

# Cuyahoga Heights Local School District

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011



Prepared by Debbie Herrmann, Treasurer

4820 East 71<sup>st</sup> Street, Cuyahoga Heights, Ohio 44125





# Dave Yost • Auditor of State

Board of Education  
Cuyahoga Heights Local School District  
4820 East 71st Street Cuyahoga Heights, Ohio 44125

We have reviewed the *Independent Accountants' Report* of the Cuyahoga Heights Local School District, Cuyahoga County, prepared by Canter & Associates, for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cuyahoga Heights Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

May 15, 2012

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**Introductory**  
**Section**

Cuyahoga Heights Local School District

Excellence in Education  
Since 1938

A Hall of Fame School

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**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2011*  
*Table of Contents*

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	Page
<b>I. Introductory Section</b>	
Table of Contents .....	ii
Letter of Transmittal.....	v
List of Principal Officials .....	ix
Organizational Chart .....	x
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	xi
ASBO Certificate of Excellence in Financial Reporting.....	xii
<b>II. Financial Section</b>	
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets .....	14
Statement of Activities .....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund .....	20
Statement of Fund Net Assets – Proprietary Fund.....	21
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund.....	22
Statement of Cash Flows – Proprietary Fund.....	23
Statement of Fiduciary Net Assets – Fiduciary Funds .....	24
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	25
Notes to the Basic Financial Statements.....	26

Combining Statements and Individual Fund Schedules:

Combining Statements – Nonmajor Governmental Funds:	
Fund Descriptions .....	58
Combining Balance Sheet – Nonmajor Governmental Funds .....	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	61
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	65
Combining Statements – Fiduciary Funds:	
Fund Descriptions .....	69
Combining Statement of Fiduciary Net Assets – Private Purpose Trust Funds.....	70
Combining Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds .....	71
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	72
Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund Balance/Equity – Budget (Non-GAAP Basis) and Actual	
General Fund .....	74
Food Service Fund.....	79
Other Grants Fund.....	80
District Managed Student Activity Fund.....	81
Management Information Systems Fund .....	82
Data Communication Fund .....	83
Alternative Schools Fund .....	84
Education Jobs Fund.....	85
Race to the Top Grant Fund .....	86
Education Stabilization Fund .....	87
Title II-D Technology Fund .....	88
Limited English Proficiency Fund... ..	89
Title I Fund... ..	90
Improving Teacher Quality Fund.....	91
Uniform School Supplies Fund.....	92
Adult Education Fund .....	93
Public School Support Fund.....	94
Bond Retirement Fund.....	95
Permanent Improvement Fund .....	96
Employee Benefits Self Insurance Fund.....	97
Special Trust Fund.....	98
Endowment Fund .....	99

**III. Statistical Section**

Net Assets by Component – Last Eight Fiscal Years .....S2

Changes in Net Assets of Governmental Activities - Last Eight Fiscal Years .....S3

Fund Balances, Governmental Funds- Last Ten Fiscal Years .....S4

Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years ..... S6

Assessed and Estimated Actual Value of Taxable Property - Last Ten Years .....S8

Property Tax Rates – Direct and Overlapping Governments - Last Ten Years .....S10

Principal Real Property Taxpayers.....S14

Principal Public Utility Property Taxpayers .....S15

Property Tax Levies and Collections - Last Ten Years .....S16

Ratio of Outstanding Debt to Estimated Actual Value and Debt per Capita - Last Ten Fiscal Years....S18

Computation of Legal Debt Margin - Last Ten Fiscal Years .....S20

Computation of Direct and Overlapping Governmental Activities Debt.....S22

Principal Employers .....S23

Demographic and Economic Statistics – Last Ten Years .....S24

Staffing Statistics – Full Time Equivalent by Type and Function – Last Ten Fiscal Years .....S26

Building Statistics by Function/Program – Last Ten Fiscal Years .....S28

Operating Statistics – Last Ten Fiscal Years.....S30

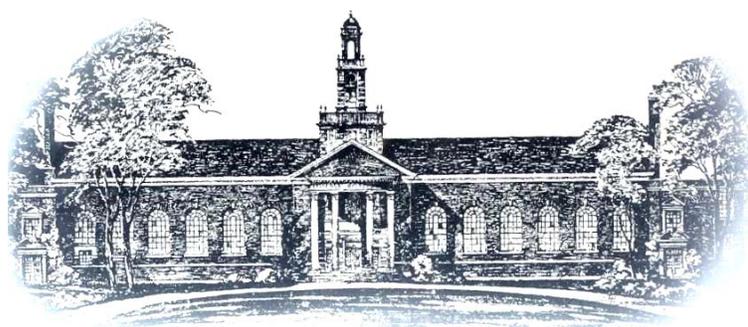
Teacher Education and Experience .....S32

Capital Assets Statistics – Last Eight Fiscal Years .....S33

SAT Composite Scores – Last Ten Fiscal Years.....S34

ACT Composite Scores – Last Ten Fiscal Years .....S36

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## **CUYAHOGA HEIGHTS SCHOOLS**

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January 31, 2012

To the Board of Education, administration, taxpayers and residents of the Cuyahoga Heights Local School District:

State law requires that every School District as a local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2011. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Canter and Associates, Certified Public Accountants, have issued an unqualified ("clean") opinion on Cuyahoga Heights Local School District financial statements for the fiscal year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Please refer to the Management Discussion and Analysis Section for in-depth descriptions and explanations on the financial results of fiscal year 2011 and management's analysis for the future financial horizon of the District. The Statistical Section of the report will also contain historical information on the demographics of the District.

### **Background Information on the School District**

The Cuyahoga Heights Local School District is one of 614 public school districts in the State of Ohio and one of 31 public school districts in Cuyahoga County. The District is an independent school district. In fiscal year 2011, the district provided education to approximately 930 students in grades K-12, with projected enrollment in the upcoming fiscal years expected to remain fairly consistent with current enrollment. A half-day class for pre-school children is also provided. The district offers programs in general education, special education, vocational education, advanced placement, various extracurricular programs and has an extensive guidance program for students.

The District is located in Cuyahoga County in northeastern Ohio, approximately five miles south of downtown Cleveland. The district's territory encompasses all the territory of the villages of Brooklyn Heights, Cuyahoga Heights, and Valley View. The District was established in 1938 and the first graduating class of the district was the class of 1939. The original buildings were built in 1938; please see the statistical section for individual building dates and sizes.

