

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education:</i>					
Food Donation Program	10.550	\$0	\$1,759,655	\$0	\$1,686,002
<i>Child Nutrition Cluster:</i>					
School Breakfast Program	10.553	4,805,878	0	4,805,878	0
National School Lunch Program	10.555	13,711,641	0	17,235,062	0
Summer Food Service Program For Children	10.559	26,419	0	26,419	0
Total Department of Agriculture - Nutrition Cluster		<u>18,543,938</u>	<u>1,759,655</u>	<u>22,067,359</u>	<u>1,686,002</u>
Total Department of Agriculture		<u>18,543,938</u>	<u>1,759,655</u>	<u>22,067,359</u>	<u>1,686,002</u>
U.S. DEPARTMENT OF DEFENSE					
<i>Direct Assistance:</i>					
Junior ROTC	12.000	3,559	0	8,809	0
Total U.S. Department of Defense		<u>3,559</u>	<u>0</u>	<u>8,809</u>	<u>0</u>
U.S. DEPARTMENT OF LABOR					
<i>Passed Through the City of Cleveland:</i>					
WIA Youth Activities	17.259	154,330	0	159,245	0
<i>Passed Through Cuyahoga County:</i>					
WIA Adult Program	17.258	75,121	0	7,082	0
WIA Youth Activities	17.259	505,409	0	508,669	0
Total Passed Through Cuyahoga County		<u>580,530</u>	<u>0</u>	<u>515,751</u>	<u>0</u>
Total U.S. Department of Labor		<u>734,860</u>	<u>0</u>	<u>674,996</u>	<u>0</u>
NATIONAL SCIENCE FOUNDATION					
<i>Direct Assistance</i>					
Education and Human Resources	47.076	633,224	0	903,210	0
Total National Science Foundation		<u>633,224</u>	<u>0</u>	<u>903,210</u>	<u>0</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY					
<i>Direct Assistance</i>					
Clean School Bus Project	66.036	10,873	0	10,540	0
Total U.S. Environmental Protection Agency		<u>10,873</u>	<u>0</u>	<u>10,540</u>	<u>0</u>
U. S. DEPARTMENT OF EDUCATION					
<i>Direct Assistance:</i>					
Federal Pell Grant Program	84.063	247,170	0	327,834	0
Safe and Drug Free Schools and Communities National Programs	84.184	31,947	0	31,947	0
Funds for the Improvement of Physical Education Program	84.215F	60,072	0	60,013	0
Funds for the Improvement of Smaller Learning Communities	84.215L	54,116	0	50,884	0
Fund for the Improvement of Teaching American History	84.215X	444,457	0	443,676	0
Reform Demonstration	84.290	984	0	984	0
Foreign Language Assistance Program	84.293	274,773	0	274,370	0
Total U. S. Department of Education Direct Assistance		<u>1,113,519</u>	<u>0</u>	<u>1,189,708</u>	<u>0</u>
<i>Passed Through Cuyahoga County:</i>					
Special Education Grants to States	84.027	1,500	0	3,356	0
<i>Passed Through Cuyahoga Community College:</i>					
Tech Prep Education	84.243	0	0	13,684	0
<i>Passed Through Putnam County:</i>					
Special Education Grants to States	84.027	46,800	0	36,018	0
<i>Passed Through Vanderbilt University:</i>					
Education, Research, Development, and Dissemination	84.305	3,300	0	373	0

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
 CUYAHOGA COUNTY
 FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U. S. DEPARTMENT OF EDUCATION (Continued)					
<i>Passed Through Ohio Department of Education:</i>					
Adult Education - Basic Grants to States	84.002	1,928,834	0	1,840,494	0
Title I Grants to Local Education Agencies	84.010	54,638,890	0	55,441,975	0
Special Education Cluster:					
Special Education Grants to States	84.027	21,631,874	0	21,853,861	0
Literacy Adolescent		4,000,000	0	4,000,000	0
Subtotal CFDA 84.027		<u>25,631,874</u>	<u>0</u>	<u>25,853,861</u>	<u>0</u>
Special Education Preschool Grants	84.173	386,630	0	444,364	0
Total Special Education Cluster		<u>26,018,504</u>	<u>0</u>	<u>26,298,225</u>	<u>0</u>
Career and Technical - Basic Grants to States	84.048	3,283,825	0	3,056,542	0
Safe and Drug Free Schools and Communities - State Grants	84.186	645,329	0	687,972	0
Education for Homeless Children and Youth	84.196	333,662	0	335,480	0
21st Century Community Learning Centers	84.287	390,352	0	361,513	0
State Grants for Innovative Programs	84.298	122,739	0	108,166	0
Education Technology State Grants	84.318	3,012,889	0	3,001,265	0
Comprehensive School Reform Demonstration	84.332	3,968	0	0	0
Reading First State Grants	84.357	75,427	0	144,440	0
English Language Acquisition Grant	84.365	484,130	0	522,891	0
Improving Teacher Quality State Grants	84.367	9,930,057	0	9,658,150	0
Teacher Incentive Fund	84.374	298,812	0	414,706	0
Total Pass Through Ohio Department of Education		<u>101,167,418</u>	<u>0</u>	<u>101,871,819</u>	<u>0</u>
Total U.S. Department of Education		<u>102,332,537</u>	<u>0</u>	<u>103,114,958</u>	<u>0</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
<i>Passed Through Ohio Department of Education:</i>					
Refugee and Entrant Assistance Discretionary Grants	93.576	0	0	9,775	0
<i>Passed Through Ohio Department of Job and Family Services:</i>					
Temporary Assistance for Needy Families	93.558	960,648	0	3,456,381	0
Medicaid Assistance Program (CAFS)	93.778	1,292,501	0	0	0
Total Passed Through Ohio Department of Job and Family Services		<u>2,253,149</u>	<u>0</u>	<u>3,456,381</u>	<u>0</u>
<i>Passed Through Ohio Department of MRDD:</i>					
Medicaid Assistance Program (CAFS)	93.778	2,947,951	0	0	0
<i>Passed Through Cuyahoga County:</i>					
Temporary Assist. for Needy Families - Fast Program	93.558	124,281	0	121,387	0
Temporary Assist. for Needy Families - After-school Learning		2,317,829	0	1,958,022	0
Temporary Assist. for Needy Families - Emergency Immigrant Assistance		220,982	0	144,427	0
Temporary Assist. for Needy Families - Teen Wellness Initiative		74,386	0	105,583	0
Subtotal CFDA 93.558		<u>2,737,478</u>	<u>0</u>	<u>2,329,419</u>	<u>0</u>
Total Passed Through Cuyahoga County		<u>2,737,478</u>	<u>0</u>	<u>2,329,419</u>	<u>0</u>
Total U.S. Department of Health and Human Services		<u>7,938,578</u>	<u>0</u>	<u>5,795,575</u>	<u>0</u>
Total Federal Assistance		<u>\$130,197,569</u>	<u>\$1,759,655</u>	<u>\$132,575,447</u>	<u>\$1,686,002</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – 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 C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the fair value.

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Mary Taylor, CPA

Auditor of State

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

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

We have audited the financial statements of the 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, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated December 29, 2008.

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, providing an opinion 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*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 29, 2008.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 29, 2008



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE

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

Compliance

We have audited the compliance of the Cleveland Municipal School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to the major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to the major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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Internal Control Over Compliance (Continued)

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more than inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2008, and have issued our report thereon dated December 29, 2008. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 29, 2008

CLEVELAND MUNICIPAL SCHOOL DISTRICT
 CUYAHOGA COUNTY
 SCHEDULE OF FINDINGS
 OMB CIRCULAR A -133 § .505
 FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA# 84.010 - Title I ESEA
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 3,000,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

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

FINDING NUMBER 2008-001

Significant Deficiency - Procurement Policies and Procedures

The District has implemented various policies and procedures to ensure that expenditures are properly accounted for, approved and monitored. During a review of these procedures we identified the following issues:

- The District allows employees and vendors to pick-up checks from the Accounts Payable Department for employee reimbursements or vendor payments in lieu of the District mailing them. When an employee or vendor picks up a check they are required to present identification and sign the log book. Our review of the log book disclosed numerous checks are picked up instead of being mailed. In some instances, the employee initiating the vendor purchase also acknowledged receipt of the goods/services and picked up the check for the vendor. This results in an inadequate segregation of duties and an employee may divert funds for personal use without being detected.
- A review of expenditures disclosed instances in which the purchase orders prepared by District employees included language stating "do not mail". Any instance in which an employee preparing the purchase order deems it necessary that it not be mailed should be investigated as suspicious. The failure to mail purchase orders weakens the District's controls since they are used to confirm the District's understanding of the goods/services being purchased and are used by vendors as a binding legal commitment.
- The District utilizes various expenditure reports to monitor compliance with their internal bidding/quote requirements. However, the reports analyzed do not cover an adequate time period in order for a proper assessment to be made. Instead of covering all vendor activity on a year to date basis they only cover the prior month. As a result, purchases that occurred out-side of the one month window are not factored in when determining whether there is bid splitting or other noncompliance issues.
- The Purchasing Department requires all new and existing vendors to complete a vendor request form as part of the controls over additions, deletions and/or changes to vendor information. From these request forms, the Purchasing Department enters the new or revised vendor information into a vendor database. However, the request forms did not require the vendor's signature and approval by the Director of Purchasing in order to be processed. This may result in unauthorized changes to the vendor database without being detected.
- A review of the vendor data base files disclosed numerous vendors had business addresses which were different than the address where the checks were to be mailed. This weakness may result in checks being cashed by someone other than the intended vendor.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

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

FINDING NUMBER 2008-001 (Continued)

Based on the above weaknesses, we recommend the following:

- The District should discontinue its practice of allowing employees who initiate a purchase order to acknowledge the receipt of the goods and/or services and pick-up the check for the vendor. In the event a vendor check is held for pickup, we recommend the District enhance controls by requiring the pick-up be approved by the Chief Financial Officer.
- All purchase orders should be mailed to the respective vendor to confirm the goods and/or services being purchased.
- The expenditure reports used to monitor compliance with the District's internal compliance requirements should include all activity on a year to date basis. Also, on an annual basis, the activity of each vendor should be analyzed to determine if there are any noncompliance issues such as bid splitting. This analysis should also evaluate whether other efficiencies may be obtained through bulk purchasing.
- The District should consider requiring the signature of the Director of Purchasing and the vendor on all vendor request forms.
- The District should review the vendor data base and investigate and document all instances in which the vendor address is different than the address where the checks are mailed.

Official's Response

- The practice of allowing employees and vendors to pick-up checks from the Accounts Payable Department was discontinued in December 2008.
- The Purchasing Division personnel will review all "do not mail" requests for a legitimate reason. Upon further review by District personnel, there appears to be certain legitimate reasons for including the "do not mail" language on a purchase order (PO). Some of those reasons include on-line ordering, credit card purchases, certain travel related expenses and purchasing of memberships where a PO should not be sent to the vendor. Mailing POs to vendors in these situations increases the risk of duplicate ordering, shipping, and payment of goods.
- District personnel have developed a report with an expanded look-back period to help detect possible bid splitting. This report will be sent once every two weeks to the Purchasing Division for review. In addition, Internal Audit will conduct periodic reviews of the list to help ensure compliance.
- The Director of Purchasing, or designee, will sign-off on vendor request forms. In addition, the Financial Tech and Support Division and the Purchasing Division have developed a vendor management system using software. This system is currently in the production stage. After the request is submitted, it is electronically routed to our purchasing division for review and approval. Verification is completed providing additional assurance that this is a legitimate vendor. Internal Audit will do periodic reviews to ensure compliance.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

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

Finding Number 2008-001 (Continued)

Official's Response (Continued)

- District purchasing personnel will review unusual or suspicious instances to enhance the internal controls associated with this process. In addition, any remittance address changes will be corroborated and reviewed for validity by Purchasing Division personnel. However, it should be noted that it is very common for businesses to have a different address than the payment remittance address. Internal Audit will do periodic reviews to enhance the internal control.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Cleveland Municipal School District
**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

Fiscal Year Ended June 30, 2008
Cleveland, Ohio



CLEVELAND
MUNICIPAL
SCHOOL DISTRICT
Vision to Victory

The primary goal of the Cleveland Municipal School District is to become a premier school district in the United States of America.

Comprehensive Annual Financial Report

Of the

Cleveland Municipal School District

For the

**FISCAL YEAR ENDED
JUNE 30, 2008**

Prepared by

Finance Department

James P. Fortlage
Chief Financial Officer

1380 East Sixth Street * Cleveland, Ohio 44114

Cleveland Board of Education



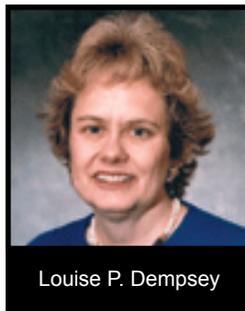
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Chair



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Vice Chair



Rashidah Abdulhaqq



Louise P. Dempsey



Harvey Hopson, Jr.



Denise W. Link



Willetta A. Milam



Natalie L. Peterson



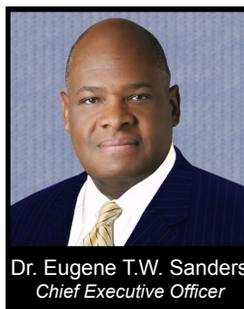
Iris M. Rodriguez



Dr. Michael Schwartz
Ex Officio Member



Dr. Jerry Sue Thornton
Ex Officio Member



Dr. Eugene T.W. Sanders
Chief Executive Officer



James Fortlage
Chief Financial Officer

Introductory Section

Cleveland Municipal School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008
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December 29, 2008

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, 2008. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principals 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 Principals (GAAP) requires that management provided a narrative introduction, overview and analysis is accompany 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 and grades and performing such other duties as determined by the appointed Board. On March 31, 2006, the Board with the concurrence of the Mayor appointed Mr. Eugene T. W. Sanders, Ph. D. as the School District's Chief Executive Officer with a four-year contract effective July 1, 2006.

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. In September 2006, the Chief Executive Officer appointed Mr. James P. Fortlage, Chief Financial Officer/Treasurer.

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 2008, the School District enrolled 50,078 students (compared to 52,769 the previous year) in 88 K-8 schools, and 18 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 sixth 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 111 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 12,693 for fiscal 2008, resulting in the payment from the School District of state aid of \$91.7 million. School District management expects this trend to continue at an increasing rate for the foreseeable future and has included increasing charter/community school enrollment growth into its financial forecasts.

Employee Relations

As of June 30, 2008 the School District had 8,567 full and part-time employees (compared to 8,733 the previous year). In the fiscal year ended June 30, 2008, the School District paid \$426.8 million in salaries and wages and \$151.0 million for fringe benefits such as employer retirement contributions, health care, life insurance, and certain other benefits.

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

Classified employees (secretarial-clerical, custodial, maintenance, transportation and cafeteria staff) of the School District are represented for collective bargaining purposes by a variety of unions: the International Brotherhood of Teamsters Local 407 (School bus drivers and attendants); the City, County, State Truck Drivers Union Local 244 (truck drivers); the International Brotherhood of Firemen and Oilers Locals 777 and 701 (custodians, assistant custodians, laborers, mechanics and security officers); the Service, Hospital, Nursing Home and Public Employees Union Local 1199 (clerical, food service and cleaning staff); and the Cleveland Building Trades Council (tradesmen).

Under agreements approved by seven of the seven unions serving the District, the current contracts with employee groups have been extended until June 2010. In the opinion of the School District, labor relations with all of its employees are good.

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." In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the School District (the primary government) and its potential component units.

Excluded from the reporting entity because they are fiscally independent of the School District are the City of Cleveland and the Cleveland Public Library. The City of Cleveland and the 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 and personal property located within the School District. These two sources combined represent approximately 97 percent of the School District's fiscal year 2008 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, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at varying percentages of true value and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are levied at varying percentages of true value.

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

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

Generally, tangible personal property used in business (except for public utility) is currently assessed for ad valorem taxation purposes at 25 percent of its true value (in general, the same as net book value). In 1999, HB 283 was passed calling for a reduction in the assessed valuation percentage for the inventory portion of the personal property tax to be reduced from 25% to 0% over a 25 year period (reduction accumulating 1% per year). HB 95, passed in 2003, accelerated the elimination of the inventory tax (reduction now accumulates at 2% per year, halving the time of its full implementation, subject to certain limitations). The Electric Utility Deregulation bill revised the tax assessment rates for most classes of public utility property. Beginning in tax year 2001, the tax assessment rates for all tangible personal property of an electric company, except transmission and distribution property is reduced to 25%. By enacting a new kilowatt-hour excise tax and requiring the funding of a school property tax replacement fund (to make up for the loss in assessed value) the legislature intends to hold school districts financially harmless due to electric deregulation. There is also a similar "hold harmless" provision dealing with the reevaluation of public utility property for natural gas utilities. The first \$10,000 of taxable value of tangible personal property is exempted from taxation; partial reimbursement of reduced collections resulting from the partial exemption will be paid from State sources. HB 95 also included a provision eliminating the State reimbursement of the \$10,000 exemption in business personal property tax, phased out over ten years. The legislation did not include a "hold harmless" provision dealing with this reduction in taxes.

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 will be eliminated by 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, school districts and local governments are reimbursed fully for lost revenue; in the following seven years, the reimbursements are phased out.

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

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

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

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

School Foundation

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

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

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

On September 6, 2001, the Ohio Supreme Court issued a decision that identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

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

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order. The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional but vacated its September 6, 2001 funding provision requirements.

The Ohio Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General assembly to enact a school-funding scheme that is thorough and efficient..." The case was appealed to the U.S. Supreme Court, which in October 2003 declined to hear the petition.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

Local Economy

The City of Cleveland, located on the southern shores of Lake Erie, is the central city within the largest metropolitan area in the State of Ohio. It is home to an estimated 438,000 residents. 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.

The City of Cleveland and the Cleveland Primary Metropolitan Statistical Area (PMSA) continue to be attractive locations for industrial and service headquarters ranked in the Fortune 500. Currently, ten Fortune 500 corporations are located within the Greater Cleveland area, including five in the City of Cleveland. Cleveland's major employers include internationally recognized health care institutions, a major automotive manufacturer, a major steel manufacturer, municipal, state and federal government agencies, and banking and insurance firms.

The overall unemployment rate within the MSA has increased from 6.1% in 2007 to 6.6% in 2008, which approximates the national averages for each respective year.

Major Initiatives

"The primary goal of the Cleveland Municipal School District is to become a premier school district in the United States of America."

In order to become a premier school district, Dr. Sanders has stressed the need to establish reachable goals along the way. The three main goals for the 2007-2008 school year were to:

1. Reach Continuous Improvement on the state report card;
2. Improve student safety; and
3. Improve customer service.

In addition, a five-year Strategic Plan (2007-2012) designed to chart the course for all levels of the School District's academic and organizational effectiveness was initiated and completed. This plan was based on a conscious decision to involve all stakeholders in the development process. Thousands of students, parents, teachers, political figures, business representatives, community leaders and faith-based groups joined our steering committee and the administrative team in the planning process.

Moving forward in eliminating the achievement gap, the district has set another high goal. The disparity between economically disadvantaged students, racial minorities, and ethnic minorities and students not belonging to those groups must be eliminated. Beginning with our early childhood students, we will provide a firm foundation for student success. We will assure class sizes are conducive to self expression and individualized learning. We will continue to identify academic disparity throughout the school district and will aggressively respond with the remedies that will close the gap.

Reaching Continuous Improvement

Dr. Sanders vowed before the start of this school year to move the School District from a designation of Academic Watch on the state report card to a designation of Continuous Improvement. The goal can be accomplished by implementing a school-by-school instructional plan focused on outcomes by each class and each student.

Each student was required to take a pre-assessment test a minimum of three times prior to the actual achievement tests in the spring. The assessment helped us customize the learning experience by child; teachers modified the lesson plan to meet the desired outcome.

As part of the five-year Strategic Plan moving forward, the academics goal is to provide a sound comprehensive educational program that will prepare our students to successfully compete in a global society with academic programming that will include strong skill development in English, Mathematics, Technology, Science, Social Studies, Literature, and the Arts.

The major strategies of the academics portion of the five-year Strategic Plan include:

1. Launch the “Scope and Sequence” curriculum, a teaching framework for students in grades K-12 that aligns what is taught in English, Language Arts, Mathematics, Science and Social Studies with the Ohio Achievement Tests and Ohio Graduation Tests.
2. Implement sustainable PreK-12 programs based on best practices. Programs will be academically rigorous and relevant to developing skills and relationships in preparation for college and/or careers.
3. Increase the opportunities for students to gain awareness and appreciation for various cultures by integrating multicultural education throughout the curriculum.
4. Address the multitude of needs and interests through specialty programs, schools and academies.
5. Support students who are struggling with academics, attendance, and/or behavior by intervening as early and as often as necessary to enable students to succeed.
6. Develop and support exemplary pre-school programs to ensure every child who enters kindergarten is ready to learn and has a solid foundation for literacy.
7. Develop teachers’ expertise through the School District’ internal Professional Development Program.
8. Continue to investigate alternative sources of revenue to supplement the general fund and to increase ability to support academic program initiatives.

The CMSD has an ongoing initiative with Harvard University, the Ohio Department of Education and the Stupski Foundation to address academics and leadership issues.

Safety

The School District will continue to focus on improving student and staff safety in schools and to foster a more respectful atmosphere in schools more conducive to teaching and learning. Dr. Sanders announced a “zero tolerance” for any behavior in schools that can detract from the focus on academics.

Dr. Sanders has created student safety leadership teams in schools to permit students to have valuable input in efforts to increase student safety, create a more respectful environment for teaching and learning in schools, and to provide a mechanism for responding to student concerns.

As part of the five-year Strategic Plan, the Safety & Security Plan provides a framework for addressing safety and violence in our schools and communities and involves a collaborative effort with the major safety forces within the City. The Safety & Security goal is to maintain a safe and secure school environment that supports the societal rules of a peaceful community.

The major strategies in an effort to reach this goal include:

1. Conduct additional Metal Detection Security Sweeps annually, thereby providing proactive and preventative measures in support of becoming a premier school district.
2. Increase the number of security staff that will enhance the overall effectiveness of security operations.
3. Create a school Community Service Officers (CSO) job category to be assigned to the Elementary Schools to assure Safe Walking Routes for the elementary students. As part of the department’s Community Policing Strategy, this position will address concerns of parents of small children walking to and from school.
4. Increase the number of Truancy Sweeps.
5. Provide two types of searches (modified and full metal) for monitoring building security.
6. Investigate the implementation of Bike Patrols that will rotate patrol routes around all elementary schools, neighborhoods and the business community.
7. Utilize state-of-the-art technology to enhance safety and security efforts.

Customer Service

The CMSD Customer Service Plan is relatively unique to school districts. It includes common best practices, professional development and training of every segment of the School District workforce.

The goal of the customer service plan is to deliver superior customer service—right the first time, on time, every time. Exemplary customer service is the key to customer satisfaction and indicates how much the School District values its students and their families, our employees, the community and business partners, and all other stakeholders.

The major strategies of the Customer Service Plan include:

1. Develop a comprehensive CMSD customer service plan.
2. Provide customer service training for all employees.
3. Hold every employee accountable for exhibiting exemplary customer service.

4. Ensure that CMSD customers receive exemplary service with as few contacts as possible (one stop shopping is the paradigm).
5. Enhance CMSD processes so as to remove barriers to quality customer service.
6. As a customer service initiative, the Safety & Security Department will implement Bike Patrols that will rotate patrol routes around all elementary schools, the neighborhood and the business community. Visibility of security is a key component for crime prevention.

Dr. Sanders has said that every phone call should be returned in 24 hours and each individual piece of written correspondence should be replied to in 7 business days. All phones should be answered promptly and courteously, and the department or person being called should be easy to find and each caller should be connected immediately.

Every effort is being made to provide an enhanced focus on the number one customer – The Student.

Significant Accomplishments

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

- Several strategies are underway regarding the School District’s customer service initiative:
 - Established a multi-divisional customer service committee to review and oversee the implementation of a comprehensive customer service plan and customer service modules.
 - Prepared a video for viewing by current and new employees that clearly displays the expectations of premier customer service.
 - Established a “Talk to the CEO” link on the School District’s web page. This method of direct communication to the CEO allows for on-going communication on any issue that interested individuals want to share.
- Community Engagement Initiatives:
 - Hats Off to Cleveland’s Kids Day.
 - OGT Door-To-Door Campaigns.
 - Quarterly Parent Round-Ups.
 - Army of Believers Luncheon.
- Research indicates that more than 60 percent of all future jobs will require science, technology, engineering and math skills. In order to be successful in the 21st century, our students must possess these critical skills, and it is our responsibility to ensure that our students are fully exposed to them. For the 2008-2009 school year the School District will be offering the following opportunities for students in our district and region:
 - MC2 STEM High School offers the regional need for advance high school education in science, technology, engineering and math. The MC2 STEM High School will be a unique opportunity school of choice that will accept 75 percent of its students from the School District and 25 percent from the region. This high school will be the first incubator STEM school in Cleveland housed on a STEM industry corporate campus. This innovative institution will provide students with a dynamic real-world learning environment with a foundation of rigorous STEM based academic principles. The MC2 STEM High School will be located at GE Nela Park. The school building is currently under construction and students will attend school at the Great Lakes Science Center.
 - Design Lab Early College High School will combine creative thinking, refined technical skills and artistic application of design. The students will participate in the full evolution of projects from conception and design to fabrication and presentation. The School District is partnering with Tri-C’s Metro Campus for this dynamic opportunity.

