating levy in November 2012. This was the first operating levy that the District has passed in sixteen years. At the end of the current year, the School District is able to report positive balances in all three categories of net assets.

**Cleveland Municipal School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

Table 2 shows the change in net assets for fiscal years 2013 and 2012.

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

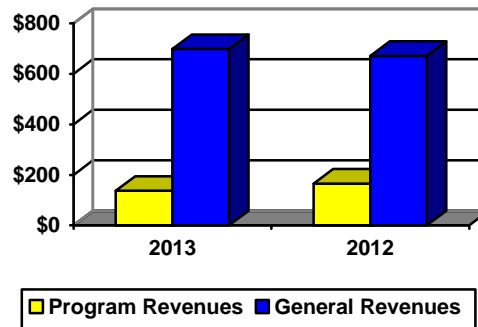
	Governmental Activities		Change
	2013	2012	
<b>Revenues</b>			
General Revenues:			
Property Taxes	\$ 213.8	\$ 185.6	\$ 28.2
Miscellaneous	23.8	18.5	5.3
Investments Income	1.3	1.9	(0.6)
Grants and Entitlements	459.8	465.3	(5.5)
Program Revenues:			
Charges for Services	9.2	4.6	4.6
Operating Grants	125.4	118.8	6.6
Capital Grants	2.1	43.0	(40.9)
Total Revenues	<u>835.4</u>	<u>837.7</u>	<u>(2.3)</u>
<b>Program Expenses</b>			
Instruction	553.1	512.4	40.7
Support Services:			
Pupil and Instructional Staff	89.4	87.1	2.3
Board of Education, Administration, Fiscal and Business	61.2	56.0	5.2
Operation and Maintenance of Plant	59.9	55.1	4.8
Pupil Transportation	30.7	27.9	2.8
Central	20.0	12.0	8.0
Operation of Non-Instructional Services	37.0	39.7	(2.7)
Extracurricular Activities	7.0	5.9	1.1
Interest and Fiscal Charges	11.6	9.6	2.0
Total Expenses	<u>869.9</u>	<u>805.7</u>	<u>64.2</u>
Change in Net Assets	(34.5)	32.0	(66.5)
Net Assets Beginning of Year	<u>981.2</u>	<u>949.2</u>	<u>32.0</u>
Net Assets End of Year	<u>\$ 946.7</u>	<u>\$ 981.2</u>	<u>\$ (34.5)</u>

**Cleveland Municipal School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2013  
 Unaudited

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

	2013	2012
General Revenues	\$ 698.7	\$ 671.3
Program Revenues	136.7	166.4
Total Revenues	\$ 835.4	\$ 837.7

**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 30.6% and 27.7% and grants made up 65.8% and 69.3 % of general revenues for governmental activities for the School District in fiscal years 2013 and 2012, 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 mil 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), the first since 1996. 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 levy was approved to support The Cleveland Plan (H.B. 525) that was signed



**Cleveland Municipal School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

into law in July 2012. 14 mills will be allocated to the current expenses of the District and one mill will be allocated to the current expenses of partnering community school. The collection on that levy began in January 2013.

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. Moneys 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 93.3% 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 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Instruction	\$ 553.1	\$ (495.2)	\$ 512.4	\$ (416.1)
Support Services:				
Pupil and Instructional Staff	89.4	(52.1)	87.1	(53.6)
Board of Education, Administration, Fiscal and Business	61.2	(56.5)	56.0	(52.8)
Operation and Maintenance of Plant	59.9	(57.0)	55.1	(52.6)
Pupil Transportation	30.7	(30.1)	27.9	(27.4)
Central	20.0	(19.7)	12.0	(11.7)
Operation of Non-Instructional Services	37.0	(4.4)	39.7	(10.3)
Extracurricular Activities	7.0	(6.4)	5.9	(5.2)
Interest and Fiscal Charges	11.6	(11.7)	9.6	(9.6)
<b>Total Expenses</b>	<b>\$ 869.9</b>	<b>\$ (733.1)</b>	<b>\$ 805.7</b>	<b>\$ (639.3)</b>

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 63.6% of the total cost of services. When combined with pupil and instructional support these categories make up 73.9% of the total cost of services. This make-up is consistent with the general educational objectives of the School District. The

**Cleveland Municipal School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

---

dependence upon general revenues for governmental activities is apparent. 89.5% of instruction activities are mainly supported through taxes and general revenues. Similarly, for all governmental activities general revenue support is 84.3%. The community, as a whole, is by far the primary support for the School District students.

### **The School District's Funds**

Information about the School District's major funds starts on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$926.8 million and expenditures and other financing uses of \$966.5 million, resulting in a net decrease in fund balances of \$39.7 million.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$27.8 million, while total fund balance increased to a \$43.5 million surplus.

The net changes in fund balances for the year were most significant in the General Fund, the Classroom Facilities Capital Projects Fund and Other Governmental Funds. The fund balance in the General Fund increased \$43.5 million. The increase in fund balance can be attributed to several items related to increasing expenditures. Property Tax Revenue increased \$35.4 million due to the new operating levy that was passed in November 2012. Materials and Supplies increased by \$1.6 due to the need to repair the District's aging bus fleet. Also transfers to other funds were decreased by \$3.3 million. This decrease was due to the Food Service Fund being self-sufficient during the Fiscal Year. The Classroom Facilities capital projects fund balance decreased \$61.0 million. The decrease was due to the District beginning construction on three new high schools during the year. Funding of this program is described in more detail in the *Capital Assets and Debt Administration* section. Other Governmental Funds decreased by \$10.0 million. The decrease can be attributed to the decrease in Federal Restricted Grants-In-Aid by \$39.5 million. This decrease was due to the expiration of few different grants during the year. The School District continues to seek grant monies to provide services to our students.

### **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 \$656.3 million, which was \$1.5 million more than the final budget estimate.

The final expenditure and other financing uses budget was \$651.7 million. Total actual expenditures and other financing uses was \$646.5 million, or \$5.2 million below the final budget estimates. This was mainly due to a continuing effort by the School District's management to reduce its expenditures to lower future operating deficits.

The General Fund's ending unencumbered cash balance totaled \$56.4 million, which was \$6.7 million more than the final budgeted amount.

**Cleveland Municipal School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2013 the School District had \$731.0 million invested in capital assets is net of accumulated depreciation. Table 4 shows fiscal year 2013 balances compared to 2012:

Table 4  
Capital Assets at June 30, 2013  
(Net of Depreciation)  
(\$ In Millions)

	Governmental Activities		Change
	2013	2012	
Land	\$ 33.2	\$ 33.2	\$ 0
Land Improvements	0.2	0.3	(0.1)
Buildings and Improvements	605.8	628.2	(22.4)
Vehicles and Equipment	2.7	3.8	(1.1)
Intangible Assets	3.7	4.1	(0.4)
Construction in Progress	85.4	41.9	43.5
Totals	\$ 731.0	\$ 711.5	\$ 19.5

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 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, 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 cost for the entire program is an estimated \$1.42 billion, of which the School District's cost share under the CFAP will be 32% or approximately \$480 million with the remaining portion (approximately \$1.02 billion) to be paid by the State. As the program continues, factors such as enrollment projections, construction costs, locally funded non-matchable project components and inflation will affect the total scope of the program and the funds required to complete it.

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. The complete program is currently estimated to take about sixteen years. See Note 11 to the basic financial statements for additional information on capital assets.

**Cleveland Municipal School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2013  
 Unaudited

**Debt Administration**

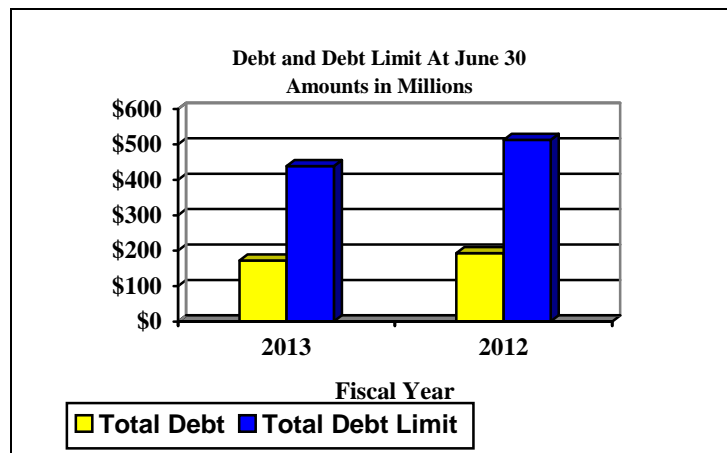
At June 30, 2013 the School District had \$172.3 million in bonds and notes outstanding, \$15.5 million due within one year. Table 5 summarizes bonds and notes outstanding.

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

	Governmental Activities 2013	Governmental Activities 2012
<b>General Obligation Bonds and Notes:</b>		
2001 H.B. 264 Energy Conservation Notes	\$ 3.6	\$ 4.5
2002 School Facilities Improvement Bonds	4.0	6.2
2004 School Facilities Improvement Bonds	22.2	84.8
2010 School Facilities Improvement Bonds	55.0	55.0
2012 School Facilities Improvement Bonds	20.6	20.9
2013 School Facilities Improvement Bonds	45.6	0.0
<b>QZAB Bonds:</b>		
2001 QZAB - Technology Academy	5.5	5.5
2001 QZAB - Arts Academy	5.8	5.8
2001 QZAB - Literacy Academy	10.0	10.0
<b>Total</b>	<u>\$ 172.3</u>	<u>\$ 192.7</u>

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

	2013	2012
Total Debt	\$ 172.3	\$ 192.7
Total Debt Limit	\$ 438.2	\$ 512.7



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

**Cleveland Municipal School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

---

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.

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, 2013, the School District's overall legal debt margin was \$322.9 million, with an unvoted debt margin of \$4.9 million. See Note 17 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. With the passing of the levy, the District is projecting a positive unencumbered cash balance through fiscal year 2016. In addition, there are other ongoing issues to be addressed over the next five years as described below.

*Race to the Top Fund* – The Race to the Top Fund is a program in result of the American Recovery and Reinvestment Act of 2009 (ARRA). The ARRA provided \$4.35 billion for the Race to the Top Fund, a competitive grant program designed to encourage and reward States that are creating the conditions for education innovation and reform; achieving significant improvement in student outcomes, including making substantial gains in student achievement, closing the achievement gaps, improving high school graduation rates, and ensuring student preparation for success in college and careers; and implementing ambitious plans in four core education reform areas. Race to the Top rewarded States that have demonstrated success in raising student achievement and have the best plans to accelerate their reforms in the future. These States will offer models for others to follow and will spread the best reform ideas across their States, and the country. As

**Cleveland Municipal School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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a result of this, the State of Ohio was awarded \$400,000,000 on August 24, 2010. The School District was awarded a percentage of the awarded grant from the State to use during the 2013 fiscal year.

*State Foundation Payments* – HB 1 replaced the prior funding formula (HB 119) with the Ohio Evidence Based Funding Model. Under the final version of the HB 1, calculations include funding for both Cleveland Municipal School District and Charter School students. HB 1 mandates that all school district pay tuition for all students who reside in the School District and attend a charter school. Foundation payments under the Ohio Revised Code (HB 1) are calculated by the Ohio Department of Education (ODE). State fund allocations for fiscal year 2012 and beyond are projected to be based on Average Daily Membership.

*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.

*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 2017 and beyond. The forecast includes several revenue and expense assumptions based upon recent legislation, historical trends, and future assumptions.

Although the most recent forecast anticipates continuing reductions in School District student enrollment and continued increasing enrollment to charter schools, it projects a positive cash balance through fiscal year 2016.

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

This financial report is designed to provide our citizen's, 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, Assistant Controller at Cleveland Municipal School District, 1111 Superior Avenue East, Cleveland, Ohio 44114 or by email [Michael.Bowen@clevelandmetroschools.org](mailto:Michael.Bowen@clevelandmetroschools.org).

# **BASIC FINANCIAL STATEMENTS**

**Cleveland Municipal School District**  
*Statement of Net Position-Governmental Activities*  
June 30, 2013

	Total
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 120,836,492
Cash and Cash Equivalents with Fiscal Agents	1,809,643
Investments	86,887,536
Investments with Fiscal Agents	17,330,229
Receivables:	
Taxes	332,771,067
Accounts	554,774
Intergovernmental	127,208,581
Accrued Interest	435,386
Materials and Supplies Inventory	7,338,334
Nondepreciable Capital Assets	118,583,734
Depreciable Capital Assets, Net	612,388,237
<b>Total Assets</b>	<b>1,426,144,013</b>
<b>Liabilities</b>	
Accounts Payable	18,110,539
Accrued Wages and Benefits	38,043,057
Retainage Payable	1,809,643
Intergovernmental Payable	24,218,621
Matured Compensated Absences Payable	5,995
Accrued Interest Payable	610,028
Claims Payable	2,946,546
Long-Term Obligations:	
Due Within One Year	20,341,397
Due in More Than One Year	199,218,403
<b>Total Liabilities</b>	<b>305,304,229</b>
<b>Defered Inflows of Resources</b>	
Property Taxes	174,077,445
<b>Net Position</b>	
Net Investment in Capital Assets	558,674,014
Restricted	
Restricted for Debt Service	42,713,939
Restricted for Capital Programs	184,352,359
Restricted for Classroom Facilities Maintenance	26,573,293
Restricted for Miscellaneous State Grants	774,030
Restricted for Food Services	924,768
Restricted for Miscellaneous Federal Grants	307,410
Restricted for Other Purposes	18,888,705
Unrestricted	113,553,821
<b>Total Net Position</b>	<b>\$ 946,762,339</b>

See accompanying notes to the basic financial statements



**Cleveland Municipal School District**  
*Statement of Activities-Governmental Activities*  
For the Fiscal Year Ended June 30, 2013

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	
<b>Instruction:</b>					
Regular	\$ 367,669,653	\$ 4,192,551	\$ 5,201,595	\$ 2,100,511	\$ (356,174,996)
Special	172,023,833	1,621,243	43,030,489	0	(127,372,101)
Vocational	12,599,383	111,542	1,379,138	0	(11,108,703)
Adult/Continuing	112,488	1,068	510	0	(110,910)
Other	673,778	4,590	168,775	0	(500,413)
<b>Support Services:</b>					
Pupils	34,197,654	457,244	6,132,756	0	(27,607,654)
Instructional Staff	55,202,905	192,966	30,471,914	0	(24,538,025)
Board of Education	274,588	2,692	1,247	0	(270,649)
Administration	46,168,870	547,753	3,090,526	0	(42,530,591)
Fiscal	12,708,747	324,446	717,508	0	(11,666,793)
Business	2,018,076	19,786	9,162	0	(1,989,128)
Operation and Maintenance of Plant	59,940,850	656,920	2,236,816	0	(57,047,114)
Pupil Transportation	30,662,826	270,047	315,733	0	(30,077,046)
Central	20,006,680	194,889	99,632	0	(19,712,159)
Operation of Non-Instructional Services	36,951,908	11,351	32,517,985	0	(4,422,572)
Extracurricular Activities	6,990,941	574,128	32,198	0	(6,384,615)
Interest and Fiscal Charges	11,669,533	0	0	0	(11,669,533)
<b>Totals</b>	<b>\$ 869,872,713</b>	<b>\$ 9,183,216</b>	<b>\$ 125,405,984</b>	<b>\$ 2,100,511</b>	<b>(733,183,002)</b>
<b>General Revenues</b>					
Property Taxes Levied For:					
					200,094,021
					12,635,634
					1,042,267
					1,345,163
					23,799,313
					459,821,084
					<u>698,737,482</u>
					Change in Net Position (34,445,520)
					<u>Net Position Beginning of Year 981,207,859</u>
					<u>Net Position End of Year \$ 946,762,339</u>

See accompanying notes to the basic financial statements

## Cleveland Municipal School District

*Balance Sheet  
Governmental Funds  
June 30, 2013*

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 53,288,623	\$ 26,103,870	\$ 661,324	\$ 30,959,481	\$ 111,013,298
Cash and Cash Equivalents with Fiscal Agents	0	0	1,689,701	119,942	1,809,643
Investments	0	0	63,455,727	23,431,809	86,887,536
Investments with Fiscal Agents	0	0	0	17,330,229	17,330,229
Receivables:					
Taxes	291,358,217	38,514,849	0	2,898,001	332,771,067
Accounts	512,388	0	0	42,386	554,774
Intergovernmental	1,560,882	0	108,179,308	17,468,391	127,208,581
Accrued Interest	101,887	0	56,559	276,940	435,386
Interfund	12,393,607	0	0	0	12,393,607
Materials and Supplies Inventory	6,535,268	0	0	803,066	7,338,334
<b>Total Assets</b>	<b>365,750,872</b>	<b>64,618,719</b>	<b>174,042,619</b>	<b>93,330,245</b>	<b>697,742,455</b>
<b>Liabilities</b>					
Accounts Payable	5,303,882	0	8,405,745	4,354,093	18,063,720
Accrued Wages and Benefits	31,005,851	0	0	7,084,025	38,089,876
Retainage Payable	0	0	1,689,701	119,942	1,809,643
Interfund Payable	0	0	0	12,393,607	12,393,607
Intergovernmental Payable	19,489,152	0	0	4,729,469	24,218,621
Matured Compensated Absences Payable	5,995	0	0	0	5,995
<b>Total Liabilities</b>	<b>55,804,880</b>	<b>0</b>	<b>10,095,446</b>	<b>28,681,136</b>	<b>94,581,462</b>
<b>Deferred Inflow of Resources</b>					
Property Taxes	266,409,955	35,098,055	0	2,617,934	304,125,944
Unavailable Revenue	0	0	108,179,308	2,917,267	111,096,575
<b>Total Deferred Inflow of Resources</b>	<b>266,409,955</b>	<b>35,098,055</b>	<b>108,179,308</b>	<b>5,535,201</b>	<b>415,222,519</b>
<b>Fund Balance:</b>					
Nonspendable	6,535,268	0	0	803,066	7,338,334
Restricted	0	26,108,634	30,545,397	60,728,151	117,382,182
Committed	9,185,899	0	25,222,468	17,172,913	51,581,280
Assigned	0	3,412,030	0	279,676	3,691,706
Unassigned	27,814,870	0	0	(19,869,898)	7,944,972
<b>Total Fund Balances</b>	<b>43,536,037</b>	<b>29,520,664</b>	<b>55,767,865</b>	<b>59,113,908</b>	<b>187,938,474</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 365,750,872</b>	<b>\$ 64,618,719</b>	<b>\$ 174,042,619</b>	<b>\$ 93,330,245</b>	<b>\$ 697,742,455</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, 2013*

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**Total Governmental Funds Balances** \$ 187,938,474

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

Capital assets used in governmental activities are not financial  
 resources and therefore are not reported in the funds 730,971,971

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	130,048,499	
Grants	111,096,575	
Total	241,145,074	241,145,074

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 assets. 6,876,648

In the statement of activities, interest is accrued on outstanding  
 bonds, whereas in governmental funds, an interest expenditure  
 is reported when due. (610,028)

Long-term liabilities are not due and payable in the current  
 period and therefore are not reported in the funds:

General Obligation Bonds	(144,977,652)	
QZAB Bonds	(21,250,000)	
Compensated Absences	(40,941,495)	
Worker's Compensation Claims	(6,320,348)	
Unamortized Premium on Bond	(6,070,305)	
Total	(219,559,800)	(219,559,800)

***Net Position of Governmental Activities*** \$ 946,762,339

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, 2013

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
<i>Local Sources:</i>					
Taxes	\$ 185,820,885	\$ 24,105,921	\$ 0	\$ 1,861,830	\$ 211,788,636
Investment Income	(18,764)	57,276	(23,623)	1,330,274	1,345,163
Tuition and Fees	6,207,619	0	0	28,733	6,236,352
Extracurricular Activities	0	0	0	512,011	512,011
Contributions and Donations	5,478	0	0	4,363,896	4,369,374
Sale of Personal Property	177,521	0	0	4,661,300	4,838,821
Miscellaneous	11,531,940	9,152	0	3,718,562	15,259,654
<i>State Sources:</i>					
Unrestricted Grants-in-Aid	453,252,835	4,132,662	0	380,547	457,766,044
Restricted Grants-in-Aid	2,877,105	0	36,413,693	8,322,761	47,613,559
<i>Federal Sources:</i>					
Unrestricted Grants-in-Aid	2,055,040	0	0	0	2,055,040
Restricted Grants-in-Aid	0	0	0	109,780,767	109,780,767
<b>Total Revenues</b>	<b>661,909,659</b>	<b>28,305,011</b>	<b>36,390,070</b>	<b>134,960,681</b>	<b>861,565,421</b>
<b>Expenditures:</b>					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	291,211,445	0	0	5,440,640	296,652,085
Special	128,964,285	0	0	42,851,526	171,815,811
Vocational	11,376,145	0	0	1,178,829	12,554,974
Adult/Continuing	108,929	0	0	0	108,929
Other	655,084	0	0	228,253	883,337
<i>Support Services:</i>					
Pupils	29,049,543	0	0	7,145,152	36,194,695
Instructional Staff	18,895,772	0	0	34,894,051	53,789,823
Board of Education	273,980	0	0	0	273,980
Administration	32,206,827	0	0	3,136,412	35,343,239
Fiscal	10,954,757	737,594	0	930,179	12,622,530
Business	2,013,062	0	0	0	2,013,062
Operation and Maintenance of Plant	51,187,035	0	0	8,922,638	60,109,673
Pupil Transportation	27,263,027	0	0	214,085	27,477,112
Central	19,729,546	0	0	33,447	19,762,993
Operation of Non-Instructional Services	1,157,712	0	0	36,727,300	37,885,012
Extracurricular Activities	6,324,273	0	0	655,268	6,979,541
Capital Outlay	0	0	84,870,596	16,081,750	100,952,346
<i>Debt Service:</i>					
Principal Retirement	915,914	1,268,528	0	0	2,184,442
Interest and Fiscal Charges	321,086	11,331,013	0	0	11,652,099
Bond Issuance Costs	0	364,505	0	0	364,505
<b>Total Expenditures</b>	<b>632,608,422</b>	<b>13,701,640</b>	<b>84,870,596</b>	<b>158,439,530</b>	<b>889,620,188</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,301,237	14,603,371	(48,480,526)	(23,478,849)	(28,054,767)
<b>Other Financing Sources (Uses):</b>					
Issuance of Sale of Bonds	0	45,600,000	0	0	45,600,000
Payment to Refunded Bonds Escrow Agent	0	(63,366,472)	0	0	(63,366,472)
Premium from Sale of Notes	0	6,130,213	0	0	6,130,213
Transfers In	0	0	0	13,469,667	13,469,667
Transfers Out	(944,394)	0	(12,525,273)	0	(13,469,667)
<b>Total Other Financing Sources (Uses)</b>	<b>(944,394)</b>	<b>(11,636,259)</b>	<b>(12,525,273)</b>	<b>13,469,667</b>	<b>(11,636,259)</b>
Net Change in Fund Balances	28,356,843	2,967,112	(61,005,799)	(10,009,182)	(39,691,026)
Fund Balances at Beginning of Year	15,179,194	26,553,552	116,773,664	69,123,090	227,629,500
<b>Fund Balances at End of Year</b>	<b>\$ 43,536,037</b>	<b>\$ 29,520,664</b>	<b>\$ 55,767,865</b>	<b>\$ 59,113,908</b>	<b>\$ 187,938,474</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, 2013*

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**Net Change in Fund Balances - Total Governmental Funds** \$ (39,691,026)

*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	52,343,089	
Current Year Depreciation	(25,864,849)	
<b>Total</b>	<b>26,478,240</b>	26,478,240

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

(6,972,773)

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	2,015,141	
Ohio School Facilities Grant	(34,313,182)	
Other Grants	623,284	
<b>Total</b>	<b>(31,674,757)</b>	(31,674,757)

Proceeds from the sale of bonds in the statement of revenues, expenditures and changes in fund balances that are reported as other financing sources are not reported as revenues in the statement of activities.

17,766,472

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

2,184,442

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	(56,267)	
Amortization of Bond Premiums	403,338	
<b>Total</b>	<b>347,071</b>	347,071

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	(3,606,437)	
Worker's Compensation Claims	1,172,997	
<b>Total</b>	<b>(2,433,440)</b>	(2,433,440)

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.