Statutorily, the District operates under the standards prescribed by the Ohio State Board of Education as provided in Division (D) of section 3301.47 and Section 110.01 of the Ohio Revised Code, to provide educational services authorized and mandated by State and federal agencies. A five member Board of Education serves as the taxing authority, contracting body and policy maker for the District. The Board adopts the annual operating budget and approves all expenditures of the District. Two of the Board members have served eighteen years each, one Board member has served sixteen years, one Board member has served thirteen years, and one Board member has served less than one year.

The Superintendent is the Chief Executive Officer of the District. The Superintendent administers, as chief school executive on a daily basis, the development and maintenance of a positive educational program designed to meet the needs of the community and to carry out the policies of the Board and execute Board decisions. The Superintendent is also the purchasing agent of the District and designated Public Relations representative for the District. The Treasurer is the Chief Fiscal Officer of the District. The Treasurer is required to carry out the many regulations enacted under authority of the Auditor of State, State Department of Education, County Auditor, Secretary of State, Board of Tax Appeals and other state, local and federal agencies. These duties include maintaining the financial records of the District, accounting and reporting for the District, acting as the custodian of all District funds, and investing idle funds as specified by law.

### **The Reporting Entity**

The District has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments, and organizations making up the District (the primary government) and its potential component units.

Excluded from the reporting entity because they are fiscally independent of the District, are the Village of Cuyahoga Heights, the Village of Brooklyn Heights, the Village of Valley View, the Parent-Teacher Association, and the Booster Clubs. NEOnet and the Cuyahoga Valley Career Center are reported as a joint venture without equity interest and a jointly governed organization, respectively. The District is a member of the Ohio Schools' Council, a jointly governed organization, and participates in the Ohio Schools' Council electric and natural gas purchasing program, as well as the property and fleet insurance programs. The District also participates in the Ohio School Boards Association Workers' Compensation Group Rating Program and the Suburban Health Consortium, both of which are insurance purchasing pools. See Note 2 of the notes to the basic financial statements for further detail on the District's reporting entity.

### **Financial Condition**

The majority of the tax valuation for the District is industrial and other manufacturing / business property. As a result, the major source of revenue for the District is local taxes from commercial property and personal tangible property of businesses. Due to changes in the reimbursement of personal property tax losses from the State of Ohio and the failure of a levy on the November 2011 ballot, the District anticipates a deficit in the next two fiscal years. The District has various financial challenges that are listed in the MD&A section. The financial challenges section in the MD&A also describes management's initiatives to counter act the financial challenges. The local economy is currently in an eroding tax base due to the housing market and House Bill 66. The State funding budget is uncertain as the State continues in a deficit. As a result, State funding is expected to decline even more that the maximum of 2 percent per year the District is currently experiencing. All in all, the District continues to be a commercial hub with three times the number of residents traveling into the district to work.

The three villages in the District have granted various tax abatements to multiple business taxpayers in the District. As these abatements expire, the district will enjoy an increase in tax revenue. However, many of the abatements were for personal property taxes that are being eliminated by House Bill 66. Therefore, the actual increases in tax revenue will be lower than the anticipated increases.

### **Long-term Financial Planning**

Long-term financial planning is accomplished primarily through the use of the five year forecast. Please refer to the Management Discussion and Analysis section entitled budgeting for a detailed description. Overall, the budget is created utilizing the effective mil rates and layers of taxable property to project the major source of revenue, local taxes. Expenditures are projected utilizing current negotiated agreements and staffing levels for the major expenditures associated with services. The long-term financial planning also incorporates current events in legislation or substantial evidence that will affect revenue or expenditures. A high level of conservatism is applied to assumptions without substantial corroborating evidence throughout all projections. As stated above, the District anticipates a deficit in the next two years of the five year forecast. The District is proactive in planning for the future. The five-year forecast is analyzed and adjusted as major events occur in addition to the minimum reporting requirements of

October and May. In addition, the District develops its spending plan based on the projections in the five year forecast. The appropriations on the Uniform Accounting State Software System are tied to the five year forecast for the General Fund and Bond Fund activity.

### **Relevant Financial Policies**

The permanent appropriations are approved by the Board by September 30<sup>th</sup> of each fiscal year. All revenues and expenditures of the District are approved and reviewed by the Board at each monthly Board meeting. The Treasurer is authorized to make edits to appropriations prior to the Board meeting but must submit the adjustments at month end for final Board approval. All contracts and agreements are brought to the Board for review and authorization. The Board establishes a tax budget in January and reviews and approves the tax rates from the county auditor for the District. A requisition and purchase order process is strictly adhered to requiring the authorization of the superintendent as purchasing agent for the Board. The District follows the compliance requirements established by Ohio Revised Code and the Auditor of State. The Board reviews and adopts Board policies as legislation or current events change the financial reporting and standards for school districts.

### **Major Initiatives**

The mission of the Cuyahoga Heights Local School District is to develop life-long learners with a positive self-concept who see themselves as active participants in a global community and who are, therefore, economically productive, socially and environmentally responsible, and appreciative of the unique contributions of each culture that comprise that community. The Board of Education also adopted seven Academic Strategic Plan Goals, which were developed by a collaborative effort of administrators, teachers and community. This plan has become the blueprint for achieving academic excellence. The plan focuses on teaching strategies, curriculum, and instruction. The plan also gives a clear vision and sense of the intended future and why.

The seven Academic Strategic Plan Goals are as follows.

1. To develop a "Blueprint for Success" for all children.
2. To raise expectations and achievement levels in all children.
3. To emphasize and incorporate basic skills through problem-solving and decision-making.
4. To integrate technology as a teaching and learning tool into the curriculum, instruction and assessment.
5. To develop stronger communications between students, parents and teachers in all personal and academic matters.
6. To encourage more parent involvement into all phases of their child's development.
7. To assess or audit the curriculum more frequently.

The Board of Education and District is fully committed to the mission statement and strategic plan listed above. Decisions are based on accomplishing the academic goals listed above.

### **Awards and Acknowledgements**

The District received many awards and acknowledgements during fiscal year 2011 which are described in further detail below.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cuyahoga Heights Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. 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.

The Association of School Business Officials International (ASBO) has awarded a Certificate of Excellence in Financial Reporting to the Cuyahoga Heights Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. The award is granted only after an extensive review of the report by an expert panel of Certified Public Accountants and practicing school business officials. We believe that our current CAFR will again meet the Certificate of Excellence program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

The Cuyahoga Heights High School, Middle School and Elementary School were all awarded the Blue Ribbon Schools of Excellence distinction. With each school a Blue Ribbon School of Excellence, the Cuyahoga Heights School District has the unique distinction of each school in the District being recognized as Blue Ribbon.