Both schools will offer a three-year high school experience. During their senior year, students will attend classes on a college campus. We believe these opportunities of schools of choice will not only be attractive to students and faculty but will position our students to compete on a global scale.

- The School District opened five new Opportunity Schools of Choice, including four single gender elementary academies (two for young boys and two for young girls) and one single gender high school academy (Ginn Academy for Young Men).
- The School District continued to operate a in-district charter academy, the Promise Academy, which opened in the 2006-2007 school year. The Promise Academy provides students with an alternative method of earning credit towards graduation by offering courses on-line.
- The School District opened the Family Academy, an innovative program targeting families of third graders. The academy will provide a range of services to address the health and well-being of students and their families in order to support the learning process in the schools.
- To enhance safety and security, independent audits are being conducted to assess the current level of support, services personnel and security equipment for the purpose of extracting strategic insights and making recommendations to improve School District safety and security. The School District has installed metal detectors and increased security guards to all buildings.
- The School District continued the 3Rs (Rights, Responsibilities, Realities) collaboration with the Cleveland Bar Association in which more than 700 lawyers, judges and other volunteers of the legal community have gone into 10th-grade classrooms in our high schools. Their mission is to improve understanding of the law and the Constitution; improve passage of the Ohio Graduation Test; and to provide practical career counseling to focus students on their potential beyond high school.
- The School District has implemented the Governor's Initiative for Increasing Graduation Rates program. The program provides a firm foundation for ninth grade males targeting academic and extracurricular interventions necessary to increase the graduation rate of this population of students.
- Construction was completed at Daniel E. Morgan, Miles Park, and Warner schools. These three schools opened for the 2007-2008 school year. Renovation work was completed at Franklin D. Roosevelt School and opened for the 2007-2008 school year. Construction began and continued on Garfield, R.G. Jones, Artemus Ward, Buhner, Patrick Henry, Wade Park, East Clark, Harvey Rice, Wilson, Robert Jamison and Euclid Park.
- A District-wide uniform policy was instituted for grades K-8. High school students are required to adhere to the School District dress code.

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 10 segment Master Facility Plan that will require approximately \$1.3 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 segment four, the School District has constructed/replaced 27 schools and renovated 6 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 institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and other designated third-party trustees of the financial institutions.

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, 2007. 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, 2007. 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,



James P. Fortlage
Chief Financial Officer

Cleveland Municipal School District

Board Members

Appointed by Mayor of City of Cleveland

Name	Began Service as a Board Member	Present Term Expires June 30
Rashidah Abdulhaqq	1998	2011
Grady P. Burrows	2003	2009
Lawrence W. Davis (a)	2003	2011
Louise P. Dempsey	1998	2011
Flor Gomez (b)	2006	2011
Robert M. Heard, Sr.	2004	2009
Harvey Hopson, Jr (c)	2009	2011
Denise W. Link	2007	2011
Willetta A. Milam	2003	2009
Natalie L. Peterson	2007	2009
Iris M. Rodriguez (d)	2009	2011
Dr. Michael Schwartz, ex-officio		
Dr. Jerry Sue Thornton, ex-officio		

(a) Resigned September 8, 2008.

(b) Resigned January 31, 2008.

(c) Appointed December 2, 2008.

(d) Appointed December 2, 2008.

Cleveland Municipal School District

Senior Appointed Officials

Eugene T.W. Sanders, Ph.D.	Chief Executive Officer
Eric Gordon	Chief Academic Officer
John Hairston (a)	Chief Communications Officer
James Fortlage	Chief Financial Officer
Stephen DeVita	Chief Legal Counsel
Daniel Burns	Chief Operations Officer
Lester Fultz Jr.	Chief Safety and Security
Pamela Smith	Chief of Staff
Leigh McGuigan (b)	Senior Executive New and Innovated Schools
Nicholas Jackson	Deputy Chief of Business Operations
Gary Sautter	Deputy Chief of Capital Programs
Karen Thompson	Deputy Chief of Curriculum and Instruction
James Larson-Shidler, C.P.A. (c)	Deputy Chief Financial Officer
Clinton Faulkner	Deputy Chief of Human Resources
Renee Cavor	Deputy Chief of K-8 Education
Wayne Belock	Deputy Chief of Legal Council
Joseph Podach	Deputy Chief of Operations and Performance Improvement
Adrienne Noel, Ph.D.	Deputy Chief of Research and EMIS
Charles Boddy	Deputy Chief Safety and Security
Lincoln Haughton	Deputy Chief of Secondary Education
Sharon McDonald	Deputy Chief of Special Programs
Cynthia Kline	Deputy Chief of State, Federal, Foundation and Special Education Programming
Shirrell Greene	Deputy to the Chief Executive Officer
Omega Brown	Executive Director/Deputy to the Chief Executive Officer
Gwen Minter, Ph.D.	Deputy to the Chief of Staff
Lisa Matthews (d)	Executive Assistant to the Chief Executive Officer
Robbin Hudson (e)	Executive Assistant to the Chief Executive Officer

(a) Appointed July 8, 2008.

(b) Appointed July 21, 2008.

(c) Resigned August 8, 2008.

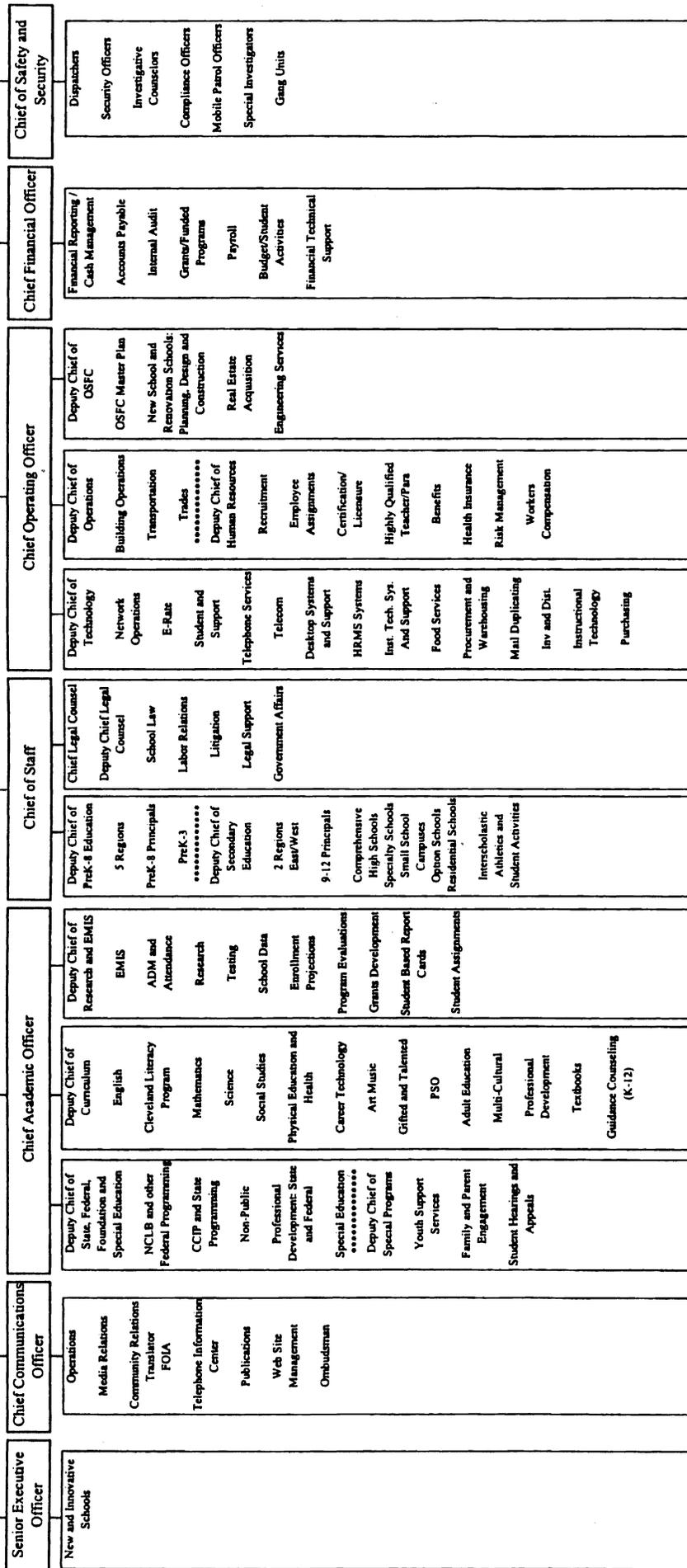
(d) Appointed December 28, 2007.

(e) Resigned December 28, 2007.

Cleveland Municipal School District
Organizational Chart

SCHOOL BOARD

CHIEF EXECUTIVE OFFICER



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, 2007

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



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

CLEVELAND MUNICIPAL SCHOOL DISTRICT

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2007**

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

Grome E. Brendel

President

John D. Russo

Executive Director

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Financial Section



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

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, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 29, 2008

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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, 2008. 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 2008 are as follows:

- ❑ Total current and other assets decreased by \$100.7 million and capital assets increased by \$60.3 million, resulting in a net decrease in total assets of \$40.4 million in Governmental Activities.
- ❑ Total short-term liabilities decreased \$13.0 million and total long-term liabilities decreased \$26.1 million, resulting in a net decrease in total liabilities of \$39.1 million in Governmental Activities.
- ❑ Total net assets decreased \$1.3 million in Governmental Activities.
- ❑ General revenues accounted for \$658.1 million in revenue or 74.6% of all revenues for Governmental Activities. Program specific revenues in the form of charges for services, sales, grants or contributions accounted for \$224.4 million or 25.4% of total revenues of \$882.5 million.
- ❑ Total program expenses were \$883.8 million in Governmental Activities.
- ❑ Among major funds, the General Fund had \$604.3 million in revenues and other financing sources and \$603.9 million in expenditures and other financing uses. The General Fund's fund balance increased by \$0.4 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, 2008
Unaudited

question, "How did we do financially during 2008?" 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 account 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.

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The School District on a Government-Wide Basis

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

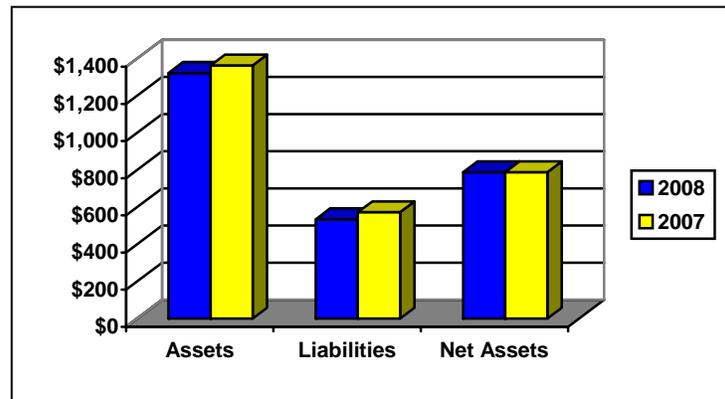
Table 1 provides a summary of the School District's net assets for 2008 compared to 2007:

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

	Governmental Activities		Change
	2008	2007	
Assets			
Current and Other Assets	\$ 801.3	\$ 902.0	\$ (100.7)
Capital Assets	522.0	461.7	60.3
Total Assets	1,323.3	1,363.7	(40.4)
Liabilities			
Current Liabilities	268.4	281.4	(13.0)
Long-Term Liabilities	266.6	292.7	(26.1)
Total Liabilities	535.0	574.1	(39.1)
Net Assets			
Invested in Capital			
Assets Net of Related Debt	332.1	261.4	70.7
Restricted for:			
Capital Projects	313.9	424.0	(110.1)
Debt Service	33.4	36.2	(2.8)
Other Purposes	34.5	18.6	15.9
Unrestricted	74.4	49.4	25.0
Total Net Assets	\$ 788.3	\$ 789.6	\$ (1.3)

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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



Current and other assets decreased by \$100.7 million and capital assets increased by \$60.3 million, resulting in an overall decrease in total assets of \$40.4 million. The decrease in current and other assets is mostly attributable to a net decrease in intergovernmental receivables of \$100.1 million. The decrease in intergovernmental receivables is attributable to Segments 1 and 2 contracts with the Ohio School Facilities Commission being amended during fiscal year 2008. The primary reason for the significant growth in capital assets is the continuation of a massive new facility construction/renovation program. This is described further in the *Capital Assets* section following.

Current liabilities decreased by \$13.0 million and long-term liabilities decreased by \$26.1 million, resulting in an overall decrease in total liabilities of \$39.1 million. The decrease in current liabilities is due primarily to a decrease of unearned revenue caused by a decrease of current taxes receivables. The decrease in long-term liabilities is due primarily to the issuance of \$5,000,000 in new notes offset in part by debt payments of approximately \$24,000,000 and is described further in the *Debt Administration* section following.

Total net assets decreased by \$1.3 million, demonstrating a slight decrease in the School District's financial position. This was mainly due to an increase in program expenses which was caused by inflation of operating costs. In addition, there was a concerted effort by School District management to control costs in anticipation of future budgetary constraints which resulted in an increase in unrestricted net assets of \$25.0 million.

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 2 shows the change in net assets for fiscal years 2008 and 2007.

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

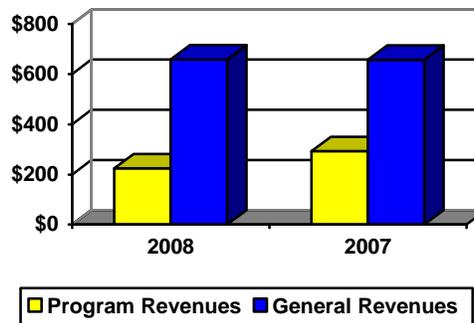
	Governmental Activities		Change
	2008	2007	
Revenues			
General Revenues:			
Property Taxes	\$ 221.6	\$ 237.2	\$ (15.6)
Grants and Entitlements	410.7	399.5	11.2
Investments Income	18.7	18.8	(0.1)
Miscellaneous	7.1	1.7	5.4
Program Revenues:			
Charges for Services	2.2	1.0	1.2
Operating Grants	219.8	203.0	16.8
Capital Grants	2.4	89.0	(86.6)
Total Revenues	<u>882.5</u>	<u>950.2</u>	<u>(67.7)</u>
Program Expenses			
Instruction	532.7	494.9	37.8
Support Services:			
Pupil and Instructional Staff	81.1	85.2	(4.1)
Board of Education, Administration, Fiscal and Business	59.7	54.1	5.6
Operation and Maintenance of Plant	109.2	64.8	44.4
Pupil Transportation	27.5	27.9	(0.4)
Central	15.0	15.9	(0.9)
Operation of Non-Instructional Services	42.6	39.0	3.6
Extracurricular Activities	6.8	6.5	0.3
Interest and Fiscal Charges	9.2	10.2	(1.0)
Total Expenses	<u>883.8</u>	<u>798.5</u>	<u>85.3</u>
Change in Net Assets	(1.3)	151.7	(153.0)
Net Assets Beginning of Year	<u>789.6</u>	<u>637.9</u>	<u>151.7</u>
Net Assets End of Year	<u>\$ 788.3</u>	<u>\$ 789.6</u>	<u>\$ (1.3)</u>

Cleveland Municipal School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2008
 Unaudited

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

	2008	2007
General Revenues	\$ 658.1	\$ 657.2
Program Revenues	224.4	293.0
Total Revenues	\$ 882.5	\$ 950.2

Governmental Activities - Revenue



General Revenues

General revenues for the School District are comprised almost entirely of property tax collections and grants from various sources. Property taxes made up 33.7% and 36.1% and grants made up 62.4% and 60.8% of general revenues for governmental activities for the School District in fiscal years 2008 and 2007, respectively.

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

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.

Cleveland Municipal School District
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For the Fiscal Year Ended June 30, 2008
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The primary source of grant revenue is State general operating aid known as "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 grants comprise 98.0% 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 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Instruction	\$ 532.7	\$ (402.9)	\$ 494.9	\$ (292.9)
Support Services:				
Pupil and Instructional Staff	81.1	(41.5)	85.2	(47.4)
Board of Education, Administration, Fiscal and Business	59.7	(53.6)	54.1	(45.6)
Operation and Maintenance of Plant	109.2	(96.3)	64.8	(57.6)
Pupil Transportation	27.5	(25.9)	27.9	(26.7)
Central	15.0	(14.3)	15.9	(15.3)
Operation of Non-Instructional Services	42.6	(9.8)	39.0	(4.3)
Extracurricular Activities	6.8	(5.9)	6.5	(5.6)
Interest and Fiscal Charges	9.2	(9.2)	10.2	(10.2)
Total Expenses	\$ 883.8	\$ (659.4)	\$ 798.5	\$ (505.6)

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 government 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 60.3% of the total cost of services. When combined with pupil and instructional support these categories make up 69.5% of the total cost of services. This make-up is consistent with the general educational objectives of the School District. The dependence upon general revenues for governmental activities is apparent. 75.6% of instruction activities are supported through taxes and other general revenues. Similarly, for all governmental activities general revenue support is 74.6%. The community, as a whole, is by far the primary support for the School District students.

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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 \$956.9 million and expenditures and other financing uses of \$957.0 million, resulting in a net decrease in fund balances of \$0.1 million.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$33.0 million, while total fund balance increased to \$56.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents less than six percent of the total general fund expenditures, while total fund balances represents less than ten percent of that same amount.

The net changes in fund balances for the year were most significant in the Classroom Facilities capital projects fund and Other Governmental Funds. The Classroom Facilities capital projects fund balance decreased \$25.5 million. The decrease was due to the School District amending Segments 1 and 2 of the school facility construction/renovation program. The School District's share of Segments 1 and 2 decreased by \$23.0 million which was then transferred to the Permanent Improvement capital projects fund to fund local funding initiatives. Segments 1 and 2 of the school facility construction/renovation program are almost complete while Segment 3 and 4 are underway and Segment 5 will be signed in fiscal year 2009. Funding of this program is described in more detail in the *Capital Assets and Debt Administration* section. Other Governmental Activities fund balance increased \$19.2 million. This was mainly due to the transfer of \$23.0 million from the Classroom Facilities capital projects fund to the Permanent Improvement capital projects fund.

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 \$602.2 million, which was approximately the same as the final budget estimate.

The final expenditure and other financing uses budgets was \$623.9 million. Total actual expenditures and other financing uses was \$621.2 million, or \$2.7 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 and postpone the need to appeal to the voters for an additional operating levy.

The General Fund's ending unencumbered cash balance totaled \$71.2 million which was \$2.5 million more than the final budgeted amount.

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008 the School District had \$522.0 million invested in land and improvements, buildings and improvements, vehicles and equipment, and construction in progress. Table 4 shows fiscal 2008 balances compared to 2007:

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

	Governmental Activities		Change
	2008	2007	
Land and Improvements	\$ 34.6	\$ 32.8	\$ 1.8
Buildings and Improvements	295.9	209.5	86.4
Vehicles and Equipment	9.0	10.4	(1.4)
Construction in Progress	182.5	209.0	(26.5)
Totals	\$ 522.0	\$ 461.7	\$ 60.3

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 Facilities Assessment 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. Its cost for the entire program is an estimated \$1.327 billion, of which the School District's cost share under the CFAP will be 32% or approximately \$425 million with the remaining portion (approximately \$902 million) 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 fourteen years. See Note 10 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, 2008
 Unaudited

Debt Administration

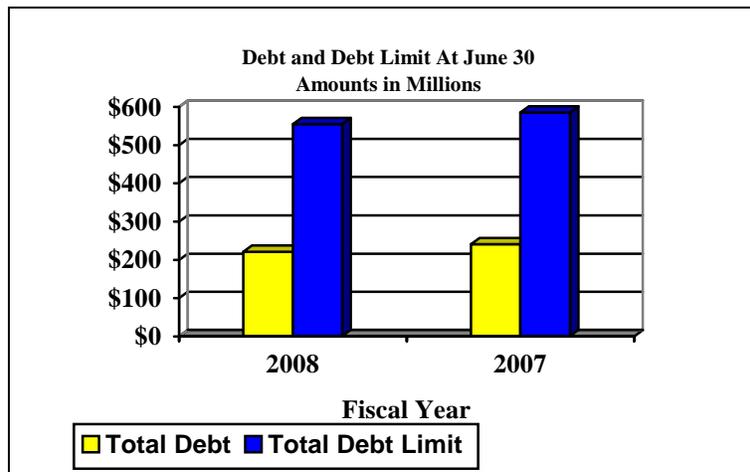
At June 30, 2008 the School District had \$220.9 million in bonds, other long-term obligations and notes outstanding, \$9.8 million due within one year. Table 5 summarizes bonds and notes outstanding.

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

	Governmental Activities 2008	Governmental Activities 2007
General Obligation Bonds and Notes:		
EPA Asbestos Abatement Notes	\$ 0.1	\$ 0.1
2002 H.B. 264 Energy Conservation Notes	7.7	8.4
2002 Library Refunding Bonds	13.8	17.1
2002 School Facilities Improvement Bonds	57.2	59.2
2004 School Facilities Improvement Bonds	97.9	100.9
2007 School Facilities Improvement Notes	0.0	15.0
QZAB Bonds:		
2001 QZAB - Technology Academy	5.5	5.5
2001 QZAB - Arts Academy	5.8	5.8
2001 QZAB - Literacy Academy	10.0	10.0
Other Long-Term Obligations:		
Capital Lease Obligation	2.9	3.9
Note Payable:		
2007 School Facilities Improvement Notes	20.0	15.0
Total	<u>\$ 220.9</u>	<u>\$ 240.9</u>

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

	2008	2007
Total Debt	\$ 220.9	\$ 240.9
Total Debt Limit	\$ 554.7	\$ 585.4



Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

In order to undertake the initial stages of planning and to perform some required work on its facilities to make them “warm, safe and dry,” the School District utilized several borrowing/funding sources. One source totaling \$21.3 million, the Qualified Zone Academy Bonds (QZAB), was put in place just before the beginning of the 2002 fiscal year. These bonds are being 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 were also borrowed at that time, representing the second installment of the \$335 million approved borrowing capacity. In July 2004, the School District issued \$125,000,000 of School Improvement Bonds, the third installment. In December 2005, the School District issued \$30,000,000 of School Facility Bond Anticipation Notes, representing the fourth installment of the \$335 million approved borrowing capacity. In March 2007, the School District issued \$30,000,000 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 \$5,000,000 of new proceeds representing the sixth installment of the \$335 million approved borrowing capacity.

At June 30, 2008, the School District's overall legal debt margin was \$419.0 million, with an unvoted debt margin of \$6.2 million. The School District's short-term bond rating is “MIG1” and its long-term bond rating is “Baa1”, as rated by Moody's. See Note 17 to the basic financial statements for additional information on all long-term obligations.

Current Issues

The School District is currently financially stable. The Board and management have implemented fiscal management disciplines that utilize a variety of formal plans. We are working within the five-year financial plan adopted by the Board. The current fiscal plan recognizes the following financial related issues. In addition, there are other ongoing issues to be addressed over the next five years as described below.

State Foundation Payments – Under Ohio Revised Code, state foundation payments are based on pupil enrollment (ADM), per pupil funding allowance, taxable valuation, poverty counts, plus other factors for transportation, special/vocational education, gifted aid and other categorical funding. State foundation funding for fiscal years 2008 and 2009 is based on HB 119. HB 119 legislated a guarantee structure for districts like Cleveland that were disadvantaged by changes in the aid calculation and declining enrollment. HB 119 guarantees that funding in fiscal years 2008 and 2009 will be no less than fiscal year 2007 funding levels. HB 119 makes no mention of continuation of a guarantee beyond fiscal year 2009.

Commercial Activity Tax – HB 66 makes provisions 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 replacement income to school districts for lost tangible property revenues. In the first five years of enactment (2006-2011), school districts are reimbursed for lost revenue based on tax year 2004 valuations; in the following seven years, these reimbursements are slowly phased out.

School Property Tax Replacement – The legislature established a School Property Tax Replacement Fund to reimburse school districts for the loss in taxable value resulting from deregulation of the electric and gas utility industries (SB 3 and 287).

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Homestead Exemption – The recent budget bill (HB 119) included significant property tax reduction 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. Revenues lost to the School District are to be replaced from the Tobacco Securitization Fund.

Resolution to School Funding Litigation – The long pending litigation in the Ohio courts questioning the constitutionality of the State's system of school funding and compliance with the constitutional requirement that the State provide a "thorough and efficient system of common schools" reached an end when the Ohio Supreme Court vacated its previous order to the State to make certain changes in the State's aid formula to school districts and the U.S. Supreme Court declined to hear a petition on this case. This is described further in Note 21 to the basic financial statements.

Although the Ohio Supreme Court funding order was vacated, the governor of the State created the "Governor's Blue Ribbon Task Force on Financing Student Success" to continue to try and address the unconstitutionality portion of the Court ruling that remained. The Task Force was charged with recommending a funding system for public elementary and secondary education in Ohio and determining appropriate mechanisms for paying for such a system. Some of the elements recommended by the Task Force were incorporated into the State's biennial budget for public school districts (House Bill 66), which was adopted on June 30, 2005.

Financial Forecast – The School District is required to adopt a five-year financial forecast of revenues and expenditures each year. A deficit is not projected until fiscal years 2010 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 until fiscal year 2010 based upon budgetary cuts already made. The forecast assumes staffing levels will be aligned with the projected decline in student enrollment. The School District will ultimately need to consider the possibility of going back to the voters for an operating levy.

Employee Relations - Under agreements approved by all seven unions serving the District, the current contracts with employee groups have been extended until June 2010.

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. James P. Fortlage, Chief Financial Officer/Treasurer at Cleveland Municipal School District, 1380 East Sixth Street, Cleveland, Ohio 44114.