(449,749)

***Change in Net Position of Governmental Activities*** **\$ (34,445,520)**

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, 2013*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<i>Local Sources:</i>				
Taxes	\$ 160,465,990	\$ 180,125,205	\$ 180,547,218	\$ 422,013
Investment Income	370,978	416,427	417,403	976
Tuition and Fees	5,515,360	6,191,065	6,205,570	14,505
Contributions and Donations	4,869	5,465	5,478	13
Miscellaneous	9,250,454	10,383,757	10,408,085	24,328
Sale of Personal Property	157,776	177,106	177,521	415
<i>State Sources:</i>				
Unrestricted Grants-in-Aid	402,840,129	452,193,397	453,252,835	1,059,438
Restricted Grants-in-Aid	2,557,101	2,870,380	2,877,105	6,725
<i>Federal Sources:</i>				
Unrestricted Grants-in-Aid	2,151,380	2,414,953	2,420,611	5,658
<b>Total Revenues</b>	583,314,037	654,777,755	656,311,826	1,534,071
<b>Expenditures:</b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	207,173,553	292,630,949	292,630,949	0
Special	91,324,477	128,780,802	128,780,802	0
Vocational	7,093,424	11,388,438	11,388,438	0
Adult/Continuing	76,911	108,929	108,929	0
Other	486,794	925,455	925,455	0
<i>Support Services:</i>				
Pupils	20,772,642	29,489,904	29,489,904	0
Instructional Staff	13,496,208	19,167,373	19,167,373	0
Board of Education	191,219	273,608	273,608	0
Administration	22,052,458	37,605,769	32,422,887	5,182,882
Fiscal	7,995,930	11,486,707	11,486,707	0
Business	1,107,831	1,982,962	1,982,962	0
Operation and Maintenance of Plant	34,491,631	51,000,722	51,000,722	0
Pupil Transportator	19,885,266	28,906,933	28,906,933	0
Central	10,324,146	18,655,360	18,655,360	0
Operation of Non-Instructional Service	808,462	1,157,548	1,157,548	0
Extracurricular Activities	4,201,326	6,286,467	6,286,467	0
Capital Outlay	3,151	4,437	4,437	0
<i>Debt Service:</i>				
Principal Retirement	650,396	915,914	915,914	0
Interest and Fiscal Charges	228,005	321,086	321,086	0
<b>Total Expenditures</b>	442,363,830	641,089,363	635,906,481	5,182,882
Deficiency of Revenues Under Expenditures	140,950,207	13,688,392	20,405,345	6,716,953
<b>Other Financing Sources (Uses):</b>				
Advances Out	(9,690,000)	(9,690,000)	(9,690,000)	0
Transfers Out	(944,394)	(944,394)	(944,394)	0
<b>Total Other Financing Sources (Uses)</b>	(10,634,394)	(10,634,394)	(10,634,394)	0
Net Change in Fund Balances	130,315,813	3,053,998	9,770,951	6,716,953
Fund Balances at Beginning of Year	35,557,356	35,557,356	35,557,356	0
<i>Prior Year Encumbrances Appropriated</i>	11,068,888	11,068,888	11,068,888	0
<b>Fund Balances at End of Year</b>	\$ 176,942,057	\$ 49,680,242	\$ 56,397,195	\$ 6,716,953

See accompanying notes to the basic financial statements

# Cleveland Municipal School District

## Statement of Fund Net Assets

### Proprietary Fund

June 30, 2013

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	Governmental Activities - Internal Service Fund
<b>Assets:</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 9,823,194
<b>Liabilities:</b>	
<i>Current Liabilities:</i>	
Claims Payable	<u>2,946,546</u>
<b>Net Position:</b>	
Unrestricted	<u>\$ 6,876,648</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, 2013*

	Governmental Activities - Internal Service Fund
<b><i>Operating Revenues:</i></b>	
Charges for Services	\$ 57,530,270
<b><i>Operating Expenses:</i></b>	
Claims and Claim Adjustment Expenses	57,980,019
<i>Change in Net Position</i>	(449,749)
<i>Net Position Beginning of Year</i>	7,326,397
<b><i>Net Position End of Year</i></b>	<b>\$ 6,876,648</b>

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, 2013*

	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	\$ 57,530,270
Cash Payments for Claims and Claim Adjustment Expenses	(57,992,109)
<b><i>Net Cash Provided by Operating Activities</i></b>	(461,839)
Cash and Cash Equivalents at Beginning of Year	10,285,033
<b><i>Cash and Cash Equivalents at End of Year</i></b>	\$ 9,823,194
 <b><i>Reconciliation of Income to Net Cash Provided by Operating Activities</i></b>	
<i>Change in Net Position</i>	\$ (449,749)
 <i>Adjustments to Reconcile Operating Income to Net</i>	
<i>Cash Provided by Operating Activities</i>	
Decrease in Claims Payable	(12,090)
<b><i>Net Cash Provided by Operating Activities</i></b>	\$ (461,839)
See accompanying notes to the basic financial statements	

**Cleveland Municipal School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*June 30, 2013*

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***Assets***

Equity in Pooled Cash and Cash Equivalents

\$ 2,306,871

***Liabilities***

Due to Students

\$ 598,060

Payroll Withholdings

1,708,811

***Total Liabilities***

\$ 2,306,871

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, 2013

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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 19 and Note 20 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 School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service funds unless those

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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pronouncements conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

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

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

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

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

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

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

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

***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:

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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

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

**Classroom Facilities Fund** The classroom facilities fund 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 fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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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 assets. 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 statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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 include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, 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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources included property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

***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.

### ***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.

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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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 2013, investments were limited to STAR Ohio, repurchase agreements, 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 2013. 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, 2013.

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 2013 amounted to (\$18,764) which includes (\$307,389) 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, 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



## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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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 a District official 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, 2013 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

### ***J. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of twenty five 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.

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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 assets.

### ***L. 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 with more than one year of service.

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

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.

### ***M. 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.

## **Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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### ***N. 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.

### ***O. 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 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 \$274,534,504 of restricted net assets, 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 assets are available.

### ***P. 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.

### ***Q. 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.

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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### *R. 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.

### *S. 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.

### *T. Estimates*

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

### **Note 3 – Change in Accounting Principles**

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60 “Accounting and Financial Reporting for Service Concession Agreements,” Statement No. 61, “The Financial Reporting Entity: Omnibus; and amendment of GASB Statements No. 14 and No. 34,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions – and amendment of GASB Statement No. 53” Fund Balance Reporting and Governmental Fund Type Definitions” and Statement No. 65, “Items Previously Reported as Assets and Liabilities.”

GASB Statement No. 60 establishes guidance for accounting and financial reporting for service concession arrangements (SCAs). These arrangements are often referred to as public-private partnerships or public-public partnerships (PPP). The implementation of this statement did not result in any change in the School District’s financial Statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units (blending vs. discrete) presentation, and certain disclosure requirements. The implementation of this statement did not result in any change in the School District’s financial Statements.

GASB Statement No. 62 codifies into GASB accounting and financial reporting standards the “legacy” standards from the private-sector. The implementation of this statement did not result in any change in the School District’s financial Statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

### Note 4 – Fund Deficits

The following funds had deficit fund balances as of June 30, 2013:

#### Special Revenue Funds

Auxiliary Services	\$	2,328,432
Race to the Top		4,403,049
Title VI-B Special Education		1,450,851
Vocational Education		321,926
Improving Teacher Quality Title II-A		868,276
Other Federal		3,082,890

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.

### Note 5 – Fund Balances

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

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

Fund Balances	General	Debt Service	Classroom Facilities	Nonmajor Governmental Funds	Total
<b><i>Nonspendable</i></b>					
Inventory	\$ 6,535,268	\$ 0	\$ 0	\$ 803,066	\$ 7,338,334
<b><i>Restricted for</i></b>					
Debt Service Payments	0	26,108,634	0	0	26,108,634
Capital Improvements	0	0	30,545,397	14,615,560	45,160,957
Facility Maintenance	0	0	0	23,002,659	23,002,659
Food Service Operations	0	0	0	372,816	372,816
Other Local Grants	0	0	0	238,815	238,815
Other State Grants	0	0	0	379,023	379,023
Other Purposes	0	0	0	22,119,278	22,119,278
<b><i>Total Restricted</i></b>	<b>0</b>	<b>26,108,634</b>	<b>30,545,397</b>	<b>60,728,151</b>	<b>117,382,182</b>
<b><i>Committed to:</i></b>					
Capital Improvements	0	0	25,222,468	5,839,914	31,062,382
Facility Maintenance	0	0	0	2,312,798	2,312,798
Title I	0	0	0	1,926,183	1,926,183
Food Service Operations	0	0	0	104,379	104,379
Non-Public Schools	0	0	0	2,181,878	2,181,878
Special Education	0	0	0	94,019	94,019
Vocational Education	0	0	0	179,991	179,991
Other Purposes	9,185,899	0	0	4,533,751	13,719,650
<b><i>Total Committed</i></b>	<b>9,185,899</b>	<b>0</b>	<b>25,222,468</b>	<b>17,172,913</b>	<b>51,581,280</b>
<b><i>Assigned to:</i></b>					
Facility Maintenance	0	0	0	279,676	279,676
Debt Service Payments	0	3,412,030	0	0	3,412,030
<b><i>Total Assigned</i></b>	<b>0</b>	<b>3,412,030</b>	<b>0</b>	<b>279,676</b>	<b>3,691,706</b>
<b><i>Unassigned (Deficit)</i></b>	<b>27,814,870</b>	<b>0</b>	<b>0</b>	<b>(19,869,898)</b>	<b>7,944,972</b>
<b><i>Total Fund Balances</i></b>	<b>\$ 43,536,037</b>	<b>\$ 29,520,664</b>	<b>\$ 55,767,865</b>	<b>\$ 59,113,908</b>	<b>\$ 187,938,474</b>

**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 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);

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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	\$ 28,356,843
Net Adjustment for Revenue Accruals	(5,597,833)
Net Adjustment for Expenditure Accruals	(3,298,059)
Advances Out	<u>(9,690,000)</u>
Budget Basis	<u><u>\$ 9,770,951</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 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) and/or Securities Investor Protection Corporation (SIPC), by eligible securities pledged by the financial institution as security for repayment or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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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.

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

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District's deposits may not be returned to it. Protection of School District deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the financial



## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

institution holding the assets. By Ohio law, financial institutions must collateralize public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and other designated third party trustees of the financial institutions.

At fiscal year end, the School District's bank balance was \$123,089,980. Of the bank balance, \$16,033,443 was covered by federal depository insurance and \$107,056,537 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.

### Investments

Investments are reported at fair value. As of June 30, 2013, the School District had the following investments:

	Maturity		Total
	Less Than One Year	More Than One Year But Less Than Five Years	
U.S. Agency Obligations	\$ 34,686,738	\$ 113,953,594	\$ 148,640,332
Commercial Paper	32,484,618	0	32,484,618
STAR Ohio	187,994	0	187,994
Total Portfolio	\$ 67,359,350	\$ 113,953,594	\$ 181,312,944

**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.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, Federal Home Loan Mortgage Corporation Bonds, Federal Farm Credit Bank and Federal Home Loan Mortgage Corporation Discounted Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Credit Risk** The School District's investments at June 30, 2013 in FHLMC, FNMA, FFCB and FHLB agency securities were rated AAA by Standard & Poor's. The investments in STAR Ohio were rated

# Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

AAA 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, 2013:

Investments	Percentage of Investments
FNMA	26.44%
FHLB	25.02%
FHLMC	19.53%
Commercial Paper	17.92%
FFCB	10.99%
STAR Ohio	0.10%

## 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 2013 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, 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 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013 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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

year end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2013 was \$29,151,353, which is comprised of \$24,900,295 in the general fund, \$3,412,030 in the debt service fund, \$559,352 in the partnering community school fund and \$279,676 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2012, was \$23,741,303, which is comprised of \$18,835,791 in the general fund, \$4,572,241 in the debt service fund and \$333,271 in the classroom facilities maintenance special revenue fund.

The last tax settlement made by the County for fiscal year 2013 was \$47,967 in the general fund, \$4,764 in the debt service fund and \$391 in the classroom facilities maintenance special revenue fund.

On an 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 2013 taxes were collected are:

	2012 Second- Half Collections (in thousands of dollars)		2013 First- Half Collections (in thousands of dollars)	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 5,449,321	95.65%	\$ 4,602,210	94.53%
Public Utility Property	247,613	4.35	266,558	5.47
Total	<u>\$ 5,696,934</u>	<u>100.00%</u>	<u>\$ 4,868,768</u>	<u>100.00%</u>
Full voted tax rate per \$1,000 of assessed valuation		\$64.80		\$79.80

### Note 9 - Receivables

Receivables at June 30, 2013 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 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.

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Ohio School Facilities Grant	\$ 108,179,308
Title I Grant and Subsidies	9,706,500
Food Service	2,479,246
Ohio Bureau of Workers Compensation	2,257,273
Other Federal Grant and Subsidies	1,484,786
Title VI-B Grant and Subsidies	981,065
Race to the Top Grant and Subsidies	695,542
Miscellaneous Federal Grants and Subsidies	570,368
Improving Teacher Quality Title II-A Grant and Subsidies	481,499
Vocational Education Federal Grant and Subsidies	236,735
City of Cleveland	60,157
Other State Grant and Subsidies	24,367
Cuyahoga County Auditor	15,587
Auxiliary Service	14,293
Defense Finance and Accounting Services	9,767
Other	12,088
Total Intergovernmental Receivables	<u>\$ 127,208,581</u>

### Note 10 – Contingencies

#### A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2013.

#### B. Litigation

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

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

**C. Attendance Audit**

The Auditor of State (AOS) issued its *Statewide Audit of Student Attendance Data and Accountability System* on February 11, 2013, a statewide assessment of school year 2010-11 student attendance and enrollment practices for select Ohio schools. AOS referred the Cleveland Municipal School District as a district with evidence of removing students from enrollment without lawful reason, regardless of motivation to the Ohio Department of Education (ODE) and U.S. Department of Education Office of the Inspector General (IG) for further investigation and recalculation of the school report cards. The removal of students does not necessarily imply malicious intent. The ODE and IG have not yet determined the impact of these results.

**Note 11 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 6/30/12	Additions	Deletions	Balance 6/30/13
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 33,201,164	\$ 0	\$ 0	\$ 33,201,164
Construction in Progress	41,906,657	53,078,877	(9,602,964)	85,382,570
<i>Total Capital Assets, not being Depreciated</i>	<u>75,107,821</u>	<u>53,078,877</u>	<u>(9,602,964)</u>	<u>118,583,734</u>
<i>Capital Assets, being Depreciated</i>				
Land Improvements	1,736,777	0	0	1,736,777
Buildings and Improvemets	927,994,804	8,755,781	(24,371,286)	912,379,299
Vehicles and Equipment	24,483,209	28,595	0	24,511,804
Internal Generated Software	5,898,906	82,800	0	5,981,706
<i>Total Capital Assets, being Depreciated</i>	<u>960,113,696</u>	<u>8,867,176</u>	<u>(24,371,286)</u>	<u>944,609,586</u>
Less: Accumulated Depreciation:				
Land Improvements	(1,475,599)	(46,173)	0	(1,521,772)
Buildings and Improvements	(299,831,110)	(24,186,546)	17,398,513	(306,619,143)
Vehicles and Equipment	(20,685,743)	(1,108,562)	0	(21,794,305)
Internal Generated Software	(1,762,561)	(523,568)	0	(2,286,129)
<i>Total Accumulated Depreciation</i>	<u>(323,755,013)</u>	<u>(25,864,849) *</u>	<u>17,398,513</u>	<u>(332,221,349)</u>
<i>Total Capital Assets, being Depreciated, Net</i>	<u>636,358,683</u>	<u>(16,997,673)</u>	<u>(6,972,773)</u>	<u>612,388,237</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 711,466,504</u>	<u>\$ 36,081,204</u>	<u>\$ (16,575,737)</u>	<u>\$ 730,971,971</u>

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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

Instruction:	
Regular	\$ 23,284,198
Special	69,678
Vocational	12,278
Support Services:	
Instructional Staff	4,320
Administration	1,417,709
Pupil Transportation	1,008,923
Central	33,177
Operation of Non-Instructional Services	33,071
Capital Outlay	1,495
Total Depreciation Expense	<u>\$ 25,864,849</u>

Construction in progress is composed of the following at June 30, 2013:

	<u>Project Authorization</u>	<u>Expended to June 30, 2013</u>	<u>Committed</u>
Regular Instruction	\$ 178,007,622	\$ 85,382,570	\$ 92,625,052
Support Services - Administration	1,907,825	442,882	1,464,943
Total	<u>\$ 179,915,447</u>	<u>\$ 85,825,452</u>	<u>\$ 94,089,995</u>

**Note 12 - 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:

<u>Coverage During Fiscal Year</u>	<u>Liability Limits</u>	<u>Deductible</u>
Property (Physical Damage) Insurance	\$ 200,000,000	\$ 250,000
Boiler and Machinery	50,000,000	250,000
Commerical Crime Insurance	1,000,000	100,000
Inland Marine	5,000,000	250,000
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

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

Coverage During Fiscal Year	Liability Limits	Self- Insured Retention
<b>Coverage A - School Liability</b>	\$ 6,000,000	\$ 250,000
General Liability		
Automobile Liability		
Law Enforcement Liability		
Nurse' Professional Liability		
Ohio Stop Gap Liability		
<b>Coverage B - Educators Liability</b>	\$ 6,000,000	\$ 250,000
School Leaders Errors & Omissions (includes lawyer professional liability)		
Employment Practices Liability		
Sexual Harassment		
Sexual Misconduct/Abuse		
Employee Benefits Liability		

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

Because of the prohibitive cost of commercial insurance, the School District in 1987, established a self-insurance fund (an internal service fund) to account for and finance its uninsured risks of loss (insurance deductibles and/or self-insured retentions) and associated expenses attributing to liability and property damage claim settlements and judgments. Estimates of claims liabilities, based on historical cost information, for incurred claims (including incurred but not reported claims) as calculated by the School District's Risk Management Division for all outstanding unsettled claims total \$2,946,546 as of June 30, 2013, 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, 2004, through June 30, 2013, including the estimate for incurred but not reported (IBNR) claims totals \$6,320,348.

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

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

The claims liability reported at June 30, 2013 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 2012 and 2013 are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2012	\$ 11,540,600	63,664,615	64,753,234	\$ 10,451,981
2013	10,451,981	61,514,004	62,699,091	9,266,894

### Note 13 – Defined Benefit Pension Plans

#### A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement, disability and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the School Employees Retirement System of Ohio, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the System. For fiscal year ending June 30, 2013, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$10,936,231, \$11,238,769, and \$11,086,845, respectively; 39.07 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

#### B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).



## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2012, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$33,535,645, \$37,451,090, and \$40,820,492, respectively; 81.54 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$1,212,744 made by the School District and \$866,246 made by the plan members.

### *C. 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, 2013, no members of the Board of Education have elected Social Security.

## **Note 14 - Postemployment Benefits**

### *A. School Employees Retirement System*

Plan Description - The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B plan. The Health Care Plan includes

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are 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.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2013 this amount was \$1,599,931.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$133,572, \$486,789, and \$1,342,438 respectively; 39.07 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011 were \$617,772, \$663,707, and \$713,463 respectively; 39.07 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

### ***B. School Teachers Retirement System***

Plan Description - The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participate in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio Law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$2,579,665, \$2,880,853, and \$3,140,038 respectively; 81.54 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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### Note 15 – 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 Kaiser Permanente, dental benefits through MetLife and vision through Spectera and Union Eye Care to all eligible employees.

### Note 16 - Set-Asides

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

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

	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of June 30, 2012	\$ (15,078,607)
Current Year Set-Aside Requirement	7,033,506
Current Year Offsets:	
Tax Levy for Classroom Facilities and Maintenance	(1,923,748)
Qualifying Disbursements	<u>0</u>
Totals	<u>(9,968,849)</u>
Set-Aside Balances Carried Forward to Future Fiscal Years	<u>(9,968,849)</u>
Set-Aside Reserve Balance as of June 30, 2013	<u>\$ 0</u>

**Cleveland Municipal School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

**Note 17 – Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2013 were as follows:

	Balance Outstanding 06/30/12	Additions	Deletions	Balance Outstanding 06/30/13	Amounts Due in One Year
<b>Governmental Activities:</b>					
<b>General Obligation Bonds and Notes:</b>					
2001 H.B. 264 Energy					
Conservation Notes	\$ 4,518,566	\$ 0	\$ 915,914	\$ 3,602,652	\$ 964,161
2002 Library Refunding Bonds	0	0	0	0	0
2002 School Facilities					
Improvement Bonds	1,915,000	0	1,915,000	0	0
Unamortized Premium	4,327,306	0	280,690	4,046,616	0
2004 School Facilities					
Improvement Bonds	82,640,000	0	62,475,000	20,165,000	3,650,000
Unamortized Premium	2,146,337	0	122,648	2,023,689	0
2010 School Facilities					
Improvement Bonds	55,000,000	0	0	55,000,000	0
2012 School Facilities					
Improvement Refunding Bonds	20,855,000	0	245,000	20,610,000	1,535,000
2013 School Facilities					
Improvement Refunding Bonds	0	45,600,000	0	45,600,000	9,380,000
<b>Total General Obligation Bonds and Notes</b>	<b>171,402,209</b>	<b>45,600,000</b>	<b>65,954,252</b>	<b>151,047,957</b>	<b>15,529,161</b>
<b>QZAB Bonds:</b>					
2001 QZAB - Technology Academy	5,500,000	0	0	5,500,000	0
2001 QZAB - Arts Academy	5,750,000	0	0	5,750,000	0
2001 QZAB - Literacy Academy	10,000,000	0	0	10,000,000	0
<b>Total QZAB Bonds</b>	<b>21,250,000</b>	<b>0</b>	<b>0</b>	<b>21,250,000</b>	<b>0</b>
<b>Other Long-Term Obligations:</b>					
Compensated Absences	37,335,058	5,670,780	2,064,343	40,941,495	1,780,790
Workers' Compensation Claims	7,493,345	5,147,351	6,320,348	6,320,348	3,031,446
<b>Total Other Long-Term Obligations</b>	<b>44,828,403</b>	<b>10,818,131</b>	<b>8,384,691</b>	<b>47,261,843</b>	<b>4,812,236</b>
<b>Total Governmental Activities</b>	<b>\$ 237,480,612</b>	<b>\$ 56,418,131</b>	<b>\$ 74,338,943</b>	<b>\$ 219,559,800</b>	<b>\$ 20,341,397</b>

On January 29, 2013, the School District issued \$45,600,000 of School Improvement Refunding Bonds, Series 2013, at a true interest cost of approximately 3%. Proceeds of this bond issue (including a portion of the original issue premium), together with \$12,000,000 of cash on hand in the 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. This refunding transaction resulted in a reduction in future debt service of \$28,732,021, equivalent to then-present value savings (at the time of sale of the Refunding Bonds) of \$20,222,877, which, after deducting contributions

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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to the escrow fund from sources other than the proceeds of the Refunding Bonds, yielded net present value savings of approximately \$8,222,951.

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 was defeased and considered no longer outstanding for purposes of the District's direct debt limitations. This refunding transaction resulted in a reduction in future debt service of \$12,368,587, which has a present value of approximately \$10,307,766. The net present value savings attributable to the issuance of the refunding bonds alone is approximately \$2,312,223

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. The School District saved \$10,497,925 in interest, which has a present value of about \$4,079,265.

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 \$3,235,294 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.

On July 8, 2004, the School District issued \$125,000,000 of School Facility Improvement Bonds, bearing interest at the rate of 2.00% - 5.25% per annum. The premium received on this bond issue was \$3,066,194 of which \$2,163,792 was transferred to the Debt Service Fund. The series 2004 bond issue is the second long-term financing drawdown of the \$335 million approved by voters on May 8, 2001 (Issue 14) related to the School District's 12-year, \$1.5 billion capital plan. This debt will be retired from the Debt Service Fund.

On October 1, 2002, the School District issued \$124,920,000 of Various Purpose Improvement and Refunding Bonds, bearing interest at the rate of 1.45% - 5.00% per annum. \$57,515,000 of the proceeds together with other available money was used to refund all of the District's outstanding General Obligation Unlimited Tax Library Improvement Bonds, Series 1992A. \$27,405,000 of the proceeds together with other available money was used to refund the District's outstanding \$35,000,000 School Facility Bond Anticipation Notes, Series 2001. \$40,000,000 of the new proceeds along with the \$35,000,000 that was refunded are being used to pay costs of renovating, rehabilitating, constructing, furnishing, equipping and otherwise improving school facilities and acquiring and improving their sites. This represented the first long-term drawdown of the \$335 million approved by voters on May 8, 2001 (Issue 14). This debt will be retired from the Debt Service Fund. As a result of the refunding, the District reduced its total debt service requirements by \$14.3 million, which resulted in an economic gain

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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(difference between the present value of the debt service payments on the old and the new debt) of \$9.3 million.

On October 1, 2002, the School District cash defeased all of the General Obligation Unlimited Tax School Improvement Bonds, Series 1992B by utilizing available resources in the Debt Service Fund. The defeasance was undertaken to remove restrictive bond covenants associated with the bonds. During fiscal year 2009, the School Improvement Bonds were considered defeased.

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

Qualified Zone Academy Bonds-Literacy Academy - On June 18, 2001, the School District issued \$10,000,000 of non-interest-bearing obligations in order to remodel Central Middle School, Franklin D. Roosevelt Middle School, Harry E. Davis Middle School, and Martin Luther King, Jr. Middle School. The obligations were issued for a fourteen-year period with final maturity at June 17, 2015. These obligations are not general obligation bonds and will be retired from the Educational Special Trust Fund.

Qualified Zone Academy Bonds-Arts Academy - On April 3, 2001, the School District issued \$5,750,000 of obligations yielding 0.87 percent in order to remodel the Cleveland School of the Arts and Newton D. Baker Elementary School. The obligations were issued for a fourteen-year period with final maturity at April 2, 2015. These obligations are not general obligation bonds and will be retired from the Educational Special Trust Fund.

Qualified Zone Academy Bonds-Technology Academy - On April 3, 2001, the School District issued \$5,500,000 of obligations yielding 0.87 percent in order to remodel the Collinwood School. The obligations were issued for a fourteen-year period with final maturity at April 2, 2015. These obligations are not general obligation bonds and will be retired from the Educational Special Trust Fund.