Four of the five Board Members were awarded certificates for "Award of Achievement", "Board Leadership Academy" and/or the "Master Board Member Achievement Award" from the Ohio School Board Association in the 2011 fiscal year. The District was the only Board of Education in the State of Ohio for fiscal year where four Board Members received the OSBA awards. These awards are based on the number of points earned through attendance at seminars related to School Business or service in various capacities as a Board member.

The Cuyahoga Heights music program was awarded the Best 100 Communities for Music Education for the sixth consecutive year. Also, Cuyahoga Heights Schools was recognized by U.S News and World Report and Newsweek. The Ohio Elementary Principals Association presented the Hall of Fame Award to the Elementary and Middle Schools in fiscal year 2011.

Various other awards for the school district include the following awards and recognition listed as follows. The District received an "Excellence Rating" by the State Department of Education for the eighth year in a row. The Food Service Program was awarded the Governor's Gold Medal Award from "Buckeye Best" for promoting wellness and offering nutritious meals in a healthy eating environment. Also, the high school and middle school were one of only a handful of schools awarded the "Harold A. Meyer Sportsmanship Award" by the Ohio School Athletic Association in fiscal year 2011, for the seventh year in a row. Last but not least, the District was selected for the eleventh year in a row to showcase "Student Achievement" at the Ohio School Boards Association in Columbus during fiscal year 2011. Battelle for Kids recognized the Cuyahoga Heights Schools for being in the top 5 percent of school districts making exceptional growth with students, one of three districts to actually receive this prestigious honor.

The publication of this report significantly increases the accountability of the district to the taxpayers and community in the District. This report would not be complete without the extensive efforts contributed by the Treasurer's office staff and the administration offices of the District. Special appreciation is expressed to Canter and Associates CPAs for auditing this report. Finally, sincere appreciation is extended to the Board of Education for their interest in and support of this project.

Sincerely,



Debbie Herrmann  
\*Treasurer



Dr. Edwin Holland  
\*Superintendent

\*The Treasurer and Superintendent were not hired by the District until after the June 30<sup>th</sup> fiscal year end.

# **Cuyahoga Heights Local School District**

## **List of Principal Officials**

June 30, 2011

### **Board of Education**

Mr. Reno Contipelli – President  
Mrs. Roylene Sample – Vice President  
Dr. Stephen Kenzig - Member  
Dr. Holly Thacker – Member  
Mr. Gary Suchocki – Member

### **Treasurer**

Debbie Herrmann

### **Administration**

Dr. Edwin Holland – Superintendent



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cuyahoga Heights Local  
School District, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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.



*Linda C. Davidson*

President

*Jeffrey R. Emswiler*

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2010

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

President

Executive Director

Financial  
Section

Cuyahoga Heights Local School District

Excellence in Education  
Since 1938

A Hall of Fame School

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CERTIFIED PUBLIC ACCOUNTANTS

WWW.CANTERCPA.NET

## INDEPENDENT ACCOUNTANTS' REPORT

Cuyahoga Heights Local School District  
Cuyahoga County  
4820 East 71<sup>st</sup> Street  
Cuyahoga Heights, Ohio 44125

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Cuyahoga Heights Local School District (the District), Cuyahoga County, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 Standard*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Cuyahoga Heights Local School District, Cuyahoga County, Ohio, as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, Cuyahoga Heights Local School District restated its July 1, 2010 governmental fund balances due to changes in fund structure as a result of implementing the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As discussed in Note 17 to the financial statements, on February 22, 2011, the District's Coordinator of Technology Services resigned from his position due to possible accounting irregularities with funds under the Coordinator's control. The matter is currently under investigation.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2012 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* and should be considered in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provides additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the information directly to the underlying and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



CANTER & ASSOCIATES

Poland, Ohio

January 31, 2012

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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The Management's Discussion and Analysis of the Cuyahoga Heights Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- In total, net assets of governmental activities decreased \$2,132,996 which represents a 26 percent change from fiscal year 2010. This decrease is due to the accumulation of various financial events such as: the elimination of growth in tax revenue by House Bill 66, decreases in revenue sharing due to the current economy, aging levy cycles, the effects of House Bill 920 on aging levies, low interest rates, the increase of the major expenditures for the District and capitalization of \$1M in energy building permanent improvements in the prior year.
- General revenues accounted for \$13,894,697 in revenue or 91 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,350,096 or 9 percent of total revenues of \$15,244,793.
- The District had \$17,377,789 in expenses related to governmental activities; only \$1,350,096 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$13,894,697 were not adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund balance decreased \$2,133,514, or 62 percent during the fiscal year due to spending more than total revenues. The other governmental funds decreased \$93,103, or 7 percent due to the completion of large multi-year permanent improvement projects associated with technology (High School Lap Top program and classroom smart boards) and substantial decreases in Revenue Sharing (the primary source of revenue for the largest other governmental fund) due to the current economy. Revenue Sharing depends heavily on the payroll and employment figures of various businesses with tax abatement agreements in the three villages of the District.

**Using the Basic Financial Statements**

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 District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

# Cuyahoga Heights Local School District

Cuyahoga County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited*

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## **Reporting the District as a Whole**

### ***Statement of Net Assets and the Statement of Activities***

While this document contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities helps to answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's Statement of Net Assets and Statement of Activities can be found on pages 14 and 15 of this report.

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

### ***Fund Financial Statements***

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

### ***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer 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 basic financial statements. The basic governmental fund financial statements can be found on pages 16 through 20 of this report.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

**Proprietary Funds**

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for insurance benefits. The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

**Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 24 and 25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 26-57 of this report.

**The District as a Whole**

The Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for fiscal year 2011 and 2010.