BASIC FINANCIAL STATEMENTS

Cleveland Municipal School District
Statement of Net Assets-Governmental Activities
June 30, 2008

	Total
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 75,683,939
Cash and Cash Equivalents with Fiscal Agents	2,889,876
Investments	264,942,703
Investments with Fiscal Agents	9,224,596
Receivables:	
Taxes	297,229,285
Accounts	779,114
Intergovernmental	144,334,461
Accrued Interest	4,547,076
Materials and Supplies Inventory	1,643,953
Nondepreciable Capital Assets	216,594,455
Depreciable Capital Assets, Net	305,437,969
Total Assets	1,323,307,427
Liabilities	
Accounts Payable	14,857,721
Accrued Wages and Benefits	43,966,362
Retainage Payable	2,889,875
Intergovernmental Payable	26,093,294
Unearned Revenue	158,373,130
Accrued Interest Payable	1,321,558
Notes Payable	20,000,000
Claims Payable	872,822
Long-Term Obligations:	
Due Within One Year	21,385,452
Due in More Than One Year	245,240,044
Total Liabilities	535,000,258
Net Assets	
Invested in Capital Assets, Net of Related Debt	332,124,644
Restricted for:	
Capital Projects	313,896,979
Debt Service	33,349,361
Educational Special Trust	13,424,299
Classroom Facilities Maintenance	16,483,856
Auxiliary Services	2,057,620
Miscellaneous State Grants	623,132
Other State Grants	1,031,290
Miscellaneous Federal Grants	93,132
Other Purposes	816,100
Unrestricted	74,406,756
Total Net Assets	\$ 788,307,169

See accompanying notes to the basic financial statements

Cleveland Municipal School District
Statement of Activities-Governmental Activities
For the Fiscal Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Total Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction:					
Regular	\$ 327,247,872	\$ 660,425	\$ 35,546,322	\$ 2,395,614	\$ (288,645,511)
Special	168,823,350	238,482	66,638,056	0	(101,946,812)
Vocational	13,985,560	27,430	2,533,848	0	(11,424,282)
Adult/Continuing	2,833,813	890	2,617,719	0	(215,204)
Other	19,765,060	168	19,133,256	0	(631,636)
Support Services:					
Pupils	32,218,673	53,857	9,175,181	0	(22,989,635)
Instructional Staff	48,850,968	50,724	30,313,516	0	(18,486,728)
Board of Education	258,840	579	14,767	0	(243,494)
Administration	46,168,403	95,123	4,546,107	0	(41,527,173)
Fiscal	11,408,394	23,294	1,348,188	0	(10,036,912)
Business	1,873,943	4,354	17,476	0	(1,852,113)
Operation and Maintenance of Plant	109,195,119	104,131	12,818,564	0	(96,272,424)
Pupil Transportation	27,527,934	58,433	1,601,296	0	(25,868,205)
Central	15,035,691	34,018	683,303	0	(14,318,370)
Operation of Non-Instructional Services	42,585,167	7,798	32,764,919	0	(9,812,450)
Extracurricular Activities	6,783,614	821,166	70,647	0	(5,891,801)
Interest and Fiscal Charges	9,219,611	0	0	0	(9,219,611)
Totals	\$ 883,782,012	\$ 2,180,872	\$ 219,823,165	\$ 2,395,614	(659,382,361)
General Revenues					
Property Taxes Levied For:					
					185,684,541
					33,647,336
					2,347,262
					18,682,784
					7,100,867
					410,667,785
					<u>658,130,575</u>
					Change in Net Assets (1,251,786)
					<u>Net Assets Beginning of Year 789,558,955</u>
					<u>Net Assets End of Year \$ 788,307,169</u>

See accompanying notes to the basic financial statements

Cleveland Municipal School District

*Balance Sheet
Governmental Funds
June 30, 2008*

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 78,099,654	\$ 136,664	\$ 48,678,471	\$ 46,767,933	\$ 173,682,722
Cash and Cash Equivalents with Fiscal Agents	0	0	2,885,732	4,144	2,889,876
Investments	3,281,433	19,177,903	101,859,289	39,860,227	164,178,852
Investments with Fiscal Agents	0	0	0	9,224,596	9,224,596
Receivables:					
Taxes	246,821,089	47,144,057	0	3,264,139	297,229,285
Accounts	170,470	0	0	608,644	779,114
Intergovernmental	2,478,683	0	137,137,490	4,718,288	144,334,461
Accrued Interest	2,284,680	0	1,543,694	718,702	4,547,076
Interfund	5,501,000	0	0	0	5,501,000
Materials and Supplies Inventory	1,126,828	0	0	517,125	1,643,953
Total Assets	\$ 339,763,837	\$ 66,458,624	\$ 292,104,676	\$ 105,683,798	\$ 804,010,935
Liabilities					
Accounts Payable	\$ 4,263,261	\$ 0	\$ 8,269,621	\$ 2,324,839	\$ 14,857,721
Accrued Wages and Benefits	32,169,896	0	0	11,796,466	43,966,362
Retainage Payable	0	0	2,885,731	4,144	2,889,875
Interfund Payable	0	0	0	5,501,000	5,501,000
Intergovernmental Payable	19,714,935	0	0	6,378,359	26,093,294
Deferred Revenue	226,760,280	41,791,814	137,137,490	10,979,808	416,669,392
Notes Payable	0	0	9,618,127	10,381,873	20,000,000
Total Liabilities	282,908,372	41,791,814	157,910,969	47,366,489	529,977,644
Fund Balance:					
Reserved for Encumbrances	3,158,174	0	73,937,447	14,586,420	91,682,041
Reserved for Inventory	1,126,828	0	0	517,125	1,643,953
Reserved for Property Taxes	19,559,632	5,299,714	0	338,465	25,197,811
Unreserved, Undesignated:					
General Fund	33,010,831	0	0	0	33,010,831
Special Revenue Funds	0	0	0	5,703,271	5,703,271
Debt Service Funds	0	19,367,096	0	0	19,367,096
Capital Projects Funds	0	0	60,256,260	37,172,028	97,428,288
Total Fund Balances	56,855,465	24,666,810	134,193,707	58,317,309	274,033,291
Total Liabilities and Fund Balances	\$ 339,763,837	\$ 66,458,624	\$ 292,104,676	\$ 105,683,798	\$ 804,010,935

See accompanying notes to the basic financial statements

Cleveland Municipal School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008*

Total Governmental Funds Balances		\$ 274,033,291
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		522,032,424
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	113,100,332	
Grants	145,195,930	
Total	258,296,262	258,296,262
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.		1,892,246
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(1,321,558)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds and Notes	(168,657,780)	
QZAB Bonds	(21,250,000)	
Capital Lease Obligations	(2,862,062)	
Compensated Absences	(49,332,904)	
Worker's Compensation Claims	(16,435,755)	
Unamortized Premium on Bond	(8,086,995)	
Total	(266,625,496)	(266,625,496)
 <i>Net Assets of Governmental Activities</i>		 \$ 788,307,169

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, 2008*

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:					
<i>Local Sources:</i>					
Taxes	\$ 181,071,438	\$ 32,926,326	\$ 0	\$ 2,293,320	\$ 216,291,084
Investment Income	8,004,425	0	7,934,437	2,743,922	18,682,784
Tuition and Fees	1,366,998	0	0	6,460	1,373,458
Extracurricular Activities	0	0	0	807,414	807,414
Contributions and Donations	2,375,489	0	0	7,157,989	9,533,478
Miscellaneous	4,633,313	43,600	0	2,423,954	7,100,867
<i>State Sources:</i>					
Unrestricted Grants-in-Aid	399,139,185	4,662,191	0	2,295,765	406,097,141
Restricted Grants-in-Aid	3,111,752	0	55,226,643	77,377,378	135,715,773
<i>Federal Sources:</i>					
Unrestricted Grants-in-Aid	4,570,644	0	0	0	4,570,644
Restricted Grants-in-Aid	0	0	0	127,244,206	127,244,206
Total Revenues	604,273,244	37,632,117	63,161,080	222,350,408	927,416,849
Expenditures:					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	283,244,767	0	0	34,787,531	318,032,298
Special	103,428,471	0	0	66,576,576	170,005,047
Vocational	11,905,293	0	0	2,186,577	14,091,870
Adult/Continuing	385,595	0	0	2,465,756	2,851,351
Other	286,068	0	0	19,573,315	19,859,383
<i>Support Services:</i>					
Pupils	25,304,996	0	0	9,246,770	34,551,766
Instructional Staff	20,996,390	0	0	28,173,315	49,169,705
Board of Education	246,428	0	0	9,584	256,012
Administration	42,389,209	0	0	4,066,260	46,455,469
Fiscal	10,027,082	0	0	1,377,806	11,404,888
Business	1,877,131	0	0	0	1,877,131
Operation and Maintenance of Plant	45,480,521	0	0	14,827,274	60,307,795
Pupil Transportation	25,281,330	0	0	1,142,534	26,423,864
Central	14,752,737	0	0	386,189	15,138,926
Operation of Non-Instructional Services	3,356,411	0	0	39,274,815	42,631,226
Extracurricular Activities	5,933,847	0	0	864,335	6,798,182
Capital Outlay	85,939	0	65,542,242	7,704,993	73,333,174
<i>Debt Service:</i>					
Principal Retirement	1,790,132	22,875,000	0	0	24,665,132
Interest and Fiscal Charges	676,208	8,957,507	0	0	9,633,715
Total Expenditures	597,448,555	31,832,507	65,542,242	232,663,630	927,486,934
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,824,689	5,799,610	(2,381,162)	(10,313,222)	(70,085)
Other Financing Sources (Uses):					
Transfers In	0	0	0	29,532,247	29,532,247
Transfers Out	(6,455,394)	0	(23,076,853)	0	(29,532,247)
Total Other Financing Sources (Uses)	(6,455,394)	0	(23,076,853)	29,532,247	0
Net Change in Fund Balances	369,295	5,799,610	(25,458,015)	19,219,025	(70,085)
Fund Balances Beginning of Year	56,486,170	18,867,200	159,651,722	39,098,284	274,103,376
Fund Balances at End of Year	\$ 56,855,465	\$ 24,666,810	\$ 134,193,707	\$ 58,317,309	\$ 274,033,291

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, 2008*

Net Change in Fund Balances - Total Governmental Funds \$ (70,085)

*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	74,058,479	
Current Year Depreciation	(12,783,741)	
Total	61,274,738	61,274,738

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. (920,931)

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	5,388,055	
Ohio School Facilities Grant	(52,831,029)	
Other Grants	2,556,351	
Total	(44,886,623)	(44,886,623)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 24,665,132

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	10,766	
Amortization of Bond Premiums	403,338	
Total	414,104	414,104

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	(896,058)	
Accrued Wages and Benefits - Pension Obligation	5,864,135	
Amendment to Ohio School Facilities Grant	(49,269,079)	
Worker's Compensation Claims	1,949,219	
Total	(42,351,783)	(42,351,783)

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. 623,662

Change in Net Assets of Governmental Activities **\$ (1,251,786)**

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, 2008

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Local Sources:</i>				
Taxes	\$ 159,150,763	\$ 176,872,101	\$ 176,634,326	\$ (237,775)
Investment Income	7,256,449	8,053,609	8,053,609	0
Tuition and Fees	1,437,021	1,594,885	1,594,885	0
Contributions and Donations	2,140,359	2,375,489	2,375,489	0
Miscellaneous	4,023,987	4,434,755	4,434,755	0
<i>State Sources:</i>				
Unrestricted Grants-in-Aid	359,415,375	398,899,077	398,899,077	0
Restricted Grants-in-Aid	6,407,819	3,111,752	3,111,752	0
<i>Federal Sources:</i>				
Unrestricted Grants-in-Aid	4,122,214	4,575,061	4,575,061	0
Total Revenues	543,953,987	599,916,729	599,678,954	(237,775)
Expenditures:				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	289,988,544	290,205,230	287,492,013	2,713,217
Special	105,709,996	103,711,518	103,711,518	0
Vocational	11,623,345	11,843,422	11,843,422	0
Adult/Continuing	378,936	386,111	386,111	0
Other	679,806	692,677	692,677	0
<i>Support Services:</i>				
Pupils	24,575,392	25,040,704	25,040,704	0
Instructional Staff	20,475,121	20,862,798	20,862,798	0
Board of Education	240,998	245,561	245,561	0
Administration	41,109,996	41,888,376	41,888,376	0
Fiscal	11,677,039	11,898,133	11,898,133	0
Business	2,439,060	2,485,241	2,485,241	0
Operation and Maintenance of Plant	45,860,638	46,728,967	46,728,967	0
Pupil Transportatior	26,010,289	26,502,770	26,502,770	0
Central	16,788,410	17,106,283	17,106,283	0
Operation of Non-Instructional Service	3,447,407	3,512,680	3,512,680	0
Extracurricular Activities	6,172,112	6,288,975	6,288,975	0
Capital Outlay	84,342	85,939	85,939	0
<i>Debt Service:</i>				
Principal Retirement	1,756,867	1,790,132	1,790,132	0
Interest and Fiscal Charges	663,643	676,208	676,208	0
Total Expenditures	609,681,941	611,951,725	609,238,508	2,713,217
Deficiency of Revenues Under Expenditures	(65,727,954)	(12,034,996)	(9,559,554)	2,475,442
Other Financing Sources (Uses):				
Advances In	0	2,520,000	2,520,000	0
Advances Out	0	(5,501,000)	(5,501,000)	0
Transfers Out	(3,944,394)	(6,455,394)	(6,455,394)	0
Total Other Financing Sources (Uses)	(3,944,394)	(9,436,394)	(9,436,394)	0
Net Change in Fund Balances	(69,672,348)	(21,471,390)	(18,995,948)	2,475,442
Fund Balances Beginning of Year	80,418,494	80,418,494	80,418,494	0
<i>Prior Year Encumbrances Appropriated</i>	9,824,022	9,824,022	9,824,022	0
Fund Balances at End of Year	\$ 20,570,168	\$ 68,771,126	\$ 71,246,568	\$ 2,475,442

See accompanying notes to the basic financial statements

Cleveland Municipal School District

Statement of Fund Net Assets

Proprietary Fund

June 30, 2008

	Governmental Activities - Internal Service Fund
<i>Assets:</i>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,765,068
<i>Liabilities:</i>	
<i>Current Liabilities:</i>	
Claims Payable	<u>872,822</u>
<i>Net Assets:</i>	
Unrestricted	<u><u>\$ 1,892,246</u></u>

See accompanying notes to the basic financial statements

Cleveland Municipal School District
*Statement of Revenues,
 Expenses and Changes in Fund Net Assets
 Proprietary Fund
 For the Fiscal Year Ended June 30, 2008*

	<u>Governmental Activities - Internal Service Fund</u>
<i>Operating Revenues:</i>	
Charges for Services	\$ 1,576,538
<i>Operating Expenses:</i>	
Claims and Claim Adjustment Expenses	<u>952,876</u>
<i>Change in Net Assets</i>	623,662
<i>Net Assets Beginning of Year</i>	<u>1,268,584</u>
<i>Net Assets End of Year</i>	<u>\$ 1,892,246</u>

See accompanying notes to the basic financial statements

Cleveland Municipal School District

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
<i>Increase In Cash and Cash Equivalents:</i>	
<i>Cash Flows from Operating Activities:</i>	
Cash Payments for Claims and Claim Adjustment Expenses	\$ (348,734)
Cash and Cash Equivalents at Beginning of Year	<u>3,113,802</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 2,765,068</u>
<i>Reconciliation of Income to Net Cash Used in Operating Activities</i>	
<i>Operating Income</i>	<u>\$ 623,662</u>
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</i>	
Decrease in Claims Payable	<u>(972,396)</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ (348,734)</u>
See accompanying notes to the basic financial statements	

Cleveland Municipal School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

Assets

Equity in Pooled Cash and Cash Equivalents	\$ 4,441,067
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Liabilities

Due to Students	\$ 741,564
Payroll Withholdings	<u>3,699,503</u>

Total Liabilities

	<u>\$ 4,441,067</u>
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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, 2008

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. Fiscal Emergency/Watch

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

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

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

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

On March 20, 2008, the Auditor of State released the School District from "fiscal watch". The related certification excerpt read as follows:

Pursuant to a request submitted to the Auditor of State by the Ohio Department of Education to remove the School District from Fiscal Watch, the Auditor of State has determined that Cleveland Municipal School District has met the Guidelines for Release from Fiscal Watch as published by the Auditor of State and the Ohio Department of Education. The Cleveland Municipal School District's status of Fiscal Watch is hereby terminated as of March 20, 2008.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

C. 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 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 assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

B. Fund Accounting

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

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

General Fund The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the School District for any purpose to provide 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.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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 asset, 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.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. 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 assets. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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

Like the government-wide statements, the internal service funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets 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.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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 revenue, 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 7). 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 Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. The remaining state share of the classroom facility projects for segments 1- 4 have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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.

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 2008, investments were limited to STAR Ohio, repurchase agreements, certificates of deposit, treasury notes and bills, federal agency securities, commercial paper, Victory Federal Money Market Fund.

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

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2008. 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, 2008.

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 2008 amounted to \$8,004,425 which includes \$3,746,485 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. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008 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.

H. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption, donated food, purchased food, and school supplies held for resale. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

I. 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 assets 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, 2008

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

Description	Governmental Activities Estimated Lives
Land Improvements	25 years
Buildings and Improvements	25 - 50 years
Vehicles and Equipment	7 - 15 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.

J. Interfund Balances

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

K. 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.

L. 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, 2008

M. 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, 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.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The government-wide statement of net assets reports \$381,775,769 of restricted net assets, none of which is restricted by enabling legislation.

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

O. Fund Balance Reserves and Designations

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

P. Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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 nonoperating.

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 fiscal year 2008.

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 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB cost over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding plan. The implementation of this statement did not result in any change to the District’s financial statements. An OPEB liability at transition was determined in accordance with this Statement for both SERS and STRS post-employment healthcare plans in the amount of \$1,300,085 and \$3,703,515 respectively, which were the same as previously reported.

GASB Statement No. 49 accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. Statement No. 49 will not be effective for the School District until fiscal year 2009 and, as such, the School District has not determined the impact, if any that this statement will have on its financial statements.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

Note 4 – Fund Deficits

The following funds had deficit fund balances as of June 30, 2008:

Special Revenue Funds

Other Local	\$	521,884
Poverty Aid		5,669,951
Miscellaneous State		377,583
Food Service		503,569
Adult Basic Education		150,121
Title VI-B Special Education		1,479,897
Vocational Education		21,964
Title I		3,047,162
Improving Teacher Quality Title II-A		1,407,349
Miscellaneous Federal Grants		2,323,937
Other Federal		378,641

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 operating transfers when cash is required, rather than when accruals occur.

Note 5 - 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).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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	\$ 369,295
Net Adjustment for Revenue Accruals	(5,080,993)
Advances In	2,520,000
Beginning Fair Value Adjustment for Investments	732,320
Ending Fair Value Adjustment for Investments	(245,617)
Net Adjustment for Expenditure Accruals	(1,386,537)
Advances Out	(5,501,000)
Adjustment for Encumbrances	<u>(10,403,416)</u>
Budget Basis	<u>\$ (18,995,948)</u>

Note 6 - Deposits and Investments

The School District has chosen to follow State statutes 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 moneys 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:

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;

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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 (STAROhio);
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 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.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

At fiscal year end, the School District's bank balance was \$77,153,896. Of the bank balance, \$2,997,000 was covered by federal depository insurance and \$74,156,896 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, 2008, the School District had the following investments:

	Maturity		Total
	Less Than One Year	More Than One Year But Less Than Five Years	
Commercial Paper	\$ 47,258,726	\$ 0	\$ 47,258,726
U.S. Agency Obligations	0	234,898,565	234,898,565
U.S. Discount Agency Obligations	501,405	0	501,405
Money Market Mutual Funds	8,947,105	0	8,947,105
STAROhio	1,104,474	0	1,104,474
Total Portfolio	\$ 57,811,710	\$ 234,898,565	\$ 292,710,275

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, 2008 in FHLMC, FNMA, FFCB and FHLB agency securities were rated AAA and the discount agency securities were rated A-1+ by Standard & Poor's. Its investments in commercial paper were rated A-1+ by Standard & Poor's and P-1 by Moody's. Its investments in the Victory Federal Money Market Fund, and STAR Ohio were rated AAAM by

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Standard & Poor's. The School District's investment policy minimizes 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, 2008:

Investment	Investments
FHLMC	28.51%
FNMA	19.05%
FFCA	1.27%
FHLB	31.59%
Commerical Paper	16.14%
Victory Federal Money Market	3.06%
STAROhio	0.38%

Note 7 - 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, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, 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 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

paid by April 30 are usually received by the School District prior to June 30. This year, the June 2008 tangible personal property tax settlement was not received until July 2008.

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, 2008, are available to finance fiscal year 2008 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, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 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 and the late June personal property tax settlement were levied to finance current fiscal year operations and are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2008 was \$25,197,811. \$19,559,632 in the general fund, \$5,299,714 in the debt service fund and \$338,465 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2007, was \$22,007,949. \$17,083,523 in the general fund, \$4,628,808 in the debt service fund and \$295,618 in the classroom facilities maintenance special revenue fund.

The late tax settlement made by the County for fiscal year 2008 was \$501,177 in the general fund, \$52,529 in the debt service fund and \$4,306 in the classroom facilities maintenance special revenue fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 5,629,680	86.55%	\$ 5,526,506	89.66%
Public Utility Property	318,454	4.89	212,297	3.44
Tangible Personal Property	556,633	8.56	424,871	6.90
Total	<u>\$ 6,504,767</u>	<u>100.00%</u>	<u>\$ 6,163,674</u>	<u>100.00%</u>
Full voted tax rate per \$1,000 of assessed valuation		\$64.80		\$64.80

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 8 - Receivables

Receivables at June 30, 2008, consisted of taxes, accounts (rent and student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year except delinquent property taxes and Ohio Schools Facilities Grant.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Ohio School Facilities Grant	\$ 137,137,490
Miscellaneous Federal Grants and Subsidies	2,657,796
City of Cleveland	2,103,404
Title I Grant and Subsidies	688,874
Other Federal Grants and Subsidies	532,286
Miscellaneous State Grants and Subsidies	345,728
Other State Grants and Subsidies	316,171
State: Unrestricted Grants-In-Aid	240,108
Miscellaneous	130,859
Vocational Education State Grant and Subsidies	125,267
Food Service	50,318
Federal: Unrestricted Grants-In-Aid	4,312
Cleveland State University	1,000
Title VI-B Special Education Grant and Subsidies	848
Total Intergovernmental Receivables	<u>\$ 144,334,461</u>

Note 9 – 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 condition 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, 2008.

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, 2008

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance 6/30/07	Additions	Deletions	Balance 6/30/08
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 32,252,489	\$ 1,850,750	\$ 0	\$ 34,103,239
Construction in Progress	208,970,051	71,585,332	(98,064,167)	182,491,216
<i>Total Capital Assets, not being Depreciated</i>	<u>241,222,540</u>	<u>73,436,082</u>	<u>(98,064,167)</u>	<u>216,594,455</u>
<i>Capital Assets, being Depreciated</i>				
Land Improvements	1,767,777	0	0	1,767,777
Buildings and Improvemets	459,816,843	98,064,167	(17,440,347)	540,440,663
Vehicles and Equipment	26,351,342	622,397	(831,060)	26,142,679
<i>Total Capital Assets, being Depreciated</i>	<u>487,935,962</u>	<u>98,686,564</u>	<u>(18,271,407)</u>	<u>568,351,119</u>
Less: Accumulated Depreciation:				
Land Improvements	(1,189,779)	(63,364)	0	(1,253,143)
Buildings and Improvements	(250,356,287)	(10,649,181)	16,523,532	(244,481,936)
Vehicles and Equipment	(15,933,819)	(2,071,196)	826,944	(17,178,071)
<i>Total Accumulated Depreciation</i>	<u>(267,479,885)</u>	<u>(12,783,741) *</u>	<u>17,350,476</u>	<u>(262,913,150)</u>
<i>Total Capital Assets, being Depreciated, Net</i>	<u>220,456,077</u>	<u>85,902,823</u>	<u>(920,931)</u>	<u>305,437,969</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 461,678,617</u>	<u>\$ 159,338,905</u>	<u>\$ (98,985,098)</u>	<u>\$ 522,032,424</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 9,868,328
Special	69,678
Support Services:	
Administration	1,702,069
Pupil Transportation	1,068,945
Operation of Non-Instructional Services	74,721
Total Depreciation Expense	<u>\$ 12,783,741</u>

Construction in progress is composed of the following at June 30, 2008:

	Project Authorization	Expended to June 30, 2008	Committed
Regular Instruction	\$ 325,923,269	\$ 178,709,088	\$ 147,214,181
Support Services - Administration	3,782,128	3,782,128	0
Total	<u>\$ 329,705,397</u>	<u>\$ 182,491,216</u>	<u>\$ 147,214,181</u>

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 11 - Risk Management

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

Coverage During Fiscal Year	Liability Limits	Deductible
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	3,000,000	5,000
Public Officials Bond (Treasurer Bond)	1,000,000	N/A
Employment Practices Liability	1,000,000	250,000
Builders's Risk	Varies by project	25,000
Student Athletic	25,000	N/A

Coverage During Fiscal Year	Liability Limits	Self- Insured Retention
General Liability	\$ 1,000,000	\$ 250,000
Automobile Liability	1,000,000	250,000
School Leaders Errors and Omissions	1,000,000	250,000
Employment Practices Liability	1,000,000	250,000
Sexual Harrassment	1,000,000	250,000
Sexual Misconduct/Abuse	1,000,000	250,000
Law Enforcement Liability	1,000,000	250,000
Employee Benefits Liability	1,000,000	250,000
Nurses' Professional Liability	1,000,000	25,000
Lawyers' Professional Liability	1,000,000	250,000
Ohio Stop Gap Liability	1,000,000	250,000
Excess General Liability and Automobile Liability (Combined)	5,000,000	250,000

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

Because of the prohibitive cost of commercial insurance, the School District in 1987, established a self-insurance fund (an internal service fund) to account for and finance its uninsured risks of loss (insurance deductibles and/or self-insured retentions) and associated expenses attributing to liability and property damage claim settlements and judgments. Estimates of claims liabilities, based on historical cost information, for incurred claims (including incurred but not reported claims) as calculated by the School District's Risk Management Division for all outstanding unsettled claims total \$872,822 as of June 30, 2008, and are recorded in the self insurance internal service fund.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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, 1999, through June 30, 2008, including the estimate for incurred but not reported (IBNR) claims totals \$16,435,755.