The School District is placing money from the General Fund for these Qualified Zone Academy Bonds into a separate escrow account held by a trustee, Huntington National Bank, in order to repay the obligation at maturity and the activity of this separate escrow account is reflected in the Educational Special Trust Fund.

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 \$322,937,989 with an unvoted debt margin of \$4,868,768 at June 30, 2013.

The School District is subject to federal arbitrage regulations. As of June 30, 2013 the District has not accrued any liability.

Principal and interest requirements to retire general obligation debt, QZAB bonds and H.B. 264 Energy Conservation Notes, outstanding at June 30, 2013, are as follows:

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

Fiscal Year Ending June 30,	Principal	Interest	Total
<b>General Obligation Bonds and Notes</b>			
2014	\$ 15,529,161	\$ 6,320,982	\$ 21,850,143
2015	15,259,948	6,142,190	21,402,138
2016	6,733,413	5,474,551	12,207,964
2017	6,485,130	5,136,596	11,621,726
2018	6,225,000	4,821,694	11,046,694
2019-2023	15,380,000	21,971,070	37,351,070
2024-2028	79,365,000	13,953,038	93,318,038
	<u>144,977,652</u>	<u>63,820,121</u>	<u>208,797,773</u>
<b>QZAB Bonds</b>			
2014	0	97,875	97,875
2015	21,250,000	97,875	21,347,875
	<u>21,250,000</u>	<u>195,750</u>	<u>21,445,750</u>
<b>Grand Total</b>	<u>\$ 166,227,652</u>	<u>\$ 64,015,871</u>	<u>\$ 230,243,523</u>

**Note 18 – Interfund Transfers and Balances**

**A. Transfers**

Transfers made during the year ended June 30, 2013 were as follows:

Transfers To	Transfers Out		
	General	Classroom Facilities	Totals
<b>Non-Major Governmental Funds:</b>			
Permanent Improvement	\$ 0	\$ 12,525,273	\$ 12,525,273
Educational Special Trust	944,394	0	944,394
<b>Totals</b>	<u>\$ 944,394</u>	<u>\$ 12,525,273</u>	<u>\$ 13,469,667</u>

The purpose of the transfer from the classroom facilities capital projects fund to the permanent improvement capital projects fund was to transfer excess dollars from one fund to another. This transfer is in compliance with the Ohio Revised Code.

The purpose of the transfer from the general fund to the educational special trust special revenue fund was to fund the future debt payment of the Qualified Zone Academy Bonds, which are due in 2015.

**Cleveland Municipal School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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***B. Interfund Balances***

Interfund balances at June 30, 2013, consist of the following individual fund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General</u>
Non-Major Governmental Funds:	
Other State	\$ 22,000
Food Service	1,273,780
Race to the Top	2,850,000
Title VI-B Special Education	928,128
Vocational Education	500,000
Title I	2,557,000
Improving Teacher Quality	481,499
Other Federal	3,781,200
Totals	<u>\$ 12,393,607</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.

**Note 19 - 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



## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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 20 - 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.

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 2011, the District extended the contract with the BAC for three years in the amount of \$240,000. Annual reports can be obtained by contacting James G. Darr, Administrator Bond Accountability Commission c/o Cuyahoga Community College, 2900 Community College Avenue MBA, Room 221, Cleveland, Ohio 44115.

### Note 21 – Construction and Other Significant Commitments

Projects	Committed Amount	Amount Paid	Remaining on Commitment
Segment 1	\$ 223,975,810	\$ 218,909,104	\$ 5,066,706
Segment 2	105,553,352	100,588,341	4,965,011
Segment 3	133,691,654	132,641,586	1,050,068
Segment 4	136,749,655	135,252,516	1,497,139
Segment 5	197,720,336	58,646,053	139,074,283
Segment 6	52,431,221	2,495,404	49,935,817
Local Funding Initiatives	117,730,256	96,162,242	21,568,014
Total	<u>\$ 967,852,284</u>	<u>\$ 744,695,246</u>	<u>\$ 223,157,038</u>

## Cleveland Municipal School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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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 and 6 consisted of the construction of thirty-two buildings, the renovation of five buildings and the demolishing of thirteen buildings. Local Funding Initiatives consisted of various projects throughout the School District.

### **Note 22 – Subsequent Event**

**A.** On October 22, 2013, the Board of Education authorized the issuance and sale of bonds in a maximum aggregate principal amount of \$16,500,000, for the purpose of refunding at a lower interest cost certain of the District's School Improvement Bonds, series 2004, dated July 8, 2004. On December 18, 2013, the District sold \$10,525,000 of School Improvement Refunding Bonds, Series 2014. Proceeds of this bond issue, together with approximately \$6,124,354 of cash on hand in the District's bond retirement fund, will be deposited in an escrow fund which will be used to pay principal and interest on the District's Various Purpose Improvement and Refunding Bonds, Series 2004. The estimated closing date is January 9, 2014. The District estimates that this refunding transaction will result in a reduction in future debt service of \$7,643,813, which has a present value savings of approximately \$7,175,176. The net present value savings attributable to issuance of the refunding bonds alone is approximately \$1,050,822.

**B.** On December 17, 2013, the Board of Education authorized the agreement to lease 225 school buses. The total cost of the buses is \$17,943,165. The lease agreement is for \$19,068,000 which includes \$1,124,835 in interest. The lease is a 7 year lease at 1.67% with a bi-annual payment due on June 1 and December 1 of each year. This agreement is, in substance, a lease purchase (capital lease) and will be classified as a long-term lease obligation in the financial statements.

## **Combining Statements and Individual Fund Schedules**

### **Fund Descriptions – Nonmajor Governmental Funds**

#### *Nonmajor Special Revenue Funds*

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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.

*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.

#### **Federal Funds:**

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

*Race to the Top Fund* – This fund accounts for federal monies used to provide for either a new program or expansion of an existing program to support initiatives in the following areas: Standards and Assessments; Using Data to improve Instructions; Great Teachers and Leaders; and Turning Around the Lowest-Achieving Schools.

*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.

**Fund Descriptions – Nonmajor Governmental Funds (continued)**

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

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***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 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.

***Nonmajor Capital Projects Funds***

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

***Permanent Improvement Fund*** – This fund accounts for local funding initiatives associated with the School Districts facility project.

***Building Renovation Fund*** – This fund accounts for the receipts and expenditures related to the Qualified Zone Academy Bonds.

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# Cleveland Municipal School District

## Combining Balance Sheet

### Nonmajor Governmental Funds

June 30, 2013

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 32,259,835	\$ (1,300,354)	\$ 30,959,481
Cash and Cash Equivalents With Fiscal Agents	0	119,942	119,942
Investments	0	23,431,809	23,431,809
Investments with Fiscal Agents	17,330,229	0	17,330,229
Receivables:			
Taxes	2,898,001	0	2,898,001
Accounts	42,386	0	42,386
Intergovernmental	17,466,232	2,159	17,468,391
Accrued Interest	260,384	16,556	276,940
Materials and Supplies Inventory	803,066	0	803,066
<b>Total Assets</b>	<b>\$ 71,060,133</b>	<b>\$ 22,270,112</b>	<b>\$ 93,330,245</b>
<b>Liabilities</b>			
Accounts Payable	\$ 2,715,837	\$ 1,638,256	\$ 4,354,093
Accrued Wages and Benefits	7,049,138	34,887	7,084,025
Retainage Payable	0	119,942	119,942
Interfund Payable	12,393,607	0	12,393,607
Intergovernmental Payable	4,707,916	21,553	4,729,469
<b>Total Liabilities</b>	<b>26,866,498</b>	<b>1,814,638</b>	<b>28,681,136</b>
<b>Deferred Inflow &amp; Resources</b>			
Property Taxes	2,617,934	0	2,617,934
Unavailable Revenue	2,917,267	0	2,917,267
<b>Total Deferred Inflow of Resources</b>	<b>5,535,201</b>	<b>0</b>	<b>5,535,201</b>
<b>Fund Balance:</b>			
Nonspendable	803,066	0	803,066
Restricted	46,112,591	14,615,560	60,728,151
Committed	11,332,999	5,839,914	17,172,913
Assigned	279,676	0	279,676
Unassigned	(19,869,898)	0	(19,869,898)
<b>Total Fund Balances</b>	<b>38,658,434</b>	<b>20,455,474</b>	<b>59,113,908</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 71,060,133</b>	<b>\$ 22,270,112</b>	<b>\$ 93,330,245</b>

## Cleveland Municipal School District

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*

*Nonmajor Governmental Funds*

*For the Fiscal Year Ended June 30, 2013*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
<i>Local Sources:</i>			
Taxes	\$ 1,861,830	\$ 0	\$ 1,861,830
Investment Income	1,294,661	35,613	1,330,274
Tuition and Fees	28,733	0	28,733
Extracurricular Activities	512,011	0	512,011
Contributions and Donations	4,363,896	0	4,363,896
Sale of Personal Property	0	4,661,300	4,661,300
Miscellaneous	3,716,403	2,159	3,718,562
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	380,547	0	380,547
Restricted Grants-in-Aid	8,322,761	0	8,322,761
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	109,780,767	0	109,780,767
<b>Total Revenues</b>	<b>130,261,609</b>	<b>4,699,072</b>	<b>134,960,681</b>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	5,440,640	0	5,440,640
Special	42,851,526	0	42,851,526
Vocational	1,178,829	0	1,178,829
Other	228,253	0	228,253
<i>Support Services:</i>			
Pupils	7,145,152	0	7,145,152
Instructional Staff	34,894,051	0	34,894,051
Administration	3,136,412	0	3,136,412
Fiscal	930,179	0	930,179
Operation and Maintenance of Plant	8,481,585	441,053	8,922,638
Pupil Transportation	214,085	0	214,085
Central	33,447	0	33,447
Operation of Non-Instructional Services	36,727,300	0	36,727,300
Extracurricular Activities	655,268	0	655,268
Capital Outlay	0	16,081,750	16,081,750
<b>Total Expenditures</b>	<b>141,916,727</b>	<b>16,522,803</b>	<b>158,439,530</b>
Deficiency of Revenues Under Expenditures	(11,655,118)	(11,823,731)	(23,478,849)
<b>Other Financing Sources:</b>			
Transfers In	944,394	12,525,273	13,469,667
Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>944,394</b>	<b>12,525,273</b>	<b>13,469,667</b>
Net Change in Fund Balances	(10,710,724)	701,542	(10,009,182)
Fund Balances at Beginning of Year Restated	49,369,158	19,753,932	69,123,090
<b>Fund Balances at End of Year</b>	<b>\$ 38,658,434</b>	<b>\$ 20,455,474</b>	<b>\$ 59,113,908</b>

**Cleveland Municipal School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2013*

	Educational Special Trust	Classroom Facilities Maintenance	Other Local
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 4,934,650	\$ 25,591,904	\$ 367,152
Investments with Fiscal Agents	17,330,229	0	0
Receivables:			
Taxes	0	2,898,001	0
Accounts	34,284	0	0
Intergovernmental	30,325	0	9,375
Accrued Interest	260,384	0	0
Materials and Supplies Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 22,589,872</b>	<b>\$ 28,489,905</b>	<b>\$ 376,527</b>
<b>Liabilities</b>			
Accounts Payable	\$ 33,225	\$ 276,838	\$ 38
Accrued Wages and Benefits	120,031	0	180,508
Interfund Payable	0	0	0
Intergovernmental Payable	386,656	0	111,518
Deferred Revenue	0	0	0
<b>Total Liabilities</b>	<b>539,912</b>	<b>276,838</b>	<b>292,064</b>
<b>Deferred Inflow &amp; Resources</b>			
Property Taxes	0	2,617,934	0
Unavailable Revenue	0	0	0
<b>Total Deferred Inflow of Resources</b>	<b>0</b>	<b>2,617,934</b>	<b>0</b>
<b>Fund Balance:</b>			
Nonspendable	0	0	0
Restricted	21,554,143	23,002,659	238,815
Committed	495,817	2,312,798	127,051
Assigned	0	279,676	0
Unassigned	0	0	(281,403)
<b>Total Fund Balances (Deficit)</b>	<b>22,049,960</b>	<b>25,595,133</b>	<b>84,463</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 22,589,872</b>	<b>\$ 28,489,905</b>	<b>\$ 376,527</b>



Auxiliary Services (NPSS)	Miscellaneous State Grants	Other State	Food Service
\$ 136,506	\$ 779,371	\$ 436,039	\$ (141,437)
0	0	0	0
0	0	0	0
0	0	0	8,102
23,651	5,386	26,507	2,841,801
0	0	0	0
0	0	0	803,066
<u>\$ 160,157</u>	<u>\$ 784,757</u>	<u>\$ 462,546</u>	<u>\$ 3,511,532</u>
\$ 508,663	\$ 0	\$ 0	\$ 67,011
138,567	6,630	31,012	536,339
0	0	22,000	1,273,780
85,607	4,097	19,158	354,141
0	0	0	0
<u>732,837</u>	<u>10,727</u>	<u>72,170</u>	<u>2,231,271</u>
0	0	0	0
<u>1,755,752</u>	<u>222,238</u>	<u>36,310</u>	<u>0</u>
<u>1,755,752</u>	<u>222,238</u>	<u>36,310</u>	<u>0</u>
0	0	0	803,066
0	534,830	379,023	372,816
2,181,878	16,962	16,643	104,379
0	0	0	0
<u>(4,510,310)</u>	<u>0</u>	<u>(41,600)</u>	<u>0</u>
<u>(2,328,432)</u>	<u>551,792</u>	<u>354,066</u>	<u>1,280,261</u>
<u>\$ 160,157</u>	<u>\$ 784,757</u>	<u>\$ 462,546</u>	<u>\$ 3,511,532</u>

(continued)

**Cleveland Municipal School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*June 30, 2013*

	Race To The Top	Title VI-B Special Education	Vocational Education
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ (492,735)	\$ (123,643)	\$ 126,166
Investments with Fiscal Agents	0	0	0
Receivables:			
Taxes	0	0	0
Accounts	0	0	0
Intergovernmental	703,358	1,069,043	241,992
Accrued Interest	0		0
Materials and Supplies Inventory	0	0	0
<b>Total Assets</b>	<b>210,623</b>	<b>945,400</b>	<b>368,158</b>
<b>Liabilities</b>			
Accounts Payable	698,419	29,623	78,249
Accrued Wages and Benefits	656,118	889,168	69,128
Interfund Payable	2,850,000	928,128	500,000
Intergovernmental Payable	405,353	549,332	42,707
<b>Total Liabilities</b>	<b>4,609,890</b>	<b>2,396,251</b>	<b>690,084</b>
<b>Deferred Inflow &amp; Resources</b>			
Property Taxes	0	0	0
Unavailable Revenue	3,782	0	0
<b>Total Deferred Inflow of Resources</b>	<b>3,782</b>	<b>0</b>	<b>0</b>
<b>Fund Balance:</b>			
Nonspendable	0	0	0
Restricted	0	0	0
Committed	2,018,359	94,019	179,991
Assigned	0	0	0
Unassigned	(6,421,408)	(1,544,870)	(501,917)
<b>Total Fund Balances (Deficit)</b>	<b>(4,403,049)</b>	<b>(1,450,851)</b>	<b>(321,926)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 210,623</b>	<b>\$ 945,400</b>	<b>\$ 368,158</b>

Title I	Improving Teacher Quality Title II-A	Miscellaneous Federal Grants	Other Federal	Total Nonmajor Special Revenue Funds
\$ 236,156	\$ 1	\$ (77,298)	\$ 487,003	\$ 32,259,835
0	0	0	0	17,330,229
0	0	0	0	2,898,001
0	0	0	0	42,386
10,045,458	529,757	404,183	1,535,396	17,466,232
0	0	0	0	260,384
0	0	0	0	803,066
<u>10,281,614</u>	<u>529,758</u>	<u>326,885</u>	<u>2,022,399</u>	<u>71,060,133</u>
594,637	0	17	429,117	2,715,837
3,311,153	566,530	12,028	531,926	7,049,138
2,557,000	481,499	0	3,781,200	12,393,607
2,045,685	350,005	7,430	346,227	4,707,916
<u>8,508,475</u>	<u>1,398,034</u>	<u>19,475</u>	<u>5,088,470</u>	<u>26,866,498</u>
0	0	0	0	2,617,934
<u>850,511</u>	<u>0</u>	<u>31,855</u>	<u>16,819</u>	<u>2,917,267</u>
<u>850,511</u>	<u>0</u>	<u>31,855</u>	<u>16,819</u>	<u>5,535,201</u>
0	0	0	0	803,066
0	0	0	30,305	46,112,591
1,926,183	0	312,156	1,546,763	11,332,999
0	0	0	0	279,676
<u>(1,003,555)</u>	<u>(868,276)</u>	<u>(36,601)</u>	<u>(4,659,958)</u>	<u>(19,869,898)</u>
<u>922,628</u>	<u>(868,276)</u>	<u>275,555</u>	<u>(3,082,890)</u>	<u>38,658,434</u>
<u>\$ 10,281,614</u>	<u>\$ 529,758</u>	<u>\$ 326,885</u>	<u>\$ 2,022,399</u>	<u>\$ 71,060,133</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, 2013*

	Educational Special Trust	Classroom Facilities Maintenance	Other Local
<b>Revenues:</b>			
<i>Local Sources:</i>			
Taxes	\$ 0	\$ 1,861,830	\$ 0
Investment Income	1,271,147	21,237	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	512,011
Contributions and Donations	4,363,896	0	0
Miscellaneous	0	0	2,429,375
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	0	380,547	0
Restricted Grants-in-Aid	0	1,930,207	0
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	0	0	0
<b>Total Revenues</b>	<u>5,635,043</u>	<u>4,193,821</u>	<u>2,941,386</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	4,015	0	1,404,850
Special	5,969	0	370,480
Vocational	20	0	0
Other	65,293	0	0
<i>Support Services:</i>			
Pupils	103,807	0	188,179
Instructional Staff	3,375,094	0	0
Administration	142,333	0	171,512
Fiscal	10,001	55,833	221,118
Operation and Maintenance of Plant	0	8,231,873	162,769
Pupil Transportation	2,067	0	0
Central	5,251	0	0
Operation of Non-Instructional Services	718	0	0
Extracurricular Activities	2,924	0	652,344
Capital Outlay	0	0	0
<b>Total Expenditures</b>	<u>3,717,492</u>	<u>8,287,706</u>	<u>3,171,252</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,917,551	(4,093,885)	(229,866)
<b>Other Financing Sources:</b>			
Transfers In	944,394	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>944,394</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	2,861,945	(4,093,885)	(229,866)
Fund Balances (Deficit) at Beginning of Year Restated	<u>19,188,015</u>	<u>29,689,018</u>	<u>314,329</u>
<b>Fund Balances (Deficit) at End of Year</b>	<u>\$ 22,049,960</u>	<u>\$ 25,595,133</u>	<u>\$ 84,463</u>

Auxiliary Services (NPSS)	Miscellaneous State Grants	Other State	Food Service
\$ 0	\$ 0	\$ 0	\$ 0
2,196	0	0	81
0	0	28,733	0
0	0	0	0
0	0	0	0
274,534	0	0	1,012,494
0	0	0	0
5,129,052	430,586	404,165	428,751
0	0	0	21,051,961
<u>5,405,782</u>	<u>430,586</u>	<u>432,898</u>	<u>22,493,287</u>
0	3,559	101,531	0
0	0	0	0
0	0	0	0
0	0	0	0
0	822,281	155,048	0
214,148	0	66,650	0
0	0	98,043	0
0	0	0	0
88	0	0	0
0	2,252	0	0
0	0	28,196	0
9,031,956	1,184	0	22,395,165
0	0	0	0
0	0	0	0
<u>9,246,192</u>	<u>829,276</u>	<u>449,468</u>	<u>22,395,165</u>
(3,840,410)	(398,690)	(16,570)	98,122
0	0	0	0
0	0	0	0
(3,840,410)	(398,690)	(16,570)	98,122
1,511,978	950,482	370,636	1,182,139
<u>\$ (2,328,432)</u>	<u>\$ 551,792</u>	<u>\$ 354,066</u>	<u>\$ 1,280,261</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, 2013*

	Race To The Top	Title VI-B Special Education	Vocational Education
<b>Revenues:</b>			
<i>Local Sources:</i>			
Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Miscellaneous	0	0	0
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	0	0	0
Restricted Grants-in-Aid	0	0	0
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	8,773,000	13,705,669	2,196,104
<b>Total Revenues</b>	<u>8,773,000</u>	<u>13,705,669</u>	<u>2,196,104</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	0	0	0
Special	0	4,584,363	0
Vocational	0	0	1,165,455
Other	0	0	0
<i>Support Services:</i>			
Pupils	65,573	2,659,435	0
Instructional Staff	12,571,570	5,303,628	726,353
Administration	6,614	650,806	23,435
Fiscal	0	168,784	0
Operation and Maintenance of Plant	0	0	1,244
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	669,120	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
<b>Total Expenditures</b>	<u>12,643,757</u>	<u>14,036,136</u>	<u>1,916,487</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,870,757)	(330,467)	279,617
<b>Other Financing Sources:</b>			
Transfers In	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(3,870,757)	(330,467)	279,617
Fund Balances (Deficit) at Beginning of Year Restated	<u>(532,292)</u>	<u>(1,120,384)</u>	<u>(601,543)</u>
<b>Fund Balances (Deficit) at End of Year</b>	<u>\$ (4,403,049)</u>	<u>\$ (1,450,851)</u>	<u>\$ (321,926)</u>

Title I	Improving Teacher Quality Title II-A	Miscellaneous Federal Grants	Other Federal	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,861,830
0	0	0	0	1,294,661
0	0	0	0	28,733
0	0	0	0	512,011
0	0	0	0	4,363,896
0	0	0	0	3,716,403
0	0	0	0	380,547
0	0	0	0	8,322,761
<u>44,941,016</u>	<u>6,563,904</u>	<u>848,230</u>	<u>11,700,883</u>	<u>109,780,767</u>
<u>44,941,016</u>	<u>6,563,904</u>	<u>848,230</u>	<u>11,700,883</u>	<u>130,261,609</u>
3,363,377	0	552,396	10,912	5,440,640
26,993,772	6,122,536	0	4,774,406	42,851,526
0	0	13,354	0	1,178,829
78	0	162,882	0	228,253
234,363	0	0	2,916,466	7,145,152
7,964,270	(7,005)	477,160	4,202,183	34,894,051
1,421,455	64,677	0	557,537	3,136,412
388,347	46,699	0	39,397	930,179
83,280	0	0	2,331	8,481,585
12,428	0	995	196,343	214,085
0	0	0	0	33,447
4,589,377	0	100	39,680	36,727,300
0	0	0	0	655,268
0	0	0	0	0
<u>45,050,747</u>	<u>6,226,907</u>	<u>1,206,887</u>	<u>12,739,255</u>	<u>141,916,727</u>
(109,731)	336,997	(358,657)	(1,038,372)	(11,655,118)
0	0	0	0	944,394
0	0	0	0	944,394
(109,731)	336,997	(358,657)	(1,038,372)	(10,710,724)
<u>1,032,359</u>	<u>(1,205,273)</u>	<u>634,212</u>	<u>(2,044,518)</u>	<u>49,369,158</u>
<u>\$ 922,628</u>	<u>\$ (868,276)</u>	<u>\$ 275,555</u>	<u>\$ (3,082,890)</u>	<u>\$ 38,658,434</u>

# Cleveland Municipal School District

## Combining Balance Sheet

### Nonmajor Capital Projects Funds

June 30, 2013

	Permanent Improvement	Building Renovation	Total Nonmajor Capital Projects Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ (1,300,354)	\$ 0	\$ (1,300,354)
Cash and Cash Equivalents With Fiscal Agents	119,942	0	119,942
Investments	23,431,809	0	23,431,809
Receivables:			
Intergovernmental	2,159	0	2,159
Accrued Interest	16,556	0	16,556
<b>Total Assets</b>	<b>\$ 22,270,112</b>	<b>\$ 0</b>	<b>\$ 22,270,112</b>
<b>Liabilities</b>			
Accounts Payable	\$ 1,638,256	\$ 0	\$ 1,638,256
Accrued Wages and Benefits	34,887	0	34,887
Retainage Payable	119,942	0	119,942
Intergovernmental Payable	21,553	0	21,553
<b>Total Liabilities</b>	<b>1,814,638</b>	<b>0</b>	<b>1,814,638</b>
<b>Fund Balance:</b>			
Restricted	14,615,560	0	14,615,560
Committed	5,839,914	0	5,839,914
<b>Total Fund Balances</b>	<b>20,455,474</b>	<b>0</b>	<b>20,455,474</b>
<b>Total Liabilities, Deferred Inflow and Fund Balances</b>	<b>\$ 22,270,112</b>	<b>\$ 0</b>	<b>\$ 22,270,112</b>



**Cleveland Municipal School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Fiscal Year Ended June 30, 2013*

	Permanent Improvement	Building Renovation	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 35,613	\$ 0	\$ 35,613
Sale of Personal Property	4,661,300	0	4,661,300
Miscellaneous	2,159	0	2,159
<b>Total Revenues</b>	<b>4,699,072</b>	<b>0</b>	<b>4,699,072</b>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Support Services:</i>			
Operation and Maintenance of Plant	441,053	0	441,053
Capital Outlay	15,930,264	151,486	16,081,750
<b>Total Expenditures</b>	<b>16,371,317</b>	<b>151,486</b>	<b>16,522,803</b>
Deficiency of Revenues Under Expenditures	(11,672,245)	(151,486)	(11,823,731)
<b>Other Financing Uses:</b>			
Transfers In	12,525,273	0	12,525,273
Net Change in Fund Balances	853,028	(151,486)	701,542
Fund Balances at Beginning of Year	19,602,446	151,486	19,753,932
<b>Fund Balances at End of Year</b>	<b>\$ 20,455,474</b>	<b>\$ 0</b>	<b>\$ 20,455,474</b>