	<b>Net Assets</b>		
	Governmental Activities 2011	Governmental Activities 2010	Increase (Decrease)
<b><u>Assets</u></b>			
Current and other assets	\$12,051,817	\$14,593,005	(\$2,541,188)
Capital assets	6,249,718	6,666,992	(417,274)
<b>Total assets</b>	<b>18,301,535</b>	<b>21,259,997</b>	<b>(2,958,462)</b>
<b><u>Liabilities</u></b>			
Current liabilities	8,618,365	8,949,305	(330,940)
Long-term liabilities	3,666,028	4,160,554	(494,526)
<b>Total liabilities</b>	<b>12,284,393</b>	<b>13,109,859</b>	<b>(825,466)</b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	3,992,576	3,919,363	73,213
Restricted	1,235,320	1,232,523	2,797
Unrestricted	789,246	2,998,252	(2,209,006)
<b>Total net assets</b>	<b>\$6,017,142</b>	<b>\$8,150,138</b>	<b>(\$2,132,996)</b>

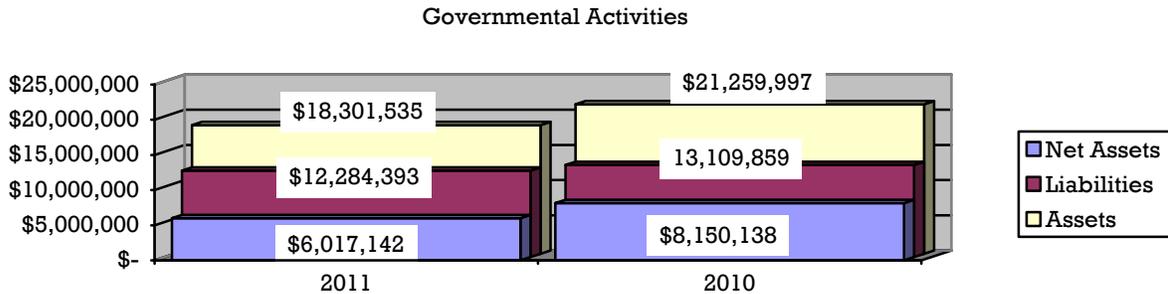
**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$6,017,142 and unrestricted net assets were \$789,246. The decrease in net assets is due to the multiple financial events listed on page 3 in the financial highlights and further discussed in Governmental Activities on page 7. These financial events include: the elimination of growth in tax revenue by House Bill 66, decreases in revenue sharing due to the current economy, aging levy cycles, the effects of House Bill 920 on aging levies, low interest rates, the increase of the major expenditures for the District and capitalization of \$1M in energy building permanent improvements in prior years.

At year-end, capital assets represented 34 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$3,992,576. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,235,320, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$789,246 may be used to meet the District's ongoing obligations to the students and creditors.



The table below shows the change in net assets for fiscal year 2011 and 2010.

	Change in Net Assets		
	Governmental Activities 2011	Governmental Activities 2010	Increase (Decrease)
<b>Revenues</b>			
Program revenues:			
Charges for services and sales	\$1,101,970	\$999,944	\$102,026
Operating grants and contributions	248,126	235,701	12,425
General revenues:			
Property taxes	8,575,421	8,491,523	83,898
Grants and entitlements	5,153,058	5,119,148	33,910
Investment earnings	11,745	30,679	(18,934)
Miscellaneous	154,473	135,983	18,490
<b>Total revenues</b>	<b>15,244,793</b>	<b>15,012,978</b>	<b>231,815</b>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

**Change in Net Assets (continued)**

	Governmental Activities 2011	Governmental Activities 2010	Increase (Decrease)
<b>Expenses</b>			
Program expenses:			
Instruction:			
Regular	\$5,881,236	\$5,968,589	(\$87,353)
Special	1,296,872	1,286,947	9,925
Other	817	42,708	(41,891)
Support services:			
Pupil	929,578	901,046	28,532
Instructional staff	889,526	831,939	57,587
Board of education	99,870	67,133	32,737
Administration	1,503,957	1,535,104	(31,147)
Fiscal	635,018	670,181	(35,163)
Business	131,859	145,542	(13,683)
Operations and maintenance	2,008,554	1,967,456	41,098
Pupil transportation	901,802	795,003	106,799
Central	1,474,373	2,110,250	(635,877)
Operations of non-instructional services	100,231	126,404	(26,173)
Food service operations	355,505	379,486	(23,981)
Extracurricular activities	1,053,182	980,362	72,820
Interest and fiscal charges	115,409	142,610	(27,201)
<b>Total expenses</b>	<b>17,377,789</b>	<b>17,950,760</b>	<b>(572,971)</b>
<b>Change in net assets</b>	<b>(2,132,996)</b>	<b>(2,937,782)</b>	<b>804,786</b>
<b>Net assets at beginning of year</b>	<b>8,150,138</b>	<b>11,087,920</b>	<b>(2,937,782)</b>
<b>Net assets at end of year</b>	<b>\$6,017,142</b>	<b>\$8,150,138</b>	<b>(\$2,132,996)</b>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$2,132,996. This decrease is due to total revenues of \$15,244,793 being exceeded by total expenditures of \$17,377,789. Although the State of Ohio is holding school districts harmless by reimbursements reported in state entitlements, the growth in this tax valuation has been eliminated by HB66 since tax year 2004 which historically has a growth rate as high as 8 percent. In addition, the catastrophic decrease of interest rates to near zero rates of return reduced interest revenue once again. Aging levy cycles that are prevented to grow with increased values by the State of Ohio House Bill 920 are also slowing the growth of tax revenue. As a result, the primary source of revenue for the District did not outpace the growth in expenditures for the period ending June 30, 2011. Total governmental expenses of \$17,377,789 were only partially offset by program revenues of \$1,350,096 and general revenues of \$13,894,697. Program revenues supported 8 percent of the total governmental expenses.

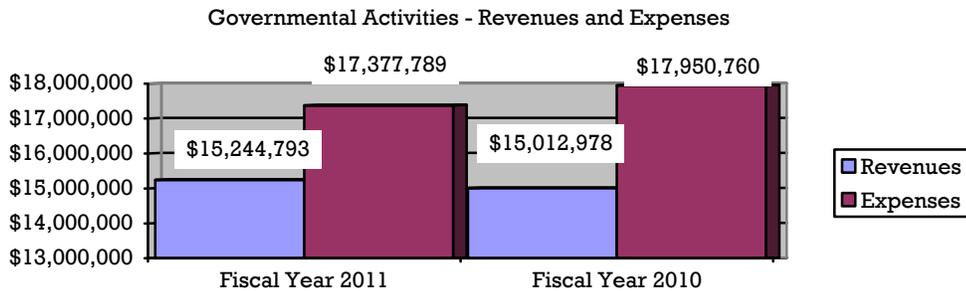
**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 90 percent of total governmental revenue. Real estate property is reappraised every six years.

The largest expense of the District is for support services, which totaled \$8,574,537, or 49 percent of total governmental expenses. Instruction expenses totaled \$7,178,925, or 41 percent of total governmental expenses for fiscal 2011. One major line item of instruction expenses is Special Education which increased \$9,925 for the period ending June 30, 2011 for the District.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2011 and 2010.