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

The claims liability of \$17,308,577 at June 30, 2008, is based on the requirements of GASB No. 10 which requires a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not materially affected by incremental claim adjustment expenses. Changes in the fund's claim liability amount for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2007	\$ 18,346,232	\$ 6,750,535	\$ 4,866,575	\$ 20,230,192
2008	20,230,192	1,706,922	4,628,537	17,308,577

Note 12 – Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

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. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$8,899,797, \$8,960,351, and \$9,188,425, respectively; 46.60 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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.

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, 2008, 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 2007, 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, 2008, 2007, and 2006 were \$42,851,450, \$41,330,536, and \$43,365,595, respectively; 84.83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$471,519 made by the School District and \$950,568 made by the plan members.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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, 2008, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

Note 13 - 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 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 is available by contracting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

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 2008, 4.18 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 2008 this amount was \$1,901,644.

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, 2008, 2007, and 2006 were \$4,061,261, \$4,456,084 and \$4,633,723 respectively; 46.60 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007 and 2006 were \$641,252, \$609,304, and \$731,324 respectively; 46.60 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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 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 2008, 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, 2008, 2007, and 2006 were \$3,296,265, \$3,179,272 and \$3,335,815 respectively; 84.83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Note 14 – 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 Medical Life Insurance in the amount of \$10,000 for each employee (\$50,000 for certain classes of employees). The School District also provides medical/surgical and dental benefits primarily through Medical Mutual of Ohio, Aetna and Kaiser Permanente to all eligible employees.

Note 15 - Set-Asides

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

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of June 30, 2007	\$ (2,082,366)	\$ (23,230,314)
Current Year Set-Aside Requirement	8,761,853	8,761,853
Current Year Offsets:		
Tax Levy for Classroom Facilities and Maintenance	0	(2,252,011)
Proceeds of Notes for Capital Improvement	0	(5,000,000)
Qualifying Disbursements	<u>(10,023,118)</u>	<u>0</u>
Totals	<u>\$ (3,343,631)</u>	<u>\$ (21,720,472)</u>
Set-Aside Balances Carried Forward to Future Fiscal Years	<u>\$ (3,343,631)</u>	<u>\$ (21,720,472)</u>
Set-Aside Reserve Balance as of June 30, 2008	<u>\$ 0</u>	<u>\$ 0</u>

Although the School District had qualifying disbursements during the year that reduced the set-aside amounts to below zero for the textbooks, the extra amount for textbooks may be used to reduce future set-aside requirements. Qualifying offsets for capital improvements may be carried forward to offset future years' capital improvements and maintenance reserve set-aside requirements.

Note 16 – Notes Payable

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

	<u>Balance 06/30/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/08</u>
2007 4.00%				
School Improvement Notes	\$ 15,000,000	\$ 0	\$ 15,000,000	\$ 0
2007 4.00%				
School Improvement Notes	0	20,000,000	0	20,000,000
Total	<u>\$ 15,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 20,000,000</u>

On December 6, 2007, the District issued \$20,000,000 of School Improvement Bond Anticipation Notes bearing interest at the rate of 4.00% per annum. While \$5,000,000 represents new money, the other \$15,000,000 was used to retire a portion of the March 6, 2007, \$30,000,000 School Improvement Bond Anticipation Notes. The School District retired the \$20,000,000 School Improvement Bond Anticipation Note on July 31, 2008.

On March 6, 2007, the School District issued \$30,000,000 of School Improvement Bond Anticipation Notes bearing interest at the rate of 4.00% per annum. On December 6, 2007 \$15,000,000 was retired and \$15,000,000 was rolled into a new note.

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

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 17 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2008, were as follows:

	Balance Outstanding 06/30/07	Additions	Deletions	Balance Outstanding 06/30/08	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds and Notes:					
EPA Asbestos Abatement Notes	\$ 35,870	\$ 0	\$ 14,356	\$ 21,514	\$ 14,356
2001 H.B. 264 Energy Conservation Notes	8,454,834	0	708,568	7,746,266	745,892
2002 Library Refunding Bonds	17,120,000	0	3,300,000	13,820,000	3,465,000
2002 School Facilities Improvement Bonds	53,510,000	0	1,700,000	51,810,000	1,535,000
Unamortized Premium	5,730,756	0	280,690	5,450,066	0
2004 School Facilities Improvement Bonds	98,135,000	0	2,875,000	95,260,000	2,975,000
Unamortized Premium	2,759,577	0	122,648	2,636,929	0
2007 School Facilities Improvement Notes	15,000,000	0	15,000,000	0	0
Total General Obligation Bonds and Notes	200,746,037	0	24,001,262	176,744,775	8,735,248
QZAB Bonds:					
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
Total QZAB Bonds	21,250,000	0	0	21,250,000	0
Other Long-Term Obligations:					
Compensated Absences	48,436,846	49,332,904	48,436,846	49,332,904	8,068,474
Workers' Compensation Claims	18,384,974	2,330,584	4,279,803	16,435,755	3,471,059
Capital Lease Obligation	3,929,270	0	1,067,208	2,862,062	1,110,671
Total Other Long-Term Obligations	70,751,090	51,663,488	53,783,857	68,630,721	12,650,204
Total Governmental Activities	\$ 292,747,127	\$ 51,663,488	\$ 77,785,119	\$ 266,625,496	\$ 21,385,452

On March 6, 2007, the School District issued \$30,000,000 of School Improvement Bond Anticipation Notes bearing interest at the rate of 4.00% per annum. On December 6, 2007 \$15,000,000 was retired and \$15,000,000 was rolled into a new note.

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 of \$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

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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 (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. As of June 30, 2008, the remaining \$5,154,259 of the School Improvement Bonds is considered defeased by assets of \$5,236,245, which approximates their fair value, held in irrevocable trust.

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.

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

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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 \$419,015,651 with an unvoted debt margin of \$6,163,674 at June 30, 2008.

The School District is subject to federal arbitrage regulations. As of June 30, 2008 the District has not accrued any liability.

Principal and interest requirements to retire general obligation debt, QZAB bonds, EPA notes, School Facilities Improvement Notes and H.B. 264 Energy Conservation Notes, outstanding at June 30, 2008, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$ 8,735,248	\$ 8,192,522	\$ 16,927,770
2010	9,037,341	7,781,775	16,819,116
2011	9,596,543	7,342,527	16,939,070
2012	8,940,082	6,922,745	15,862,827
2013	6,305,914	6,573,130	12,879,044
2014-2018	56,117,652	27,386,588	83,504,240
2019-2023	40,065,000	17,782,835	57,847,835
2024-2028	51,110,000	6,482,803	57,592,803
	\$ 189,907,780	\$ 88,464,925	\$ 278,372,705

In fiscal year 2002, the School District entered into an agreement to lease 102 buses. The cost was \$5,062,000 while the carrying value (cost less depreciation) is \$3,120,315. This agreement is, in substance, a lease purchase (capital lease) and is classified as a long-term lease obligation in the financial statements.

In fiscal year 2001, the School District entered into an agreement to lease 100 buses. The cost was \$5,369,629 while the carrying value (cost less depreciation) is \$2,893,633. This agreement is, in substance, a lease purchase (capital lease) and is classified as a long-term lease obligation in the financial statements.

In fiscal year 2003, the School District refinanced and consolidated the above two lease agreements to obtain more favorable financing terms. These leases will be repaid from the General Fund.

The following is a schedule of future lease payments and the present value of net minimum lease payments at June 30, 2008:

	Amount
2009	\$ 1,214,983
2010	1,214,983
2011	607,492
Total minimum lease payments	3,037,458
Less:	
Amount representing interest	175,396
Present value of net minimum lease payments	\$ 2,862,062

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 18– Interfund Transfers and Balances

A. Transfers

Transfers made during the year ended June 30, 2008 were as follows:

Transfers To	Transfers Out		Totals
	General	Classroom Facilities	
Non-Major Governmental Funds:			
Food Service	\$ 5,511,000	\$ 0	\$ 5,511,000
Educational Special Trust	944,394	0	944,394
Permanent Improvement	0	23,076,853	23,076,853
Totals	\$ 6,455,394	\$ 23,076,853	\$ 29,532,247

The purpose of the transfer from the general fund to the food service special revenue fund was to move unrestricted balances to support food service programs.

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.

In fiscal year 2008 amendments were made to segment 1 and segment 2 of the Master Facilities Plan. The local share necessary to fund those segments was reduced by \$23,076,853. These funds were then transferred to the permanent improvement capital projects fund. This transfer is in compliance with the Ohio Revised Code.

B. Interfund Balances

Interfund balances at June 30, 2008, consist of the following individual fund receivables and payables:

Interfund Payable	Interfund Receivable
	General
Non-Major Governmental Funds:	
Other Local	\$ 934,000
Other State	210,000
Vocational Education	850,000
Miscellaneous Federal Grants	2,238,000
Other Federal	1,269,000
Totals	\$ 5,501,000

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

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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 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 David Contrell, the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Suite #10, Independence, Ohio 44131.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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. 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 – State School Funding Decision

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

On September 6, 2001, the Ohio Supreme Court issued a decision that identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

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

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

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement.

Cleveland Municipal School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional but vacated its September 6, 2001 funding provision requirements.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General assembly to enact a school-funding scheme that is thorough and efficient...". The case was appealed to the U.S. Supreme Court, which, in October 2003, declined to hear the petition.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

Note 22 – Construction and Other Significant Commitments

Projects	Contract Amount	Amount Paid	Remaining on Contract
Segment 1	\$ 248,367,052	\$ 216,609,142	\$ 31,757,910
Segment 2	103,660,034	96,971,377	6,688,657
Segment 3	148,278,663	46,851,279	101,427,384
Segment 4	145,363,617	8,485,534	136,878,083
Local Funding Initiatives	36,955,754	33,122,950	3,832,804
Total	\$ 682,625,120	\$ 402,040,282	\$ 280,584,838

Segment 1 consisted of the warm, safe, dry and security updates to all buildings in addition to the construction of 5 buildings and renovation of 5 buildings. Segment 2, 3 and 4 consisted of the construction of 34 buildings and renovation of 4 buildings. Local Funding Initiatives consisted of various projects throughout the School District.

Note 23 – Subsequent Event

On December 30, 2008, the School District will issue \$15,000,000 of School Improvement Bond Anticipation Notes bearing interest at the rate of 2.50% per annum. The notes have a maturity date of September 30, 2009.

On December 17, 2008, the Auditor of State initiated a special audit of certain district expenditures. The special audit is on-going and the results of the special audit and their impact on the financial statements is unknown.

Combining Statements and Individual Fund Schedules Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

Local Funds:

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

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

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.

Poverty Aid Fund – This fund accounts for monies appropriated for poverty based assistance as part of the state foundation system. Programs included are academic intervention, all-day kindergarten, class-size reduction, Limited English Proficient students, professional development, dropout prevention and community outreach.

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 Post-Secondary Vocational Education, Teacher Development, Management Information Systems, Public School Preschool, Data Communications for School Buildings, School Net Professional Development, Interactive Video Distance Learning, Ohio Reads, Vocational Education Enhancement and Alternative Schools.

Federal Funds:

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

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

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

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

Title I Fund – 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 Job Training Partnership Act (JTPA), Bilingual Education Program, Scientific Personnel Improvement, Transition for Refugee Children, Title V, Drug Free School Grant and IDEA Preschool Grant for the Handicapped.

Nonmajor Capital Projects Funds

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.

Cleveland Municipal School District

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 33,244,163	\$ 13,523,770	\$ 46,767,933
Cash and Cash Equivalents With Fiscal Agents	0	4,144	4,144
Investments	0	39,860,227	39,860,227
Investments with Fiscal Agents	9,224,596	0	9,224,596
Receivables:			
Taxes	3,264,139	0	3,264,139
Accounts	608,644	0	608,644
Intergovernmental	4,718,288	0	4,718,288
Accrued Interest	165,090	553,612	718,702
Materials and Supplies Inventory	517,125	0	517,125
Total Assets	\$ 51,742,045	\$ 53,941,753	\$ 105,683,798
Liabilities			
Accounts Payable	\$ 1,405,384	\$ 919,455	\$ 2,324,839
Accrued Wages and Benefits	11,767,839	28,627	11,796,466
Retainage Payable	0	4,144	4,144
Interfund Payable	5,501,000	0	5,501,000
Intergovernmental Payable	6,362,355	16,004	6,378,359
Deferred Revenue	10,979,808	0	10,979,808
Notes Payable	0	10,381,873	10,381,873
Total Liabilities	36,016,386	11,350,103	47,366,489
Fund Balance:			
Reserved for Encumbrances	9,166,798	5,419,622	14,586,420
Reserved for Inventory	517,125	0	517,125
Reserved for Property Taxes	338,465	0	338,465
Unreserved, (Deficit), Reported in:			
Special Revenue Funds	5,703,271	0	5,703,271
Capital Projects Funds	0	37,172,028	37,172,028
Total Fund Balances	15,725,659	42,591,650	58,317,309
Total Liabilities and Fund Balances	\$ 51,742,045	\$ 53,941,753	\$ 105,683,798

Cleveland Municipal School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
<i>Local Sources:</i>			
Taxes	\$ 2,293,320	\$ 0	\$ 2,293,320
Investment Income	1,236,829	1,507,093	2,743,922
Tuition and Fees	6,460	0	6,460
Extracurricular Activities	807,414	0	807,414
Contributions and Donations	7,157,989	0	7,157,989
Miscellaneous	2,385,854	38,100	2,423,954
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	2,295,765	0	2,295,765
Restricted Grants-in-Aid	77,377,378	0	77,377,378
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	127,244,206	0	127,244,206
Total Revenues	220,805,215	1,545,193	222,350,408
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	34,787,531	0	34,787,531
Special	66,576,576	0	66,576,576
Vocational	2,014,184	172,393	2,186,577
Adult/Continuing	2,465,756	0	2,465,756
Other	19,573,315	0	19,573,315
<i>Support Services:</i>			
Pupils	9,246,770	0	9,246,770
Instructional Staff	28,173,315	0	28,173,315
Board of Education	9,584	0	9,584
Administration	4,066,260	0	4,066,260
Fiscal	1,377,806	0	1,377,806
Operation and Maintenance of Plant	14,426,055	401,219	14,827,274
Pupil Transportation	1,142,534	0	1,142,534
Central	386,189	0	386,189
Operation of Non-Instructional Services	39,274,815	0	39,274,815
Extracurricular Activities	864,335	0	864,335
Capital Outlay	1,141,987	6,563,006	7,704,993
Total Expenditures	225,527,012	7,136,618	232,663,630
Deficiency of Revenues Under Expenditures	(4,721,797)	(5,591,425)	(10,313,222)
Other Financing Sources:			
Transfers In	6,455,394	23,076,853	29,532,247
Net Change in Fund Balances	1,733,597	17,485,428	19,219,025
Fund Balances Beginning of Year	13,992,062	25,106,222	39,098,284
Fund Balances at End of Year	\$ 15,725,659	\$ 42,591,650	\$ 58,317,309

Cleveland Municipal School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Educational Special Trust	Classroom Facilities Maintenance	Other Local
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 3,795,422	\$ 14,930,838	\$ 533,976
Investments with Fiscal Agents	9,224,596	0	0
Receivables:			
Taxes	0	3,264,139	0
Accounts	605,062	0	0
Intergovernmental	1,000	0	0
Accrued Interest	165,090	0	0
Materials and Supplies Inventory	0	0	0
Total Assets	\$ 13,791,170	\$ 18,194,977	\$ 533,976
Liabilities			
Accounts Payable	\$ 62,689	\$ 30,535	\$ 0
Accrued Wages and Benefits	168,038	0	79,096
Interfund Payable	0	0	934,000
Intergovernmental Payable	90,851	0	42,764
Deferred Revenue	0	2,921,368	0
Total Liabilities	321,578	2,951,903	1,055,860
Fund Balance:			
Reserved for Encumbrances	577,063	773,780	67,946
Reserved for Inventory	0	0	0
Reserved for Property Taxes	0	338,465	0
Unreserved, Undesignated (Deficit) Special Revenue Funds	12,892,529	14,130,829	(589,830)
Total Fund Balances (Deficit)	13,469,592	15,243,074	(521,884)
Total Liabilities and Fund Balances	\$ 13,791,170	\$ 18,194,977	\$ 533,976

Auxiliary Services (NPSS)	Poverty Aid	Miscellaneous State Grants	Other State	Food Service	Adult Basic Education
\$ 2,537,324	\$ 308,844	\$ 403,558	\$ 1,115,521	\$ 253,846	\$ 13,005
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	3,582	0
0	0	345,728	316,171	50,318	0
0	0	0	0	0	0
0	0	0	0	517,125	0
<u>\$ 2,537,324</u>	<u>\$ 308,844</u>	<u>\$ 749,286</u>	<u>\$ 1,431,692</u>	<u>\$ 824,871</u>	<u>\$ 13,005</u>
\$ 112,887	\$ 40,088	\$ 12,198	\$ 35,528	\$ 271,617	\$ 0
210,628	3,854,666	69,658	75,429	685,957	85,142
0	0	0	210,000	0	0
113,877	2,084,041	37,662	40,781	370,866	46,033
0	0	1,007,351	274,835	0	31,951
<u>437,392</u>	<u>5,978,795</u>	<u>1,126,869</u>	<u>636,573</u>	<u>1,328,440</u>	<u>163,126</u>
1,465,175	254,335	235,914	80,892	4,015	3,840
0	0	0	0	517,125	0
0	0	0	0	0	0
<u>634,757</u>	<u>(5,924,286)</u>	<u>(613,497)</u>	<u>714,227</u>	<u>(1,024,709)</u>	<u>(153,961)</u>
<u>2,099,932</u>	<u>(5,669,951)</u>	<u>(377,583)</u>	<u>795,119</u>	<u>(503,569)</u>	<u>(150,121)</u>
<u>\$ 2,537,324</u>	<u>\$ 308,844</u>	<u>\$ 749,286</u>	<u>\$ 1,431,692</u>	<u>\$ 824,871</u>	<u>\$ 13,005</u>

(continued)

Cleveland Municipal School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2008

	Title VI-B Special Education	Vocational Education	Title I
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,412,374	\$ 845,872	\$ 5,192,458
Investments with Fiscal Agents	0	0	0
Receivables:			
Taxes	0	0	0
Accounts	0	0	0
Intergovernmental	848	125,267	688,874
Accrued Interest	0	0	0
Materials and Supplies Inventory	0	0	0
Total Assets	\$ 1,413,222	\$ 971,139	\$ 5,881,332
Liabilities			
Accounts Payable	\$ 24,721	\$ 38,752	\$ 733,424
Accrued Wages and Benefits	997,589	46,366	4,187,396
Interfund Payable	0	850,000	0
Intergovernmental Payable	539,351	25,068	2,263,934
Deferred Revenue	1,331,458	32,917	1,743,740
Total Liabilities	2,893,119	993,103	8,928,494
Fund Balance:			
Reserved for Encumbrances	35,423	806,156	3,830,614
Reserved for Inventory	0	0	0
Reserved for Property Taxes	0	0	0
Unreserved, Undesignated (Deficit) Special Revenue Funds	(1,515,320)	(828,120)	(6,877,776)
Total Fund Balances (Deficit)	(1,479,897)	(21,964)	(3,047,162)
Total Liabilities and Fund Balances	\$ 1,413,222	\$ 971,139	\$ 5,881,332

Improving Teacher Quality Title II-A	Miscellaneous Federal Grants	Other Federal	Total Nonmajor Special Revenue Funds
\$ 566,884	\$ 268,539	\$ 1,065,702	\$ 33,244,163
0	0	0	9,224,596
0	0	0	3,264,139
0	0	0	608,644
0	2,657,796	532,286	4,718,288
0	0	0	165,090
0	0	0	517,125
<u>\$ 566,884</u>	<u>\$ 2,926,335</u>	<u>\$ 1,597,988</u>	<u>\$ 51,742,045</u>
\$ 0	\$ 42,564	\$ 381	\$ 1,405,384
913,475	203,840	190,559	11,767,839
0	2,238,000	1,269,000	5,501,000
493,874	110,226	103,027	6,362,355
566,884	2,655,642	413,662	10,979,808
<u>1,974,233</u>	<u>5,250,272</u>	<u>1,976,629</u>	<u>36,016,386</u>
5,198	225,604	800,843	9,166,798
0	0	0	517,125
0	0	0	338,465
<u>(1,412,547)</u>	<u>(2,549,541)</u>	<u>(1,179,484)</u>	<u>5,703,271</u>
<u>(1,407,349)</u>	<u>(2,323,937)</u>	<u>(378,641)</u>	<u>15,725,659</u>
<u>\$ 566,884</u>	<u>\$ 2,926,335</u>	<u>\$ 1,597,988</u>	<u>\$ 51,742,045</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, 2008

	Educational Special Trust	Classroom Facilities Maintenance	Other Local
Revenues:			
<i>Local Sources:</i>			
Taxes	\$ 0	\$ 2,293,320	\$ 0
Investment Income	613,380	517,832	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	807,414
Contributions and Donations	7,157,989	0	0
Miscellaneous	582,512	0	747,282
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	0	2,295,765	0
Restricted Grants-in-Aid	0	0	0
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	0	0	0
Total Revenues	8,353,881	5,106,917	1,554,696
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	311,906	0	405,887
Special	0	0	60,243
Vocational	115,910	0	0
Adult/Continuing	10,697	0	0
Other	0	0	0
<i>Support Services:</i>			
Pupils	163,525	0	108,331
Instructional Staff	4,458,789	0	0
Board of Education	9,584	0	0
Administration	363,117	49,500	137,769
Fiscal	0	0	124,342
Operation and Maintenance of Plant	19,734	1,567,308	143,292
Pupil Transportation	29,172	0	0
Central	4,955	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	11,899	0	852,436
Capital Outlay	0	1,141,987	0
Total Expenditures	5,499,288	2,758,795	1,832,300
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,854,593	2,348,122	(277,604)
Other Financing Sources:			
Transfers In	944,394	0	0
Net Change in Fund Balances	3,798,987	2,348,122	(277,604)
Fund Balances (Deficit) Beginning of Year	9,670,605	12,894,952	(244,280)
Fund Balances (Deficit) at End of Year	\$ 13,469,592	\$ 15,243,074	\$ (521,884)

<u>Auxiliary Services (NPSS)</u>	<u>Poverty Aid</u>	<u>Miscellaneous State Grants</u>	<u>Other State</u>	<u>Food Service</u>	<u>Adult Basic Education</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
85,689	0	0	0	19,928	0
0	0	0	6,460	0	0
0	0	0	0	0	0
0	0	0	0	0	0
308,241	0	0	0	747,819	0
0	0	0	0	0	0
7,587,347	66,327,552	498,059	2,049,896	914,524	0
0	0	0	0	17,887,413	2,140,300
<u>7,981,277</u>	<u>66,327,552</u>	<u>498,059</u>	<u>2,056,356</u>	<u>19,569,684</u>	<u>2,140,300</u>
0	30,975,218	50,868	209,702	0	0
0	5,695,760	0	0	0	0
0	0	0	2,848	0	0
0	0	34,085	242,570	0	1,490,459
0	15,431,336	146,180	0	0	0
0	3,999,343	51,167	444,208	0	6,218
269,574	668,798	591,420	312,612	0	486,177
0	0	0	0	0	0
0	225,159	0	83,773	0	800
0	0	0	0	0	0
8,542	12,372,079	51,668	0	0	0
0	0	97,625	2,118	0	1,399
0	0	0	375,212	0	0
6,612,102	0	0	0	25,973,700	976
0	0	0	0	0	0
0	0	0	0	0	0
<u>6,890,218</u>	<u>69,367,693</u>	<u>1,023,013</u>	<u>1,673,043</u>	<u>25,973,700</u>	<u>1,986,029</u>
1,091,059	(3,040,141)	(524,954)	383,313	(6,404,016)	154,271
0	0	0	0	5,511,000	0
1,091,059	(3,040,141)	(524,954)	383,313	(893,016)	154,271
1,008,873	(2,629,810)	147,371	411,806	389,447	(304,392)
<u>\$ 2,099,932</u>	<u>\$ (5,669,951)</u>	<u>\$ (377,583)</u>	<u>\$ 795,119</u>	<u>\$ (503,569)</u>	<u>\$ (150,121)</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, 2008