## 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 Assets*

*Internal Service Funds*

*June 30, 2013*

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	<u>Liability Self-Insurance</u>	<u>Employee Benefits Self-Insurance</u>	<u>Totals</u>
<b><i>Assets</i></b>			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$ 2,182,190	\$ 7,641,004	\$ 9,823,194
<b><i>Liabilities</i></b>			
<i>Current Liabilities:</i>			
Claims Payable	<u>2,946,546</u>	<u>0</u>	<u>2,946,546</u>
<b><i>Net Assets</i></b>			
Unrestricted	<u>\$ (764,356)</u>	<u>\$ 7,641,004</u>	<u>\$ 6,876,648</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, 2013*

	Liability Self-Insurance	Employee Benefits Self-Insurance	Totals
<b><i>Operating Revenues:</i></b>			
Charges for Services	\$ 0	\$ 57,530,270	\$ 57,530,270
<b><i>Operating Expenses:</i></b>			
Claims and Claim Adjustment Expenses	356,570	57,623,449	57,980,019
Change in Net Assets	(356,570)	(93,179)	(449,749)
Net Assets at Beginning of Year	(407,786)	7,734,183	7,326,397
<b><i>Net Assets at End of Year</i></b>	<b><u>\$ (764,356)</u></b>	<b><u>\$ 7,641,004</u></b>	<b><u>\$ 6,876,648</u></b>

**Cleveland Municipal School District**

*Combining Statement of Cash Flows*

*Internal Service Funds*

*For the Fiscal Year Ended June 30, 2013*

	<u>Liability Self-Insurance</u>	<u>Employee Benefits Self-Insurance</u>	<u>Totals</u>
<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	\$ 0	\$ 57,530,270	\$ 57,530,270
Cash Payments for Claims and Claim Adjustment Expenses	<u>(368,660)</u>	<u>(57,623,449)</u>	<u>(57,992,109)</u>
<b><i>Net Cash Provided (Used) by Operating Activities</i></b>	(368,660)	(93,179)	(461,839)
Cash and Cash Equivalents at Beginning of Year	<u>2,550,850</u>	<u>7,734,183</u>	<u>10,285,033</u>
<b><i>Cash and Cash Equivalents at End of Year</i></b>	<u><u>\$ 2,182,190</u></u>	<u><u>\$ 7,641,004</u></u>	<u><u>\$ 9,823,194</u></u>
 <b><i>Reconciliation of Income to Net Cash Provided (Used) by Operating Activities</i></b>			
<i>Operating Income (Loss)</i>	\$ (356,570)	\$ (93,179)	\$ (449,749)
<i>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</i>			
Increase (Decrease) in Claims Payable	<u>(12,090)</u>	<u>0</u>	<u>(12,090)</u>
<b><i>Net Cash Provided by Operating Activities</i></b>	<u><u>\$ (368,660)</u></u>	<u><u>\$ (93,179)</u></u>	<u><u>\$ (461,839)</u></u>

## 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.

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

**Cleveland Municipal School District**  
*Combining Statement of Changes in Assets and Liabilities*  
*All Agency Funds*  
*For the Fiscal Year Ended June 30, 2013*

	Beginning Balance July 1, 2012	Additions	Deductions	Ending Balance June 30, 2013
<b>District Agency Fund</b>				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,763,152	\$ 0	\$ 54,342	\$ 1,708,810
<i>Liabilities:</i>				
Payroll Withholdings	1,763,152	0	54,342	1,708,810
<b>Partnering Community School</b>				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	0	2,307,261	2,307,261	0
<i>Liabilities:</i>				
Due to Charter Schools	0	2,307,261	2,307,261	0
<b>Student Managed Activity</b>				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	528,291	747,675	677,907	598,059
<i>Liabilities:</i>				
Due to Students	528,291	747,675	677,907	598,059
<b>All Agency Funds</b>				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	2,291,443	3,054,936	3,039,510	2,306,869
<i>Liabilities:</i>				
Due To Students	528,291	747,675	677,907	598,059
Due to Charter Schools	0	2,307,261	2,307,261	0
Payroll Withholdings	1,763,152	0	54,342	1,708,810
<b>Total Liabilities</b>	<b>\$ 2,291,443</b>	<b>\$ 747,675</b>	<b>\$ 732,249</b>	<b>\$ 2,306,869</b>

**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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Taxes	\$ 25,367,675	\$ 25,367,675	\$ 0
Investment Income	57,276	57,276	0
Miscellaneous	9,152	9,152	0
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	4,132,662	4,132,662	0
<b>Total Revenues</b>	<b>29,566,765</b>	<b>29,566,765</b>	<b>0</b>
<b>Expenditures:</b>			
<i>Support Services:</i>			
Fiscal	737,594	737,594	0
<i>Debt Service:</i>			
Principal Retirement	5,635,075	5,635,075	0
Interest and Fiscal Charges	6,996,354	6,964,466	31,888
Bond Issuance Costs	364,505	364,505	0
<b>Total Expenditures</b>	<b>13,733,528</b>	<b>13,701,640</b>	<b>31,888</b>
Deficiency of Revenues Under Expenditures	15,833,237	15,865,125	31,888
<b>Other Financing Sources:</b>			
Proceeds from Sale of Bonds	45,600,000	45,600,000	0
Payment to Refunded Bonds Escrow Agent	(63,366,472)	(63,366,472)	0
Premium from Sale of Notes	6,130,213	6,130,213	0
<b>Total Other Financing Sources</b>	<b>(11,636,259)</b>	<b>(11,636,259)</b>	<b>0</b>
Net Change in Fund Balances	4,196,978	4,228,866	31,888
Fund Balances at Beginning of Year	21,875,004	21,875,004	0
<b>Fund Balances at End of Year</b>	<b>\$ 26,071,982</b>	<b>\$ 26,103,870</b>	<b>\$ 31,888</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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 500,000	\$ 535,285	\$ 35,285
<i>State Sources:</i>			
Restricted Grants-in-Aid	36,500,000	36,413,693	(86,307)
<b>Total Revenues</b>	<u>37,000,000</u>	<u>36,948,978</u>	<u>(51,022)</u>
<b>Expenditures:</b>			
Capital Outlay	133,142,890	78,417,157	54,725,733
<b>Total Expenditures</b>	<u>133,142,890</u>	<u>78,417,157</u>	<u>54,725,733</u>
Deficiency of Revenues Under Expenditures	(96,142,890)	(41,468,179)	54,674,711
<b>Other Financing Sources:</b>			
Transfers Out	(12,525,273)	(12,525,273)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(12,525,273)</u>	<u>(12,525,273)</u>	<u>0</u>
Net Change in Fund Balances	(108,668,163)	(53,993,452)	54,674,711
Fund Balances at Beginning of Year	52,013,780	52,013,780	0
<i>Prior Year Encumbrances Appropriated</i>	<u>68,182,985</u>	<u>68,182,985</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 11,528,602</u>	<u>\$ 66,203,313</u>	<u>\$ 54,674,711</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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 1,000,000	\$ 1,025,673	\$ 25,673
Contributions and Donations	4,055,606	4,344,696	289,090
<b>Total Revenues</b>	<b>5,055,606</b>	<b>5,370,369</b>	<b>314,763</b>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	227,479	4,015	223,464
Special	26,036	5,969	20,067
Vocational	22,086	20	22,066
Other	73,221	73,221	0
<i>Support Services:</i>			
Pupils	187,394	103,807	83,587
Instructional Staff	7,220,862	3,498,548	3,722,314
Board of Education	8,049	0	8,049
Administration	617,960	140,832	477,128
Fiscal	33,200	10,001	23,199
Operation and Maintenance of Plant	19,888	0	19,888
Pupil Transportation	204,929	2,067	202,862
Central	58,275	5,251	53,024
Operation of Non-Instructional Services	18,323	718	17,605
Extracurricular Activities	51,194	2,924	48,270
<b>Total Expenditures</b>	<b>8,768,896</b>	<b>3,847,373</b>	<b>4,921,523</b>
Excess of Revenues Over (Under) Expenditures	(3,713,290)	1,522,996	5,236,286
<b>Other Financing Sources:</b>			
Transfers In	944,394	944,394	0
<b>Total Other Financing Sources (Uses)</b>	<b>944,394</b>	<b>944,394</b>	<b>0</b>
Net Change in Fund Balances	(2,768,896)	2,467,390	5,236,286
Fund Balances at Beginning of Year	18,935,014	18,935,014	0
<i>Prior Year Encumbrances Appropriated</i>	520,932	520,932	0
<b>Fund Balances at End of Year</b>	<b>\$ 16,687,050</b>	<b>\$ 21,923,336</b>	<b>\$ 5,236,286</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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Taxes	\$ 1,921,614	\$ 1,923,748	\$ 2,134
Investment Income	21,237	21,237	0
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	380,547	380,547	0
Restricted Grants-in-Aid	1,931,408	1,930,207	(1,201)
<b>Total Revenues</b>	<u>4,254,806</u>	<u>4,255,739</u>	<u>933</u>
<b>Expenditures:</b>			
<i>Support Services:</i>			
Fiscal	60,000	55,833	4,167
Operation and Maintenance of Plant	8,595,674	7,962,293	633,381
Capital Outlay	1,556	0	1,556
<b>Total Expenditures</b>	<u>8,657,230</u>	<u>8,018,126</u>	<u>639,104</u>
Net Change in Fund Balances	(4,402,424)	(3,762,387)	640,037
Fund Balances at Beginning of Year	28,895,479	28,895,479	0
<i>Prior Year Encumbrances Appropriated</i>	458,812	458,812	0
<b>Fund Balances at End of Year</b>	<u>\$ 24,951,867</u>	<u>\$ 25,591,904</u>	<u>\$ 640,037</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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Extracurricular Activities	\$ 533,000	\$ 512,011	\$ (20,989)
Miscellaneous	2,418,751	2,420,000	1,249
<b>Total Revenues</b>	<b>2,951,751</b>	<b>2,932,011</b>	<b>(19,740)</b>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	1,405,378	1,405,378	0
Special	365,647	365,647	0
<i>Support Services:</i>			
Pupils	188,485	188,485	0
Administration	179,682	179,682	0
Fiscal	225,373	225,373	0
Operation and Maintenance of Plant	160,580	160,580	0
Extracurricular Activities	924,651	652,578	272,073
<b>Total Expenditures</b>	<b>3,449,796</b>	<b>3,177,723</b>	<b>272,073</b>
Net Change in Fund Balances	(498,045)	(245,712)	252,333
Fund Balances at Beginning of Year	504,450	504,450	0
<i>Prior Year Encumbrances Appropriated</i>	108,414	108,414	0
<b>Fund Balances at End of Year</b>	<b>\$ 114,819</b>	<b>\$ 367,152</b>	<b>\$ 252,333</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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 5,000	\$ 2,196	\$ (2,804)
Miscellaneous	275,000	274,534	(466)
<i>State Sources:</i>			
Restricted Grants-in-Aid	6,820,000	6,861,153	41,153
<b>Total Revenues</b>	<u>7,100,000</u>	<u>7,137,883</u>	<u>37,883</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Support Services:</i>			
Instructional Staff	233,275	214,893	18,382
Operation and Maintenance of Plant	88	88	0
Operation of Non-Instructional Services	8,776,839	8,776,839	0
<b>Total Expenditures</b>	<u>9,010,202</u>	<u>8,991,820</u>	<u>18,382</u>
Net Change in Fund Balances	(1,910,202)	(1,853,937)	56,265
Fund Balances at Beginning of Year	979,283	979,283	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,011,160</u>	<u>1,011,160</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 80,241</u>	<u>\$ 136,506</u>	<u>\$ 56,265</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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 576,000	\$ 579,096	\$ 3,096
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	26,476	0	26,476
Adult/Continuing	54,782	3,559	51,223
Other	589	0	589
<i>Support Services:</i>			
Pupils	16,964	0	16,964
Instructional Staff	1,262,863	814,367	448,496
Operation and Maintenance of Plant	5,473	0	5,473
Pupil Transportation	8,808	2,252	6,556
Operation of Non-Instructional Services	10,571	1,184	9,387
<b>Total Expenditures</b>	<b>1,386,526</b>	<b>821,362</b>	<b>565,164</b>
Net Change in Fund Balances	(810,526)	(242,266)	568,260
Fund Balances at Beginning of Year	976,892	976,892	0
<i>Prior Year Encumbrances Appropriated</i>	44,745	44,745	0
<b>Fund Balances at End of Year</b>	<b>\$ 211,111</b>	<b>\$ 779,371</b>	<b>\$ 568,260</b>

**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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Tuition and Fees	\$ 28,000	\$ 28,733	\$ 733
<i>State Sources:</i>			
Restricted Grants-in-Aid	438,000	410,335	(27,665)
<b>Total Revenues</b>	<b>466,000</b>	<b>439,068</b>	<b>(26,932)</b>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	100,020	100,020	0
<i>Support Services:</i>			
Pupils	246,733	155,319	91,414
Instructional Staff	66,932	66,628	304
Administration	87,060	86,908	152
Operation and Maintenance of Plant	25,721	0	25,721
Pupil Transportation	2,830	0	2,830
Central	382,742	116,159	266,583
<b>Total Expenditures</b>	<b>912,038</b>	<b>525,034</b>	<b>387,004</b>
Deficiency of Revenues Under Expenditures	(446,038)	(85,966)	360,072
<b>Other Financing Uses:</b>			
Advances In	22,000	22,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>22,000</b>	<b>22,000</b>	<b>0</b>
Net Change in Fund Balances	(424,038)	(63,966)	360,072
Fund Balances at Beginning of Year	350,884	350,884	0
<i>Prior Year Encumbrances Appropriated</i>	149,121	149,121	0
<b>Fund Balances at End of Year</b>	<b>\$ 75,967</b>	<b>\$ 436,039</b>	<b>\$ 360,072</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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 81	\$ 81	\$ 0
Miscellaneous	675,110	720,744	45,634
<i>State Sources:</i>			
Restricted Grants-in-Aid	428,751	428,751	0
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	22,896,058	20,923,671	(1,972,387)
<b>Total Revenues</b>	<u>24,000,000</u>	<u>22,073,247</u>	<u>(1,926,753)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
Operation of Non-Instructional Services	<u>22,979,656</u>	<u>22,675,067</u>	<u>304,589</u>
Net Change in Fund Balances	1,020,344	(601,820)	(1,622,164)
Fund Balance at Beginning of Year	(909,684)	(909,684)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>96,287</u>	<u>96,287</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 206,947</u>	<u>\$ (1,415,217)</u>	<u>\$ (1,622,164)</u>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Race to the Top Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 11,000,000	\$ 8,073,424	\$ (2,926,576)
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Support Services:</i>			
Instructional Staff	11,643,253	11,643,253	0
Administration	93,713	0	93,713
<b>Total Expenditures</b>	<u>11,736,966</u>	<u>11,643,253</u>	<u>93,713</u>
Excess of Revenues Over Expenditures	(736,966)	(3,569,829)	(2,832,863)
<b>Other Financing Uses:</b>			
Advances In	<u>2,850,000</u>	<u>2,850,000</u>	<u>0</u>
Net Change in Fund Balances	2,113,034	(719,829)	(2,832,863)
Fund Balances at Beginning of Year	32,127	32,127	0
<i>Prior Year Encumbrances Appropriated</i>	<u>194,966</u>	<u>194,966</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 2,340,127</u>	<u>\$ (492,736)</u>	<u>\$ (2,832,863)</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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 14,000,000	\$ 12,636,626	\$ (1,363,374)
<b>Expenditures:</b>			
Current:			
<i>Instruction:</i>			
Special	4,375,722	4,360,461	15,261
<i>Support Services:</i>			
Pupils	2,760,242	2,712,195	48,047
Instructional Staff	5,733,208	5,647,917	85,291
Administration	718,869	590,892	127,977
Fiscal	281,515	168,784	112,731
Operation of Non-Instructional Services	1,405,748	658,462	747,286
<b>Total Expenditures</b>	<b>15,275,304</b>	<b>14,138,711</b>	<b>1,136,593</b>
Net Change in Fund Balances	(1,275,304)	(1,502,085)	(226,781)
Fund Balances at Beginning of Year	20,596	20,596	0
<i>Prior Year Encumbrances Appropriated</i>	429,718	429,718	0
<b>Fund Balances at End of Year</b>	<b>\$ (824,990)</b>	<b>\$ (1,051,771)</b>	<b>\$ (226,781)</b>

**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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 2,500,000	\$ 1,954,112	\$ (545,888)
<b>Expenditures:</b>			
Current:			
<i>Instruction:</i>			
Vocational	1,580,746	1,445,515	135,231
<i>Support Services:</i>			
Instructional Staff	878,874	692,250	186,624
Administration	19,038	17,538	1,500
Operation and Maintenance of Plant	9,078	1,244	7,834
<b>Total Expenditures</b>	<b>2,487,736</b>	<b>2,156,547</b>	<b>331,189</b>
 Deficiency of Revenues Under Expenditures	 12,264	 (202,435)	 (214,699)
<b>Other Financing Sources:</b>			
Advances In	500,000	500,000	0
Net Change in Fund Balances	512,264	297,565	(214,699)
Fund Balances at Beginning of Year	(474,005)	(474,005)	0
<i>Prior Year Encumbrances Appropriated</i>	<i>302,605</i>	<i>302,605</i>	<i>0</i>
<b>Fund Balances at End of Year</b>	<b>\$ 340,864</b>	<b>\$ 126,165</b>	<b>\$ (214,699)</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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 42,543,000	\$ 35,746,069	\$ (6,796,931)
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	3,156,143	2,561,212	594,931
Special	26,730,837	26,730,836	1
Other	669,829	78	669,751
<i>Support Services:</i>			
Pupils	180,382	180,382	0
Instructional Staff	7,929,508	7,480,907	448,601
Administration	2,556,365	1,374,007	1,182,358
Fiscal	892,898	388,347	504,551
Operation and Maintenance of Plant	44,620	44,620	0
Pupil Transportation	22,963	12,428	10,535
Operation of Non-Instructional Services	5,725,631	4,833,748	891,883
<b>Total Expenditures</b>	<b>47,909,176</b>	<b>43,606,565</b>	<b>4,302,611</b>
Excess of Revenues Over (Under) Expenditures	(5,366,176)	(7,860,496)	(2,494,320)
<b>Other Financing Sources (Uses):</b>			
Advances In	2,557,000	2,557,000	0
Net Change in Fund Balances	(2,809,176)	(5,303,496)	(2,494,320)
Fund Balances at Beginning of Year	4,958,897	4,958,897	0
<i>Prior Year Encumbrances Appropriated</i>	580,753	580,753	0
<b>Fund Balances at End of Year</b>	<b>\$ 2,730,474</b>	<b>\$ 236,154</b>	<b>\$ (2,494,320)</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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 7,000,000	\$ 6,034,147	\$ (965,853)
<b>Expenditures:</b>			
Current:			
<i>Instruction:</i>			
Special	6,414,251	6,414,251	0
<i>Support Services:</i>			
Administration	64,878	64,878	0
Fiscal	46,699	46,699	0
<b>Total Expenditures</b>	<b>6,525,828</b>	<b>6,525,828</b>	<b>0</b>
Net Change in Fund Balances	474,172	(491,681)	(965,853)
Fund Balances at Beginning of Year	10,182	10,182	0
<b>Fund Balances at End of Year</b>	<b>\$ 484,354</b>	<b>\$ (481,499)</b>	<b>\$ (965,853)</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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 1,400,000	\$ 686,577	\$ (713,423)
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	629,595	625,103	4,492
Vocational	36,362	13,354	23,008
Other	158,529	158,529	0
<i>Support Services:</i>			
Instructional Staff	497,674	497,674	0
Fiscal	9,850	0	9,850
Operation and Maintenance of Plant	3,831	0	3,831
Pupil Transportation	8,353	995	7,358
Central	7,752	0	7,752
Operation of Non-Instructional Services	11,608	100	11,508
<b>Total Expenditures</b>	<b>1,363,554</b>	<b>1,295,755</b>	<b>67,799</b>
Net Change in Fund Balances	36,446	(609,178)	(645,624)
Fund Balances at Beginning of Year	410,826	410,826	0
<i>Prior Year Encumbrances Appropriated</i>	121,054	121,054	0
<b>Fund Balances at End of Year</b>	<b>\$ 568,326</b>	<b>\$ (77,298)</b>	<b>\$ (645,624)</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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 16,446,500	\$ 11,075,962	\$ (5,370,538)
<b>Expenditures:</b>			
Current:			
<i>Instruction:</i>			
Regular	27,404	27,404	0
Special	4,674,464	4,663,135	11,329
<i>Support Services:</i>			
Pupils	3,127,773	2,967,963	159,810
Instructional Staff	5,786,979	4,900,274	886,705
Administration	701,133	395,380	305,753
Fiscal	53,164	43,337	9,827
Operation and Maintenance of Plant	1,427	1,427	0
Pupil Transportation	181,834	178,745	3,089
Operation of Non-Instructional Services	76,866	36,617	40,249
<b>Total Expenditures</b>	<b>14,631,044</b>	<b>13,214,282</b>	<b>1,416,762</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,815,456	(2,138,320)	(3,953,776)
<b>Other Financing Sources:</b>			
Advances In	3,761,000	3,761,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>3,761,000</b>	<b>3,761,000</b>	<b>0</b>
Net Change in Fund Balances	5,576,456	1,622,680	(3,953,776)
Fund Balances at Beginning of Year	(2,025,044)	(2,025,044)	0
<i>Prior Year Encumbrances Appropriated</i>	869,168	869,168	0
<b>Fund Balances at End of Year</b>	<b>\$ 4,420,580</b>	<b>\$ 466,804</b>	<b>\$ (3,953,776)</b>



**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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
<i>Local Sources:</i>			
Investment Income	\$ 120,000	\$ 120,767	\$ 767
Sale of Personal Property	4,654,727	4,661,300	6,573
<b>Total Revenues</b>	<u>4,774,727</u>	<u>4,782,067</u>	<u>7,340</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Support Services:</i>			
Operation and Maintenance of Plant	1,907,825	442,882	1,464,943
Capital Outlay	31,067,382	17,173,565	13,893,817
<b>Total Expenditures</b>	<u>32,975,207</u>	<u>17,616,447</u>	<u>15,358,760</u>
Deficiency of Revenues Under Expenditures	<u>(28,200,480)</u>	<u>(12,834,380)</u>	<u>15,366,100</u>
<b>Other Financing Sources:</b>			
Transfers In	12,525,273	12,525,273	0
<b>Total Other Financing Sources (Uses)</b>	<u>12,525,273</u>	<u>12,525,273</u>	<u>0</u>
Net Change in Fund Balances	(15,675,207)	(309,107)	15,366,100
Fund Balances at Beginning of Year	8,475,931	8,475,931	0
<i>Prior Year Encumbrances Appropriated</i>	<u>14,151,079</u>	<u>14,151,079</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 6,951,803</u>	<u>\$ 22,317,903</u>	<u>\$ 15,366,100</u>

**Cleveland Municipal School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Building Renovation Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<i>Local Sources:</i>			
Miscellaneous	\$ 151,486	\$ 151,486	\$ 0
<b>Total Revenues</b>	<b>151,486</b>	<b>151,486</b>	<b>0</b>
<i>Expenditures:</i>			
<i>Current:</i>			
Operation and Maintenance of Plant	\$ 151,486	\$ 151,486	0
<b>Total Expenditures</b>	<b>151,486</b>	<b>151,486</b>	<b>0</b>
Net Change in Fund Balances	0	0	0
Fund Balances at Beginning of Year	0	0	0
<b>Fund Balances at End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<i>Expenses:</i>			
Claims	\$ 882,309	\$ 501,922	\$ 380,387
Net Change in Fund Equity	(882,309)	(501,922)	380,387
Fund Equity at Beginning of Year	2,550,849	2,370,757	(180,092)
<b><i>Fund Equity at End of Year</i></b>	<b>\$ 1,668,540</b>	<b>\$ 1,868,835</b>	<b>\$ 200,295</b>

**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, 2013*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 57,555,000	\$ 57,414,522	\$ (140,478)
<b>Expenses:</b>			
Claims	57,710,487	57,412,076	298,411
Net Change in Fund Equity	(155,487)	2,446	157,933
Fund Equity at Beginning of Year	7,734,184	7,577,250	(156,934)
<b>Fund Equity at End of Year</b>	<b>\$ 7,578,697</b>	<b>\$ 7,579,696</b>	<b>\$ 999</b>

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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 34 for the year ended June 30, 2002; information for 2002 is no longer included in the statistical section. The School District implemented GASB Statement 54 for the year ended June 30, 2011; schedules presenting government wide fund balance 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 assets.