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

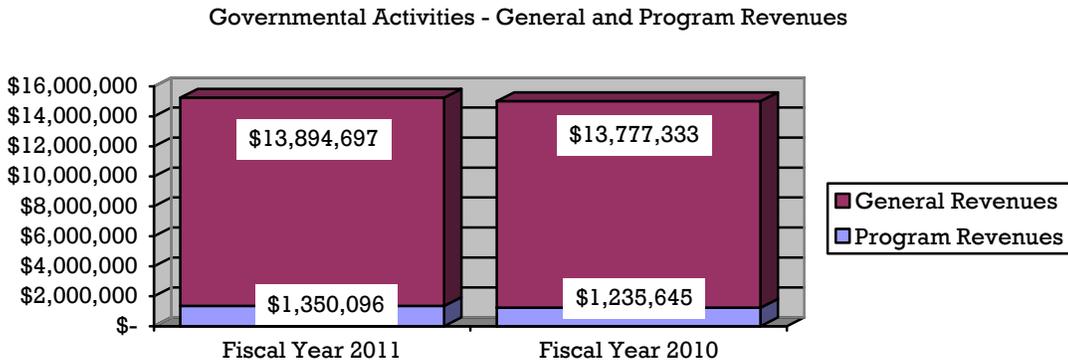
	<b>Governmental Activities</b>			
	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
<b>Program expenses</b>				
Instruction	\$7,178,925	\$6,797,047	\$7,298,244	\$6,935,586
Support services:				
Pupil	929,578	864,675	901,046	824,085
Instructional staff	889,526	855,538	831,939	783,288
Board of education	99,870	74,766	67,133	64,863
Administration	1,503,957	1,446,423	1,535,104	1,483,281
Fiscal	635,018	610,788	670,181	647,583
Business	131,859	127,300	145,542	139,176
Operations and maintenance	2,008,554	1,943,772	1,967,456	1,914,290
Pupil transportation	901,802	870,610	795,003	770,559
Central	1,474,373	1,393,218	2,110,250	2,064,920
Operations of non-instructional services	100,231	97,984	126,404	123,380
Food service operations	355,505	30,504	379,486	62,696
Extracurricular activities	1,053,182	799,659	980,362	758,798
Interest and fiscal charges	115,409	115,409	142,610	142,610
<b>Total expenses</b>	<b>\$17,377,789</b>	<b>\$16,027,693</b>	<b>\$17,950,760</b>	<b>\$16,715,115</b>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

For fiscal year 2011, general revenue supported 80 percent of all the District's expenses. The dependence upon property tax to support the governmental activities of the District is apparent as they account for more than 56 percent of all the District's revenues. The District's taxpayers, as a whole, are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2011 and 2010.



**The District's Funds**

The District's governmental funds (as presented on the Balance Sheet Governmental Funds) reported a combined fund balance of \$2,466,625, which is lower than last year's total of \$4,693,242 by over 47 percent. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance June 30, 2011	(Restated) Fund Balance June 30, 2010	Increase (Decrease)
General	\$1,301,388	\$3,434,902	(\$2,133,514)
Other Governmental	1,165,237	1,258,340	(93,103)
<b>Total</b>	<b>\$2,466,625</b>	<b>\$4,693,242</b>	<b>(\$2,226,617)</b>

**General Fund**

During fiscal year 2011, the District's general fund balance decreased by \$2,133,514, revenues increased by \$377,607, and expenditures also decreased by \$158,423. The primary reasons for these financial events is the combination of the elimination of Tangible Personal Property Taxes from House Bill 66, the elimination of growth in Tangible Personal Property Taxes from HB 66 since the values are fixed since 2004, the substantial increase in the cost of special education, catastrophic decreases in interest rates for investment revenue, decreases in Revenue Sharing revenue due to the current economy, aging levy cycles without growth for revaluations due to House Bill 920 in the State of Ohio and fact that there were a significant amount of building improvements capitalized in the prior year that increased net assets at the beginning of the year compared to this current year. This is the third year in a row where expenditures have outpaced the growth of revenue. In the past, the District has been balancing its budget by spending less than total revenues. Various major expenditure savings policies have been applied to the District's budget with great success. The District has utilized various phases of energy conservation permanent improvements that decrease utility expenditures and yet maintain the buildings. House Bill 264 for the State of Ohio offers low cost financing for governments and the program requires an extensive analysis of verifiable savings that are audited annually to confirm energy savings.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

The first phase, ten years ago, saved the District \$1.6 million. The most recent four years of utility expenditures have remained relatively flat in comparison to the current industry trends of substantial rising costs for utilities. Therefore, the program is definitely succeeding in controlling utility costs. In addition, the District utilized a negotiated Early Retirement Incentive Program for the professional staff yielding extensive savings in payroll. The use of these expenditure policies has helped to extend the operating lives of the District's existing levies and also these policies have counteracted the recent environment of eroding tax revenues for the District.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2011 Amount	2010 Amount	Percentage Change
<b><u>Revenues</u></b>			
Taxes	\$7,533,909	\$7,260,730	3.8 %
Tuition	503,659	515,170	(2.2) %
Earnings on investments	11,576	25,553	(54.7) %
Intergovernmental	5,135,971	5,101,360	0.7 %
Other revenues	190,792	95,487	99.8 %
<b>Total</b>	<b>\$13,375,907</b>	<b>\$12,998,300</b>	<b>2.9 %</b>
<b><u>Expenditures</u></b>			
Instruction	7,077,462	7,320,702	(3.3) %
Support services	7,233,876	7,208,081	0.4 %
Operation of non-instructional services	58,518	83,157	(29.6) %
Extracurricular activities	882,873	829,342	6.5 %
Capital outlay	30,130	0	n/a %
<b>Total</b>	<b>\$15,282,859</b>	<b>\$15,441,282</b>	<b>(1.0) %</b>

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

The Cuyahoga Heights Local School District utilizes the following concepts for projecting revenue and expenditures:

**Tax Revenue** - Tax revenue projections are computed by applying the effective milage rates to the most recent tax valuations for the various layers of taxable property listed in the Schedule A from the County Auditor. The Schedule A report from the County Auditor depicts the estimated municipal tax valuations for Agriculture / Residential Property, Other Real Estate Property, Public Utility Tangible Property, and General Tangible Personal Property. The effective milage rates and historical collection rates are applied to each respective layer of taxable property to compute the total projected revenue from local taxes.

**Earnings on Investments Revenue** - Earnings on investments revenue are projected based on investments maturing in the current fiscal year and the amounts available for investment applied to current interest rate trends for the current fiscal year.