	Title VI-B Special Education	Vocational Education	Title I
Revenues:			
<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	25,901,333	3,447,720	55,733,822
Total Revenues	25,901,333	3,447,720	55,733,822
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	0	0	1,018,995
Special	13,720,345	0	38,468,431
Vocational	0	1,333,540	0
Adult/Continuing	0	209,733	0
Other	0	0	5,746
<i>Support Services:</i>			
Pupils	3,514,770	72,625	83,625
Instructional Staff	5,177,074	670,285	8,829,124
Board of Education	0	0	0
Administration	1,135,867	73,082	1,179,074
Fiscal	283,784	0	722,579
Operation and Maintenance of Plant	0	0	213,816
Pupil Transportation	361,670	166	605,977
Central	0	0	555
Operation of Non-Instructional Services	1,106,549	45,615	5,425,084
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Total Expenditures	25,300,059	2,405,046	56,553,006
Excess (Deficiency) of Revenues Over (Under) Expenditures	601,274	1,042,674	(819,184)
Other Financing Sources:			
Transfers In	0	0	0
Net Change in Fund Balances	601,274	1,042,674	(819,184)
Fund Balances (Deficit) Beginning of Year	(2,081,171)	(1,064,638)	(2,227,978)
Fund Balances (Deficit) at End of Year	\$ (1,479,897)	\$ (21,964)	\$ (3,047,162)

Improving Teacher Quality Title II-A	Miscellaneous Federal Grants	Other Federal	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 2,293,320
0	0	0	1,236,829
0	0	0	6,460
0	0	0	807,414
0	0	0	7,157,989
0	0	0	2,385,854
0	0	0	2,295,765
0	0	0	77,377,378
9,652,682	9,193,347	3,287,589	127,244,206
<u>9,652,682</u>	<u>9,193,347</u>	<u>3,287,589</u>	<u>220,805,215</u>
0	1,719,680	95,275	34,787,531
8,091,234	0	540,563	66,576,576
0	561,886	0	2,014,184
0	334,887	143,325	2,465,756
0	3,990,053	0	19,573,315
0	373,178	429,780	9,246,770
1,850,483	3,603,135	1,255,844	28,173,315
0	0	0	9,584
64,865	109,853	643,401	4,066,260
137,541	86,025	23,535	1,377,806
0	49,616	0	14,426,055
0	17,229	27,178	1,142,534
0	5,467	0	386,189
22,675	39,739	48,375	39,274,815
0	0	0	864,335
0	0	0	1,141,987
<u>10,166,798</u>	<u>10,890,748</u>	<u>3,207,276</u>	<u>225,527,012</u>
(514,116)	(1,697,401)	80,313	(4,721,797)
<u>0</u>	<u>0</u>	<u>0</u>	<u>6,455,394</u>
(514,116)	(1,697,401)	80,313	1,733,597
<u>(893,233)</u>	<u>(626,536)</u>	<u>(458,954)</u>	<u>13,992,062</u>
<u>\$ (1,407,349)</u>	<u>\$ (2,323,937)</u>	<u>\$ (378,641)</u>	<u>\$ 15,725,659</u>

Cleveland Municipal School District

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2008

	Permanent Improvement	Building Renovation	Total Nonmajor Capital Projects Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 6,381,840	\$ 7,141,930	\$ 13,523,770
Cash and Cash Equivalents With Fiscal Agents	4,144	0	4,144
Investments	39,860,227	0	39,860,227
Receivables:			
Accrued Interest	553,612	0	553,612
Total Assets	\$ 46,799,823	\$ 7,141,930	\$ 53,941,753
Liabilities			
Accounts Payable	\$ 919,455	\$ 0	\$ 919,455
Accrued Wages and Benefits	28,627	0	28,627
Retainage Payable	4,144	0	4,144
Intergovernmental Payable	16,004	0	16,004
Notes Payable	10,381,873	0	10,381,873
Total Liabilities	11,350,103	0	11,350,103
Fund Balance:			
Reserved for Encumbrances	5,351,827	67,795	5,419,622
Unreserved, Undesignated Capital Projects Funds	30,097,893	7,074,135	37,172,028
Total Fund Balances	35,449,720	7,141,930	42,591,650
Total Liabilities and Fund Balances	\$ 46,799,823	\$ 7,141,930	\$ 53,941,753

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, 2008

	Permanent Improvement	Building Renovation	Total Nonmajor Capital Projects Funds
Revenues:			
<i>Local Sources:</i>			
Investment Income	\$ 1,507,093	\$ 0	\$ 1,507,093
Miscellaneous	38,100	0	38,100
Total Revenues	1,545,193	0	1,545,193
Expenditures:			
Current:			
<i>Instruction:</i>			
Vocational	172,393	0	172,393
<i>Support Services:</i>			
Operation and Maintenance of Plant	401,219	0	401,219
Capital Outlay	6,563,006	0	6,563,006
Total Expenditures	7,136,618	0	7,136,618
Deficiency of Revenues Under Expenditures	(5,591,425)	0	(5,591,425)
Other Financing Sources:			
Operating Transfers In	23,076,853	0	23,076,853
Net Change in Fund Balances	17,485,428	0	17,485,428
Fund Balances Beginning of Year	17,964,292	7,141,930	25,106,222
Fund Balances at End of Year	\$ 35,449,720	\$ 7,141,930	\$ 42,591,650

Fund Descriptions – Fiduciary Funds

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

Agency Funds

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

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

Cleveland Municipal School District
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2008

	Beginning Balance July 1, 2007	Additions	Deductions	Ending Balance June 30, 2008
District Agency Fund				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 6,958,601	\$ 0	\$ 3,259,098	\$ 3,699,503
<i>Liabilities:</i>				
Payroll Withholdings	\$ 6,958,601	\$ 0	\$ 3,259,098	\$ 3,699,503
 Student Managed Activity				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 710,760	\$ 1,020,081	\$ 989,277	\$ 741,564
<i>Liabilities:</i>				
Due to Students	\$ 710,760	\$ 1,020,081	\$ 989,277	\$ 741,564
 All Agency Funds				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 7,669,361	\$ 1,020,081	\$ 4,248,375	\$ 4,441,067
<i>Liabilities:</i>				
Due To Students	\$ 710,760	\$ 1,020,081	\$ 989,277	\$ 741,564
Payroll Withholdings	6,958,601	0	3,259,098	3,699,503
Total Liabilities	\$ 7,669,361	\$ 1,020,081	\$ 4,248,375	\$ 4,441,067

**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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Taxes	\$ 30,786,944	\$ 32,282,334	\$ 1,495,390
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	2,991,814	4,662,191	1,670,377
Total Revenues	33,778,758	36,944,525	3,165,767
Expenditures:			
<i>Debt Service:</i>			
Principal Retirement	37,875,000	37,875,000	0
Interest and Fiscal Charges	8,957,507	8,957,507	0
Total Expenditures	46,832,507	46,832,507	0
Deficiency of Revenues Under Expenditures	(13,053,749)	(9,887,982)	3,165,767
Other Financing Sources:			
Issuance from Sale of Notes	0	15,000,000	15,000,000
Premium from Sale of Notes	0	43,600	43,600
Total Other Financing Sources	0	15,043,600	15,043,600
Net Change in Fund Balances	(13,053,749)	5,155,618	18,209,367
Fund Balances Beginning of Year	14,158,949	14,158,949	0
Fund Balances at End of Year	\$ 1,105,200	\$ 19,314,567	\$ 18,209,367

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Investment Income	\$ 7,760,437	\$ 7,760,437	\$ 0
<i>State Sources:</i>			
Restricted Grants-in-Aid	151,239,563	55,522,914	(95,716,649)
Total Revenues	<u>159,000,000</u>	<u>63,283,351</u>	<u>(95,716,649)</u>
Expenditures:			
Capital Outlay	305,619,641	139,937,204	165,682,437
Debt Service:			
Interest and Fiscal Charges	263,096	0	263,096
Total Expenditures	<u>305,882,737</u>	<u>139,937,204</u>	<u>165,945,533</u>
Deficiency of Revenues Under Expenditures	(146,882,737)	(76,653,853)	70,228,884
Other Financing Uses:			
Operating Transfers Out	(23,076,853)	(23,076,853)	0
Net Change in Fund Balances	(169,959,590)	(99,730,706)	70,228,884
Fund Balances Beginning of Year	110,280,886	110,280,886	0
<i>Prior Year Encumbrances Appropriated</i>	60,786,635	60,786,635	0
Fund Balances at End of Year	<u>\$ 1,107,931</u>	<u>\$ 71,336,815</u>	<u>\$ 70,228,884</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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Investment Income	\$ 466,681	\$ 466,681	\$ 0
Miscellaneous	7,288,925	7,221,428	(67,497)
Total Revenues	<u>7,755,606</u>	<u>7,688,109</u>	<u>(67,497)</u>
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	664,362	341,039	323,323
Special	134	0	134
Vocational	251,560	123,847	127,713
Adult/Continuing	13,100	11,511	1,589
<i>Support Services:</i>			
Pupils	538,234	166,354	371,880
Instructional Staff	5,348,456	4,870,241	478,215
Board of Education	18,418	10,369	8,049
Administration	581,580	424,248	157,332
Operation and Maintenance of Plant	44,997	18,258	26,739
Pupil Transportation	213,884	34,242	179,642
Central	61,105	10,204	50,901
Operation of Non-Instructional Services	4,000	0	4,000
Extracurricular Activities	59,194	14,310	44,884
Total Expenditures	<u>7,799,024</u>	<u>6,024,623</u>	<u>1,774,401</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,418)	1,663,486	1,706,904
Other Financing Sources:			
Operating Transfers In	944,394	944,394	0
Net Change in Fund Balances	900,976	2,607,880	1,706,904
Fund Balances Beginning of Year	9,155,225	9,155,225	0
<i>Prior Year Encumbrances Appropriated</i>	<u>635,598</u>	<u>635,598</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 10,691,799</u>	<u>\$ 12,398,703</u>	<u>\$ 1,706,904</u>

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Taxes	\$ 2,278,838	\$ 2,252,011	\$ (26,827)
Investment Income	517,832	517,832	0
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	2,295,765	2,295,765	0
Total Revenues	5,092,435	5,065,608	(26,827)
Expenditures:			
<i>Support Services:</i>			
Administration	49,500	49,500	0
Operation and Maintenance of Plant	14,679,815	3,056,639	11,623,176
Capital Outlay	1,353,876	1,303,443	50,433
Total Expenditures	16,083,191	4,409,582	11,673,609
Net Change in Fund Balances	(10,990,756)	656,026	11,646,782
Fund Balances Beginning of Year	11,441,302	11,441,302	0
<i>Prior Year Encumbrances Appropriated</i>	2,029,195	2,029,195	0
Fund Balances at End of Year	\$ 2,479,741	\$ 14,126,523	\$ 11,646,782

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Extracurricular Activities	\$ 950,000	\$ 807,413	\$ (142,587)
Miscellaneous	816,000	747,282	(68,718)
Total Revenues	1,766,000	1,554,695	(211,305)
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	394,809	385,254	9,555
Special	59,761	59,589	172
<i>Support Services:</i>			
Pupils	103,547	103,451	96
Administration	132,253	131,741	512
Fiscal	114,229	114,164	65
Operation and Maintenance of Plant	145,401	145,315	86
Extracurricular Activities	1,385,915	920,288	465,627
Total Expenditures	2,335,915	1,859,802	476,113
Deficiency of Revenues Under Expenditures	(569,915)	(305,107)	264,808
Other Financing Sources (Uses):			
Advances In	934,000	934,000	0
Advances Out	(748,000)	(748,000)	0
Total Other Financing Sources (Uses)	186,000	186,000	0
Net Change in Fund Balances	(383,915)	(119,107)	264,808
Fund Balances Beginning of Year	578,733	578,733	0
<i>Prior Year Encumbrances Appropriated</i>	6,404	6,404	0
Fund Balances at End of Year	\$ 201,222	\$ 466,030	\$ 264,808

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Investment Income	\$ 85,689	\$ 85,689	\$ 0
Miscellaneous	308,241	308,241	0
<i>State Sources:</i>			
Restricted Grants-in-Aid	7,906,070	7,587,347	(318,723)
Total Revenues	<u>8,300,000</u>	<u>7,981,277</u>	<u>(318,723)</u>
Expenditures:			
<i>Current:</i>			
<i>Support Services:</i>			
Instructional Staff	344,397	256,152	88,245
Operation and Maintenance of Plant	121,267	9,967	111,300
Operation of Non-Instructional Services	9,447,383	8,446,038	1,001,345
Total Expenditures	<u>9,913,047</u>	<u>8,712,157</u>	<u>1,200,890</u>
Net Change in Fund Balances	(1,613,047)	(730,880)	882,167
Fund Balances Beginning of Year	260,828	260,828	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,429,559</u>	<u>1,429,559</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 77,340</u>	<u>\$ 959,507</u>	<u>\$ 882,167</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Poverty Aid Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 66,500,000	\$ 66,327,552	\$ (172,448)
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	30,361,409	30,331,603	29,806
Special	4,669,702	4,669,702	0
Other	15,385,314	15,385,314	0
<i>Support Services:</i>			
Pupils	3,960,175	3,960,175	0
Instructional Staff	649,958	649,958	0
Administration	214,644	214,644	0
Operation and Maintenance of Plant	11,368,195	11,368,195	0
Central	2,734	2,734	0
Total Expenditures	66,612,131	66,582,325	29,806
Net Change in Fund Balances	(112,131)	(254,773)	(142,642)
Fund Balances Beginning of Year	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	284,579	284,579	0
Fund Balances at End of Year	\$ 172,448	\$ 29,806	\$ (142,642)

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 2,250,000	\$ 1,279,708	\$ (970,292)
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	94,051	59,712	34,339
Adult/Continuing	97,050	34,085	62,965
Other	146,769	146,180	589
<i>Support Services:</i>			
Pupils	50,436	50,000	436
Instructional Staff	1,645,809	783,834	861,975
Operation and Maintenance of Plant	146,579	41,358	105,221
Pupil Transportation	109,262	101,206	8,056
Capital Outlay	2,325	0	2,325
Total Expenditures	2,292,281	1,216,375	1,075,906
Net Change in Fund Balances	(42,281)	63,333	105,614
Fund Balances Beginning of Year	58,072	58,072	0
<i>Prior Year Encumbrances Appropriated</i>	34,041	34,041	0
Fund Balances at End of Year	\$ 49,832	\$ 155,446	\$ 105,614

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Tuition and Fees	\$ 6,460	\$ 6,460	\$ 0
<i>State Sources:</i>			
Restricted Grants-in-Aid	2,508,540	2,138,542	(369,998)
Total Revenues	<u>2,515,000</u>	<u>2,145,002</u>	<u>(369,998)</u>
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	272,345	265,013	7,332
Vocational	6,357	5,324	1,033
Adult/Continuing	241,885	237,646	4,239
<i>Support Services:</i>			
Pupils	464,406	443,616	20,790
Instructional Staff	486,984	318,634	168,350
Administration	197,612	82,546	115,066
Operation and Maintenance of Plant	28,660	0	28,660
Pupil Transportation	5,615	2,118	3,497
Central	841,400	492,854	348,546
Total Expenditures	<u>2,545,264</u>	<u>1,847,751</u>	<u>697,513</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(30,264)</u>	<u>297,251</u>	<u>327,515</u>
Other Financing Sources (Uses):			
Advances In	210,000	210,000	0
Advances Out	(232,000)	(232,000)	0
Total Other Financing Sources (Uses)	<u>(22,000)</u>	<u>(22,000)</u>	<u>0</u>
Net Change in Fund Balances	(52,264)	275,251	327,515
Fund Balances Beginning of Year	605,249	605,249	0
<i>Prior Year Encumbrances Appropriated</i>	<u>134,439</u>	<u>134,439</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 687,424</u>	<u>\$ 1,014,939</u>	<u>\$ 327,515</u>

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Investment Income	\$ 19,928	\$ 19,928	\$ 0
Miscellaneous	743,667	743,667	0
<i>State Sources:</i>			
Restricted Grants-in-Aid	914,524	914,524	0
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	18,610,881	18,517,518	(93,363)
Total Revenues	<u>20,289,000</u>	<u>20,195,637</u>	<u>(93,363)</u>
Expenditures:			
<i>Current:</i>			
Operation of Non-Instructional Services	24,000,000	23,999,945	55
Deficiency of Revenues Under Expenditures	(3,711,000)	(3,804,308)	(93,308)
Other Financing Sources:			
Operating Transfers In	5,511,000	5,511,000	0
Net Change in Fund Balances	1,800,000	1,706,692	(93,308)
Fund Deficit Beginning of Year	(2,089,032)	(2,089,032)	0
<i>Prior Year Encumbrances Appropriated</i>	382,402	382,402	0
Fund Balances at End of Year	<u>\$ 93,370</u>	<u>\$ 62</u>	<u>\$ (93,308)</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Basic Education Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 2,380,000	\$ 2,128,413	\$ (251,587)
Expenditures:			
Current:			
<i>Instruction:</i>			
Adult/Continuing	1,675,786	1,498,189	177,597
<i>Support Services:</i>			
Pupils	17,274	15,725	1,549
Instructional Staff	541,490	475,718	65,772
Administration	11,200	800	10,400
Fiscal	1,602	0	1,602
Pupil Transportation	1,498	1,399	99
Operation of Non-Instructional Services	1,000	976	24
Total Expenditures	2,249,850	1,992,807	257,043
Excess of Revenues Over Expenditures	130,150	135,606	5,456
Other Financing Uses:			
Advances Out	(146,000)	(146,000)	0
Net Change in Fund Balances	(15,850)	(10,394)	5,456
Fund Balances Beginning of Year	546	546	0
<i>Prior Year Encumbrances Appropriated</i>	19,013	19,013	0
Fund Balances at End of Year	\$ 3,709	\$ 9,165	\$ 5,456

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 26,000,000	\$ 25,680,174	\$ (319,826)
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Special	14,831,545	14,356,253	475,292
<i>Support Services:</i>			
Pupils	4,137,734	3,507,991	629,743
Instructional Staff	5,313,680	5,193,738	119,942
Administration	1,263,600	1,117,519	146,081
Fiscal	342,575	283,784	58,791
Pupil Transportation	507,698	390,410	117,288
Operation of Non-Instructional Services	1,203,167	1,078,962	124,205
Total Expenditures	27,599,999	25,928,657	1,671,342
Net Change in Fund Balances	(1,599,999)	(248,483)	1,351,516
Fund Balances Beginning of Year	802,503	802,503	0
<i>Prior Year Encumbrances Appropriated</i>	822,931	822,931	0
Fund Balances at End of Year	\$ 25,435	\$ 1,376,951	\$ 1,351,516

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 4,050,000	\$ 3,283,825	\$ (766,175)
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Vocational	2,248,667	2,117,827	130,840
Adult/Continuing	218,853	209,903	8,950
<i>Support Services:</i>			
Pupils	103,260	75,676	27,584
Instructional Staff	1,749,065	1,280,527	468,538
Administration	155,031	81,963	73,068
Pupil Transportation	3,000	166	2,834
Central	4,197	0	4,197
Operation of Non-Instructional Services	155,497	135,388	20,109
Total Expenditures	4,637,570	3,901,450	736,120
Deficiency of Revenues Under Expenditures	(587,570)	(617,625)	(30,055)
Other Financing Sources (Uses):			
Advances In	850,000	850,000	0
Advances Out	(1,086,000)	(1,086,000)	0
Total Other Financing Sources (Uses)	(236,000)	(236,000)	0
Net Change in Fund Balances	(823,570)	(853,625)	(30,055)
Fund Balances Beginning of Year	536	536	0
<i>Prior Year Encumbrances Appropriated</i>	854,053	854,053	0
Fund Balances at End of Year	\$ 31,019	\$ 964	\$ (30,055)

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 69,250,000	\$ 54,976,519	\$ (14,273,481)
Expenditures:			
Current:			
<i>Instruction:</i>			
Regular	1,272,366	1,251,421	20,945
Special	48,273,757	41,307,774	6,965,983
Other	5,746	5,746	0
<i>Support Services:</i>			
Pupils	18,458	18,458	0
Instructional Staff	15,572,245	9,433,348	6,138,897
Administration	2,214,310	1,301,676	912,634
Fiscal	829,554	722,579	106,975
Operation and Maintenance of Plant	205,335	183,849	21,486
Pupil Transportation	989,734	645,577	344,157
Central	555	555	0
Operation of Non-Instructional Services	5,801,401	5,427,716	373,685
Total Expenditures	75,183,461	60,298,699	14,884,762
Net Change in Fund Balances	(5,933,461)	(5,322,180)	611,281
Fund Balances Beginning of Year	4,844,127	4,844,127	0
<i>Prior Year Encumbrances Appropriated</i>	1,138,628	1,138,628	0
Fund Balances at End of Year	\$ 49,294	\$ 660,575	\$ 611,281

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 10,150,000	\$ 9,925,400	\$ (224,600)
Expenditures:			
Current:			
<i>Instruction:</i>			
Special	8,555,493	7,981,939	573,554
<i>Support Services:</i>			
Instructional Staff	1,455,770	1,451,939	3,831
Administration	66,220	63,786	2,434
Fiscal	155,811	137,541	18,270
Operation of Non-Instructional Services	164,600	22,675	141,925
Total Expenditures	10,397,894	9,657,880	740,014
Net Change in Fund Balances	(247,894)	267,520	515,414
Fund Balances Beginning of Year	292,176	292,176	0
<i>Prior Year Encumbrances Appropriated</i>	1,990	1,990	0
Fund Balances at End of Year	\$ 46,272	\$ 561,686	\$ 515,414

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 12,012,000	\$ 9,307,664	\$ (2,704,336)
Expenditures:			
Current:			
<i>Instruction:</i>			
Regular	2,203,465	2,184,223	19,242
Vocational	820,337	799,627	20,710
Adult/Continuing	327,074	322,717	4,357
Other	4,769,486	4,150,288	619,198
<i>Support Services:</i>			
Pupils	323,856	323,856	0
Instructional Staff	5,457,372	3,773,884	1,683,488
Administration	139,058	98,020	41,038
Fiscal	129,427	86,025	43,402
Operation and Maintenance of Plant	177,480	52,895	124,585
Pupil Transportation	22,393	18,494	3,899
Central	51,716	9,907	41,809
Operation of Non-Instructional Services	73,030	39,739	33,291
Total Expenditures	14,494,694	11,859,675	2,635,019
Deficiency of Revenues Under Expenditures	(2,482,694)	(2,552,011)	(69,317)
Other Financing Sources:			
Advances In	2,238,000	2,238,000	0
Net Change in Fund Balances	(244,694)	(314,011)	(69,317)
Fund Balances Beginning of Year	44,952	44,952	0
<i>Prior Year Encumbrances Appropriated</i>	269,430	269,430	0
Fund Balances at End of Year	\$ 69,688	\$ 371	\$ (69,317)

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 4,372,500	\$ 3,028,315	\$ (1,344,185)
Expenditures:			
Current:			
<i>Instruction:</i>			
Regular	146,225	119,555	26,670
Special	974,072	558,108	415,964
Adult/Continuing	171,359	150,707	20,652
<i>Support Services:</i>			
Pupils	480,386	425,308	55,078
Instructional Staff	1,683,442	1,318,338	365,104
Administration	1,730,251	1,464,397	265,854
Fiscal	48,507	23,535	24,972
Operation and Maintenance of Plant	12,541	0	12,541
Pupil Transportation	28,662	27,178	1,484
Operation of Non-Instructional Services	130,500	61,427	69,073
Total Expenditures	5,405,945	4,148,553	1,257,392
Deficiency of Revenues Under Expenditures	(1,033,445)	(1,120,238)	(86,793)
Other Financing Sources (Uses):			
Advances In	1,269,000	1,269,000	0
Advances Out	(308,000)	(308,000)	0
Total Other Financing Sources (Uses)	961,000	961,000	0
Net Change in Fund Balances	(72,445)	(159,238)	(86,793)
Fund Balances Beginning of Year	258,161	258,161	0
<i>Prior Year Encumbrances Appropriated</i>	165,554	165,554	0
Fund Balances at End of Year	\$ 351,270	\$ 264,477	\$ (86,793)

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Investment Income	\$ 1,885,047	\$ 966,487	\$ (918,560)
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Vocational	172,393	172,393	0
<i>Support Services:</i>			
Operation and Maintenance of Plant	395,636	385,636	10,000
Capital Outlay	12,750,997	12,445,249	305,748
Total Expenditures	13,319,026	13,003,278	315,748
Deficiency of Revenues Under Expenditures	(11,433,979)	(12,036,791)	(602,812)
Other Financing Sources:			
Issuance from Sale of Notes	5,000,000	5,000,000	0
Premium from Sale of Notes	38,100	38,100	0
Operating Transfers In	23,076,853	23,076,853	0
Total Other Financing Sources (Uses)	28,114,953	28,114,953	0
Net Change in Fund Balances	16,680,974	16,078,162	(602,812)
Fund Balances Beginning of Year	21,282,966	21,282,966	0
<i>Prior Year Encumbrances Appropriated</i>	2,798,959	2,798,959	0
Fund Balances at End of Year	\$ 40,762,899	\$ 40,160,087	\$ (602,812)

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, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 200,000	\$ 0	\$ (200,000)
Expenditures:			
<i>Current:</i>			
Operation and Maintenance of Plant	6,771,322	67,795	6,703,527
Capital Outlay	521,886	0	521,886
Total Expenditures	<u>7,293,208</u>	<u>67,795</u>	<u>7,225,413</u>
Net Change in Fund Balances	(7,093,208)	(67,795)	7,025,413
Fund Balances Beginning of Year	7,074,135	7,074,135	0
<i>Prior Year Encumbrances Appropriated</i>	<u>67,795</u>	<u>67,795</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 48,722</u>	<u>\$ 7,074,135</u>	<u>\$ 7,025,413</u>

Cleveland Municipal School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Internal Service Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:	\$ 0	\$ 0	\$ 0
Expenses:			
Claims	500,000	348,734	151,266
Net Change in Fund Equity	(500,000)	(348,734)	151,266
Fund Equity Beginning of Year	3,112,095	3,112,095	0
<i>Prior Year Encumbrances Appropriated</i>	1,707	1,707	0
Fund Equity at End of Year	\$ 2,613,802	\$ 2,765,068	\$ 151,266

Statistical Section

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.