## Cleveland Municipal School District

Net Assets by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

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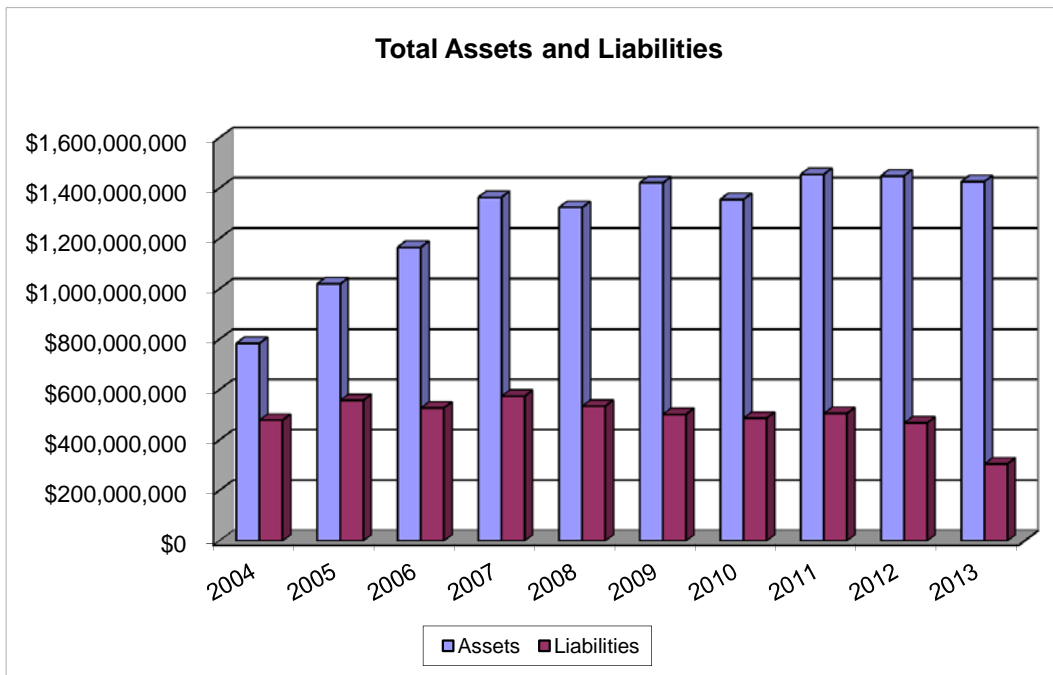
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	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 153,091,046	\$ 117,395,590	\$ 208,222,499	\$ 261,363,643
Restricted				
Restricted Debt Service	51,754,628	53,685,274	49,134,737	36,237,294
Restricted Capital Projects	175,330,213	326,783,809	362,464,498	423,973,593
Restricted Special Revenue	18,214,387	11,361,537	16,028,862	18,590,876
Unrestricted	(93,677,258)	(47,337,174)	2,036,421	49,393,549
<b>Total Net Assets</b>	<u>\$ 304,713,016</u>	<u>\$ 461,889,036</u>	<u>\$ 637,887,017</u>	<u>\$ 789,558,955</u>

Source: School District Financial Records



2008	2009	2010	2011	2012	2013
\$ 332,124,644	\$ 410,820,839	\$ 500,616,971	\$ 503,951,883	\$ 518,814,295	\$ 558,674,014
33,349,361	33,857,725	47,506,378	48,223,777	51,217,114	42,713,939
313,896,979	391,466,835	257,882,844	260,606,827	278,969,178	184,352,359
34,529,429	40,215,098	41,703,464	77,722,493	58,944,626	47,468,206
74,406,756	41,835,337	20,520,336	58,715,005	73,262,646	113,553,821
<u>\$ 788,307,169</u>	<u>\$ 918,195,834</u>	<u>\$ 868,229,993</u>	<u>\$ 949,219,985</u>	<u>\$ 981,207,859</u>	<u>\$ 946,762,339</u>



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

	2004	2005	2006	2007
<b>Expenses</b>				
Governmental Activities:				
Instruction:				
Regular	\$ 290,987,320	\$ 249,352,851	\$ 316,945,841	\$ 306,641,274
Special	143,004,004	152,153,082	143,913,038	160,305,162
Vocational	15,994,184	12,683,615	11,907,870	12,723,093
Adult/Continuing	5,094,891	3,490,435	2,300,131	2,967,373
Other	198,400	150	12,759,762	12,263,429
<i>Support Services:</i>				
Pupils	45,012,097	33,877,518	35,380,163	37,100,301
Instructional Staff	56,236,589	54,824,175	51,072,946	48,124,670
Board of Education	259,950	223,199	267,321	248,637
Administration	45,084,175	43,927,480	41,342,791	43,218,261
Fiscal	10,893,531	12,234,280	9,946,686	9,617,654
Business	1,091,725	1,284,442	942,371	1,065,128
Operation and Maintenance of Plant	62,223,013	56,317,807	58,569,487	64,844,985
Pupil Transportation	38,379,675	28,867,256	28,965,329	27,944,135
Central	16,698,556	14,936,994	15,969,839	15,923,177
Operation of Non-Instructional Services	43,837,168	44,009,082	42,532,273	38,956,223
Extracurricular Activities	7,051,078	5,968,627	5,814,665	6,466,969
Interest and Fiscal Charges	9,830,504	13,588,410	11,647,137	10,180,816
<b>Total Primary Government Expenses</b>	<b>791,876,860</b>	<b>727,739,403</b>	<b>790,277,650</b>	<b>798,591,287</b>
<b>Program Revenues</b>				
Governmental Activities:				
<b>Charges for Services and Sales</b>				
Instruction:				
Regular	0	0	0	196,057
Special	0	192,893	148,405	717,094
Vocational	0	0	0	0
Adult/Continuing	994,043	83,071	38,252	59,177
Other	0	0	0	0
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Board of Education	0	0	0	0
Administration	0	0	0	0
Fiscal	0	0	0	0
Business	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instruction Services	0	0	0	0
Extracurricular Activities	0	0	0	0

**Source:** School District financial records

	2008	2009	2010	2011	2012	2013
\$	327,247,872	\$ 328,162,328	\$ 380,866,357	\$ 297,907,426	\$ 322,367,731	\$ 367,669,653
	168,823,350	180,413,911	189,643,261	207,990,072	174,228,202	172,023,833
	13,985,560	11,895,564	11,923,801	10,336,437	11,316,290	12,599,383
	2,833,813	2,856,799	3,668,819	132,537	0	112,488
	19,765,060	19,497,068	9,655,896	6,384,172	4,493,188	673,778
	32,218,673	27,746,864	39,107,286	37,463,820	36,216,356	34,197,654
	48,850,968	57,621,095	65,429,955	59,204,651	50,834,523	55,202,905
	258,840	284,153	234,344	250,996	285,033	274,588
	46,168,403	44,605,981	48,600,081	43,536,920	41,533,976	46,168,870
	11,408,394	12,212,820	10,120,397	15,131,810	12,498,573	12,708,747
	1,873,943	2,645,732	2,223,407	1,643,284	1,700,249	2,018,076
	109,195,119	74,505,273	61,657,748	63,176,797	55,146,243	59,940,850
	27,527,934	31,991,149	30,858,435	28,923,689	27,896,118	30,662,826
	15,035,691	19,272,538	14,648,056	12,437,133	11,966,119	20,006,680
	42,585,167	42,225,005	41,452,383	42,237,400	39,718,319	36,951,908
	6,783,614	6,910,474	6,492,522	6,418,054	5,857,755	6,990,941
	9,219,611	8,078,738	7,478,002	9,869,253	9,640,956	11,669,533
	883,782,012	870,925,492	924,060,750	843,044,451	805,699,631	869,872,713
	660,425	616,265	805,242	2,351,003	1,800,754	4,192,551
	238,482	229,296	364,149	976,843	832,254	1,621,243
	27,430	19,401	29,849	62,210	61,797	111,542
	890	707	5,916	0	0	1,068
	168	4,804	18,813	36,692	28,614	4,590
	53,857	63,040	95,886	316,993	190,315	457,244
	50,724	45,270	67,537	154,682	144,317	192,966
	579	536	654	1,788	1,831	2,692
	95,123	113,343	105,953	417,562	237,566	547,753
	23,294	40,664	26,169	258,747	68,264	324,446
	4,354	5,007	6,204	11,703	10,921	19,786
	104,131	96,210	167,875	522,574	336,066	656,920
	58,433	56,888	74,134	175,290	170,981	270,047
	34,018	34,908	39,399	87,927	75,555	194,889
	7,798	5,512	7,879	11,614	15,927	11,351
	821,166	800,606	788,285	653,175	575,250	574,128

(continued)

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

	2004	2005	2006	2007
<b>Operating Grants, Contributions and Interest</b>				
Instruction:				
Regular	\$ 67,676,019	\$ 71,510,982	\$ 33,931,074	\$ 34,039,005
Special	47,957,446	49,947,447	63,057,863	62,362,875
Vocational	1,227,846	968,521	741,042	1,694,687
Adult/Continuing	1,544,153	2,215,834	2,451,716	2,444,889
Other	0	0	11,151,414	11,461,176
Support Services:				
Pupils	6,427,226	5,702,967	7,803,544	10,539,199
Instructional Staff	30,020,207	32,431,931	40,672,337	27,327,018
Board of Education	8,822	11,126	7,701	12,989
Administration	5,091,991	5,347,769	4,916,688	7,231,878
Fiscal	1,415,851	1,402,369	1,068,558	1,314,680
Business	0	0	0	0
Operation and Maintenance of Plant	619,443	672,986	2,547,221	7,251,442
Pupil Transportation	822,477	635,920	1,294,475	1,190,477
Central	1,292,861	1,220,287	895,218	578,561
Operation of Non-Instruction Services	41,527,739	37,057,500	39,136,205	34,663,348
Extracurricular Activities	1,048,436	849,552	895,653	878,738
<b>Capital Grants and Contributions</b>				
Instruction:				
Regular	119,629,061	109,387,736	119,828,477	89,064,023
Support Services:				
Instructional Staff	1,604,924	14,867	0	0
Operation and Maintenance of Plant	0	38,370	682,985	0
Central	0	133	0	0
<i>Total Program Revenues</i>	<u>328,908,545</u>	<u>319,692,261</u>	<u>331,268,828</u>	<u>293,027,313</u>
Net Expense	<u>\$ (462,968,315)</u>	<u>\$ (408,047,142)</u>	<u>\$ (459,008,822)</u>	<u>\$ (505,563,974)</u>
<b>General Revenues and Other</b>				
<b>Changes in Net Assets</b>				
Governmental Activities:				
Property Taxes Levied For:				
General Purposes	\$ 219,596,436	\$ 193,293,701	\$ 197,583,328	\$ 198,996,360
Debt Service	40,006,114	29,573,166	31,620,440	35,760,058
Capital Outlay	2,980,196	2,309,596	2,459,275	2,477,222
Investment Income	2,945,010	7,362,433	16,205,770	18,843,152
Miscellaneous	2,840,826	2,410,759	9,715,420	1,665,345
Grants and Entitlements not Restricted to				
Specific Programs	346,770,558	330,273,507	384,582,569	399,493,775
<b>Total Primary Government</b>	<u>615,139,140</u>	<u>565,223,162</u>	<u>642,166,802</u>	<u>657,235,912</u>
<b>Change in Net Assets</b>				
<b>Total Primary Government</b>	<u>\$ 152,170,825</u>	<u>\$ 157,176,020</u>	<u>\$ 183,157,980</u>	<u>\$ 151,671,938</u>

	2008	2009	2010	2011	2012	2013
\$	35,546,322	\$ 37,192,665	\$ 32,685,231	\$ 38,093,482	\$ 20,734,813	\$ 5,201,595
	66,638,056	62,689,317	63,043,009	103,872,868	28,181,385	43,030,489
	2,533,848	1,637,911	1,326,967	1,446,826	1,572,223	1,379,138
	2,617,719	2,462,002	1,904,193	71,032	0	510
	19,133,256	18,403,044	3,127,296	1,663,788	49,095	168,775
	9,175,181	5,916,754	5,548,551	6,100,952	6,609,256	6,132,756
	30,313,516	35,440,720	42,964,473	39,853,992	26,649,396	30,471,914
	14,767	2,849	1,387	1,240	1,979	1,247
	4,546,107	4,575,772	4,916,794	4,190,878	2,101,662	3,090,526
	1,348,188	925,564	705,052	3,198,202	764,430	717,508
	17,476	18,548	13,164	8,117	11,804	9,162
	12,818,564	14,781,452	2,447,744	623,740	2,234,494	2,236,816
	1,601,296	1,093,004	894,026	3,096,448	280,450	315,733
	683,303	641,824	568,623	299,521	151,489	99,632
	32,764,919	33,961,591	31,495,919	41,054,534	29,413,981	32,517,985
	70,647	61,459	44,017	92,068	36,928	32,198
	2,395,614	150,881,349	3,376,765	2,037,682	43,033,556	2,100,511
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	<u>224,399,651</u>	<u>372,818,282</u>	<u>197,667,155</u>	<u>251,744,173</u>	<u>166,377,353</u>	<u>136,689,711</u>
\$	<u>(659,382,361)</u>	<u>(498,107,210)</u>	<u>(726,393,595)</u>	<u>(591,300,278)</u>	<u>(639,322,278)</u>	<u>(733,183,002)</u>
\$	185,684,541	\$ 155,294,660	\$ 156,893,542	\$ 158,760,869	\$ 155,316,742	\$ 200,094,021
	33,647,336	10,941,106	16,654,007	28,724,375	28,235,142	12,635,634
	2,347,262	22,122,341	17,391,407	2,097,559	2,083,420	1,042,267
	18,682,784	9,507,759	5,756,808	3,535,089	1,910,966	1,345,163
	7,100,867	10,669,482	11,268,565	13,723,968	18,445,756	23,799,313
	<u>410,667,785</u>	<u>419,460,527</u>	<u>468,463,425</u>	<u>465,448,410</u>	<u>465,318,126</u>	<u>459,821,084</u>
	<u>658,130,575</u>	<u>627,995,875</u>	<u>676,427,754</u>	<u>672,290,270</u>	<u>671,310,152</u>	<u>698,737,482</u>
\$	<u>(1,251,786)</u>	<u>\$ 129,888,665</u>	<u>\$ (49,965,841)</u>	<u>\$ 80,989,992</u>	<u>\$ 31,987,874</u>	<u>\$ (34,445,520)</u>

## Cleveland Municipal School District

Fund Balances, Governmental Funds

Last Ten Fiscal Years

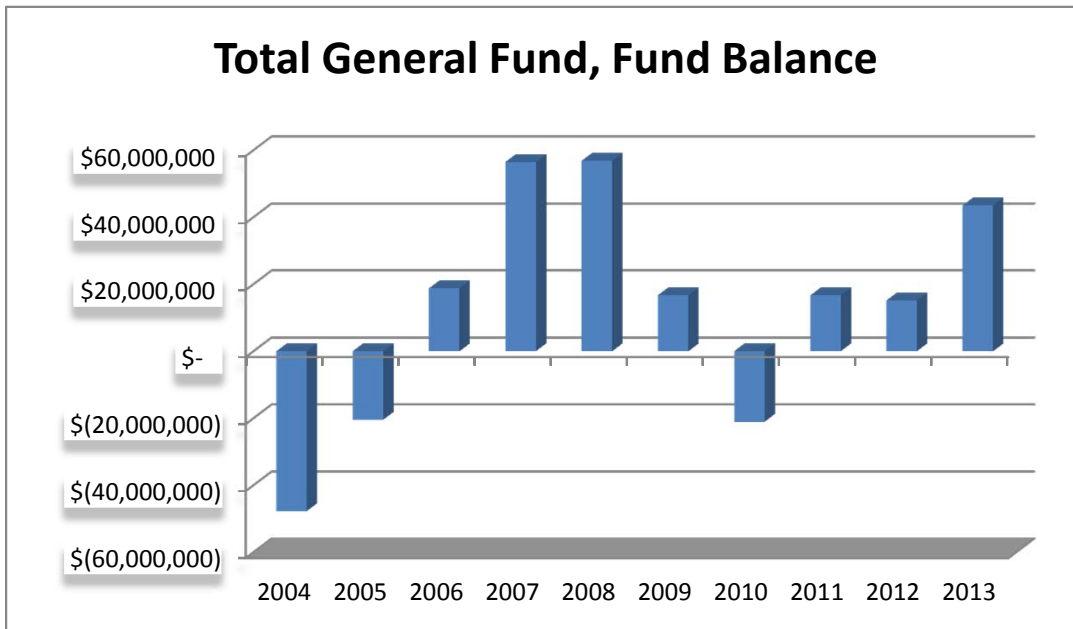
(modified accrual basis of accounting)

	2004	2005	2006	2007
<b>General Fund</b>				
Nonspendable	\$ 809,133	\$ 702,401	\$ 656,976	\$ 683,737
Restricted	(87,728,621)	(48,377,637)	(21,522,382)	0
Committed	5,403,473	4,805,598	6,467,758	7,217,484
Unassigned	33,821,008	22,404,297	33,183,447	48,584,949
<b>Total General Fund</b>	<b>(47,695,007)</b>	<b>(20,465,341)</b>	<b>18,785,799</b>	<b>56,486,170</b>
<b>All Other Governmental Funds</b>				
Nonspendable	489,953	277,925	291,769	410,176
Restricted				
Debt Service	31,003,694	34,578,380	30,376,315	14,238,392
Capital Programs	15,718,944	131,254,059	87,359,128	125,530,579
Special Revenue	4,260,932	0	6,951,949	7,631,660
Committed	78,467,894	65,909,495	77,386,743	64,881,973
Assigned	6,995,197	5,851,848	4,227,004	4,924,426
Unassigned	0	(2,198,856)	0	0
<b>Total all Other Governmental Funds</b>	<b>136,936,614</b>	<b>235,672,851</b>	<b>206,592,908</b>	<b>217,617,206</b>
<b>Total Governmental Funds</b>	<b>\$ 89,241,607</b>	<b>\$ 215,207,510</b>	<b>\$ 225,378,707</b>	<b>\$ 274,103,376</b>

**Source:** School District financial records

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

2008	2009	2010	2011	2012	2013
\$ 1,126,828	\$ 598,118	\$ 1,920,719	\$ 3,691,170	\$ 4,920,465	\$ 6,535,268
0	(6,453,783)	(40,964,314)	0	0	
3,158,174	919,523	2,207,974	5,608,988	7,802,251	9,185,899
52,570,463	21,682,643	15,781,618	7,386,402	2,456,478	27,814,870
56,855,465	16,746,501	(21,054,003)	16,686,560	15,179,194	43,536,037
517,125	798,579	798,579	861,912	526,708	803,066
19,367,096	19,153,121	21,439,876	20,124,660	21,981,311	26,108,634
97,428,288	61,135,167	66,946,176	126,510,249	59,357,444	45,160,957
5,703,271	19,089,437	19,495,855	(15,924,805)	51,399,384	46,112,591
88,523,867	101,305,463	57,405,892	33,933,454	80,880,693	42,395,381
5,638,179	6,238,147	3,863,098	4,740,443	4,905,512	3,691,706
0	0	0	0	(6,600,746)	(19,869,898)
217,177,826	207,719,914	169,949,476	170,245,913	212,450,306	144,402,437
<u>\$ 274,033,291</u>	<u>\$ 224,466,415</u>	<u>\$ 148,895,473</u>	<u>\$ 186,932,473</u>	<u>\$ 227,629,500</u>	<u>\$ 187,938,474</u>



# Cleveland Municipal School District

## Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2004	2005	2006	2007
<b>General Revenues</b>				
<b>Local Sources:</b>				
Taxes	\$ 246,794,199	\$ 224,900,023	\$ 225,725,605	\$ 229,456,774
Investment Income	2,945,010	7,362,433	16,205,770	18,843,152
Tuition and Fees	1,079,586	346,739	195,468	983,938
Extracurricular Activities	1,044,014	823,214	888,418	862,421
Contributions and Donations (1)	0	0	0	0
Sale of Personal Property	0	0	0	0
Miscellaneous	9,521,102	10,368,681	18,124,497	7,042,147
<b>Total Local Sources</b>	<b>261,383,911</b>	<b>243,801,090</b>	<b>261,139,758</b>	<b>257,188,432</b>
<b>State Sources:</b>				
Unrestricted Grants-in-Aid	335,747,598	322,634,276	384,220,944	399,263,033
Restricted Grants-in-Aid	109,333,452	143,316,706	130,630,795	118,053,159
<b>Total State Sources</b>	<b>445,081,050</b>	<b>465,950,982</b>	<b>514,851,739</b>	<b>517,316,192</b>
<b>Federal Sources:</b>				
Unrestricted Grants-in-Aid	11,022,960	7,639,231	361,625	230,742
Restricted Grants-in-Aid	118,784,282	118,920,360	125,743,351	130,689,825
<b>Total Federal Sources</b>	<b>129,807,242</b>	<b>126,559,591</b>	<b>126,104,976</b>	<b>130,920,567</b>
<b>Total Revenues</b>	<b>\$ 836,272,203</b>	<b>\$ 836,311,663</b>	<b>\$ 902,096,473</b>	<b>\$ 905,425,191</b>

**Source:** School District financial records

Notes:

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



2008	2009	2010	2011	2012	2013
\$ 216,291,084	\$ 198,637,233	\$ 175,412,408	\$ 185,815,163	\$ 179,685,485	\$ 211,788,636
18,682,784	9,507,759	5,756,808	3,535,089	1,910,966	1,345,163
1,373,458	1,341,693	1,831,628	4,181,794	3,999,330	6,236,352
807,414	790,764	772,316	612,023	541,229	512,011
9,533,478	7,984,141	6,253,700	8,107,354	2,627,175	4,369,374
0	0	0	152,615	1,374,307	4,838,821
7,100,867	10,669,482	11,268,565	14,816,339	17,071,449	15,259,654
<u>253,789,085</u>	<u>228,931,072</u>	<u>201,295,425</u>	<u>217,220,377</u>	<u>207,209,941</u>	<u>244,350,011</u>
406,097,141	415,513,502	466,379,953	458,759,975	462,502,688	457,766,044
135,715,773	135,128,629	54,495,286	39,162,866	31,850,562	47,613,559
<u>541,812,914</u>	<u>550,642,131</u>	<u>520,875,239</u>	<u>497,922,841</u>	<u>494,353,250</u>	<u>505,379,603</u>
4,570,644	3,947,025	2,083,472	2,251,018	3,060,502	2,055,040
127,244,206	131,068,187	160,859,694	170,974,083	149,294,345	109,780,767
<u>131,814,850</u>	<u>135,015,212</u>	<u>162,943,166</u>	<u>173,225,101</u>	<u>152,354,847</u>	<u>111,835,807</u>
<u>\$ 927,416,849</u>	<u>\$ 914,588,415</u>	<u>\$ 885,113,830</u>	<u>\$ 888,368,319</u>	<u>\$ 853,918,038</u>	<u>\$ 861,565,421</u>

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

	2004	2005	2006	2007
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	\$ 282,588,920	\$ 247,538,531	\$ 311,511,315	\$ 301,277,356
Special	142,508,629	152,415,325	143,898,323	160,202,855
Vocational	15,999,270	12,841,844	11,934,317	12,718,124
Adult/Continuing	5,102,664	3,519,447	2,321,948	2,968,255
Other	198,400	150	12,496,611	12,218,420
Support Services:				
Pupils	41,479,432	36,034,088	35,284,327	35,214,671
Instructional Staff	56,192,266	54,943,213	51,117,118	48,104,139
Board of Education	252,707	209,576	280,079	248,240
Administration	44,542,970	39,700,442	39,129,081	39,609,348
Fiscal	10,896,259	12,265,464	9,925,994	9,616,962
Business	1,082,675	1,289,034	983,446	1,051,879
Operations and Maintenance of Plant	70,515,379	60,192,807	56,628,484	59,316,050
Pupil Transportation	37,217,500	28,199,461	27,392,258	26,776,217
Central	16,639,171	15,118,320	15,972,950	16,172,708
Operation of Non-Instructional Services	44,336,368	44,051,523	40,693,064	39,601,592
Extracurricular Activities	7,034,194	6,061,353	5,823,466	6,442,131
Capital Outlay	54,594,406	81,404,824	92,090,262	80,193,958
Debt Service				
Principal Retirement	29,429,962	28,978,523	22,755,277	9,100,896
Interest and Fiscal Charges	10,298,959	13,648,029	11,686,956	10,866,721
Bond Issuance Costs	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 870,910,131</b>	<b>\$ 838,411,954</b>	<b>\$ 891,925,276</b>	<b>\$ 871,700,522</b>
Debt Service as a Percentage of				
Noncapital Expenditures	-418.4%	-478.1%	-390.8%	-141.3%
Noncapital Expenditures	4.9%	5.6%	4.3%	2.5%