## **Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited*

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**Intergovernmental – State Revenue** - Revenue projections from State intergovernmental sources are projected based on substantial current source State reports such as the SF-3 reports, State Grants, and the HB66 hold harmless reimbursement schedule from the Ohio Department of Taxation. In addition, historical collections and settlement statements from the County Auditor are utilized for the homestead exemption rollback projections. The electric deregulation revenue projection is based on the amounts reported on the Ohio Department of Taxation spreadsheet.

**Other Revenue Sources** - Other revenue sources are projected based on historical collections and current activity or student count information.

**Instruction Expenditures** - Instruction expenditures are projected based on current staffing levels, the current negotiated contracts, current purchased service contracts, and anticipated costs for supplies based on individual program needs utilizing a zero-based budgeting system. Historical trends are also utilized.

**Support Service Expenditures** - Support service expenditures are projected based on current staffing levels, the current negotiated contracts, current purchased service contracts, and anticipated costs for supplies based on individual program needs utilizing a zero-based budgeting system. Historical trends are also utilized.

**Other Expenditures** - Other expenditures are based on historical trends, anticipated needs utilizing a zero-based budgeting system, negotiated supplemental contracts for extracurricular activities, and substantial current information on future costs.

**Budgeted Revenues** - During the course of fiscal year 2011, the District amended its general fund budget numerous times. For the general fund, the final budgeted revenues and other financing sources were \$13,138,851 which is lower than the original budgeted revenues estimate of \$13,539,522. The final budgeted revenue amount includes revenue sources that were anticipated at the beginning of the year but not realized by the end of the year. Actual revenues and other financing sources for the general fund for fiscal year 2011 was \$13,140,753.

**Appropriations** - General fund original appropriations (appropriated expenditures plus other financing uses) of \$15,340,817 were increased to \$15,662,241 in the final appropriation due primarily to the completion of substantial technology instructional supplies to support the use of technology in our classrooms and to complete the major two year program of Digital Academy. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$16,217,722. The original appropriations were based on conservative estimates at the beginning of the fiscal year based on anticipated expenditures. Also, the use of conservative estimates assists in projecting anticipated liabilities of the District. The final amended certificate of estimated resources and final appropriations document is actually submitted to the County Auditor after the year end close in July, yet this report utilizes the last amended certificate of resources filed by the fiscal year end of June 30<sup>th</sup>. As a result, the last amended certificate in June contains estimates for the final days of June and the amounts are pre year end close adjustments.

### **Capital Assets**

At the end of fiscal year 2011, the District had \$6,249,718 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2011 balances compared to 2010:

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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**Capital Assets at June 30 (Net of Depreciation)**

	2011	2010
Land	\$798,600	\$798,600
Land improvements	1,044,010	384,209
Building and improvements	2,962,054	4,133,490
Furniture and equipment	1,184,749	1,029,363
Vehicles	260,305	321,330
Total	<u>\$6,249,718</u>	<u>\$6,666,992</u>

Total additions to capital assets for 2011 were \$92,261. The overall decrease in capital assets of \$417,274 is primarily due to additions of \$92,261 for furniture and equipment being offset by current year depreciation of \$509,535. In previous fiscal years, the School District entered into capital leases for various building improvements in the amount of \$2,186,380 which were also completed and put into service. See Note 11 to the basic financial statements for additional information on the District's capital assets.

***Long-term debt activity***

At June 30, 2011, the District had \$691,105 in current general obligation bonds, series 2004 outstanding. Of this total, \$370,000 of principal is due within one year and \$375,000 is for capital appreciation refunding bonds, due in 2013. These are bonds that accrete in value until the maturity date. The bonds were originally purchased for a major building improvement 15 years ago in the Elementary School. The original bonds from 1993 were refinanced in 2003 and noted as the 2004 series. See Note 12 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The most significant challenge for the District is to continue providing services with a budget that is shrinking due to decreases in funding from an eroding tax base. The District has to deal with the rising costs of goods and services due to inflation and also the reductions of revenue generated from a shrinking tax base. The effects of a bankruptcy in 2000 by the second largest tax payer in the district are still being felt in the trend of decreasing tax revenues. However, the write off in prior years put this transaction to rest. In addition, the potential growth in personal property taxes has been eliminated by House Bill 66 as further described below. The District's fiscal health depends on an efficient budgeting process and the utilization of programs that reduce costs such as: House Bill 264, consortiums and diligent cost analysis.

***An Eroding Tax Valuation Environment:***

The District is faced with a very challenging financial scenario in an eroding tax environment. The overall tax valuation has decreased from \$540,280,624 in 2000 to \$342,156,160 in 2011. One mil of tax valuation is generating less and less revenue for the District. Although House Bill 66 is reimbursing the District on the loss of Personal Property Tax Revenue, the potential growth in this tax revenue is still reduced since the reimbursements are based on the 2004 base tax year. The District has historically seen increases in Personal Property Taxes in the range of 3 to 5 percent. House Bill 66 greatly reduces and eliminates the potential growth in Personal Property Taxes during the phase out years. By 2018, an annual revenue stream of approximately \$4,000,000 will be eliminated from the revenue sources of the District. The State of Ohio has yet to declare that the new Commercial Activity Tax will be allocated to school districts. Presently, the CAT tax is funding the hold-harmless reimbursement payments for HB66. As a result, the District can not count on the CAT tax as a future revenue source. Recently, House Bill 1 in

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

---

the State of Ohio has extended the hold harmless reimbursements as mentioned above until fiscal year 2013. The extension will preserve approximately \$4,000,000 in tax revenues in those phase out years, but in FY 2014 the phase out will be in effect at a 52 percent reduction. The District will lose \$18,000,000 in the phase-out years due to House Bill 66. The District continues to monitor the success of various school organizations and coalitions that are educating the State of Ohio on the drastic effects of the phase-out of the 100 percent reimbursements for House Bill 66. In addition, the current housing market decline is affecting the historical average of 8 to 11 percent increases in value for revaluation years. Due to the housing environment, real estate taxes are not projected to grow.

**House Bill 264 Projects:**

The District has utilized the House Bill 264 program with the State of Ohio to reduce utility and maintenance expenditures through energy performance projects within the HB264 program. The HB264 program is a state house bill that allows special financing opportunities for energy conservation permanent improvements in school districts. A phase of projects initiated in 2007 encompasses \$970,000 of heating, air condition, and lighting improvements. This project saved the District \$110,000 which is higher than the \$97,000 original projection, more than paying for the annual lease payment of \$87,000. The savings is expected to increase over the next fifteen years. The prior phase of HB264 improvements originally projected to save the district \$1,189,000 in the past ten years actually provided \$1,377,000 in savings. Completing necessary building improvements under the HB 264 program improves the cash-flow of the District and also reduces expenditures.