<u>Contents</u>	<u>Page</u>
Financial Trends	S2
These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	
Revenue Capacity	S15
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.	
Debt Capacity	S22
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.	
Demographic and Economic Information	S27
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.	
Operating Information	S29
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.	

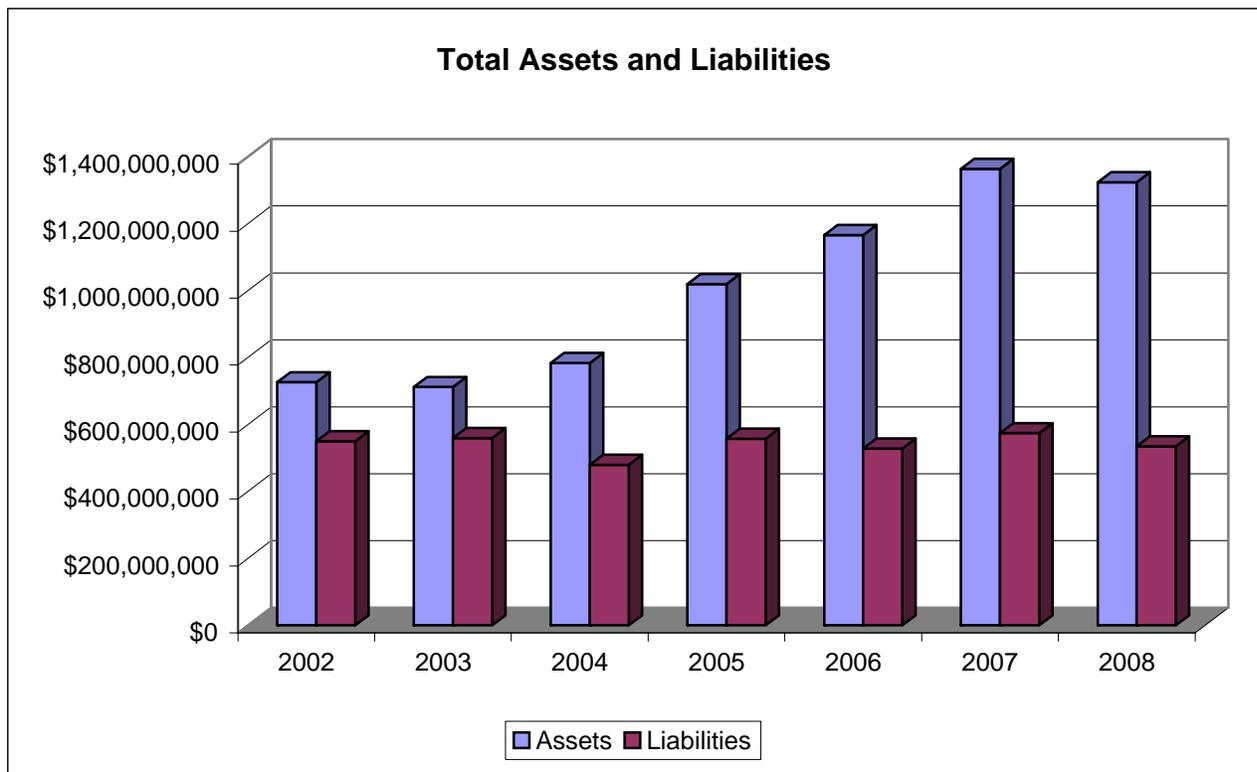
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 for the year ended June 30, 2002; schedules presenting government-wide information include information beginning in that year.

Cleveland Municipal School District

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

	2002	2003	2004
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$ 71,206,837	\$ 90,048,016	\$ 153,091,046
Restricted for:			
Capital Projects	61,551,582	115,256,182	175,330,213
Debt Service	45,035,163	38,444,373	51,754,628
Set Asides	7,878,225	332,803	0
Other Purposes	15,920,704	14,054,335	18,214,387
Unrestricted	(25,236,561)	(105,593,518)	(93,677,258)
Total Net Assets	<u>\$ 176,355,950</u>	<u>\$ 152,542,191</u>	<u>\$ 304,713,016</u>

	2005	2006	2007	2008
\$	117,395,590	\$ 208,222,499	\$ 261,363,643	\$ 332,124,644
	326,783,809	362,464,498	423,973,593	313,896,979
	53,685,274	49,134,737	36,237,294	33,349,361
	0	0	0	0
	11,361,537	16,028,862	18,590,876	34,529,429
	(47,337,174)	2,036,421	49,393,549	74,406,756
\$	461,889,036	\$ 637,887,017	\$ 789,558,955	\$ 788,307,169



Cleveland Municipal School District

Changes in Net Assets of Governmental Activities

Last Seven Fiscal Years

(accrual basis of accounting)

	2002	2003	2004
Expenses			
Governmental Activities:			
Instruction:			
Regular	\$ 285,812,361	\$ 292,996,927	\$ 290,987,320
Special	134,372,522	133,693,977	143,004,004
Vocational	17,515,053	17,726,322	15,994,184
Adult/Continuing	5,687,512	5,836,915	5,094,891
Other	3,015,312	649,876	198,400
<i>Support Services:</i>			
Pupils	45,797,274	43,833,809	45,012,097
Instructional Staff	64,764,521	63,960,109	56,236,589
Board of Education	288,859	304,039	259,950
Administration	52,787,800	55,540,796	45,084,175
Fiscal	1,606,735	12,688,426	10,893,531
Business	1,146,699	1,275,129	1,091,725
Operation and Maintenance of Plant	61,649,791	67,222,113	62,223,013
Pupil Transportation	40,111,930	39,750,255	38,379,675
Central	18,755,847	20,175,678	16,698,556
Operation of Non-Instructional Services	43,155,357	43,804,093	43,837,168
Extracurricular Activities	7,955,139	7,611,100	7,051,078
Interest and Fiscal Charges	12,759,118	16,890,272	9,830,504
Total Primary Government Expenses	797,181,830	823,959,836	791,876,860

Program Revenues

Governmental Activities:

Charges for Services and Sales

Instruction:

Regular	0	0	0
Special	373,020	125,619	0
Vocational	0	0	0
Adult/Continuing	431,355	403,424	994,043
Other	0	0	0

Support Services:

Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instruction Services	0	0	0
Extracurricular Activities	0	0	0

	2005	2006	2007	2008
\$	249,352,851	\$ 316,945,841	\$ 306,641,274	\$ 327,247,872
	152,153,082	143,913,038	160,305,162	168,823,350
	12,683,615	11,907,870	12,723,093	13,985,560
	3,490,435	2,300,131	2,967,373	2,833,813
	150	12,759,762	12,263,429	19,765,060
	33,877,518	35,380,163	37,100,301	32,218,673
	54,824,175	51,072,946	48,124,670	48,850,968
	223,199	267,321	248,637	258,840
	43,927,480	41,342,791	43,218,261	46,168,403
	12,234,280	9,946,686	9,617,654	11,408,394
	1,284,442	942,371	1,065,128	1,873,943
	56,317,807	58,569,487	64,844,985	109,195,119
	28,867,256	28,965,329	27,944,135	27,527,934
	14,936,994	15,969,839	15,923,177	15,035,691
	44,009,082	42,532,273	38,956,223	42,585,167
	5,968,627	5,814,665	6,466,969	6,783,614
	13,588,410	11,647,137	10,180,816	9,219,611
	<u>727,739,403</u>	<u>790,277,650</u>	<u>798,591,287</u>	<u>883,782,012</u>

	0	0	196,057	660,425
	192,893	148,405	717,094	238,482
	0	0	0	27,430
	83,071	38,252	59,177	890
	0	0	0	168
	0	0	0	53,857
	0	0	0	50,724
	0	0	0	579
	0	0	0	95,123
	0	0	0	23,294
	0	0	0	4,354
	0	0	0	104,131
	0	0	0	58,433
	0	0	0	34,018
	0	0	0	7,798
	0	0	0	821,166

(continued)

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

	2002	2003	2004
Operating Grants, Contributions and Interest			
Instruction:			
Regular	\$ 68,668,108	\$ 74,627,861	\$ 67,676,019
Special	38,557,973	47,152,401	47,957,446
Vocational	1,349,010	1,450,034	1,227,846
Adult/Continuing	2,705,669	2,168,935	1,544,153
Other	0	0	0
Support Services:			
Pupils	3,512,611	5,820,419	6,427,226
Instructional Staff	32,620,693	28,182,013	30,020,207
Board of Education	0	0	8,822
Administration	5,175,114	4,624,996	5,091,991
Fiscal	1,061,140	1,941,436	1,415,851
Business	1,001	0	0
Operation and Maintenance of Plant	1,967,922	937,093	619,443
Pupil Transportation	153,300	258,201	822,477
Central	2,824,409	1,121,823	1,292,861
Operation of Non-Instruction Services	38,025,456	40,202,642	41,527,739
Extracurricular Activities	591,345	426,863	1,048,436
Capital Grants and Contributions			
Instruction:			
Regular	1,451,091	0	119,629,061
Support Services:			
Instructional Staff	1,164,709	65,000	1,604,924
Operation and Maintenance of Plant	817,250	5,044,270	0
Central	0	0	0
<i>Total Program Revenues</i>	<u>201,451,176</u>	<u>214,553,030</u>	<u>328,908,545</u>
Net Expense	<u>\$ (595,730,654)</u>	<u>\$ (609,406,806)</u>	<u>\$ (462,968,315)</u>
General Revenues and Other			
Changes in Net Assets			
Governmental Activities:			
Property Taxes Levied For:			
General Purposes	\$ 236,216,278	\$ 186,612,352	\$ 219,596,436
Debt Service	33,619,705	27,133,112	40,006,114
Capital Outlay	2,561,580	2,125,297	2,980,196
Investment Income	7,844,704	4,688,605	2,945,010
Miscellaneous	2,443,123	4,324,953	2,840,826
Grants and Entitlements not Restricted to			
Specific Programs	325,704,649	360,708,728	346,770,558
Total Primary Government	<u>608,390,039</u>	<u>585,593,047</u>	<u>615,139,140</u>
Change in Net Assets			
Total Primary Government	<u>\$ 12,659,385</u>	<u>\$ (23,813,759)</u>	<u>\$ 152,170,825</u>

	2005	2006	2007	2008
\$	71,510,982	\$ 33,931,074	\$ 34,039,005	\$ 35,546,322
	49,947,447	63,057,863	62,362,875	66,638,056
	968,521	741,042	1,694,687	2,533,848
	2,215,834	2,451,716	2,444,889	2,617,719
	0	11,151,414	11,461,176	19,133,256
	5,702,967	7,803,544	10,539,199	9,175,181
	32,431,931	40,672,337	27,327,018	30,313,516
	11,126	7,701	12,989	14,767
	5,347,769	4,916,688	7,231,878	4,546,107
	1,402,369	1,068,558	1,314,680	1,348,188
	0	0	0	17,476
	672,986	2,547,221	7,251,442	12,818,564
	635,920	1,294,475	1,190,477	1,601,296
	1,220,287	895,218	578,561	683,303
	37,057,500	39,136,205	34,663,348	32,764,919
	849,552	895,653	878,738	70,647
	109,387,736	119,828,477	89,064,023	2,395,614
	14,867	0	0	0
	38,370	682,985	0	0
	133	0	0	0
	<u>319,692,261</u>	<u>331,268,828</u>	<u>293,027,313</u>	<u>224,399,651</u>
\$	<u>(408,047,142)</u>	<u>(459,008,822)</u>	<u>(505,563,974)</u>	<u>(659,382,361)</u>
\$	193,293,701	\$ 197,583,328	\$ 198,996,360	\$ 185,684,541
	29,573,166	31,620,440	35,760,058	33,647,336
	2,309,596	2,459,275	2,477,222	2,347,262
	7,362,433	16,205,770	18,843,152	18,682,784
	2,410,759	9,715,420	1,665,345	7,100,867
	<u>330,273,507</u>	<u>384,582,569</u>	<u>399,493,775</u>	<u>410,667,785</u>
	<u>565,223,162</u>	<u>642,166,802</u>	<u>657,235,912</u>	<u>658,130,575</u>
\$	<u>157,176,020</u>	<u>183,157,980</u>	<u>151,671,938</u>	<u>(1,251,786)</u>

Cleveland Municipal School District

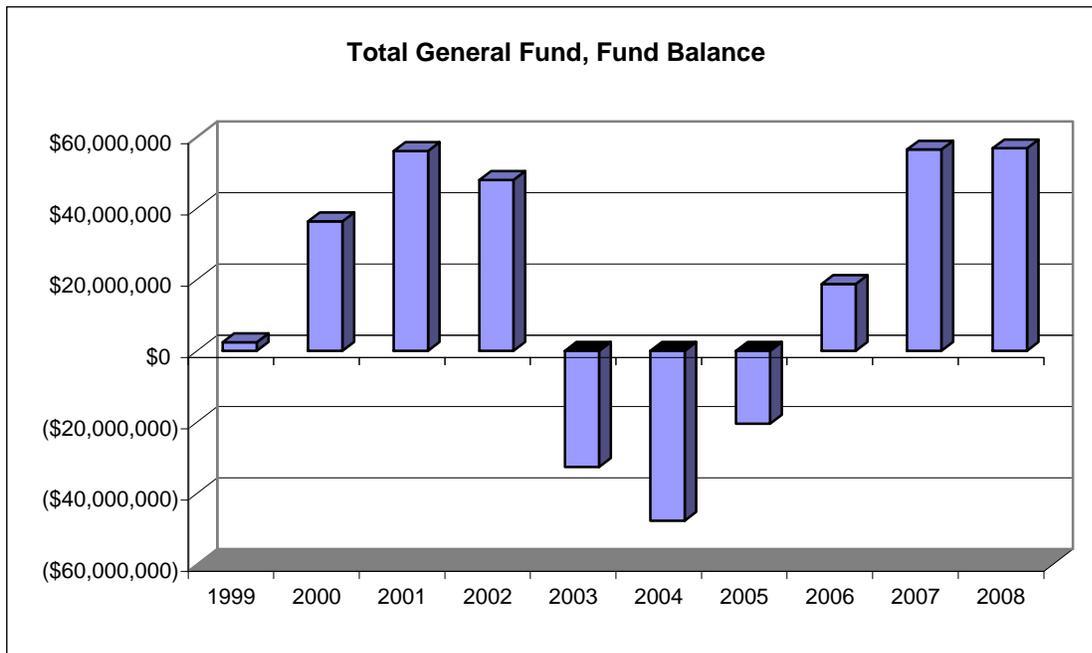
Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	1999	2000	2001	2002
General Fund				
Reserved for Encumbrances	\$ 23,962,182	\$ 29,036,379	\$ 23,601,772	\$ 14,062,107
Reserved for Inventory	707,867	925,735	937,406	809,323
Reserved for Prepaids	0	0	0	5,169,109
Reserved for Property Taxes	20,258,928	11,450,195	11,274,909	30,216,480
Reserved for Budget Stabilization	3,347,000	7,400,000	6,602,317	6,602,317
Reserved for Bus Purchases	917,000	1,672,481	1,803,398	1,275,908
Unreserved, (Deficit)	(46,747,216)	(14,132,009)	11,857,547	(10,161,984)
Total General Fund	<u>2,445,761</u>	<u>36,352,781</u>	<u>56,077,349</u>	<u>47,973,260</u>
All Other Governmental Funds				
Reserved for Encumbrances	17,404,622	13,171,860	20,909,562	20,769,604
Reserved for Inventory	0	0	0	0
Reserved for Property Taxes	1,779,966	933,917	974,751	7,184,931
Unreserved, (Deficit), Reported in:				
Special Revenue Funds	(6,288,986)	(4,581,161)	(5,079,882)	3,772,329
Debt Service Funds	24,626,830	19,847,214	20,473,102	29,208,398
Capital Projects Funds	19,092,510	8,508,293	21,237,158	47,235,968
Total all Other Governmental Funds	<u>56,614,942</u>	<u>37,880,123</u>	<u>58,514,691</u>	<u>108,171,230</u>
Total Governmental Funds	<u>\$ 59,060,703</u>	<u>\$ 74,232,904</u>	<u>\$ 114,592,040</u>	<u>\$ 156,144,490</u>

2003	2004	2005	2006	2007	2008
\$ 8,948,676	\$ 5,403,473	\$ 4,805,598	\$ 6,467,758	\$ 7,217,484	\$ 3,158,174
772,127	809,133	702,401	656,976	683,737	1,126,828
5,565,546	7,071,886	0	0	0	0
14,349,055	26,749,122	22,404,297	16,183,447	17,083,523	19,559,632
0	0	0	17,000,000	0	0
332,803	0	0	0	0	0
(62,545,712)	(87,728,621)	(48,377,637)	(21,522,382)	31,501,426	33,010,831
<u>(32,577,505)</u>	<u>(47,695,007)</u>	<u>(20,465,341)</u>	<u>18,785,799</u>	<u>56,486,170</u>	<u>56,855,465</u>
55,576,782	78,467,894	65,909,495	77,386,743	64,881,973	88,523,867
0	489,953	277,925	291,769	410,176	517,125
3,411,875	6,995,197	5,851,848	4,227,004	4,924,426	5,638,179
4,786,279	4,260,932	(2,198,856)	6,951,949	7,631,660	5,703,271
26,363,902	31,003,694	34,578,380	30,376,315	14,238,392	19,367,096
66,318,202	15,718,944	131,254,059	87,359,128	125,530,579	97,428,288
<u>156,457,040</u>	<u>136,936,614</u>	<u>235,672,851</u>	<u>206,592,908</u>	<u>217,617,206</u>	<u>217,177,826</u>
<u>\$ 123,879,535</u>	<u>\$ 89,241,607</u>	<u>\$ 215,207,510</u>	<u>\$ 225,378,707</u>	<u>\$ 274,103,376</u>	<u>\$ 274,033,291</u>



Cleveland Municipal School District

Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

	1999	2000	2001	2002
General Revenues				
Local Sources:				
Taxes	\$ 233,513,561	\$ 217,137,676	\$ 224,284,910	\$ 259,607,843
Investment Income	13,767,095	16,861,000	18,285,338	7,844,704
Tuition and Fees	1,728,030	1,023,218	1,532,003	928,493
Extracurricular Activities	1,293,306	857,343	705,765	474,299
Rentals	104,352	100,771	16,115	0
Contributions and Donations (1)	0	0	0	0
Miscellaneous	2,536,103	1,826,986	7,125,706	13,059,119
Total Local Sources	252,942,447	237,806,994	251,949,837	281,914,458
State Sources:				
Unrestricted Grants-in-Aid	322,814,426	316,361,566	310,739,648	320,497,947
Restricted Grants-in-Aid	46,268,975	50,261,774	75,892,321	88,546,257
Total State Sources	369,083,401	366,623,340	386,631,969	409,044,204
Federal Sources:				
Unrestricted Grants-in-Aid	3,957,556	4,109,302	5,303,880	5,206,702
Restricted Grants-in-Aid	54,888,588	52,036,799	65,045,715	95,141,262
Total Federal Sources	58,846,144	56,146,101	70,349,595	100,347,964
Total Revenues	\$ 680,871,992	\$ 660,576,435	\$ 708,931,401	\$ 791,306,626

Notes:

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

2003	2004	2005	2006	2007	2008
\$ 213,602,787	\$ 246,794,199	\$ 224,900,023	\$ 225,725,605	\$ 229,456,774	\$ 216,291,084
4,688,605	2,945,010	7,362,433	16,205,770	18,843,152	18,682,784
654,602	1,079,586	346,739	195,468	983,938	1,373,458
570,391	1,044,014	823,214	888,418	862,421	807,414
0	0	0	0	0	0
0	0	0	0	0	9,533,478
13,255,835	9,521,102	10,368,681	18,124,497	7,042,147	7,100,867
<u>232,772,220</u>	<u>261,383,911</u>	<u>243,801,090</u>	<u>261,139,758</u>	<u>257,188,432</u>	<u>253,789,085</u>
302,965,559	335,747,598	322,634,276	384,220,944	399,263,033	406,097,141
129,821,083	109,333,452	143,316,706	130,630,795	118,053,159	135,715,773
<u>432,786,642</u>	<u>445,081,050</u>	<u>465,950,982</u>	<u>514,851,739</u>	<u>517,316,192</u>	<u>541,812,914</u>
19,787,241	11,022,960	7,639,231	361,625	230,742	4,570,644
114,895,243	118,784,282	118,920,360	125,743,351	130,689,825	127,244,206
<u>134,682,484</u>	<u>129,807,242</u>	<u>126,559,591</u>	<u>126,104,976</u>	<u>130,920,567</u>	<u>131,814,850</u>
<u>\$ 800,241,346</u>	<u>\$ 836,272,203</u>	<u>\$ 836,311,663</u>	<u>\$ 902,096,473</u>	<u>\$ 905,425,191</u>	<u>\$ 927,416,849</u>

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

	1999	2000	2001	2002
Expenditures				
Current:				
Instruction:				
Regular	\$ 233,987,148	\$ 253,119,426	\$ 239,454,508	\$ 267,806,654
Special	94,776,091	89,282,118	114,694,607	134,340,753
Vocational	16,942,842	18,193,372	17,407,927	17,511,631
Adult/Continuing	3,788,063	4,848,478	4,971,848	5,674,172
Other	1,855,733	1,334,029	1,745,463	3,015,312
Support Services:				
Pupils	24,779,405	25,420,577	27,256,542	32,530,531
Instructional Staff	31,414,445	34,331,720	46,378,563	64,694,935
Board of Education	108,155	187,039	211,884	277,862
Administration	37,130,298	44,562,207	41,378,477	49,145,584
Fiscal	8,709,423	3,609,819	10,208,253	9,476,226
Business	2,663,827	467,520	1,480,088	1,141,199
Operations and Maintenance of Plant	57,138,998	59,434,441	64,007,087	84,859,246
Pupil Transportation	33,277,000	32,668,584	38,190,326	43,060,114
Central	22,424,027	24,238,631	23,102,425	18,403,231
Operation of Non-Instructional Services	13,954,888	14,415,830	12,740,364	43,042,767
Extracurricular Activities	5,934,577	7,617,561	8,047,977	7,892,613
Capital Outlay	18,020,328	10,831,630	22,020,994	4,031,805
Debt Service				
Principal Retirement	8,974,999	9,543,215	10,033,214	11,611,671
Interest and Fiscal Charges	12,990,716	11,962,186	11,029,820	10,556,296
Total Expenditures	\$ 628,870,963	\$ 646,068,383	\$ 694,360,367	\$ 809,072,602
Debt Service as a Percentage of Noncapital Expenditures	3.6%	3.4%	3.1%	2.8%

2003	2004	2005	2006	2007	2008
\$ 279,487,310	\$ 282,588,920	\$ 247,538,531	\$ 311,511,315	\$ 301,277,356	\$ 318,032,298
133,544,331	142,508,629	152,415,325	143,898,323	160,202,855	170,005,047
17,687,269	15,999,270	12,841,844	11,934,317	12,718,124	14,091,870
5,829,809	5,102,664	3,519,447	2,321,948	2,968,255	2,851,351
649,876	198,400	150	12,496,611	12,218,420	19,859,383
42,077,898	41,479,432	36,034,088	35,284,327	35,214,671	34,551,766
64,123,973	56,192,266	54,943,213	51,117,118	48,104,139	49,169,705
289,091	252,707	209,576	280,079	248,240	256,012
53,270,115	44,542,970	39,700,442	39,129,081	39,609,348	46,455,469
12,700,693	10,896,259	12,265,464	9,925,994	9,616,962	11,404,888
1,243,797	1,082,675	1,289,034	983,446	1,051,879	1,877,131
76,805,490	70,515,379	60,192,807	56,628,484	59,316,050	60,307,795
38,221,943	37,217,500	28,199,461	27,392,258	26,776,217	26,423,864
20,047,777	16,639,171	15,118,320	15,972,950	16,172,708	15,138,926
42,915,460	44,336,368	44,051,523	40,693,064	39,601,592	42,631,226
7,593,763	7,034,194	6,061,353	5,823,466	6,442,131	6,798,182
21,213,426	54,594,406	81,404,824	92,090,262	80,193,958	73,333,174
3,399,908	29,429,962	28,978,523	22,755,277	9,100,896	24,665,132
18,159,177	10,298,959	13,648,029	11,686,956	10,866,721	9,633,715
<u>\$ 839,261,106</u>	<u>\$ 870,910,131</u>	<u>\$ 838,411,954</u>	<u>\$ 891,925,276</u>	<u>\$ 871,700,522</u>	<u>\$ 927,486,934</u>