**Source:** School District financial records

2008	2009	2010	2011	2012	2013
\$ 318,032,298	\$ 317,468,088	\$ 320,913,453	\$ 285,176,732	\$ 296,589,788	\$ 296,652,085
170,005,047	180,320,570	189,382,175	207,710,557	174,268,968	171,815,811
14,091,870	11,903,774	11,906,845	10,325,890	11,317,046	12,554,974
2,851,351	2,856,799	3,665,685	117,389	0	108,929
19,859,383	19,463,893	9,233,999	6,470,346	4,565,662	883,337
34,551,766	36,579,743	38,434,140	36,624,319	36,685,082	36,194,695
49,169,705	57,763,047	65,575,019	60,166,032	50,661,878	53,789,823
256,012	278,777	237,500	245,987	274,705	273,980
46,455,469	43,240,868	43,344,082	36,689,828	32,974,897	35,343,239
11,404,888	12,207,258	10,093,012	15,237,357	12,788,220	12,622,530
1,877,131	2,657,905	2,230,778	1,637,398	1,689,243	2,013,062
60,307,795	64,415,385	61,633,008	86,750,620	55,268,800	60,109,673
26,423,864	30,463,468	27,703,192	27,878,194	27,339,459	27,477,112
15,138,926	18,952,494	14,731,249	12,527,955	12,018,833	19,762,993
42,631,226	41,995,798	41,262,127	18,517,941	37,955,918	37,885,012
6,798,182	6,902,348	6,493,928	6,385,611	5,856,800	6,979,541
73,333,174	98,020,101	95,529,232	56,852,634	25,129,584	100,952,346
24,665,132	9,845,919	10,193,245	24,867,030	37,540,082	2,184,442
9,633,715	8,819,056	8,122,103	10,112,550	10,357,440	11,652,099
0	0	0	36,949	0	364,505
<u>\$ 927,486,934</u>	<u>\$ 964,155,291</u>	<u>\$ 960,684,772</u>	<u>\$ 904,331,319</u>	<u>\$ 833,282,405</u>	<u>\$ 889,620,188</u>
-362.8%	-142.6%	-157.0%	-391.7%	-641.0%	-33.0%
4.0%	2.2%	2.1%	4.1%	5.9%	1.8%

**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)

	2004	2005	2006	2007
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (34,637,928)	\$ (2,100,291)	\$ 10,171,197	\$ 33,724,669
<b>Other Financing Sources (Uses)</b>				
Issuance from the Sale of Bonds	0	125,000,000	0	0
Proceeds from the Sale of Notes	0	0	0	15,000,000
Payment of Refunded Bond Escrow Agent	0	0	0	0
Premium from Sale of Bonds	0	3,066,194	0	0
Transfers In	966,211	3,108,186	6,944,394	39,180,591
Transfers Out	(966,211)	(3,108,186)	(6,944,394)	(39,180,591)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>128,066,194</u>	<u>0</u>	<u>15,000,000</u>
<b>Net Change in Fund Balances</b>	<u>\$ (34,637,928)</u>	<u>\$ 125,965,903</u>	<u>\$ 10,171,197</u>	<u>\$ 48,724,669</u>

**Source:** School District financial records

2008	2009	2010	2011	2012	2013
\$ (70,085)	\$ (49,566,876)	\$ (75,570,942)	\$ (15,963,000)	\$ 20,635,633	\$ (28,054,767)
0	0	0	55,000,000	20,855,000	45,600,000
0	0	0	0	0	0
0	0	0	0	0	(63,366,472)
0	0	0	0	0	6,130,213
29,532,247	3,770,394	11,072,036	14,573,314	15,596,576	13,469,667
<u>(29,532,247)</u>	<u>(3,770,394)</u>	<u>(11,072,036)</u>	<u>(15,573,314)</u>	<u>(16,390,182)</u>	<u>(13,469,667)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>54,000,000</u>	<u>20,061,394</u>	<u>(11,636,259)</u>
<u>\$ (70,085)</u>	<u>\$ (49,566,876)</u>	<u>\$ (75,570,942)</u>	<u>\$ 38,037,000</u>	<u>\$ 40,697,027</u>	<u>\$ (39,691,026)</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
2004	\$ 4,903,040	\$ 14,008,686	\$ 357,470	\$ 406,216
2005	5,007,377	14,306,791	352,432	400,491
2006	4,970,503	14,201,437	316,245	359,369
2007	5,629,680	16,084,800	318,454	361,879
2008	5,526,506	15,790,017	212,297	241,246
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

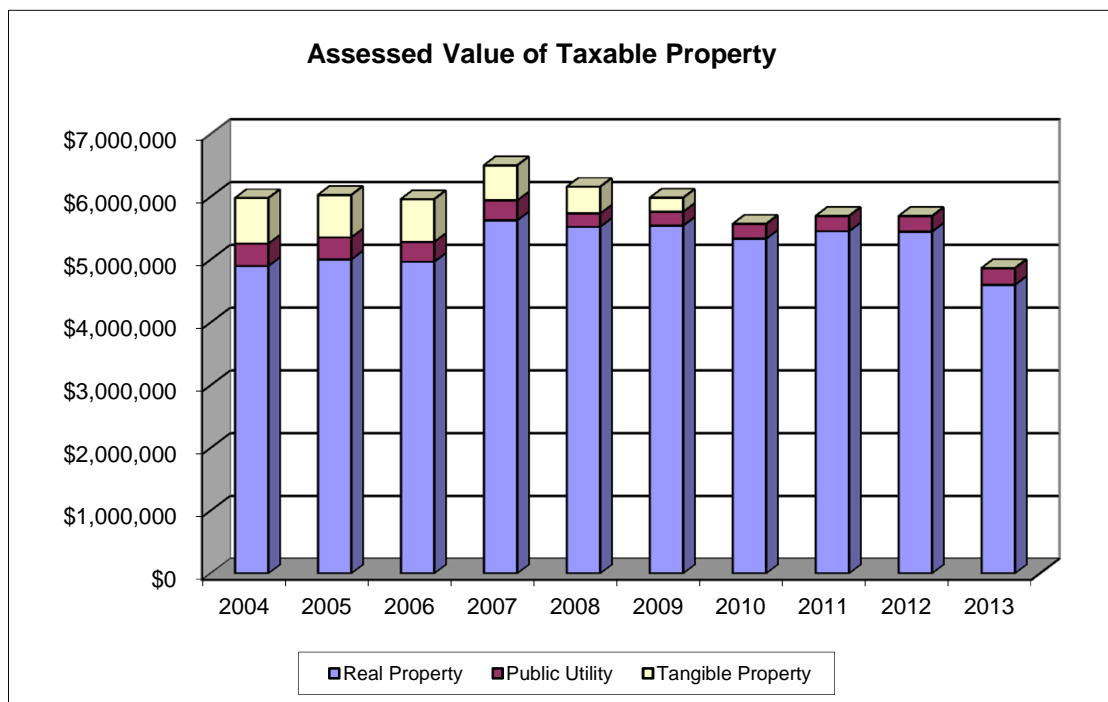
**Source:** Office of the County Auditor, Cuyahoga County, Ohio

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 18.75 percent for 2006, 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. Beginning in 2006 collection year, the 10% rollback for commercial/industrial property was eliminated.

Tangible Property		Total		Ratio	Total Direct Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 723,018	\$ 3,143,557	\$ 5,983,528	\$ 17,558,458	34%	64.80
674,031	2,930,570	6,033,840	17,637,852	34	64.80
679,540	3,624,213	5,966,288	18,185,020	33	64.80
556,633	4,453,064	6,504,767	20,899,743	31	64.80
424,871	3,398,968	6,163,674	19,430,231	32	64.80
221,153	3,538,448	5,987,555	19,631,518	30	64.80
0	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	79.80



**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
2004	12.70	18.00	6.80	58.20	0.50	6.10
2005	12.70	18.30	6.80	58.20	0.50	6.10
2006	12.70	18.30	6.80	58.20	0.50	6.10
2007	12.70	18.20	6.80	58.20	0.50	6.10
2008	12.70	18.20	6.80	58.20	0.50	6.10
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

**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	102.30	14.00	12.80	2.80	20.10
64.80	102.60	14.00	18.50	2.80	21.10
64.80	102.60	14.10	18.50	2.80	21.90
64.80	102.50	14.00	19.50	2.80	21.90
64.80	102.50	14.00	19.50	2.80	21.90
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

**Cleveland Municipal School District**

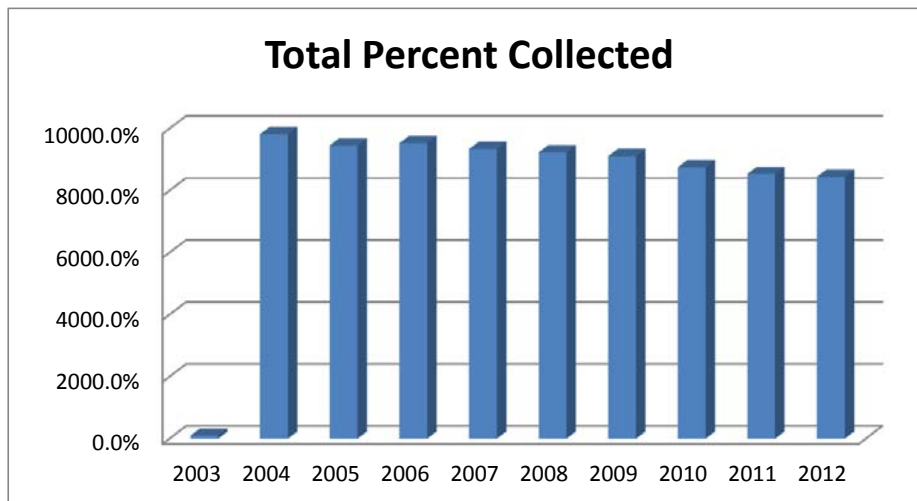
Principal Property Tax Payers  
2012 and 2003 (1)

Taxpayer	2012			2003		
	Approximate Assessed Valuation	Rank	Percent of Total District Assessed Valuation	Approximate Assessed Valuation	Rank	Percent of Total District Assessed Valuation
Cleveland Clinic Foundation	\$ 198,799,720	1	4.08%			
Cleveland Electric Illuminating Co.	188,580,610	2	3.87%			
City of Cleveland, Ohio	86,018,410	3	1.77%			
Key Center Properties LLC	80,559,150	4	1.65%			
East Ohio Gas Co.	55,008,190	5	1.13%			
Cleveland Financial Associates, LLC	51,485,990	6	1.06%			
City of Cleveland Executive	35,139,800	7	0.72%			
Hub North Point Properties	35,123,770	8	0.72%			
National City Bank	34,413,150	9	0.71%			
Optima 1375, LLC	23,054,650	10	0.47%			
Cleveland Electric Illuminating Co.				\$ 145,975,140	1	2.44%
SBC Ameritech				110,943,010	2	1.85%
ZML - Cleveland Public Square, LLC				47,232,500	3	0.79%
NPW LTD Partnership				35,560,000	4	0.59%
National City Center LLC				28,000,000	5	0.47%
Cleveland Clinic Foundation				27,375,220	6	0.46%
American Transmission System				23,595,550	7	0.39%
Bishop Anthony M. Pilla				22,750,660	8	0.38%
Dominion East Ohio				17,777,370	9	0.30%
Case Western Reserve University				16,883,270	10	0.28%
Total Ten Largest	<u>788,183,440</u>		<u>16.18%</u>	<u>476,092,720</u>		<u>7.96%</u>
Total District Assessed Valuation	<u>\$ 4,868,768,000</u>			<u>\$ 5,983,528,000</u>		

**Source:** City of Cleveland 2013 CAFR, CMSD 2004 CAFR  
(1) 2013 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 (2)	Current Tax Levy Billed (1)	Current Collected	Percent Collected (1)	Collected Delinquencies	Total Collected	Total Collected As Percent Of Current Tax Levy
2003	\$ 263,003	\$ 232,417	88.4%	\$ 17,296	\$ 249,713	94.9%
2004	259,350	231,188	89.1	23,533	254,721	98.2
2005	261,734	230,272	88.0	17,260	247,532	94.6
2006	251,189	221,282	88.1	18,022	239,304	95.3
2007	245,044	212,722	86.8	16,160	228,882	93.4
2008	228,622	192,688	84.3	18,439	211,127	92.3
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



**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. 2013 information cannot be presented because all collections have not been made by June 30.

## Cleveland Municipal School District

Ratio of Bonded Debt to Personal Income and Debt per Capita

Last Ten Fiscal Years

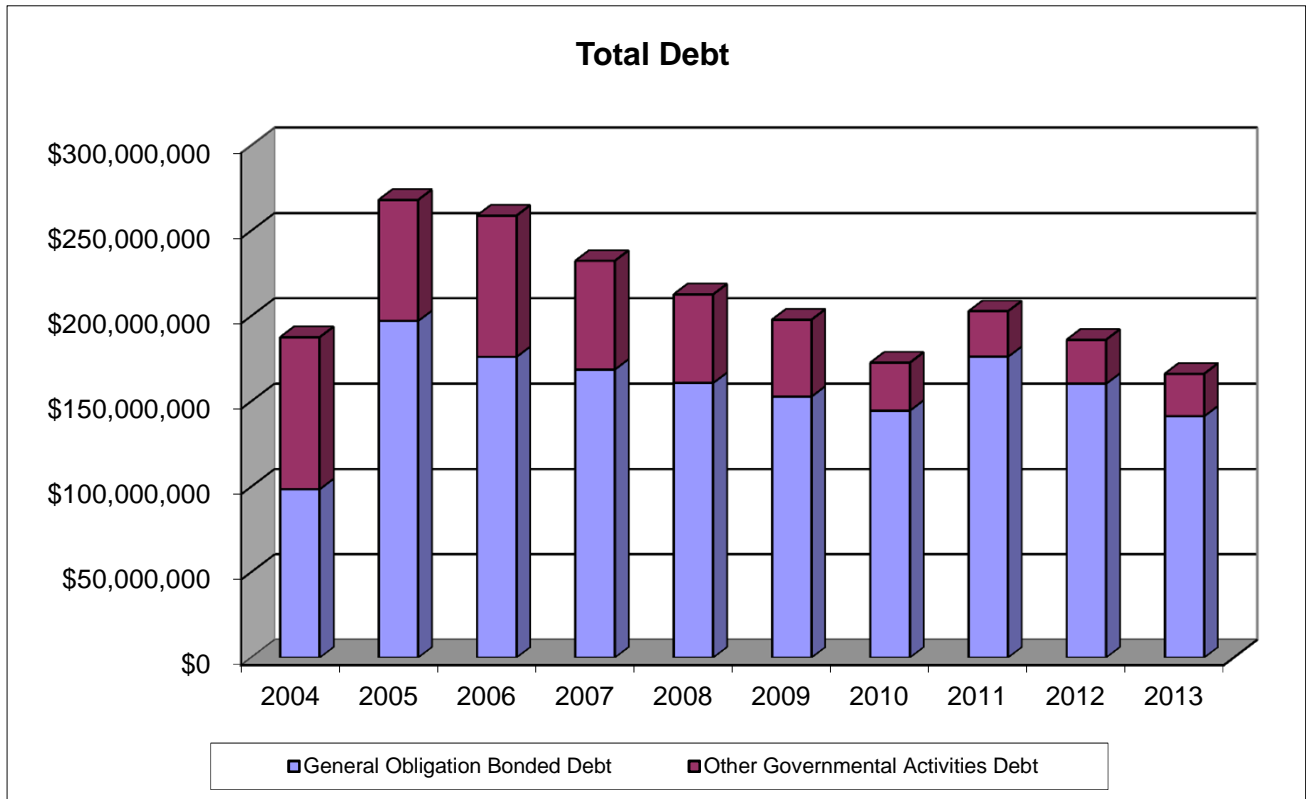
Fiscal Year	Estimated Population (1)	Estimated Actual Values	General Obligation Bonded Debt		
			General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Estimated Actual Value	General Obligation Bonded Debt per Capita
2004	478,403	\$ 17,558,459,000	\$ 98,695,000	0.56%	206
2005	478,403	17,637,852,000	197,200,000	1.12	412
2006	444,313	18,185,019,000	176,130,000	0.97	396
2007	444,313	20,899,743,000	168,765,000	0.81	380
2008	438,042	19,430,231,000	160,890,000	0.83	367
2009	433,748	19,631,518,000	152,915,000	0.78	353
2010	431,369	15,514,107,000	144,670,000	0.93	335
2011	431,369	15,865,004,000	176,225,000	1.11	409
2012	396,815	15,850,866,000	160,410,000	1.01	404
2013	390,928	13,452,078,000	141,375,000	1.05	362

**Sources:**

- (1) U.S. Bureau of the Census
- (2) The personal income can be found on S27

**Other Governmental Activities Debt**

Qualified Zone Academy Bonds	Notes	Energy Conservation Improvement Bonds	Capital Lease Obligation	Total Debt	Percentage of Personal Income (2)	Per Capita
\$ 21,250,000	\$ 60,012,875	\$ 865,000	\$ 6,886,795	\$ 187,709,670	2.75%	\$ 392
21,250,000	43,736,113	0	5,940,034	268,126,147	3.92	560
21,250,000	56,571,154	0	4,954,716	258,905,870	4.08	583
21,250,000	38,490,704	0	3,929,270	232,434,974	3.66	523
21,250,000	27,767,780	0	2,862,062	212,769,842	3.40	486
21,250,000	22,007,532	0	1,751,391	197,923,923	3.19	456
21,250,000	6,215,191	0	595,487	172,730,678	2.80	400
21,250,000	5,388,648	0	0	202,863,648	3.14	470
21,250,000	4,518,566	0	0	186,178,566	2.88	469
21,250,000	3,602,653	0	0	166,227,653	2.53	425



**Cleveland Municipal School District**

Legal Debt Margin Information

Last Ten Fiscal Years

**Legal Debt Margin Calculation for Fiscal Year 2013**

Assessed Value	\$4,868,768,000
Debt Limit (9% of assessed value)	438,189,120
Debt Applicable to Limit	<u>115,251,131</u>
Legal Debt Margin	<u><u>\$ 322,937,989</u></u>

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 538,517,520	\$ 543,045,600	\$ 536,965,920	\$ 585,429,030
Total Net Debt Applicable to Limit	<u>62,033,529</u>	<u>157,165,358</u>	<u>141,812,427</u>	<u>149,897,800</u>
<b>Legal Debt Margin</b>	<u><u>\$ 476,483,991</u></u>	<u><u>\$ 385,880,242</u></u>	<u><u>\$ 395,153,493</u></u>	<u><u>\$ 435,531,230</u></u>
 Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	 11.52%	 28.94%	 26.41%	 25.60%

**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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 554,730,660	\$ 538,879,947	\$ 501,448,950	\$ 512,955,090	\$ 512,724,060	\$ 438,189,120
<u>135,715,009</u>	<u>127,899,099</u>	<u>119,367,026</u>	<u>156,124,865</u>	<u>138,566,996</u>	<u>115,251,131</u>
<u>\$ 419,015,651</u>	<u>\$ 410,980,848</u>	<u>\$ 382,081,924</u>	<u>\$ 356,830,225</u>	<u>\$ 374,157,064</u>	<u>\$ 322,937,989</u>
24.47%	23.73%	23.80%	30.44%	27.03%	26.30%

**Cleveland Municipal School District**  
Direct and Overlapping Debt Governmental Activities Debt  
As of June 30, 2013

Name of Governmental Unit	Gross Debt Outstanding	Debt Service Fund (Cash Balance)	Net Outstanding Debt	Percentage Applicable to Cleveland Municipal School District (1)	Amount Applicable to Cleveland Municipal School District
<b>Direct Debt:</b>					
Cleveland Municipal School District (2)	\$ 159,744,118	\$ 16,229,486	\$ 143,514,632	100.00%	\$ 143,514,632
<b>Overlapping Debt:</b>					
City of Cleveland (3)	386,380,000	15,099,662	371,280,338	97.86	363,334,939
Cuyahoga County (3)	341,075,645	23,098,352	317,977,293	17.82	56,663,554
Village of Bratenahl (3)	1,045,000	226,425	818,575	100.00	818,575
City of Garfield Heights (3)	27,341,000	188,423	27,152,577	6.60	1,792,070
Greater Cleveland Regional Transit Authority (3)	129,495,000	1,789,718	127,705,282	17.82	22,757,081
<b>Total Overlapping Debt</b>	<u>885,336,645</u>	<u>40,402,580</u>	<u>844,934,065</u>		<u>445,366,219</u>
<b>Total</b>	<u>\$1,045,080,763</u>	<u>\$ 56,632,066</u>	<u>\$ 988,448,697</u>		<u>\$ 588,880,851</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) The gross debt outstanding does not include H.B. 264 Energy Conservation Note of \$5,388,648 and QZAB debt of \$21,250,000.
- (3) City of Cleveland, Cuyahoga County, Village of Bratenahl, City of Garfield Heights and the Greater Cleveland Regional Transit Authority operate on a calendar year.



## 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
2004	478,403	\$ 6,836,857,273	\$ 14,291	5.8%
2005	478,403	6,836,857,273	14,291	6.2
2006	444,313	6,349,677,083	14,291	5.1
2007	444,313	6,349,677,083	14,291	6.1
2008	438,042	6,260,058,222	14,291	6.4
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

**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 Ten Years Ago

Employer	2013			2003		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Cleveland Clinic Health System	33,000	1	3.22%			
University Hospitals	15,123	2	1.50			
U.S. Office of Personnel Management	14,839	3	1.47			
Giant Eagle Incorporated	10,398	4	1.03			
Progressive Corporation	8,766	5	0.87			
Cuyahoga County	7,709	6	0.76			
City of Cleveland	7,061	7	0.70			
General Motors	7,000	8	0.69			
Cleveland Metropolitan School District	6,246	9	0.62			
KeyCorp	5,983	10	0.59			
MetroHealth Systems	5,238	11	0.52			
Cleveland Clinic Health System				23,567	1	1.77%
University Hospitals				14,270	2	1.33
Progressive Corp				7,557	3	0.70
KeyCorp				7,381	4	0.69
Ford Motor Company				6,765	5	0.63
MetroHealth System				5,411	6	0.48
National City Corporation				5,400	7	0.50
Case Western Reserve				5,249	8	0.49
Continental Airlines				3,363	9	0.31
General Motors Metal Fabricating Division				2,816	10	0.26
UHHS/CSAHS - Cuyahoga Incorporated				2,800	11	0.26
	121,363		12.05%	84,579		7.89%
Total Nonfarm Employment			1,007,800			1,072,400

**Source:** Crain's Cleveland Business, 2013 Top Business Lists and 2004 Top Business Lists  
"Largest Northeast Ohio Employers" "Largest Cuyahoga County Employers".  
U.S. Department of Labor

Note:

Total Employment includes Cleveland, Elyria and Mentor

\* 2012 Employment figures include all of Northeast Ohio, including the following counties: Cuyahoga, Geauga, Lake, Lorain Mahoning, Medina, Portage, Stark, and Summit.

**Cleveland Municipal School District**  
 Full-Time Equivalent District Employees by Type  
 Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Percentage Change 2004-2013
<b>Educational Staff</b>											
Regular Education	3,181	2,548	2,058	1,943	2,020	1,956	1,945	2,392	1,940	1,648	-48.19 %
Special Education	956	903	1,335	1,383	1,250	1,244	1,212	925	775	787	-17.68
Vocational Education	133	106	87	83	86	80	76	83	0	0	-100.00
Educational Services	472	382	386	371	389	378	384	217	14	9	-98.09
Full Time (permanent) Substitute	115	92	30	3	2	2	2	0	0	0	0.00
Other Professional - Educational	127	91	74	19	14	13	10	46	27	27	-78.74
<b>Total Educational</b>	<b>4,984</b>	<b>4,122</b>	<b>3,970</b>	<b>3,802</b>	<b>3,761</b>	<b>3,673</b>	<b>3,629</b>	<b>3,663</b>	<b>2,756</b>	<b>2,471</b>	<b>-50.42</b>
<b>Student Services</b>											
Curriculum Specialist	4	1	1	8	28	27	64	65	116	124	3,000.00
Paraprofessional	0	0	0	0	0	0	0	0	148	101	0.00
Counseling	100	71	67	73	71	72	70	72	57	58	-42.00
Librarian/Media	106	89	84	91	95	96	92	69	47	32	-69.81
Remedial Specialist	371	187	139	46	44	33	34	55	224	227	-38.81
Psychologist	76	70	70	62	61	61	71	69	75	75	-1.32
Registered Nurse	54	54	55	57	66	65	63	60	42	33	-38.89
Social Work	26	11	1	0	12	13	14	7	8	7	-73.08
Physical Therapist	9	9	9	10	9	9	9	9	8	8	-11.11
Speech/Language Therapist	78	77	76	73	72	75	74	74	72	71	-8.97
Occupational Therapist	23	27	22	26	24	25	25	26	25	23	0.00
Other Professional Services	62	52	67	58	70	71	69	96	147	145	133.87
<b>Total Student Services</b>	<b>909</b>	<b>648</b>	<b>591</b>	<b>504</b>	<b>552</b>	<b>547</b>	<b>585</b>	<b>602</b>	<b>969</b>	<b>904</b>	<b>-0.55</b>
<b>Support Staff</b>											
Bookkeeping	14	12	8	5	4	4	3	34	20	21	50.00
Clerical Assignment	358	281	257	260	259	259	246	275	220	213	-40.50
Teaching Aide	736	633	624	633	717	734	800	517	496	500	-32.07
Other Office/Clerical	71	49	30	37	25	44	21	109	24	20	-71.83
Attendance Officer	22	21	22	21	19	19	19	19	17	16	-27.27
Maintenance	96	71	66	92	69	33	30	35	31	34	-64.58
Custodial	415	373	332	333	327	329	320	305	292	279	-32.77
Food Service Attendant	4	4	4	5	5	5	5	4	4	4	0.00
Guard/Watchman	220	164	196	203	213	324	319	305	212	228	3.64
Mechanic	38	27	26	26	26	59	57	50	50	47	23.68
Vehicle Operating/Dispatch	50	50	49	49	47	45	41	46	46	29	-42.00
Computer Operating/Programmin	31	21	13	10	7	7	6	17	25	26	-16.13
<b>Total Support</b>	<b>2,055</b>	<b>1,706</b>	<b>1,627</b>	<b>1,674</b>	<b>1,718</b>	<b>1,862</b>	<b>1,867</b>	<b>1,716</b>	<b>1,437</b>	<b>1,417</b>	<b>-31.05</b>
<b>Administrative Staff</b>											
Administrative Assistant	16	7	9	11	10	11	11	6	5	5	-68.75
Deputy/Associate Superintendent	22	18	19	32	38	35	35	21	20	20	-9.09
Director	0	0	0	0	0	0	0	6	4	4	0.00
Principal	122	135	129	135	130	129	123	121	115	104	-14.75
Assistant Principal	91	56	60	66	70	79	72	74	74	71	-21.98
Supervisor/Manager	167	151	133	118	124	132	125	51	47	42	-74.85
Coordinator	24	27	23	22	23	29	29	28	34	28	16.67
Education Administrative Speciali	0	0	0	0	0	10	9	9	9	9	0.00
Other Official/Administrator	178	156	155	142	139	136	140	48	45	44	-75.28
<b>Total administrative</b>	<b>620</b>	<b>550</b>	<b>528</b>	<b>526</b>	<b>534</b>	<b>561</b>	<b>544</b>	<b>364</b>	<b>353</b>	<b>327</b>	<b>-47.26</b>
<b>Total</b>	<b>8,568</b>	<b>7,026</b>	<b>6,716</b>	<b>6,506</b>	<b>6,565</b>	<b>6,643</b>	<b>6,625</b>	<b>6,345</b>	<b>5,515</b>	<b>5,119</b>	<b>-40.25 %</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>	<u>Expenses</u>
2004	67,015	\$ 776,586,804	\$ 11,588	4.87%	782,046,356
2005	62,542	714,380,578	11,422	(1.43)	714,150,993
2006	57,698	765,392,781	13,265	16.14	778,630,513
2007	52,769	771,538,947	14,621	10.22	786,833,933
2008	50,078	819,854,913	16,372	11.97	874,562,401
2009	47,120	847,470,215	17,985	9.86	862,846,754
2010	46,697	846,840,192	18,135	0.83	916,582,748
2011	43,363	812,462,156	18,736	3.32	833,175,198
2012	40,758	760,255,299	18,653	(0.45)	796,058,675
2013	38,717	774,462,348	20,003	7.24	858,203,180

**Source:** Ohio Department of Education

Notes:

- (1) Operating expenditures are total expenditures less debt service and capital outlays.
- (2) N/A = Not Available
- (3) Meal percentage includes lunch only.