The future of State Funding may greatly affect the financial horizon of the District. The State of Ohio was found by the Ohio Supreme Court to be operating an unconstitutional education system in regards to the funding formula. Currently an initiative is actively seeking a restructuring of the State Funding formula and Cuyahoga Heights Schools is one of multiple districts in Ohio that passed a Board Resolution supporting the campaign. However, the future is uncertain and there may be a risk of a redistribution of tax revenues for school districts in Ohio. This would be catastrophic to the District since tax revenues are the primary source of revenue. The recent passage of House Bill 1 by the State of Ohio has completely changed the State school funding. This new funding mechanism (PASS) was in effect for the previous fiscal year. The new system provides funding based on teachers instead of funding based on a per student formula.

The District commits itself to a high level of financial stability and financial reporting. The District has received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for eleven consecutive years. The due diligence of the Board of Education, administration, Treasurer, Superintendent, community and finance committee contributes to the financial success of the District and prudent financial decisions for the District.

**Contacting the District's Financial Management**

This financial report is designed to provide our administration, Board of Education, community, taxpayers, creditors and investors with a general overview of the District's finances and to show the District's accountability for revenue and expenditures. If you have questions about this report or need additional financial information contact Mrs. Debbie Herrmann, Treasurer, Cuyahoga Heights Local School District, 4820 E. 71st Street, Cuyahoga Heights, Ohio, 44125-1095, (216) 429-5800 Treasurer's Office.

# Cuyahoga Heights Local School District

Cuyahoga County, Ohio

## Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,276,277
Accounts Receivable	1,201
Intergovernmental Receivable	34,589
Property Taxes Receivable	8,669,246
Inventory Held for Resale	5,672
Materials and Supplies Inventory	50,761
Prepaid Items	6,524
Unamortized Bond Issuance Costs	7,547
Nondepreciable Capital Assets	798,600
Depreciable Capital Assets, Net	5,451,118
<i>Total Assets</i>	<u>18,301,535</u>
<b>Liabilities</b>	
Accounts Payable	133,254
Accrued Wages Payable	1,524,230
Intergovernmental Payable	303,648
Unearned Revenue	12,958
Deferred Revenue	6,595,691
Accrued Interest Payable	31,484
Claims Payable	17,100
Long-Term Liabilities:	
Due Within One Year	796,068
Due In More Than One Year	2,869,960
<i>Total Liabilities</i>	<u>12,284,393</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	3,992,576
Restricted for:	
Debt Service	839,933
Other Purposes	339,128
Set-asides	56,259
Unrestricted	789,246
<i>Total Net Assets</i>	<u>\$6,017,142</u>

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2011*

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$5,881,236	\$224,369	\$43,528	(\$5,613,339)
Special	1,296,872	47,100	66,850	(1,182,922)
Other	817	31	0	(786)
Support Services:				
Pupils	929,578	30,224	34,679	(864,675)
Instructional Staff	889,526	33,988	0	(855,538)
Board of Education	99,870	2,983	22,121	(74,766)
Administration	1,503,957	57,534	0	(1,446,423)
Fiscal	635,018	24,230	0	(610,788)
Business	131,859	4,559	0	(127,300)
Operation and Maintenance of Plant	2,008,554	64,782	0	(1,943,772)
Pupil Transportation	901,802	31,192	0	(870,610)
Central	1,474,373	69,129	12,026	(1,393,218)
Operation of Non-Instructional Services	100,231	2,247	0	(97,984)
Operation of Food Services	355,505	256,079	68,922	(30,504)
Extracurricular Activities	1,053,182	253,523	0	(799,659)
Interest and Fiscal Charges	115,409	0	0	(115,409)
<i>Total Governmental Activities</i>	<u>\$17,377,789</u>	<u>\$1,101,970</u>	<u>\$248,126</u>	<u>(16,027,693)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
				7,530,648
				340,659
				704,114
Grants and Entitlements not				
				5,153,058
				11,745
				154,473
				<u>13,894,697</u>
				(2,132,996)
				8,150,138
				<u>\$6,017,142</u>

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Balance Sheet  
Governmental Funds  
June 30, 2011*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,831,592	\$1,357,997	\$3,189,589
Accounts Receivable	1,030	171	1,201
Interfund Receivable	294,965	0	294,965
Intergovernmental Receivable	34	34,555	34,589
Property Taxes Receivable	8,364,071	305,175	8,669,246
Inventory Held for Resale	0	5,672	5,672
Materials and Supplies Inventory	44,399	6,362	50,761
Prepaid Items	4,233	2,291	6,524
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	56,259	0	56,259
<i>Total Assets</i>	<u>\$10,596,583</u>	<u>\$1,712,223</u>	<u>\$12,308,806</u>
<b>Liabilities</b>			
Accounts Payable	\$86,010	\$47,244	\$133,254
Accrued Wages	1,512,065	12,165	1,524,230
Intergovernmental Payable	295,916	7,732	303,648
Interfund Payable	0	294,965	294,965
Deferred Revenue	7,388,246	184,880	7,573,126
Unearned Revenue	12,958	0	12,958
<i>Total Liabilities</i>	<u>9,295,195</u>	<u>546,986</u>	<u>9,842,181</u>
<b>Fund Balances</b>			
Nonspendable	48,632	14,325	62,957
Restricted	1,115	1,373,555	1,374,670
Committed	55,144	0	55,144
Assigned	352,668	0	352,668
Unassigned (Deficit)	843,829	(222,643)	621,186
<i>Total Fund Balances</i>	<u>1,301,388</u>	<u>1,165,237</u>	<u>2,466,625</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$10,596,583</u>	<u>\$1,712,223</u>	<u>\$12,308,806</u>

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2011*

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<b>Total Governmental Fund Balances</b>	<b>\$2,466,625</b>
 <b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,249,718
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	964,036
Intergovernmental	<u>13,399</u>
Total	977,435
An internal service fund is used by management to charge the costs of dental and vision insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.	13,329
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.	7,547
Unamortized premiums on bond issuances are not recognized in the funds.	(15,491)
In the statement of activities, interest is accrued on outstanding general obligation bonds and leases, whereas in governmental funds, an interest expenditure is reported when due.	(31,484)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(\$675,614)
Compensated Absences	(1,205,725)
Capital Leases	<u>(1,769,198)</u>
Total	<u>(3,650,537)</u>
 <i>Net Assets of Governmental Activities</i>	 <u><u>\$6,017,142</u></u>