2.6%

4.9%

5.6%

4.3%

2.5%

4.0%

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 47,570,477	\$ 23,794,594	\$ 15,000,523	\$ (17,765,976)
Other Financing Sources (Uses)				
Issuance from the Sale of Bonds	0	0	0	46,785,495
Proceeds from the Sale of Notes	0	0	0	0
Premium from Sale of Bonds	0	0	0	0
Other Financing Sources-Capital Leases	0	0	5,369,629	5,062,000
Capital Lease Refinancing	0	0	0	0
Refunding Bonds Issued	0	0	0	0
Sale of Fixed Assets	0	0	24,400	0
Payment of Capital Lease Refinancing	0	0	0	0
Payment of Refunded Bond Escrow Agent	0	0	0	0
Transfers In	45,539	6,550,360	6,342,529	4,767,831
Transfers Out	(657,072)	(11,448,125)	(6,385,116)	(4,767,831)
Total Other Financing Sources (Uses)	<u>(611,533)</u>	<u>(4,897,765)</u>	<u>5,351,442</u>	<u>51,847,495</u>
Net Change in Fund Balances	<u>\$ 46,958,944</u>	<u>\$ 18,896,829</u>	<u>\$ 20,351,965</u>	<u>\$ 34,081,519</u>

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ (39,019,760)	\$ (34,637,928)	\$ (2,100,291)	\$ 10,171,197	\$ 33,724,669	\$ (70,085)
40,000,000	0	125,000,000	0	0	0
0	0	0	0	15,000,000	0
0	0	3,066,194	0	0	0
0	0	0	0	0	0
8,404,000	0	0	0	0	0
91,937,253	0	0	0	0	0
0	0	0	0	0	0
(8,404,000)	0	0	0	0	0
(125,182,448)	0	0	0	0	0
4,094,394	966,211	3,108,186	6,944,394	39,180,591	29,532,247
(4,094,394)	(966,211)	(3,108,186)	(6,944,394)	(39,180,591)	(29,532,247)
<u>6,754,805</u>	<u>0</u>	<u>128,066,194</u>	<u>0</u>	<u>15,000,000</u>	<u>0</u>
<u>\$ (32,264,955)</u>	<u>\$ (34,637,928)</u>	<u>\$ 125,965,903</u>	<u>\$ 10,171,197</u>	<u>\$ 48,724,669</u>	<u>\$ (70,085)</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
1999	\$ 4,116,029	\$ 11,760,083	\$ 479,223	\$ 544,572
2000	4,139,968	11,828,480	444,748	505,395
2001	4,656,974	13,305,640	453,054	514,834
2002	4,689,984	13,399,954	370,677	421,224
2003	4,609,619	13,170,340	357,125	405,824
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

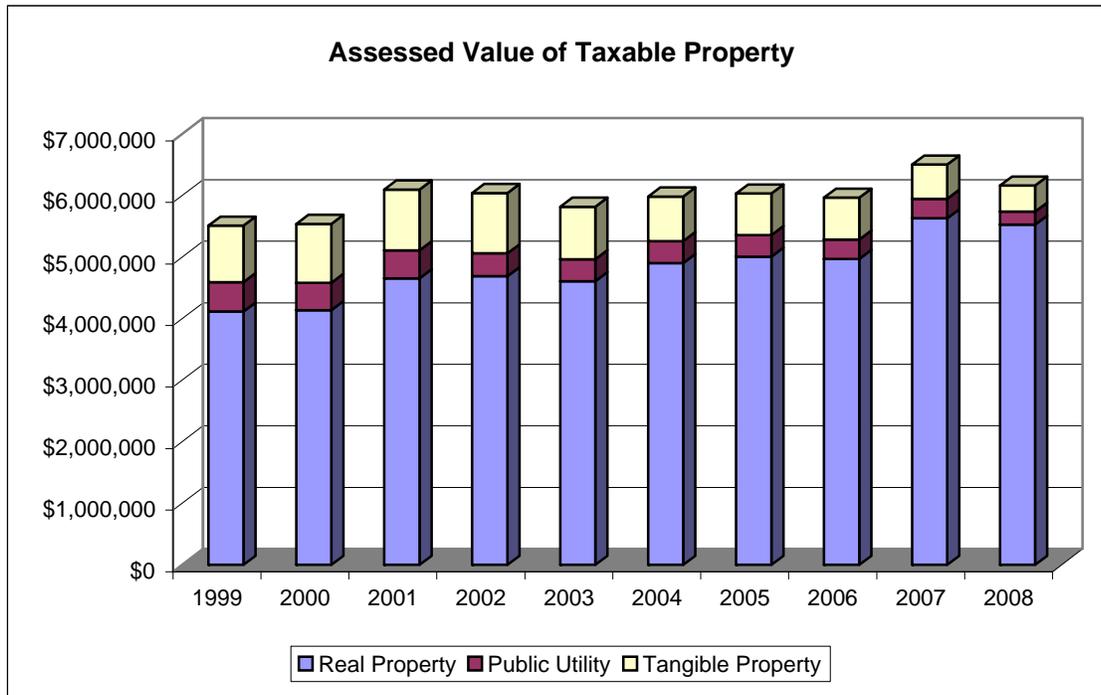
Source: Office of the County Auditor, Cuyahoga County, Ohio

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 is being phased out beginning in 2006. The listing percentage is 18.75 percent for 25 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 has been eliminated.

Tangible Property		Total		Ratio	Total Direct Rate (4)
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 915,905	\$ 3,663,620	\$ 5,511,157	\$ 15,968,275	35%	61.00
955,316	3,821,264	5,540,032	16,155,139	34	60.80
989,442	3,957,768	6,099,470	17,778,242	34	60.60
980,692	3,922,768	6,041,353	17,743,946	34	64.80
852,234	3,705,365	5,818,978	17,281,529	34	64.80
723,018	3,143,557	5,983,528	17,558,459	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	18,185,019	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



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
1999	12.70	15.30	4.00	58.20	0.00	2.80
2000	12.70	15.30	4.00	58.20	0.00	2.60
2001	12.70	16.20	4.00	58.20	0.00	2.40
2002	12.70	16.20	4.00	58.20	0.50	6.10
2003	12.70	16.20	4.00	58.20	0.50	6.10
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

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.

Total (1)	Village of Bratenahl (2)	Village of Newburgh Heights (2)	Village of Linndale (2)	City of Garfield Heights (2)
93.00	25.10	12.80	2.80	19.10
92.80	25.10	12.80	2.80	19.00
93.50	24.70	12.80	2.80	19.60
97.70	20.30	12.80	2.80	19.60
97.70	20.50	12.80	2.80	20.10
102.30	14.00	12.80	2.80	20.10
102.60	14.00	18.50	2.80	21.10
102.60	14.10	18.50	2.80	21.90
102.50	14.00	19.50	2.80	21.90
102.50	14.00	19.50	2.80	21.90

Cleveland Municipal School District

Principal Property Tax Payers
2007 and 1998 (1)

Taxpayer	2007			1998		
	Approximate Assessed Valuation	Rank	Percent of Total District Assessed Valuation	Approximate Assessed Valuation	Rank	Percent of Total District Assessed Valuation
City of Cleveland, Ohio	\$ 137,750,750	1	2.23%			
Cleveland Clinic Foundation	81,604,420	2	1.32%			
Cleveland Financial	49,232,020	3	0.80%			
Case Western Reserve	36,260,690	4	0.59%			
National City Center, LLC	27,949,990	5	0.45%			
ISG Cleveland West	26,790,930	6	0.43%			
Western Reserve	23,391,320	7	0.38%			
TIC OCC Ainley, LLC & ETAL	22,177,160	8	0.36%			
Behringer Harvard 600	21,000,000	9	0.34%			
MB Cleveland Erieview LLC	19,921,860	10	0.32%			
City of Cleveland, Ohio				\$ 80,067,170	1	1.48%
ZML-Cleve Public Sq LLC				56,306,250	2	1.04%
Lakeside Associates				35,350,000	3	0.65%
LTV Steel Company, Incorporated				32,193,000	4	0.60%
BRE, City Center LLC				31,819,000	5	0.59%
PHS Mt. Sinai, Incorporated				29,294,270	6	0.54%
Tower City				26,108,830	7	0.48%
600 Superior Place Partnership				24,850,000	8	0.46%
Federal Reserve Bank of Cleveland				23,721,670	9	0.44%
Erieview Joint Venture				22,925,000	10	0.42%
Total Ten Largest	<u>446,079,140</u>		<u>7.22%</u>	<u>362,635,190</u>		<u>6.70%</u>
Total District Assessed Valuation	<u>\$ 6,163,674,000</u>			<u>\$ 5,408,397,994</u>		

Source: City of Cleveland CAFR - 2007/1998 Tax Collection Year.
(1) 2008 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
1998	\$ 249,886	\$ 230,033	92.1%	\$ 15,110	\$ 245,143	98.1%
1999	254,305	233,041	91.6	14,443	247,484	97.3
2000	254,810	228,787	89.8	14,286	243,073	95.4
2001	253,539	221,059	87.2	14,721	235,780	93.0
2002	270,791	233,553	86.2	20,463	254,016	93.8
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

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. 2008 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

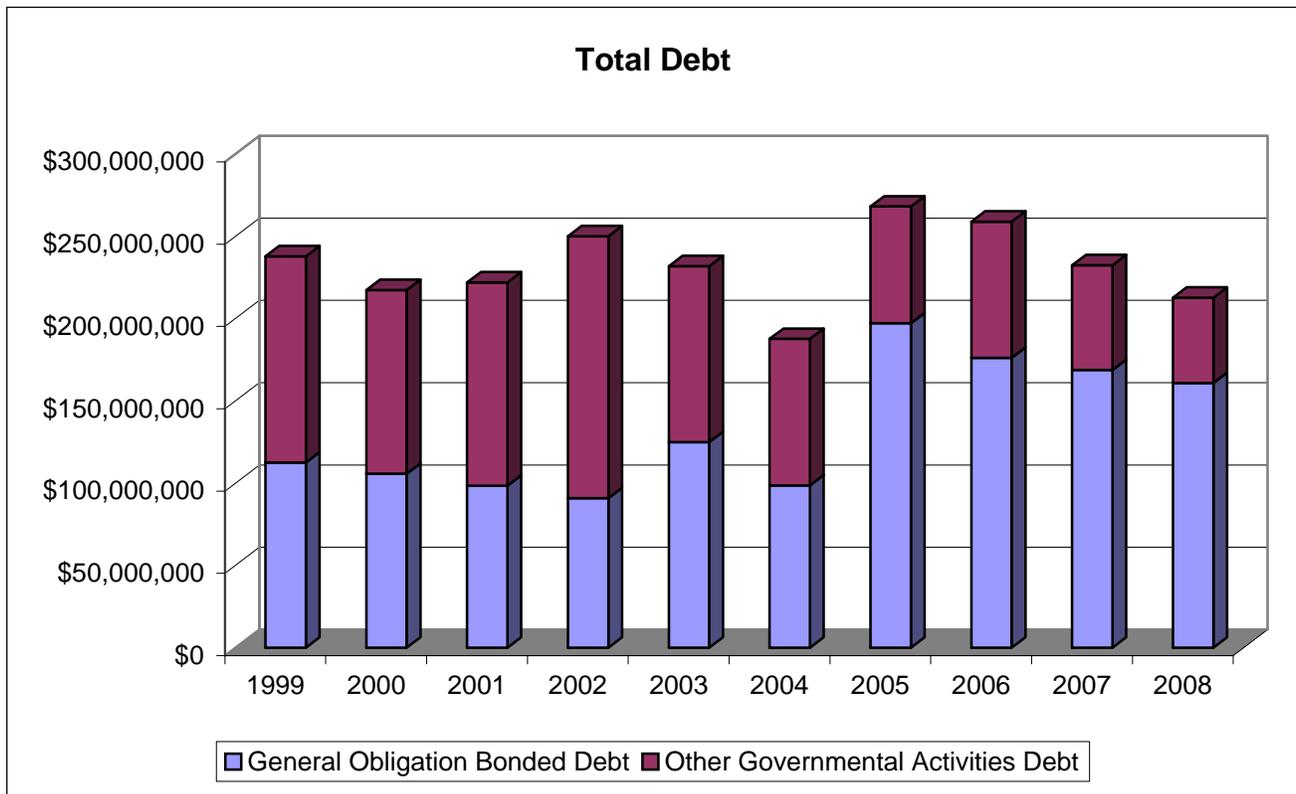
Fiscal Year	Estimated Population (1)	Estimated Actual Values	General Obligation Bonded Debt		
			General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Estimated Actual Value	General Obligation Bonded Debt per Capita
1999	505,616	\$ 15,968,275,000	\$ 112,630,387	0.71%	\$ 223
2000	478,403	16,155,139,000	105,734,539	0.65	221
2001	478,403	17,778,242,000	98,505,723	0.55	206
2002	478,403	17,743,946,000	90,908,480	0.51	190
2003	478,403	17,281,529,000	124,915,000	0.72	261
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

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
\$ 0	\$ 117,009,141	\$ 8,160,000	\$ 0	\$ 237,799,528	3.29%	\$ 470
0	104,805,927	6,880,000	0	217,420,466	3.18	454
21,250,000	91,997,713	5,520,000	4,819,078	222,092,514	3.25	464
21,250,000	125,049,498	4,065,000	8,847,622	250,120,600	3.66	523
21,250,000	75,383,124	2,520,000	7,796,508	231,864,632	3.39	485
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	3.73	583
21,250,000	38,490,704	0	3,929,270	232,434,974	3.35	523
21,250,000	27,767,780	0	2,862,062	212,769,842	3.11	486



Cleveland Municipal School District

Legal Debt Margin Information Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Value	\$6,163,674,000
Debt Limit (9% of assessed value)	554,730,660
Debt Applicable to Limit	<u>135,715,009</u>
Legal Debt Margin	<u>\$ 419,015,651</u>

	1999	2000	2001	2002
Debt Limit	\$ 496,004,145	\$ 498,602,918	\$ 548,952,300	\$ 543,721,770
Total Net Debt Applicable to Limit	<u>94,383,591</u>	<u>91,833,408</u>	<u>82,577,870</u>	<u>94,124,366</u>
Legal Debt Margin	<u><u>\$ 401,620,554</u></u>	<u><u>\$ 406,769,510</u></u>	<u><u>\$ 466,374,430</u></u>	<u><u>\$ 449,597,404</u></u>
 Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	 19.03%	 18.42%	 15.04%	 17.31%

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



<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 523,708,020	\$ 538,517,520	\$ 543,045,600	\$ 536,965,920	\$ 585,429,030	\$ 554,730,660
<u>97,918,533</u>	<u>62,033,529</u>	<u>157,165,358</u>	<u>141,812,427</u>	<u>149,897,800</u>	<u>135,715,009</u>
<u>\$ 425,789,487</u>	<u>\$ 476,483,991</u>	<u>\$ 385,880,242</u>	<u>\$ 395,153,493</u>	<u>\$ 435,531,230</u>	<u>\$ 419,015,651</u>
18.70%	11.52%	28.94%	26.41%	25.60%	24.47%

Cleveland Municipal School District
Direct and Overlapping Debt Governmental Activities Debt
As of June 30, 2008

Name of Governmental Unit	Gross Debt Outstanding	Debt Service Fund (Cash Balance)	Net Outstanding Debt	Percentage Applicable to Cleveland Municipal School District (1)	Amount Applicable to Cleveland Municipal School District
Direct Debt:					
Cleveland Municipal School District (2)	\$ 180,890,000	\$ 19,314,567	\$ 161,575,433	100.00%	\$ 161,575,433
Overlapping Debt:					
City of Cleveland (3)	336,990,000	8,628,239	328,361,761	97.02	318,576,581
Cuyahoga County (3)	161,267,576	9,546,731	151,720,845	18.98	28,796,616
Village of Bratenahl (3)	1,541,500	248,208	1,293,292	100.00	1,293,292
City of Garfield Heights (3)	30,702,000	43,110	30,658,890	6.13	1,879,390
Greater Cleveland Regional Transit Authority (3)	154,655,000	1,511,992	153,143,008	18.98	29,066,543
Total Overlapping Debt	<u>685,156,076</u>	<u>19,978,280</u>	<u>665,177,796</u>		<u>379,612,422</u>
Total	<u>\$ 866,046,076</u>	<u>\$ 39,292,847</u>	<u>\$ 826,753,229</u>		<u>\$ 541,187,855</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 EPA loans of \$21,514, capital lease obligations of \$2,862,062, H.B. 264 Energy Conservation Note of \$7,746,266 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

Year	City Population	Personal Income (thousands of dollars)	Per Capita Personal Income	State Unemployment Rate
1999	505,616	\$ 7,225,758,256	\$ 14,291	4.3%
2000	478,403	6,836,857,273	14,291	4.1
2001	478,403	6,836,857,273	14,291	4.3
2002	478,403	6,836,857,273	14,291	5.7
2003	478,403	6,836,857,273	14,291	6.3
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	6,946,833,755	15,635	5.1
2007	444,313	6,946,833,755	15,635	6.1
2008	438,042	6,848,786,670	15,635	6.6

Source: U.S. Bureau of the Census, Bureau of Economic Analysis and U.S. Department of Labor Statistics.

Cleveland Municipal School District

Principal Employers
Current Year and Nine Years Ago

Employer	2008			1999		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Cleveland Clinic Health System	28,461	1	2.68%	19,327	1	1.71%
University Hospitals Health System	15,904	2	1.50	9,687	3	0.86
Cuyahoga County	9,295	3	0.87	9,443	4	0.84
U.S. Office of Personnel Management	9,172	4	0.86	10,776	2	0.95
Progressive Corporation	8,796	5	0.83	4,826	12	0.43
City of Cleveland	8,327	6	0.78	8,645	5	0.77
Cleveland Municipal School District	7,442	7	0.70	8,477	6	0.75
KeyCorp	6,615	8	0.62	6,980	7	0.62
National City Corporation	6,563	9	0.62	4,340	15	0.38
MetroHealth System	5,627	10	0.53	4,966	11	0.44
Case Western Reserve University	4,955	11	0.47	4,589	13	0.41
	<u>111,157</u>		<u>10.46%</u>	<u>92,056</u>		<u>8.16%</u>
Total Nonfarm Employment			1,063,800			1,128,600

Source: Crain's Cleveland Business, 2008 Top Business Lists and 1999 Top Business Lists
"Largest Cuyahoga County Employers".
U.S. Department of Labor

Note:
Total Employment includes Cleveland, Elyria and Mentor

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percentage Change 1999-2008
Educational Staff											
Regular Education	3,286	3,294	3,119	3,205	3,326	3,181	2,548	2,058	1,943	2,020	-38.53%
Special Education	671	652	700	839	894	956	903	1,335	1,383	1,250	86.29
Vocational Education	207	185	166	163	139	133	106	87	83	86	-58.45
Educational Services	398	391	436	480	486	472	382	386	371	389	-2.26
Full Time (permanent) Substitute	0	0	0	4	207	115	92	30	3	2	0.00
Other Professional - Educational	173	174	221	188	162	127	91	74	19	14	-91.91
Total Educational	4,735	4,696	4,642	4,879	5,214	4,984	4,122	3,970	3,802	3,761	-20.57
Student Services											
Curriculum Specialist	35	18	17	13	9	4	1	1	8	28	-20.00
Counseling	95	93	98	96	104	100	71	67	73	71	-25.26
Librarian/Media	97	96	95	95	112	106	89	84	91	95	-2.06
Remedial Specialist	224	212	491	576	341	371	187	139	46	44	-80.36
Psychologist	66	57	63	74	78	76	70	70	62	61	-7.58
Registered Nurse	72	61	60	61	58	54	54	55	57	66	-8.33
Social Work	23	29	35	31	30	26	11	1	0	12	-47.83
Physical Therapist	7	8	8	10	10	9	9	9	10	9	28.57
Speech/Language Therapist	94	73	75	80	84	78	77	76	73	72	-23.40
Occupational Therapist	11	13	16	20	22	23	27	22	26	24	118.18
Other Professional Services	54	55	59	61	64	62	52	67	58	70	29.63
Total Student Services	778	715	1,017	1,117	912	909	648	591	504	552	-29.05
Support Staff											
Bookkeeping	25	22	14	14	14	14	12	8	5	4	-84.00
Clerical Assignment	366	362	382	383	385	358	281	257	260	259	-29.23
Teaching Aide	676	798	822	824	825	736	633	624	633	717	6.07
Other Office/Clerical	90	82	72	81	79	71	49	30	37	25	-72.22
Attendance Officer	25	22	22	22	22	22	21	22	21	19	-24.00
Maintenance	103	113	105	107	110	96	71	66	92	69	-33.01
Custodial	395	406	434	429	436	415	373	332	333	327	-17.22
Food Service Attendant	0	0	1	0	5	4	4	4	5	5	0.00
Guard/Watchman	221	186	257	232	225	220	164	196	203	213	-3.62
Mechanic	38	37	39	39	38	38	27	26	26	26	-31.58
Vehicle Operating/Dispatch	41	41	44	53	51	50	50	49	49	47	14.63
Computer Operating/Programmer	35	37	34	33	32	31	21	13	10	7	-80.00
Total Support	2,015	2,106	2,226	2,217	2,222	2,055	1,706	1,627	1,674	1,718	-14.74
Administrative Staff											
Administrative Assistant	10	16	27	24	26	16	7	9	11	10	0.00
Deputy/Associate Superintendent	17	14	17	16	19	22	18	19	32	38	123.53
Principal	123	119	125	124	120	122	135	129	135	130	5.69
Assistant Principal	100	119	153	137	140	91	56	60	66	70	-30.00
Supervisor/Manager	104	124	140	147	159	167	151	133	118	124	19.23
Coordinator	28	15	18	22	25	24	27	23	22	23	-17.86
Other Official/Administrator	77	104	148	162	192	178	156	155	142	139	80.52
Total administrative	459	511	628	632	681	620	550	528	526	534	16.34
Total	7,987	8,028	8,513	8,845	9,029	8,568	7,026	6,716	6,506	6,565	-17.80%

Source: District records

Cleveland Municipal School District

Operating Statistics Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (1)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Expenses (2)</u>
1999	73,328	\$ 590,347,254	\$ 8,051	14.62%	N/A
2000	78,190	617,260,650	7,894	(1.94)	N/A
2001	72,277	657,920,399	9,103	15.31	N/A
2002	71,672	782,872,830	10,923	20.00	\$ 784,422,712
2003	69,534	796,488,595	11,455	4.87	807,069,564
2004	67,015	776,586,804	11,588	1.17	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	826,869,860

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.

<u>Cost Per Pupil (2)</u>	<u>Percentage Change (2)</u>	<u>Teaching Staff (2)</u>	<u>Pupil- Teacher Ratio (2)</u>	<u>Percentage of Students Receiving Free and Reduced - Paid Meals (3)</u>
N/A	N/A	N/A	N/A	94.18%
N/A	N/A	N/A	N/A	87.21
N/A	N/A	4,868	N/A	85.95
\$ 10,945	N/A	6,478	11.1	85.70
11,607	6.05%	6,551	10.6	85.73
11,670	0.54	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
16,512	10.74	3,515	14.2	70.34

Cleveland Municipal School District

Teacher Base Salaries
Last Ten Fiscal Years

Fiscal Year	Minimum Salary	Maximum Salary	Statewide Average Salary
1999	\$ 28,104	\$ 59,611	\$ 40,734
2000	28,666	60,803	41,713
2001	30,117	63,879*	42,995
2002	31,640	67,110*	43,755
2003	32,684	69,325	45,645
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

Source: Cleveland's Teacher Union CTU-279, Michael Kulscar, Treasurer
Ohio Department of Education
American Federation of Teachers, AFL-CIO

* Note: Includes additional increase mid-year.