	Cost Per Pupil	Percentage Change (2)	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Receiving Free and Reduced - Paid Meals (3)
\$	11,670	6.05%	4,978	13.5	85.75%
	11,419	(2.15)	3,557	17.6	85.43
	13,495	18.18	3,436	16.8	84.83
	14,911	10.49	3,502	15.1	84.83
	17,464	17.12	3,515	14.2	70.34
	18,312	4.85	3,583	13.2	77.85
	19,628	7.19	3,554	13.1	77.88
	19,214	-2.11	3,317	13.1	82.01
	19,531	1.65	2,715	15.0	81.87
	22,166	13.49	2,853	13.6	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
2004	\$ 33,240	\$ 70,504	\$ 47,659
2005	35,264	74,798	49,438
2006	34,237	72,619	50,772
2007	35,264	74,798	53,536
2008	36,322	77,042	53,410
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

**Source:** Ohio Department of Education  
American Federation of Teachers, AFL-CIO

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>K-8 Schools:</b>										
A.B. Hart (1932)										
Square feet	115,452	115,452	115,452	115,452	115,452	115,452	115,452	115,452	115,452	115,452
Capacity	975	975	975	975	975	975	975	975	975	975
Enrollment	801	867	524	433	338	399	308	0	0	0
Adlai Stevenson (1967)										
Square feet	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	279	238	319	326	290	368	258	417	370	428
Alexander G. Bell (1971)										
Square feet	70,829	70,829	70,829	70,829	70,829	70,829	70,829	70,829	70,829	70,829
Capacity	825	825	825	825	825	825	825	825	825	825
Enrollment	417	387	452	397	384	382	394	0	0	0
Alexander Hamilton (1) (1928)										
Square feet	89,195	89,195	89,195	89,195	89,195	89,195	89,195	89,195	89,195	89,195
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	706	648	0	0	0	0	0	0	0	0
Alfred A. Benesch-George Washing Carver Swing Space (1) (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	449	368	0	0	0	400	433	323	0	0
Almira (1916)										
Square feet	68,933	68,933	68,933	68,933	68,933	68,933	68,933	68,933	68,933	68,933
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	634	625	553	521	466	474	374	386	325	317
Andrew J. Rickoff (2) (1920)										
Square feet	56,348	56,348	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	360	252	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Andrew J. Rickoff (2005)										
Square feet	N/A	N/A	91,785	91,785	91,785	91,785	91,785	91,785	91,785	91,785
Capacity	N/A	N/A	725	725	725	725	725	725	725	725
Enrollment	N/A	N/A	509	570	570	544	513	487	525	490
Anton Grdina (1959)										
Square feet	75,600	75,600	75,600	75,600	75,600	75,600	75,600	67,719	N/A	N/A
Capacity	700	700	700	700	700	700	700	700	N/A	N/A
Enrollment	498	589	624	576	522	475	419	330	N/A	N/A
Anton Grdina (2011)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	71,280	71,280
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	540	540
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	344	342
Artemus Ward (1949)										
Square feet	35,826	35,826	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	362	373	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Artemus Ward (2009)										
Square feet	N/A	N/A	N/A	N/A	N/A	64,298	64,298	63,282	63,282	63,282
Capacity	N/A	N/A	N/A	N/A	N/A	450	450	450	450	450
Enrollment	N/A	N/A	N/A	N/A	N/A	420	475	458	494	514
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	480	428	686	571	491	435	355	355	0	0
Benjamin Franklin (1923)										
Square feet	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,719	83,719	83,719
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	615	686	784	738	669	656	640	648	608	548
Bolton (1971)										
Square feet	53,700	53,700	53,700	53,700	53,700	53,700	53,700	44,110	44,110	44,110
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	424	415	385	293	343	289	300	388	347	284
Brooklawn (1957)										
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	325	328	319	312	304	270	253	0	0	0
Buckeye-Woodland (1975)										
Square feet	44,800	44,800	44,800	44,800	44,800	44,800	44,800	52,493	52,493	52,493
Capacity	625	625	625	625	625	625	625	625	625	625
Enrollment	411	429	360	304	260	262	253	319	270	205
Buhrer (1969)										
Square feet	42,086	42,086	42,086	42,086	42,086	42,086	42,086	42,086	42,086	42,086
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	501	475	446	0	0	0	0	0	0	0
Buhrer (2009)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	52,850	52,850	52,850	52,850
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	350	350	350	350
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	333	320	342	356
Campus International School										
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	114	210	298
Captain Arthur Roth (1965)										
Square feet	70,016	70,016	70,016	70,016	70,016	70,016	70,016	66,397	N/A	N/A
Capacity	975	975	975	975	975	975	975	975	N/A	N/A
Enrollment	419	345	412	370	315	280	259	287	N/A	N/A



**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Carl & Louis Stokes Central Academy										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	120,451	120,451	120,451
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	775	775	775
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	544	469	399
Case (1975)										
Square feet	69,559	69,559	69,559	69,559	69,559	69,559	69,559	57,688	57,688	57,688
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	404	579	553	481	413	353	412	412	367	320
Charles Dickens										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	50,989	50,989	50,989
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	450	450	450
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	425	406	382
Charles H. Lake (1961)										
Square feet	55,823	55,823	55,823	55,823	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	675	675	675	675	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	377	315	324	289	N/A	N/A	N/A	N/A	N/A	N/A
Charles A. Mooney										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	152,607	152,607	152,607
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,400	1,400	1,400
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	742	472	479
Charles Orr (1955)										
Square feet	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	N/A	N/A
Capacity	425	425	425	425	425	425	425	425	N/A	N/A
Enrollment	0	0	0	0	146	99	143	0	N/A	N/A
Charles W. Elliot (1954)										
Square feet	104,360	104,360	104,360	104,360	104,360	104,360	104,360	90,497	90,497	90,497
Capacity	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Enrollment	767	648	417	342	299	316	311	447	502	464
Clara Westropp Fundamental Education Center (1967)										
Square feet	116,246	116,246	116,246	116,246	116,246	116,246	116,246	106,582	106,582	106,582
Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	728	671	712	627	640	580	547	515	449	399
Clark (1973)										
Square feet	59,064	59,064	59,064	59,064	59,064	59,064	59,064	56,178	56,178	56,178
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	635	655	605	577	579	557	584	553	592	623
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	362	387	0	0	0	0	0	0	0	0

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cranwood-Miles Swing Space (1) (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	294	290	0	0	0	0	300	365	324	0
Daniel E. Morgan (1959)										
Square feet	51,272	51,272	51,272	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	825	825	825	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	455	438	423	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Daniel E. Morgan (2007)										
Square feet	N/A	N/A	N/A	66,409	66,409	66,409	66,409	66,409	66,409	66,409
Capacity	N/A	N/A	N/A	480	480	480	480	480	480	480
Enrollment	N/A	N/A	N/A	430	448	406	355	325	322	302
Denison (1972)										
Square feet	42,714	42,714	42,714	42,714	42,714	42,714	42,714	52,351	52,351	52,351
Capacity	825	825	825	825	825	825	825	825	825	825
Enrollment	736	726	706	698	713	709	708	597	645	570
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	313	298	392	390	362	371	380	0	412	0
Douglas MacArthur (1) (1967)										
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	0	0	0	0	76	136	173	207	250	274
East Clark (2) (1894)										
Square feet	56,755	56,755	56,755	56,755	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	575	575	575	575	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	480	419	463	387	N/A	N/A	N/A	N/A	N/A	N/A
East Clark (2009)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	63,281	63,281	63,281	63,281
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	450	450	450	450
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	452	389	398	314
Emile B. deSauze (1966)										
Square feet	51,457	51,457	51,457	51,457	51,457	51,457	51,457	48,860	48,860	48,860
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	395	339	407	360	344	304	284	258	0	0
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	592	567	423	361	330	279	236	0	0	0

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Euclid Park (1922)</b>										
Square feet	43,182	43,182	43,182	43,182	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	500	500	500	500	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	415	289	358	291	N/A	N/A	N/A	N/A	N/A	N/A
<b>Euclid Park (2010)</b>										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	53,767	53,767	53,767
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	351	351	351
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	321	345	343
<b>F. D. Roosevelt (1976)</b>										
Square feet	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Capacity	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275
Enrollment	781	656	0	0	297	520	463	592	544	460
<b>Forest Hill Parkway (1967)</b>										
Square feet	51,278	51,278	51,278	51,278	51,278	51,278	51,278	51,278	51,278	51,278
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	388	389	407	380	390	365	276	0	0	0
<b>Fullerton (1974)</b>										
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	459	352	458	401	395	379	372	407	327	300
<b>Garfield (2) (1922)</b>										
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	238	189	0	0	0	0	0	0	0	0
<b>Garfield (2009)</b>										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	60,777	60,777	60,777	60,777
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	426	426	426	426
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	375	425	518	526
<b>George Washington Carver (1954)</b>										
Square feet	53,800	53,800	53,800	53,800	53,800	N/A	N/A	N/A	N/A	N/A
Capacity	475	475	475	475	475	N/A	N/A	N/A	N/A	N/A
Enrollment	407	429	516	463	404	N/A	N/A	N/A	N/A	N/A
<b>George Washington Carver (2010)</b>										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	63,280	63,280
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	450	450
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	536	449
<b>Giddings (1970)</b>										
Square feet	53,533	53,533	53,533	53,533	53,533	53,533	53,533	49,607	49,607	49,607
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	360	436	389	302	288	275	275	263	0	0

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gracemount (1947)										
Square feet	49,922	49,922	49,922	49,922	49,922	49,922	49,922	49,922	49,922	49,922
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	564	629	561	487	432	493	493	0	0	0
Hannah Gibbons (1960)										
Square feet	21,831	21,831	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	225	225	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	173	223	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hannah Gibbons (2006)										
Square feet	N/A	N/A	N/A	52,953	52,953	52,953	52,953	52,953	52,953	52,953
Capacity	N/A	N/A	N/A	351	351	351	351	351	351	351
Enrollment	N/A	N/A	N/A	267	246	237	228	226	281	277
Harvey Rice (2) (1903)										
Square feet	82,414	82,414	82,414	82,414	82,414	82,414	N/A	N/A	N/A	N/A
Capacity	975	975	975	975	975	975	N/A	N/A	N/A	N/A
Enrollment	511	402	352	317	267	233	N/A	N/A	N/A	N/A
Harvey Rice (2009)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	63,280	63,280	63,280	63,280
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	450	450	450	450
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	362	422	446	468
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	323	261	564	497	508	403	416	430	415	417
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	465	320	0	0	0	0	595	595	616	541
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	353	289	362	302	321	238	252	0	0	0
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	423	360	555	427	368	306	318	336	399	358
John D. Rockefeller (1961)										
Square feet	54,400	54,400	54,400	54,400	54,400	54,400	54,400	54,400	54,400	54,400
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	502	570	434	321	242	236	216	0	0	0

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	374	361	433	431	444	383	356	0	0	0
Joseph F. Landis (1963)										
Square feet	49,170	49,170	49,170	49,170	49,170	49,170	49,170	49,170	N/A	N/A
Capacity	725	725	725	725	725	725	725	725	N/A	N/A
Enrollment	441	368	431	379	399	341	360	0	N/A	N/A
Joseph M. Gallagher (1976)										
Square feet	126,816	126,816	126,816	126,816	126,816	126,816	126,816	127,266	127,266	127,266
Capacity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	787	889	865	762	791	771	737	654	652	638
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	279	207	0	0	100	129	166	168	168	154
Kentucky-Paul L. Dunbar Swing Space (1940)										
Square feet	42,870	42,870	42,870	42,870	42,870	42,870	42,870	35,010	35,010	35,010
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	338	370	106	422	438	437	316	192	158	173
Louis Agassiz (1929)										
Square feet	43,074	43,074	43,074	43,074	43,074	43,074	43,074	40,185	40,185	40,185
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	301	371	375	313	322	338	351	344	338	315
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	337	308	478	375	245	0	0	0	0	0
Louisa May Alcott (1926)										
Square feet	31,240	31,240	31,240	31,240	31,240	31,240	31,240	26,277	26,277	26,277
Capacity	300	300	300	300	300	300	300	300	300	300
Enrollment	200	214	208	230	212	235	226	233	203	238
Luiz Munoz Marin (1976)										
Square feet	157,009	157,009	157,009	157,009	157,009	157,009	157,009	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	808	730	727	822	872	774	773	796	708	683
Margaret Spellacy - Ginn Academy (1969)										
Square feet	116,246	116,246	116,246	116,246	116,246	116,246	116,246	106,582	106,582	106,582
Capacity	900	900	900	900	900	900	900	900	900	900
Enrollment	278	298	0	0	541	477	272	251	216	203

**Cleveland Municipal School District**

School Building Information  
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	630	651	659	609	614	574	585	535	487	432
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	513	450	507	471	498	483	469	503	454	356
Mary B. Martin (2) (1963)										
Square feet	57,737	57,737	57,737	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	825	825	825	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	347	297	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mary B. Martin & Early Childhood (2006)										
Square feet	N/A	N/A	N/A	70,048	70,048	70,048	70,048	70,048	70,048	70,048
Capacity	N/A	N/A	N/A	490	490	490	490	490	490	490
Enrollment	N/A	N/A	N/A	390	340	398	343	321	445	300
Mary M. Bethune (2) (1964)										
Square feet	48,613	48,613	48,613	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	450	450	450	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	303	328	480	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mary M. Bethune (2006)										
Square feet	N/A	N/A	N/A	68,498	68,498	68,498	68,498	68,731	68,731	68,731
Capacity	N/A	N/A	N/A	500	500	500	500	500	500	500
Enrollment	N/A	N/A	N/A	417	352	344	349	363	333	342
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	466	440	404	375	343	308	288	304	304	297
Memorial (2005)										
Square feet	N/A	N/A	83,584	83,584	83,584	83,584	83,584	82,160	82,160	82,160
Capacity	N/A	N/A	625	625	625	625	625	625	625	625
Enrollment	N/A	N/A	501	522	454	475	480	481	464	424
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	359	300	432	368	378	341	323	447	420	382
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	393	483	556	426	394	314	0	0	0	262

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Miles Park (2) (1971)</b>										
Square feet	43,027	43,027	43,027	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	500	500	500	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	492	421	513	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Miles Park (2007)</b>										
Square feet	N/A	N/A	N/A	92,027	92,027	92,027	92,027	92,029	92,029	92,029
Capacity	N/A	N/A	N/A	650	650	650	650	650	650	650
Enrollment	N/A	N/A	N/A	461	538	430	497	556	605	543
<b>Moses Cleaveland (1925)</b>										
Square feet	79,671	79,671	79,671	79,671	79,671	79,671	79,671	79,671	79,671	79,671
Capacity	925	925	925	925	925	925	925	925	925	925
Enrollment	305	244	0	0	0	0	0	0	0	0
<b>Mound (1904)</b>										
Square feet	38,355	38,355	38,355	38,355	38,355	38,355	38,355	36,642	36,642	36,642
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	400	369	416	348	287	241	234	253	0	0
<b>Mound (2011)</b>										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	63,280	63,280
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	450	450
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	467	461
<b>Mount Auburn (1) (1922)</b>										
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	266	264	0	0	0	0	0	0	0	0
<b>Nathan Hale (1929)</b>										
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	762	651	522	442	349	311	298	0	0	0
<b>Nathan Hale (2011)</b>										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	56,348	56,348	56,348
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	400	400	400
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	409	436	390
<b>Nathaniel Hawthorne (1917)</b>										
Square feet	48,375	48,375	48,375	48,375	48,375	48,375	48,375	46,502	46,502	46,502
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	0	0	0	0	345	0	0	356	0	0
<b>Newton D. Baker (1954)</b>										
Square feet	91,706	91,706	91,706	91,706	91,706	91,706	91,706	94,379	94,379	94,379
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	541	498	505	662	671	567	441	463	366	287

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Oliver Hazard Perry (1927)										
Square feet	55,570	55,570	55,570	55,570	55,570	55,570	55,570	50,989	50,989	50,989
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	647	644	564	444	385	409	406	388	331	305
Orchard (1901)										
Square feet	66,678	66,678	66,678	66,678	66,678	66,678	66,678	66,678	66,678	66,678
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	490	460	378	534	576	0	0	0	0	305
Patrick Henry (1922)										
Square feet	130,443	130,443	130,443	130,443	130,443	130,443	N/A	N/A	N/A	N/A
Capacity	975	975	975	975	975	975	N/A	N/A	N/A	N/A
Enrollment	787	738	739	491	410	305	N/A	N/A	N/A	N/A
Patrick Henry (2009)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	63,281	63,287	63,287	63,287
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	450	450	450	450
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	309	331	340	355
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	309	301	255	330	360	228	316	0	0	0
Paul Revere (1925)										
Square feet	82,840	82,840	82,840	82,840	82,840	82,840	82,840	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	713	668	502	584	483	370	370	441	456	329
Riverside (1935)										
Square feet	38,836	38,836	38,836	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	392	424	447	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Riverside (2005)										
Square feet	N/A	N/A	N/A	61,820	61,820	61,820	61,820	61,820	61,820	61,820
Capacity	N/A	N/A	N/A	450	450	450	450	450	450	450
Enrollment	N/A	N/A	N/A	477	516	545	521	537	465	474
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	485	500	429	498	386	282	292	292	0	0
Robert H. Jamison (1966)										
Square feet	140,000	140,000	140,000	140,000	140,000	140,000	N/A	N/A	N/A	N/A
Capacity	1,125	1,125	1,125	1,125	1,125	1,125	N/A	N/A	N/A	N/A
Enrollment	766	635	698	604	563	503	N/A	N/A	N/A	N/A



**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Robert H. Jamison (2009)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	64,298	65,000	65,000	65,000
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	450	450	450	450
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	444	397	400	388
Robinson G. Jones (2) (1951)										
Square feet	38,311	38,311	38,311	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	550	550	550	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	429	438	352	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Robinson G. Jones (2009)										
Square feet	N/A	N/A	N/A	N/A	N/A	64,281	64,281	63,281	63,281	63,281
Capacity	N/A	N/A	N/A	N/A	N/A	450	450	450	450	450
Enrollment	N/A	N/A	N/A	N/A	N/A	361	369	361	397	391
Scranton (1973)										
Square feet	52,575	52,575	52,575	52,575	52,575	52,575	52,575	51,447	51,447	51,447
Capacity	625	625	625	625	625	625	625	625	625	625
Enrollment	516	386	610	538	452	430	465	433	424	421
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	443	358	0	0	351	0	0	0	0	0
Sunbeam (1923)										
Square feet	78,518	78,518	78,518	78,518	78,518	78,518	78,518	70,397	70,397	70,397
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	216	224	272	214	224	170	207	236	225	213
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	880	845	692	0	0	0	0	0	0	0
Thomas Jefferson (2011)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	101,591	101,591	101,591
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	785	785	785
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	188	251	294
Tremont (1917)										
Square feet	119,508	119,508	119,508	119,508	119,508	119,508	119,508	100,396	100,396	100,396
Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	638	465	472	427	402	377	463	452	518	535
Union (1969)										
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	384	349	373	327	248	251	220	239	0	0

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Valley View (1) (1951)										
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	133	128	0	0	74	106	133	169	175	189
Wade Park (1975)										
Square feet	68,600	68,600	68,600	68,600	68,600	68,600	N/A	N/A	N/A	N/A
Capacity	725	725	725	725	725	725	N/A	N/A	N/A	N/A
Enrollment	480	365	540	307	222	177	N/A	N/A	N/A	N/A
Wade Park (2009)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	68,600	68,600	68,600	68,600
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	501	501	501	501
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	355	372	370	346
Walton (1971)										
Square feet	52,786	52,786	52,786	52,786	52,786	52,786	52,786	46,493	46,493	46,493
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	611	721	686	697	583	553	577	576	467	370
Warner (2007)										
Square feet	N/A	N/A	N/A	N/A	75,799	75,799	75,799	75,799	75,799	75,799
Capacity	N/A	N/A	N/A	N/A	570	570	570	570	570	570
Enrollment	N/A	N/A	N/A	N/A	110	163	242	276	325	314
Watterson-Lake (1906)										
Square feet	65,241	65,241	65,241	65,241	65,241	65,241	65,241	69,814	69,814	69,814
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	577	524	471	494	524	533	500	393	377	339
Waverly (1976)										
Square feet	72,603	72,603	72,603	72,603	72,603	72,603	72,603	55,666	55,666	55,666
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	513	419	360	450	458	460	430	383	340	302
William Cullen Bryant (1930)										
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	387	358	470	473	495	427	423	345	364	385
William R. Harper (1927)										
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	396	295	0	0	0	0	0	0	0	0
Willow (1964)										
Square feet	53,914	53,914	53,914	53,914	53,914	53,914	53,914	39,867	39,867	39,867
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	268	274	293	273	240	218	216	234	255	227

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Woodland Hills (1971)</b>										
Square feet	49,443	49,443	49,443	49,443	49,443	49,443	49,443	49,443	N/A	N/A
Capacity	600	600	600	600	600	600	600	600	N/A	N/A
Enrollment	411	410	510	393	376	353	300	345	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	106,863	106,863	106,863
Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	1,073	831	624	558	588	572	596	539	437	442
<b>Willson (1) (1903)</b>										
Square feet	91,290	91,290	91,290	91,290	91,290	91,290	91,290	91,290	91,290	91,290
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	601	463	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Willson (2010)</b>										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	76,217	76,217	76,217
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	574	574	574
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	385	392	367
<b>Senior High Schools</b>										
<b>Carl F. Shuler (1958)</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	733	671	450	387	351	363	475	360	313	299
<b>Cleveland Learning Center - Halle-Orchard Swing Space (1) (1904)</b>										
Square feet	41,085	41,085	41,085	41,085	41,085	41,085	41,085	49,337	49,337	49,337
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	172	135	420	359	404	464	344	356	356	305
<b>Cleveland School of the Arts (1910)</b>										
Square feet	90,400	90,400	90,400	90,400	90,400	90,400	90,400	90,400	90,400	90,400
Capacity	850	850	850	850	850	850	850	850	850	850
Enrollment	655	602	601	602	558	558	0	1,114	0	541
<b>Collinwood CompuTech (1924)</b>										
Square feet	345,203	345,203	345,203	345,203	345,203	345,203	345,203	297,759	297,759	297,759
Capacity	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Enrollment	1,812	1,488	1,121	968	962	898	793	712	623	624
<b>East High (1975)</b>										
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	1,113	1,091	1,008	860	715	701	717	0	0	0
<b>East Technical (1972)</b>										
Square feet	318,600	318,600	318,600	318,600	318,600	318,600	318,600	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	1,191	1,101	1,020	907	783	785	746	1,171	817	565