Cleveland Municipal School District

School Building Information

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
K-8 Schools:										
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	978	978	978	978	978	978	978	978	978	978
Enrollment	963	1,042	1,068	749	821	801	867	524	433	338
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	550	550	550	550	550	550	550	550	550	550
Enrollment	420	431	352	321	285	279	238	319	326	290
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	925	925	925	925	925	925	925	925	925	925
Enrollment	446	484	529	481	447	417	387	452	397	384
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	680	680	680	680	680	680	680	680	680	680
Enrollment	584	656	663	860	745	706	648	0	0	0
Alfred A. Benesch (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	600	600	600	600	600	600	600	600	600	600
Enrollment	487	506	474	501	479	449	368	0	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	696	656	685	687	650	634	625	553	521	466
Andrew J. Rickoff (2) (1920)										
Square feet	56,348	56,348	56,348	56,348	56,348	56,348	56,348	N/A	N/A	N/A
Capacity	650	650	650	650	650	650	650	N/A	N/A	N/A
Enrollment	535	560	477	445	426	360	252	N/A	N/A	N/A
Andrew J. Rickoff (2005)										
Square feet	N/A	91,785	91,785	91,785						
Capacity	N/A	725	725	725						
Enrollment	N/A	509	570	570						
Anton Grdina (1959)										
Square feet	75,600	75,600	75,600	75,600	75,600	75,600	75,600	75,600	75,600	75,600
Capacity	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Enrollment	622	692	544	544	513	498	589	624	576	522
Artemus Ward (1949)										
Square feet	35,826	35,826	35,826	35,826	35,826	35,826	35,826	N/A	N/A	N/A
Capacity	450	450	450	450	450	450	450	N/A	N/A	N/A
Enrollment	372	436	421	403	379	362	373	N/A	N/A	N/A

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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
K-8 Schools (Continued):										
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	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148
Enrollment	665	758	725	686	586	480	428	686	571	491
Benjamin Franklin (1923)										
Square feet	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260
Capacity	900	900	900	900	900	900	900	900	900	900
Enrollment	635	660	759	716	699	615	686	784	738	669
Bolton (1971)										
Square feet	53,700	53,700	53,700	53,700	53,700	53,700	53,700	53,700	53,700	53,700
Capacity	725	725	725	725	725	725	725	725	725	725
Enrollment	423	444	382	405	410	424	415	385	293	343
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	450	450	450	450	450	450	450	450	450	450
Enrollment	375	405	377	362	337	325	328	319	312	304
Buckeye-Woodland (1975)										
Square feet	44,800	44,800	44,800	44,800	44,800	44,800	44,800	44,800	44,800	44,800
Capacity	625	625	625	625	625	625	625	625	625	625
Enrollment	421	463	459	436	401	411	429	360	304	260
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	525	525	525	525	525	525	525	525	525	525
Enrollment	467	579	516	507	537	501	475	446	0	0
Captain Arthur Roth (1965)										
Square feet	70,016	70,016	70,016	70,016	70,016	70,016	70,016	70,016	70,016	70,016
Capacity	701	701	701	701	701	701	701	701	701	701
Enrollment	667	768	714	639	531	419	345	412	370	315
Carl F. Shuler (1958)										
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	774	774	712	693	718	733	671	450	387	351
Case (1975)										
Square feet	69,559	69,559	69,559	69,559	69,559	69,559	69,559	69,559	69,559	69,559
Capacity	825	825	825	825	825	825	825	825	825	825
Enrollment	699	647	594	542	524	500	404	579	553	481
Central-Carl and Louis Stokes (1940)										
Square feet	137,200	137,200	137,200	137,200	137,200	137,200	137,200	137,200	137,200	137,200
Capacity	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041
Enrollment	726	791	809	778	813	667	718	536	510	507

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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
K-8 Schools (Continued):										
Charles A. Mooney (1964)										
Square feet	196,989	196,989	196,989	196,989	196,989	196,989	196,989	196,989	196,989	196,989
Capacity	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211
Enrollment	1,096	1,159	775	645	930	924	839	683	573	604
Charles Dickens (1927)										
Square feet	48,034	48,034	48,034	48,034	48,034	48,034	48,034	48,034	48,034	48,034
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	468	540	499	528	492	446	383	487	423	364
Charles H. Lake (1961)										
Square feet	55,823	55,823	55,823	55,823	55,823	55,823	55,823	55,823	55,823	N/A
Capacity	750	750	750	750	750	750	750	750	750	N/A
Enrollment	332	387	403	457	399	377	315	324	289	N/A
Charles Orr (1955)										
Square feet	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Capacity	383	383	383	383	383	383	383	383	383	383
Enrollment	214	243	172	103	146	0	0	0	0	146
Charles W. Elliot (1954)										
Square feet	104,360	104,360	104,360	104,360	104,360	104,360	104,360	104,360	104,360	104,360
Capacity	744	744	744	744	744	744	744	744	744	744
Enrollment	776	833	805	850	827	767	648	417	342	299
Clara Westropp Fundamental Education Center (1967)										
Square feet	116,246	116,246	116,246	116,246	116,246	116,246	116,246	116,246	116,246	116,246
Capacity	900	900	900	900	900	900	900	900	900	900
Enrollment	524	609	623	765	717	728	671	712	627	640
Clark (1973)										
Square feet	59,064	59,064	59,064	59,064	59,064	59,064	59,064	59,064	59,064	59,064
Capacity	625	625	625	625	625	625	625	625	625	625
Enrollment	610	640	637	610	599	635	655	605	577	579
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	775	775	775	775	775	775	775	775	775	775
Enrollment	559	592	594	510	435	362	387	0	0	0
Cranwood (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	625	625	625	625	625	625	625	625	625	625
Enrollment	550	573	496	463	387	294	290	0	0	0
Daniel E. Morgan (1959)										
Square feet	51,272	51,272	51,272	51,272	51,272	51,272	51,272	51,272	N/A	N/A
Capacity	750	750	750	750	750	750	750	750	N/A	N/A
Enrollment	510	517	489	524	497	455	438	423	N/A	N/A

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Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
K-8 Schools (Continued):										
Daniel E. Morgan (2007)										
Square feet	N/A	66,409	66,409							
Capacity	N/A	480	480							
Enrollment	N/A	430	448							
Denison (1972)										
Square feet	42,714	42,714	42,714	42,714	42,714	42,714	42,714	42,714	42,714	42,714
Capacity	825	825	825	825	825	825	825	825	825	825
Enrollment	786	760	732	688	692	736	726	706	698	713
Dike Montessori (1971)										
Square feet	53,300	53,300	53,300	53,300	53,300	53,300	53,300	53,300	53,300	53,300
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	286	319	313	322	317	313	298	392	390	362
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	375	375	375	375	375	375	375	375	375	375
Enrollment	0	0	0	0	0	0	0	0	0	76
East Clark (2) (1894)										
Square feet	56,755	56,755	56,755	56,755	56,755	56,755	56,755	56,755	56,755	N/A
Capacity	700	700	700	700	700	700	700	700	700	N/A
Enrollment	517	477	473	535	510	480	419	463	387	N/A
Emile B. deSauze (1966)										
Square feet	51,457	51,457	51,457	51,457	51,457	51,457	51,457	51,457	51,457	51,457
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	449	446	419	449	416	395	339	407	360	344
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	825	825	825	825	825	825	825	825	825	825
Enrollment	630	651	547	529	588	592	567	423	361	330
Euclid Park (1922)										
Square feet	43,182	43,182	43,182	43,182	43,182	43,182	43,182	43,182	43,182	N/A
Capacity	550	550	550	550	550	550	550	550	550	N/A
Enrollment	501	538	543	546	438	415	289	358	291	N/A
F. D. Roosevelt (1976)										
Square feet	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Capacity	850	850	850	850	850	850	850	850	850	850
Enrollment	694	700	611	569	631	781	656	0	0	297
Forest Hill Parkway (1967)										
Square feet	51,278	51,278	51,278	51,278	51,278	51,278	51,278	51,278	51,278	51,278
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	534	486	408	376	374	388	389	407	380	390

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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
K-8 Schools (Continued):										
Fullerton (1974)										
Square feet	36,468	36,468	36,468	36,468	36,468	36,468	36,468	36,468	36,468	36,468
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	456	449	440	483	483	459	352	458	401	395
Garfield (2) (1922)										
Square feet	31,763	31,763	31,763	31,763	31,763	31,763	31,763	31,763	31,763	31,763
Capacity	375	375	375	375	375	375	375	375	375	375
Enrollment	285	296	271	237	229	238	189	0	0	0
Garrett Morgan Cleveland School of Science (1940)										
Square feet	101,900	101,900	101,900	101,900	101,900	101,900	101,900	101,900	101,900	101,900
Capacity	765	765	765	765	765	765	765	765	765	765
Enrollment	494	501	415	458	422	437	388	333	264	227
George Washington Carver (1954)										
Square feet	53,800	53,800	53,800	53,800	53,800	53,800	53,800	53,800	53,800	53,800
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	450	487	322	326	373	407	429	516	463	404
Giddings (1970)										
Square feet	53,533	53,533	53,533	53,533	53,533	53,533	53,533	53,533	53,533	53,533
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	540	556	490	425	357	347	360	436	389	302
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	625	625	625	625	625	625	625	625	625	625
Enrollment	626	620	654	668	558	579	564	629	561	487
Hannah Gibbons (1960)										
Square feet	21,831	21,831	21,831	21,831	21,831	21,831	21,831	21,831	N/A	N/A
Capacity	225	225	225	225	225	225	225	225	N/A	N/A
Enrollment	166	165	177	180	187	193	173	223	N/A	N/A
Hannah Gibbons (2006)										
Square feet	N/A	52,953	52,953							
Capacity	N/A	351	351							
Enrollment	N/A	267	246							
Harvey Rice (2) (1903)										
Square feet	82,414	82,414	82,414	82,414	82,414	82,414	82,414	82,414	82,414	82,414
Capacity	925	925	925	925	925	925	925	925	925	925
Enrollment	776	777	738	646	543	511	402	352	317	267
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	700	700	700	700	700	700	700	700	700	700
Enrollment	372	397	370	374	346	323	261	564	497	508

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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
K-8 Schools (Continued):										
Harry E. Davis (1962)										
Square feet	115,064	115,064	115,064	115,064	115,064	115,064	115,064	115,064	115,064	115,064
Capacity	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126
Enrollment	591	719	704	584	562	465	320	0	0	0
Henry W. Longfellow (1924)										
Square feet	50,616	50,616	50,616	50,616	50,616	50,616	50,616	50,616	50,616	50,616
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	413	504	439	444	414	353	289	362	302	321
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	750	750	750	750	750	750	750	750	750	750
Enrollment	581	702	577	576	489	423	360	555	427	368
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	600	600	600	600	600	600	600	600	600	600
Enrollment	474	494	506	521	481	502	570	434	321	242
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	825	825	825	825	825	825	825	825	825	825
Enrollment	569	633	565	465	425	374	361	433	431	444
Joseph F. Landis (1963)										
Square feet	49,170	49,170	49,170	49,170	49,170	49,170	49,170	49,170	49,170	49,170
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	520	543	548	527	463	441	368	431	379	399
Joseph M. Gallagher (1976)										
Square feet	126,816	126,816	126,816	126,816	126,816	126,816	126,816	126,816	126,816	126,816
Capacity	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020
Enrollment	1,030	1,054	875	861	838	787	889	865	762	791
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	300	300	300	300	300	300	300	300	300	300
Enrollment	299	297	273	297	335	279	207	0	0	100
Kentucky (1940)										
Square feet	42,870	42,870	42,870	42,870	42,870	42,870	42,870	42,870	42,870	42,870
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	390	383	373	397	376	338	370	106	422	438
Louis Agassiz (1929)										
Square feet	43,074	43,074	43,074	43,074	43,074	43,074	43,074	43,074	43,074	43,074
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	404	427	375	382	355	301	371	375	313	322

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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
K-8 Schools (Continued):										
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	625	625	625	625	625	625	625	625	625	625
Enrollment	444	463	421	402	366	337	308	478	375	245
Louisa May Alcott (1926)										
Square feet	31,240	31,240	31,240	31,240	31,240	31,240	31,240	31,240	31,240	31,240
Capacity	300	300	300	300	300	300	300	300	300	300
Enrollment	242	247	246	246	203	200	214	208	230	212
Luiz Munoz Marin (1976)										
Square feet	157,009	157,009	157,009	157,009	157,009	157,009	157,009	157,009	157,009	157,009
Capacity	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126
Enrollment	952	927	821	810	839	808	730	727	822	872
Margaret Spellacy (1969)										
Square feet	116,246	116,246	116,246	116,246	116,246	116,246	116,246	116,246	116,246	116,246
Capacity	744	744	744	744	744	744	744	744	744	744
Enrollment	794	761	723	827	700	278	294	0	0	541
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	725	725	725	725	725	725	725	725	725	725
Enrollment	692	702	716	507	700	630	651	659	609	614
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	800	800	800	800	800	800	800	800	800	800
Enrollment	578	648	587	728	511	513	450	507	471	498
Mary B. Martin (2) (1963)										
Square feet	57,737	57,737	57,737	57,737	57,737	57,737	57,737	57,737	N/A	N/A
Capacity	616	616	616	616	616	616	616	616	N/A	N/A
Enrollment	405	414	453	352	325	347	297	0	N/A	N/A
Mary B. Martin (2006)										
Square feet	N/A	70,048	70,048							
Capacity	N/A	490	490							
Enrollment	N/A	390	340							
Mary M. Bethune (2) (1964)										
Square feet	48,613	48,613	48,613	48,613	48,613	48,613	48,613	48,613	N/A	N/A
Capacity	600	600	600	600	600	600	600	600	N/A	N/A
Enrollment	456	485	455	395	316	303	328	480	N/A	N/A
Mary M. Bethune (2006)										
Square feet	N/A	68,498	68,498							
Capacity	N/A	500	500							
Enrollment	N/A	417	352							

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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
K-8 Schools (Continued):										
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	575	575	575	575	575	575	575	575	575	575
Enrollment	463	509	495	495	499	466	440	404	375	343
Memorial (2005)										
Square feet	N/A	83,584	83,584	83,584						
Capacity	N/A	625	625	625						
Enrollment	N/A	501	522	454						
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	625	625	625	625	625	625	625	625	625	625
Enrollment	387	436	452	447	396	359	300	432	368	378
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	925	925	925	925	925	925	925	925	925	925
Enrollment	594	676	616	534	456	393	483	556	426	394
Miles Park (2) (1971)										
Square feet	43,027	43,027	43,027	43,027	43,027	43,027	43,027	43,027	N/A	N/A
Capacity	600	600	600	600	600	600	600	600	N/A	N/A
Enrollment	540	594	560	514	490	492	421	513	N/A	N/A
Miles Park (2007)										
Square feet	N/A	92,027	92,027							
Capacity	N/A	650	650							
Enrollment	N/A	461	538							
Moses Cleaveland (1925)										
Square feet	79,671	79,671	79,671	79,671	79,671	79,671	79,671	79,671	79,671	79,671
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	503	556	447	357	313	305	244	0	0	0
Mound (1904)										
Square feet	38,355	38,355	38,355	38,355	38,355	38,355	38,355	38,355	38,355	38,355
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	471	449	439	417	415	400	369	416	348	287
Mount Auburn (1) (1922)										
Square feet	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	407	470	446	410	288	266	264	0	0	0
Nathan Hale (1929)										
Square feet	106,855	106,855	106,855	106,855	106,855	106,855	106,855	106,855	106,855	106,855
Capacity	935	935	935	935	935	935	935	935	935	935
Enrollment	716	771	774	924	818	762	651	522	442	349

Cleveland Municipal School District

School Building Information

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
K-8 Schools (Continued):										
Nathaniel Hawthorne/Riverside student swing space (1917)										
Square feet	48,375	48,375	48,375	48,375	48,375	48,375	48,375	48,375	48,375	48,375
Capacity	446	446	446	446	446	446	446	446	446	446
Enrollment	0	0	0	0	0	0	0	0	345	370
Newton D. Baker (1954)										
Square feet	91,706	91,706	91,706	91,706	91,706	91,706	91,706	91,706	91,706	91,706
Capacity	825	825	825	825	825	825	825	825	825	825
Enrollment	596	611	531	517	541	498	505	662	671	631
Oliver Hazard Perry (1927)										
Square feet	55,570	55,570	55,570	55,570	55,570	55,570	55,570	55,570	55,570	55,570
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	660	680	650	632	647	644	564	444	385	368
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	750	750	750	750	750	750	750	750	750	750
Enrollment	538	572	470	483	490	460	378	534	576	561
Patrick Henry (1922)										
Square feet	130,443	130,443	130,443	130,443	130,443	130,443	130,443	130,443	130,443	130,443
Capacity	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148
Enrollment	827	894	827	819	787	738	739	491	410	0
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	525	525	525	525	525	525	525	525	525	525
Enrollment	336	403	361	357	309	301	255	330	360	284
Paul Revere (1925)										
Square feet	82,840	82,840	82,840	82,840	82,840	82,840	82,840	82,840	82,840	82,840
Capacity	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125
Enrollment	558	598	682	733	713	668	502	584	483	441
Riverside (1935)										
Square feet	38,836	38,836	38,836	38,836	38,836	38,836	38,836	N/A	N/A	N/A
Capacity	N/A									
Enrollment	394	412	372	382	392	424	447	N/A	N/A	N/A
Riverside (2005)										
Square feet	N/A	61,820	61,820	61,820						
Capacity	N/A	450	450	450						
Enrollment	N/A	477	516	517						
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	800	800	800	800	800	800	800	800	800	800
Enrollment	500	572	513	587	485	500	429	498	386	303

Cleveland Municipal School District

School Building Information

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
K-8 Schools (Continued):										
Robert H. Jamison (1966)										
Square feet	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Capacity	925	925	925	925	925	925	925	925	925	925
Enrollment	707	743	704	657	710	766	635	698	604	563
Robinson G. Jones (2) (1951)										
Square feet	38,311	38,311	38,311	38,311	38,311	38,311	38,311	38,311	N/A	N/A
Capacity	475	475	475	475	475	475	475	475	N/A	N/A
Enrollment	289	337	349	374	416	429	438	352	N/A	N/A
Scranton (1973)										
Square feet	52,575	52,575	52,575	52,575	52,575	52,575	52,575	52,575	52,575	52,575
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	564	631	564	551	517	516	386	610	538	452
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	650	650	650	650	650	650	650	650	650	650
Enrollment	503	619	585	571	474	443	358	0	0	351
Sunbeam (1923)										
Square feet	78,518	78,518	78,518	78,518	78,518	78,518	78,518	78,518	78,518	78,518
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	223	233	220	221	231	216	224	272	214	224
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	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148
Enrollment	1,030	1,083	938	913	792	880	845	692	0	0
Tremont (1917)										
Square feet	119,508	119,508	119,508	119,508	119,508	119,508	119,508	119,508	119,508	119,508
Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	909	876	765	694	652	638	465	472	427	402
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	475	475	475	475	475	475	475	475	475	475
Enrollment	385	384	425	467	391	384	349	373	327	248
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	300	300	300	300	300	300	300	300	300	300
Enrollment	202	223	208	193	166	133	128	0	0	74
Wade Park (1975)										
Square feet	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	565	637	611	571	538	480	365	540	307	222

Cleveland Municipal School District

School Building Information

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
K-8 Schools (Continued):										
Walton (1971)										
Square feet	52,786	52,786	52,786	52,786	52,786	52,786	52,786	52,786	52,786	52,786
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	699	724	720	673	686	611	721	686	697	583
Warner (2007)										
Square feet	N/A	75,799								
Capacity	N/A	570								
Enrollment	N/A	110								
Watterson-Lake (1906)										
Square feet	65,241	65,241	65,241	65,241	65,241	65,241	65,241	65,241	65,241	65,241
Capacity	725	725	725	725	725	725	725	725	725	725
Enrollment	631	680	652	602	595	577	524	471	494	524
Waverly (1976)										
Square feet	72,603	72,603	72,603	72,603	72,603	72,603	72,603	72,603	72,603	72,603
Capacity	750	750	750	750	750	750	750	750	750	750
Enrollment	609	670	640	628	585	513	419	360	450	458
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	500	500	500	500	500	500	500	500	500	500
Enrollment	421	442	413	424	395	387	358	470	473	495
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	675	675	675	675	675	675	675	675	675	675
Enrollment	497	547	508	535	403	396	295	0	0	0
Willow (1964)										
Square feet	53,914	53,914	53,914	53,914	53,914	53,914	53,914	53,914	53,914	53,914
Capacity	375	375	375	375	375	375	375	375	375	375
Enrollment	256	303	311	272	255	268	274	293	273	240
Woodland Hills (1971)										
Square feet	49,443	49,443	49,443	49,443	49,443	49,443	49,443	49,443	49,443	49,443
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	647	616	571	514	450	411	410	510	393	376
Whitney Young (1950)										
Square feet	121,609	121,609	121,609	121,609	121,609	121,609	121,609	121,609	121,609	121,609
Capacity	765	765	765	765	765	765	765	765	765	765
Enrollment	504	521	480	441	341	319	395	375	434	415
Wilbur Wright (1929)										
Square feet	105,192	105,192	105,192	105,192	105,192	105,192	105,192	105,192	105,192	105,192
Capacity	893	893	893	893	893	893	893	893	893	893
Enrollment	1,147	1,160	1,088	1,092	1,099	1,073	831	624	558	588

Cleveland Municipal School District

School Building Information

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
K-8 Schools (Continued):										
Willson (1) (1903)										
Square feet	91,290	91,290	91,290	91,290	91,290	91,290	91,290	91,290	91,290	91,290
Capacity	616	616	616	616	616	616	616	616	616	616
Enrollment	484	487	449	537	568	601	463	N/A	N/A	N/A
Senior High Schools										
Cleveland Learning Center - Halle (1) (1904)										
Square feet	41,085	41,085	41,085	41,085	41,085	41,085	41,085	41,085	41,085	41,085
Capacity	361	361	361	361	361	361	361	361	361	361
Enrollment	57	60	45	45	48	172	135	420	359	404
Cleveland Learning Center - Jessie Owens (1914)										
Square feet	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000
Capacity	276	276	276	276	276	276	276	276	276	276
Enrollment	0	0	113	125	117	116	108	0	0	0
Cleveland School of the Arts (1910)										
Square feet	90,400	90,400	90,400	90,400	90,400	90,400	90,400	90,400	90,400	90,400
Capacity	871	871	871	871	871	871	871	871	871	871
Enrollment	601	660	629	622	655	655	602	601	602	558
Collinwood CompuTech (1924)										
Square feet	345,203	345,203	345,203	345,203	345,203	345,203	345,203	345,203	345,203	345,203
Capacity	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849
Enrollment	1,181	1,325	1,227	1,221	1,350	1,812	1,488	1,121	968	962
East High (1975)										
Square feet	165,711	165,711	165,711	165,711	165,711	165,711	165,711	165,711	165,711	165,711
Capacity	1,466	1,466	1,466	1,466	1,466	1,466	1,466	1,466	1,466	1,466
Enrollment	1,039	947	802	781	1,114	1,113	1,091	1,008	860	715
East Technical (1972)										
Square feet	318,600	318,600	318,600	318,600	318,600	318,600	318,600	318,600	318,600	318,600
Capacity	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105
Enrollment	1,252	1,161	943	883	1,080	1,191	1,101	1,020	907	783
Glenville (1966)										
Square feet	248,000	248,000	248,000	248,000	248,000	248,000	248,000	248,000	248,000	248,000
Capacity	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Enrollment	1,264	1,389	1,257	1,345	1,474	1,595	1,698	1,604	1,538	1,340
Health Careers Center-Ginn Academy (1980)										
Square feet	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950
Capacity	340	340	340	340	340	340	340	340	340	340
Enrollment	386	374	357	380	369	401	368	365	0	143
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	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318
Enrollment	1,334	1,335	1,145	1,284	1,483	1,637	1,683	1,553	1,575	1,409

Cleveland Municipal School District

School Building Information

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Senior High Schools (Continued):										
Jane Addams Business Careers (1968)										
Square feet	214,752	214,752	214,752	214,752	214,752	214,752	214,752	214,752	214,752	214,752
Capacity	786	786	786	786	786	786	786	786	786	786
Enrollment	623	655	617	574	578	595	589	557	472	479
John Adams High (2007)										
Square feet	N/A	224,000	224,000							
Capacity	N/A	1,335	1,335							
Enrollment	0	0	0	0	0	0	0	0	1,067	1,169
John F. Kennedy (1965)										
Square feet	264,661	264,661	264,661	264,661	264,661	264,661	264,661	264,661	264,661	264,661
Capacity	1,721	1,721	1,721	1,721	1,721	1,721	1,721	1,721	1,721	1,721
Enrollment	1,374	1,716	1,769	1,875	1,999	1,875	1,823	1,758	1,077	940
John Hay (1929)										
Square feet	186,352	186,352	186,352	186,352	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	1,625	1,625	1,625	1,625	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	1,253	1,381	1,213	1,259	N/A	N/A	N/A	N/A	N/A	N/A
John Hay (2006)										
Square feet	N/A	210,353	210,353							
Capacity	N/A	1,318	1,318							
Enrollment	N/A	476	576							
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	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870
Enrollment	1,971	2,114	1,983	1,892	1,943	1,969	1,905	1,788	1,715	1,643
Lincoln-West (1970)										
Square feet	304,645	304,645	304,645	304,645	304,645	304,645	304,645	304,645	304,645	304,645
Capacity	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551
Enrollment	1,313	1,390	1,334	1,409	1,424	1,485	1,552	1,490	1,496	1,369
Margaret A. Ireland Complex (1962)										
Square feet	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	522	510	502	504	503	0	0	0	0	172
Martin L. King Jr. (1972)										
Square feet	173,359	173,359	173,359	173,359	173,359	173,359	173,359	173,359	173,359	173,359
Capacity	978	978	978	978	978	978	978	978	978	978
Enrollment	346	262	272	259	324	894	795	765	677	550
Max S. Hayes Vocational (1957)										
Square feet	246,282	246,282	246,282	246,282	246,282	246,282	246,282	246,282	246,282	246,282
Capacity	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Enrollment	560	640	584	539	599	562	558	509	416	468

Cleveland Municipal School District

School Building Information

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Senior High Schools (Continued):										
South (includes Washington Park) (1968)										
Square feet	292,518	292,518	292,518	292,518	292,518	292,518	292,518	292,518	292,518	292,518
Capacity	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530
Enrollment	1,484	1,495	1,215	1,336	1,475	1,572	1,429	1,258	1,043	941
SuccessTech Academy										
Square feet	N/A	N/A	N/A	N/A	136,817	136,817	136,817	136,817	136,817	136,817
Capacity	N/A	N/A	N/A	N/A	400	400	400	400	400	400
Enrollment	0	0	0	0	77	165	198	253	243	238
Administrative										
Buildings	4	5	5	5	5	8	8	8	8	8
Square Feet	408,879	536,726	536,726	536,726	536,726	556,286	556,286	556,286	556,286	556,286
Transportation										
Garages (3)	3	3	3	3	3	3	3	3	3	3
Buses	N/A	N/A	613	624	605	436	341	327	311	311
Athletics										
Football Fields	4	4	4	4	4	4	4	4	4	4
Soccer Fields	3	3	3	3	3	3	3	3	3	3
Running Tracks	4	4	4	4	4	4	4	4	4	4
Baseball/Softball	0	0	0	0	0	0	0	0	0	0
Swimming Pools	7	7	7	7	7	6	6	7	7	7
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.

Capacity is based on 25 students per classroom.

Dr. Eugene T.W. Sanders, Ph.D.
Chief Executive Officer

Board of Education

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Vice Chair

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CLEVELAND
MUNICIPAL
SCHOOL DISTRICT
Vision to Victory

1380 East Sixth Street ■ Cleveland, Ohio 44114
216.574.8000 ■ www.cmsdnet.net

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.



Mary Taylor, CPA
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
DECEMBER 22, 2009