**Cleveland Municipal School District**

School Building Information  
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Garrett Morgan Cleveland School of Science (1940)										
Square feet	101,900	101,900	101,900	101,900	101,900	101,900	101,900	76,835	76,835	76,835
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	437	388	333	264	227	208	247	240	314	310
Glenville (1966)										
Square feet	248,000	248,000	248,000	248,000	248,000	248,000	248,000	207,000	207,000	207,000
Capacity	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350
Enrollment	1,595	1,698	1,604	1,538	1,340	1,167	963	985	813	716
Health Careers Center (1980)										
Square feet	86,950	86,950	86,950	86,950	86,950	86,950	86,950	67,000	67,000	67,000
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	401	368	365	0	143	196	254	277	264	263
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	1,637	1,683	1,553	1,575	1,409	1,360	1,230	1,171	1,195	1,199
Jane Addams Business Careers (1968)										
Square feet	214,752	214,752	214,752	214,752	214,752	214,752	214,752	157,428	157,428	157,428
Capacity	975	975	975	975	975	975	975	975	975	975
Enrollment	595	589	557	472	479	474	518	595	638	294
John Adams High (2007)										
Square feet	N/A	N/A	N/A	224,000	224,000	224,000	224,000	222,945	222,945	222,945
Capacity	N/A	N/A	N/A	1,335	1,335	1,335	1,335	1,335	1,335	1,335
Enrollment	0	0	0	1,067	1,169	1,140	1,162	1,121	1,109	1,017
John F. Kennedy (1965)										
Square feet	264,661	264,661	264,661	264,661	264,661	264,661	264,661	252,023	252,023	252,023
Capacity	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075
Enrollment	1,875	1,823	1,758	1,077	940	978	839	975	804	823
John Hay (2006)										
Square feet	N/A	N/A	N/A	210,353	210,353	210,353	210,353	210,353	210,353	210,353
Capacity	N/A	N/A	N/A	1,232	1,232	1,232	1,232	1,232	1,232	1,232
Enrollment	N/A	N/A	N/A	476	576	673	857	855	835	882
John Marshall (1932)										
Square feet	256,924	256,924	256,924	256,924	256,924	256,924	256,924	256,924	256,924	256,924
Capacity	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250
Enrollment	1,969	1,905	1,788	1,715	1,643	1,668	1,519	1,213	1,039	853
Lincoln-West (1970)										
Square feet	304,645	304,645	304,645	304,645	304,645	304,645	304,645	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	1,485	1,552	1,490	1,496	1,369	1,386	1,357	1,301	1,156	1,109

**Cleveland Municipal School District**

School Building Information

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Margaret A. Ireland Complex (1962)</b>										
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	0	0	0	0	172	156	0	122	0	0
<b>Martin L. King Jr. (1972)</b>										
Square feet	173,359	173,359	173,359	173,359	173,359	173,359	173,359	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	894	795	765	677	550	502	233	273	262	0
<b>Max S. Hayes Vocational-Genesis (1957)</b>										
Square feet	246,282	246,282	246,282	246,282	246,282	246,282	246,282	224,329	224,329	224,329
Capacity	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150
Enrollment	562	558	509	416	468	498	506	510	877	565
<b>MC2 Stem Academy @ Nela Park</b>										
Square feet	N/A	N/A	N/A	N/A	N/A	20,000	20,000	20,000	20,000	20,000
Capacity	N/A	N/A	N/A	N/A	N/A	150	150	150	150	150
Enrollment	N/A	N/A	N/A	N/A	N/A	67	152	214	274	289
<b>South (includes Washington Park) (1968)</b>										
Square feet	292,518	292,518	292,518	292,518	292,518	292,518	292,518	292,518	292,518	292,518
Capacity	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	1,572	1,429	1,258	1,043	941	880	896	0	0	0
<b>SuccessTech Academy</b>										
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	165	198	253	243	238	243	241	227	232	195
<b>Washington Park</b>										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	27,331	27,331	27,331
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	475	475	475
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	140	146	196
<b>Whitney Young (1950)</b>										
Square feet	121,609	121,609	121,609	121,609	121,609	121,609	121,609	100,321	100,321	100,321
Capacity	725	725	725	725	725	725	725	725	725	725
Enrollment	319	395	375	434	415	380	339	401	332	294
<b>Administrative</b>										
Buildings	8	8	8	8	8	8	8	8	8	8
Square Feet	556,286	556,286	556,286	556,286	556,286	556,286	556,286	556,286	556,286	556,286
<b>Transportation</b>										
Garages (3)	3	3	3	3	3	3	3	3	3	3
Buses	341	327	311	311	305	305	305	305	305	305

**Cleveland Municipal School District**

School Building Information  
Last Ten Fiscal Years

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Athletics</b>										
Football Fields	4	4	4	4	4	4	4	4	5	5
Soccer Fields	3	3	3	3	4	4	4	4	6	6
Running Tracks	4	4	4	4	2	2	2	2	4	4
Baseball/Softball	0	0	0	0	0	0	0	0	0	0
Swimming Pools	6	7	7	7	5	5	5	5	3	3
Playgrounds	50	50	50	50	50	50	50	50	50	50

Source: District Records  
Ohio Department of Education

- Notes:
- (1) Building was permanently inactivated for instructional activity starting in the 2005-2006 school year based on Board of Education resolution in June, 2005.
  - (2) Building was temporarily inactivated for instructional activity starting in the 2005-2006 school year based on Board of Education resolution in June, 2005.
  - (3) Ridge Road Bus Depot was inoperable for the 2005-2006 school year.

**Eric S. Gordon**  
Chief Executive Officer

**BOARD OF EDUCATION**

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The Cleveland Board of Education does not discriminate in educational programs, activities or employment on the basis of race, color, national origin, sex, sexual orientation, religion or disability.

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Dave Yost • Auditor of State



**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Federal Awards Receipts and Expenditures Schedule	1
Notes to the Federal Awards Receipts and Expenditures Schedule	2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	3
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i> and on the Federal Awards Receipts and Expenditures Schedule	5
Schedule of Findings	9
Schedule of Prior Audit Findings	15
Independent Auditor's Report on Applying Agreed-Upon Procedure	17

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>UNITED STATES 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	\$729,901	\$643,019
School Breakfast Program	10.553	135,937	119,756
Non-Cash Assistance Subtotal		<u>865,838</u>	<u>762,775</u>
Cash Assistance:			
National School Lunch Program	10.555	14,791,686	14,791,686
School Breakfast Program	10.553	5,167,873	5,167,873
Cash Assistance Subtotal		<u>19,959,559</u>	<u>19,959,559</u>
Total Child Nutrition Cluster		<u>20,825,397</u>	<u>20,722,334</u>
State / State Administrative Expenses for Child Nutrition	10.560	0	754
Farm to School Grant	10.575	40,500	5,347
Fresh Fruit and Vegetable Program	10.582	964,111	964,111
<i>Direct Assistance:</i>			
Soil and Water Conservation	10.902	0	12,904
Total U.S. Department of Agriculture		<u>21,830,008</u>	<u>21,705,450</u>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<i>Direct Assistance:</i>			
Junior ROTC	12.000	6,337	4,609
Total U.S. Department of Defense		<u>6,337</u>	<u>4,609</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct Assistance:</i>			
Highway Training and Education	20.215	13,201	31,082
Total U.S. Department of Transportation		<u>13,201</u>	<u>31,082</u>
<b>U. S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	36,334,065	41,344,915
ARRA - Title I Grants to Local Educational Agencies, Recovery Act Funded	84.389	799,057	799,057
		<u>37,133,122</u>	<u>42,143,972</u>
Special Education Cluster:			
Special Education Grants to States	84.027	12,636,626	14,015,067
Special Education Preschool Grants (IDEA Preschool)	84.173	272,748	263,724
Total Special Education Cluster		<u>12,909,374</u>	<u>14,278,791</u>
Career and Technical Education - Basic Grants to States	84.048	1,954,112	1,898,307
Education for Homeless Children and Youth	84.196	412,997	423,835
Twenty-First Century Community Learning Centers	84.287	123,988	142,615
Educational Technology State Grants	84.318	423,578	27,541
English Language Acquisition State Grants	84.365	593,251	625,524
Improving Teacher Quality State Grants	84.367	6,034,148	6,525,828
School Improvement Grants Cluster:			
School Improvement Grants	84.377	6,088,769	7,050,844
ARRA - School Improvement Grants, Recovery Act Funded	84.388	1,664,138	1,732,408
Total School Improvement Grants Cluster		<u>7,752,907</u>	<u>8,783,252</u>
ARRA - Race-to-the-Top Incentive Grant, Recovery Act Funded	84.395	8,512,514	9,399,242
Total Pass Through Ohio Department of Education		<u>75,849,991</u>	<u>84,248,907</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Education:</i>			
Improving Health and Education Outcome	93.110	3,125	0
Total Passed Through Ohio Department of Education		<u>3,125</u>	<u>0</u>
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Refugee and Entrant Assistance State Administered Programs	93.566	192,929	96,555
Total Passed Through Ohio Department of Job and Family Services		<u>192,929</u>	<u>96,555</u>
<i>Passed Through Cuyahoga County:</i>			
Temporary Assistance For Needy Families (TANF)	93.558	4,800	6,994
Total Passed Through Cuyahoga County		<u>4,800</u>	<u>6,994</u>
Total U.S. Department of Health and Human Services		<u>200,854</u>	<u>103,549</u>
Total Federal Assistance		<u>\$97,900,390</u>	<u>\$106,093,597</u>

See the accompanying notes to this Schedule.

**Cleveland Municipal School District  
Cuyahoga County  
Notes to the Federal Awards Receipts and Expenditure Schedule  
For the Fiscal Year Ended June 30, 2013**

**Note A – Significant Accounting Policies**

The accompanying Schedule of Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Cleveland Municipal School District's (the District) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**Note B – Federal Assistance Transfers**

The District generally must spend non-ARRA Federal assistance within 15 months of receipt (funds must be obligated by June 30<sup>th</sup> and spent by September 30<sup>th</sup>). However, with the Ohio Department of Education's (ODE) approval, the District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. The District documents this by using special cost centers. During fiscal year 2013, ODE authorized the following transfers:

CFDA Number	Program Title	Pass-Through Entity Number (or Grant Year)	Transfers Out	Transfer In
84.010	Title I Grants to Local Educational Agencies	ODE FY 12	\$9,004,478	
84.010	Title I Grants to Local Educational Agencies	ODE FY 13		\$9,004,478
84.027	Special Education Grants to States	ODE FY 12	653,003	
84.027	Special Education Grants to States	ODE FY 13		653,003
84.365	English Language Acquisition Grants	ODE FY 12	147,774	
84.365	English Language Acquisition Grants	ODE FY 13		147,774
84.367	Improving Teacher Quality State Grants	ODE FY 12	7,391	
84.367	Improving Teacher Quality State Grants	ODE FY 13		7,391
84.377	School Improvement Grants, Recovery	ODE FY 12	1,927,387	
84.377	School Improvement Grants, Recovery	ODE FY 13		1,927,387
84.395	ARRA - State Fiscal Stabilization Fund	ODE FY 12	9,211,791	
84.395	ARRA - State Fiscal Stabilization Fund	ODE FY 13		9,211,791
Totals			\$20,951,824	\$20,951,824

**Note C – 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 D – Food Donation Program**

The District reports commodities consumed on the Schedule at the fair market value. The District allocates donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

**Note E – 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.



# Dave Yost • Auditor of State

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

Cleveland 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 Cleveland Municipal School District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2013, wherein we noted the District adopted provisions of Governmental Accounting Standard No. 63 and 65.

### ***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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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 communication is not suitable for any other purpose.

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

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

December 31, 2013





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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) *Circular A-133, 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, 2013. The *Summary of Audit 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

***Basis for Qualified Opinion on the Title 1, Part A Cluster and Improving Teacher Quality State Grants Programs***

As described in Findings 2013-01, in the accompanying schedule of findings, the District did not comply with requirements regarding Maintenance of Effort applicable to the Title 1, Part A Cluster and Improving Teacher Quality State Grants 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 the Title 1, Part A Cluster and Improving Teacher Quality State Grants Programs***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on the Title 1, Part A Cluster and Improving Teacher Quality State Grants Programs paragraph, the Cleveland Municipal School District, Cuyahoga County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect its Title 1, Part A Cluster and Improving Teacher Quality State Grants Programs for the year ended June 30, 2013.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the Cleveland Municipal School District, complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended June 30, 2013.

***Other Matters***

The District's response to our noncompliance finding is described in the accompanying schedule of findings. We did not audit the District's response 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 OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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 and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2013-01 to be a material weakness.

The District's response to our internal control over compliance finding is described in the accompanying schedule of findings. We did not audit the District's response 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 OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Federal Awards Expenditures Schedule Required by OMB Circular A-133***

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cleveland Municipal School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 31, 2013. We conducted our audit to opine on the District's basic financial statements. We have not performed any procedures to the audited financial statements subsequent to December 31, 2013. The accompanying federal awards receipts and expenditures schedule presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



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

February 11, 2014

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CLEVELAND MUNICIPAL SCHOOL DISTRICT  
 CUYAHOGA COUNTY  
 SCHEDULE OF FINDINGS  
 OMB CIRCULAR A -133 § .505  
 JUNE 30, 2013

**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 control weaknesses 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>	No
<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>	Unqualified for all major programs except for the Title I, Part A Cluster, and Improving Teacher Quality State Grants federal programs
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I, Part A Cluster: CFDA# 84.010 – Title I Grants to Local Educational Agencies CFDA# 84.389 – Title I Grants to Local Educational Agencies, Recovery Act Child Nutrition Cluster: CFDA# 10.553 - School Breakfast Program CFDA# 10.555 - National School Lunch Program CFDA# 84.395 – Race-To-The-Top Incentive Grants, Recovery Act CFDA# 84.048 – Career and Technical Education – Basic Grants to States

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
 CUYAHOGA COUNTY  
 SCHEDULE OF FINDINGS  
 OMB CIRCULAR A -133 § .505  
 JUNE 30, 2013  
 (CONTINUED)**

**1. SUMMARY OF AUDITOR'S RESULTS (CONTINUED)**

<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	School Improvement Grants Cluster: CFDA# # 84.377 - School Improvement Grants CFDA# 84.388 - School Improvement Grants, Recovery Act CFDA# 84.367 - Improving Teacher Quality State Grants
<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?</b>	No

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

**Material Weakness, Material Noncompliance, Maintenance of Effort Requirement**

<b>Finding Number</b>	2013-01
<b>CFDA Title and Number</b>	Title I, Part A Cluster: CFDA #84.010 – Title I Grants to Local Educational Agencies CFDA #84.389 – ARRA Title I Grants to Local Educational Agencies, Recovery Act CFDA# 84.367 - Improving Teacher Quality State Grants
<b>Year</b>	2013
<b>Federal Agency</b>	U. S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013  
(CONTINUED)**

**3. FINDINGS FOR FEDERAL AWARDS**

**(Continued)**

**Finding 2013-01 - Material Weakness, Material Noncompliance, Maintenance of Effort Requirement  
(Continued)**

**Background/Requirements**

Title I, Sections 1116(a) and (b)(1), (7), and (8) of the Elementary and Secondary Education Act (ESEA) (20 USC 6316(a) and (b)(1), (7), and (8)) and 34 CFR sections 200.30 through 200.34 require school districts annually review the progress of each school served under Title I, Part A to determine whether the school has made AYP. Every school and district must meet AYP goals that the ODE Accountability Model (approved by USDOE) has established for reading and mathematics proficiency and test participation, attendance rate and graduation rate. AYP determinations for districts and schools are based on test participation and proficiency rate goals. These goals are evaluated for the student groups when the minimum subgroup size has been met. AYP graduation and attendance goals are evaluated for the “All Students” group only. Failure to meet any of the proficiency or participation goals, attendance levels or graduation targets results in the district or school not meeting AYP. This is commonly referred to as a maintenance of effort requirement.

Title I, Sections 1111(h)(2) and 1116(a)(1)(C) of ESEA (20 USC 6311(h)(2) and 6316(a)(1)(C)) and 34 CFR sections 200.36 through 200.38 also require each school district that receives Title I, Part A funds prepare and disseminate to all schools in the district—and to all parents of students attending those schools—an annual district-wide report card that, among other things, includes the number, names, and percentage of schools identified for school improvement and how long the schools have been so identified.

Under the NCLB model, a school’s report card specifies its performance as compared to other schools in Ohio. Specifically, the NCLB school report card displays student achievement data in reading, mathematics, science and other core subjects required by the state so that parents and the public can see how their schools are progressing over time. In addition, the report card includes information on student attendance rates and graduation rates.

A school’s performance on the report card can be affected by the students counted in the scoring. If the scores of low-performing students can be excluded from a particular school’s report card, the overall performance of that school shows a corresponding improvement.

Under No Child Left Behind (NCLB), there are several allowable ways student test scores can be excluded from an individual school’s report card and pushed to the school district wide or state report card as described in ODE’s “Where Kids Count” (WKC) Methodology. Breaks in enrollment result in student test scores being pushed to the statewide composite report card. In this scenario, the local report card includes only students enrolled for the FAY. A student must be enrolled continuously at a single school from the end of October count week to May 10th for grades 3-8 or March 19th for all other grades to qualify for the full academic year of attendance. When a lawful break in enrollment occurs, school districts push the student’s test scores to the State’s report card. Schools break enrollment by withdrawing or enrolling students between October count week and the end of the academic school year.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013  
(CONTINUED)**

**3. FINDINGS FOR FEDERAL AWARDS**

**(Continued)**

**Finding 2013-01 - Material Weakness, Material Noncompliance, Maintenance of Effort Requirement  
(Continued)**

The concept of due process prior to withdrawal of truant students is further emphasized by the NLCB Act and IDEA. The NCLB Act requires every Title I eligible child be served under the program. Withdrawing students prior to receiving due process inaccurately inflates the school's AYP report card rating, which results in an understatement of Title I allocations to the eligible buildings within a school district.

The process of creating breaks in enrollment entails admitting or withdrawing students after the official October Average Daily Membership (ADM) count week. Valid reasons to create a "break" in enrollment are established pursuant to Chapter 2 of the 2011 ODE EMIS Manual. One of the more common reasons is the student withdrew due to truancy/nonattendance.

Ohio Rev. Code § 3321.19 defines truancy and empowers Ohio school governing boards to adopt their own policies for intervention and withdrawal of students. If a parent, guardian, or other custodian of a habitual truant fails to cause the child's attendance at school, the board of education may proceed with an intervention strategy in accordance with its adopted policy, may initiate delinquency proceedings, or both. Each board is required under Ohio Rev. Code §3321.191 to adopt a policy to guide employees in addressing and ameliorating the habitual truancy of students.

With regard to truancy, schools are permitted to withdraw students only after appropriate due process. The statutes provide several procedural steps which schools must follow in dealing with violations of the compulsory attendance laws.

Certain breaks in a student enrollment causes student test scores to be pushed to the statewide composite report card rather than the local school district.

Enrollment during fiscal 2012 is the basis for determining funding for 2013 fiscal year. Breaks in enrollment during fiscal year 2012 caused student test scores to be pushed to the statewide composite report card.

During fiscal year 2012, the District had insufficient documentation supporting breaks in enrollment and the student being excluded from the local report card and rolled up to the State.

We also noted the District did not have a policy regarding completing and maintaining enrollment or withdrawal forms. Once information is entered into the electronic Student Information System, District policy does not require schools to maintain any specific forms signed by parents or guardians or to maintain any other documentation received from or sent to other school districts.

Regarding trancies, we noted the District withdrew students under EMIS withdraw code 71 if the students had five or more consecutive unexcused absences. District officials indicated they did not refer these truant students to the court system. Additionally, the withdrawal of these students occurred both during the year and at the end of the year. District officials also stated this procedure was applied uniformly to all students meeting the threshold of five or more unexcused absences regardless of test results.



**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013  
(CONTINUED)**

**3. FINDINGS FOR FEDERAL AWARDS**

**(Continued)**

**Finding 2013-01 - Material Weakness, Material Noncompliance, Maintenance of Effort Requirement  
(Continued)**

Based on the information gathered, the District removed truant students under code 71 without full completion and documentation of appropriate truancy due process. Additionally, the District did not maintain appropriate supportive evidence regarding attendance events or other circumstances causing student results to be pushed to the State.

We recommend the District establish formal procedures requiring completion and maintenance of enrollment forms, withdrawal forms, and appropriate documentation supporting attendance events. The procedures should include training of its administrators on the procedures to be performed as well as follow up reviews by the District's Internal Audit Department to ensure the procedures are being followed. The District should also file a complaint in juvenile court if the child is an unruly child for being an habitual truant or is a delinquent child for being an habitual truant who previously has been adjudicated an unruly child for being an habitual truant and that the parent, guardian, or other person having care of the child has violated.

**Official's Response**

District officials have noted improvements recommended in attendance and record keeping policies and, in particular, in the District's enrollment and withdrawal procedures. Since release of the Auditor's initial report, the District has taken a number of steps to implement improvements in areas identified. Prior to the State Auditor's attendance review in 2012, the District made a concerted effort to address chronic truancy by identifying and addressing root causes. These issues continue to be addressed in our Humanware, SEL (Social and Emotional Learning) and Target 11 attendance initiatives, all of which have been recognized as effective supports. In April, 2012, the District moved to a more centralized enrollment and withdrawal process which restricted school building personnel from completing student transfer and withdrawal transactions. Since then, building secretaries have been retrained on acceptable enrollment, withdrawal and record keeping practices. As a result, the permissions of building secretaries to enroll, withdraw and transfer students have been restored and the auditing trail in our Student Information System turned on. Since release of Phase II of the Auditor's Interim Report on October 4, 2012, the District has implemented a number of additional improvements in attendance record-keeping practices, including:

- Withdrawal requests, either by a school or parent, must be accompanied by a completed and signed withdrawal form and when available, a request for records from the receiving district.
- Enrollments, re-enrollments and intra-district transfers must also be accompanied by a signed form.
- The auditing trail in our Student Information System has been turned on, so the district is able to identify users making changes to entry and withdrawal transactions.
- The District has provided access to desktop scanners for every member of the enrollment staff so that every completed form can be scanned and stored electronically for easy maintenance. Additionally, the paper copies are sent to schools.
- These changes in practice have been communicated to all school buildings with a list of documents that must be included in every student's permanent record file.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013  
(CONTINUED)**

**3. FINDINGS FOR FEDERAL AWARDS**

**(Continued)**

**Finding 2013-01 - Material Weakness, Material Noncompliance, Maintenance of Effort Requirement  
(Continued)**

**Official's Response (Continued)**

- Secretaries have attended two meetings on the importance of good record keeping and have been given the opportunity to utilize some of their professional development days toward improving the practice of organizing student files.
- Truancy cases and necessary documentation are being readied, as required, for referral to juvenile court.

Since the release of the prior state audit report in 2013 for FYE 6/30/12, the District has done the following:

- Enrollments and withdrawals of students were done centrally. Schools did not have the necessary security to perform these transactions.
- Returning students had to go through an enrollment process.
- Students are not withdrawn unless a completed withdrawal form is completed by the guardian or student if the student is over the age of 18. Records requests, reports from ODE are also acceptable evidence of a student's attendance in another school.
- Chronically truant students are now referred to the juvenile court.
- Records produced at the time of enrollment and withdrawal are now being stored electronically.
- Training was conducted in December 2013 for school secretaries. A post assessment is given to the secretaries at the end of each training session. For the secretaries passing the post test, their access to enroll and withdraw was restored. However, we have turned on an auditing flag in eSchool Plus that will allow us to monitor these activities.
- Referrals are now being made to the juvenile court.

In order to obtain assurance that previously-stated procedures listed above have been put into operation, an Internal Audit will be performed on the District's attendance over the next several months. The Audit will include a sample of attendance enrollments, withdrawals, and attendance breaks for appropriate support documentation for the period 7/11/12- 6/30/13 and 7/1/13 to present and the results will be reported to applicable District management.

The District is committed to making recommended improvements in the report and exploring ways to continue improving procedures. The Ohio Department of Education (ODE) has informed the District that ODE will be reviewing its own policies, with intent to similarly act on recommendations of the Auditor of State. Upon ODE's issuance of any new guidelines, the District will update its policies and practices to align with the ODE's practices. All changes will also be reviewed with the District's External Audit Committee.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-01	<p>Certain breaks in a student enrollment causes student test scores to be pushed to the statewide composite report card rather than the local school district.</p> <p>The District had insufficient documentation supporting breaks in enrollment and the student being excluded from the local report card and rolled up to the State. The District also did not establish formal procedures requiring completion and maintenance of enrollment forms, withdrawal forms, and appropriate documentation supporting attendance events. The District did not file a complaint in juvenile court if the child is an unruly child for being an habitual truant or is a delinquent child for being an habitual truant who previously has been adjudicated an unruly child for being an habitual truant and that the parent, guardian, or other person having care of the child has violated, contrary to the Federal and State requirements.</p>	No	Not Corrected, see finding 2013-01
2012-02	<p>A test of non-payroll expenditures disclosed nine expenditures of \$25,000 or more from four different federal programs were made to various vendors for which there was no evidence the District verified that the vendors were not suspended or disbarred by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with the vendor, contrary to 2 CFR 180.300.</p>	Yes	

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# Dave Yost • Auditor of State

## Independent Auditor's Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Cleveland Municipal School District (the District [replace with School for community schools]) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We noted the Board amended its anti-harassment policy at its meeting on December 11, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

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

December 31, 2013

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

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

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# Dave Yost • Auditor of State

**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  
MARCH 11, 2014**