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$7,533,909	\$1,044,954	\$8,578,863
Tuition and Fees	503,659	39,137	542,796
Interest	11,576	169	11,745
Charges for Services	0	256,079	256,079
Extracurricular Activities	76,970	66,413	143,383
Rentals	2,075	157,637	159,712
Contributions and Donations	5,126	750	5,876
Intergovernmental	5,135,971	245,938	5,381,909
Miscellaneous	106,621	47,852	154,473
<i>Total Revenues</i>	<u>13,375,907</u>	<u>1,858,929</u>	<u>15,234,836</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	5,845,504	38,368	5,883,872
Special	1,231,141	62,958	1,294,099
Other	817	0	817
Support Services:			
Pupils	788,546	39,145	827,691
Instructional Staff	885,048	73	885,121
Board of Education	77,984	21,886	99,870
Administration	1,559,955	0	1,559,955
Fiscal	629,113	0	629,113
Business	119,150	8,736	127,886
Operation and Maintenance of Plant	1,690,320	113,183	1,803,503
Pupil Transportation	806,240	0	806,240
Central	677,520	757,046	1,434,566
Operation of Non-Instructional Services	58,518	0	58,518
Operation of Food Services	0	351,427	351,427
Extracurricular Activities	882,873	163,322	1,046,195
Capital Outlay	30,130	62,131	92,261
Debt Service:			
Principal Retirement	0	498,431	498,431
Interest and Fiscal Charges	0	86,777	86,777
<i>Total Expenditures</i>	<u>15,282,859</u>	<u>2,203,483</u>	<u>17,486,342</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,906,952)</u>	<u>(344,554)</u>	<u>(2,251,506)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	24,889	251,451	276,340
Transfers Out	(251,451)	0	(251,451)
<i>Total Other Financing Sources (Uses)</i>	<u>(226,562)</u>	<u>251,451</u>	<u>24,889</u>
<i>Net Change in Fund Balances</i>	<u>(2,133,514)</u>	<u>(93,103)</u>	<u>(2,226,617)</u>
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	3,434,902	1,258,340	4,693,242
<i>Fund Balances End of Year</i>	<u>\$1,301,388</u>	<u>\$1,165,237</u>	<u>\$2,466,625</u>

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2011*

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**Net Change in Fund Balances - Total Governmental Funds** (\$2,226,617)

***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 depreciation exceeded capital outlay in the current period.

Capital Outlay	\$92,261
Current Year Depreciation	<u>(509,535)</u>

Total (417,274)

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

Property Taxes	(3,442)
Intergovernmental	<u>13,399</u>

Total 9,957

Repayment of long-term debt and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

498,431

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.

Accrued Interest on Bonds	2,389
Accreted Interest on Bonds	(38,966)
Amortization of Premium on Bonds	15,492
Amortization of Bond Issuance Costs	<u>(7,547)</u>

Total (28,632)

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 19,569

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

11,570

*Change in Net Assets of Governmental Activities* (\$2,132,996)

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$7,561,294	\$7,349,328	\$7,349,328	\$0
Tuition and Fees	517,575	500,759	500,759	0
Interest	15,907	15,390	15,390	0
Extracurricular Activities	3,594	3,477	3,477	0
Rentals	2,145	2,075	2,075	0
Intergovernmental	5,309,561	5,137,055	5,137,055	0
Miscellaneous	106,459	106,194	106,194	0
<i>Total Revenues</i>	<u>13,516,535</u>	<u>13,114,278</u>	<u>13,114,278</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	6,174,085	6,192,419	5,840,271	352,148
Special	1,166,884	1,221,858	1,416,735	(194,877)
Other	4,000	4,000	817	3,183
Support Services:				
Pupils	837,347	864,855	768,516	96,339
Instructional Staff	912,663	915,887	872,111	43,776
Board of Education	85,644	86,762	79,136	7,626
Administration	1,549,537	1,583,567	1,782,908	(199,341)
Fiscal	796,467	797,603	636,812	160,791
Business	160,879	173,067	126,198	46,869
Operation and Maintenance of Plant	1,641,263	1,750,711	1,742,564	8,147
Pupil Transportation	765,215	810,727	846,554	(35,827)
Central	369,590	376,874	675,865	(298,991)
Operation of Non-Instructional Services	77,074	77,074	71,468	5,606
Extracurricular Activities	799,821	801,139	851,935	(50,796)
<i>Total Expenditures</i>	<u>15,340,469</u>	<u>15,656,543</u>	<u>15,711,890</u>	<u>(55,347)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,823,934)</u>	<u>(2,542,265)</u>	<u>(2,597,612)</u>	<u>(55,347)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	1,586	1,586	0
Advances Out	0	(5,350)	(254,976)	(249,626)
Transfers In	22,987	22,987	24,889	1,902
Transfers Out	(348)	(348)	(250,856)	(250,508)
<i>Total Other Financing Sources (Uses)</i>	<u>22,639</u>	<u>18,875</u>	<u>(479,357)</u>	<u>(498,232)</u>
<i>Net Change in Fund Balance</i>	(1,801,295)	(2,523,390)	(3,076,969)	(553,579)
<i>Fund Balance Beginning of Year - Restated (See Note 3)</i>	4,402,830	4,402,830	4,402,830	0
Prior Year Encumbrances Appropriated	158,037	158,037	158,037	0
<i>Fund Balance End of Year</i>	<u>\$2,759,572</u>	<u>\$2,037,477</u>	<u>\$1,483,898</u>	<u>(\$553,579)</u>

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Statement of Fund Net Assets*

*Proprietary Fund*

*June 30, 2011*

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	<u>Internal Service</u>
<b>Current Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$30,429
<b>Current Liabilities</b>	
Claims Payable	<u>17,100</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$13,329</u></u>

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2011*

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	<u>Internal Service</u>
<b>Operating Revenues</b>	
Charges for Services	\$154,226
<b>Operating Expenses</b>	
Claims	<u>117,767</u>
<i>Operating Income</i>	36,459
<b>Other Financing Uses</b>	
Transfers Out	<u>(24,889)</u>
<i>Change in Net Assets</i>	11,570
<i>Net Assets Beginning of Year</i>	<u>1,759</u>
<i>Net Assets End of Year</i>	<u><u>\$13,329</u></u>

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Statement of Cash Flows*

*Proprietary Fund*

*For the Fiscal Year Ended June 30, 2011*

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	<u>Internal Service</u>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Charges for Services	\$154,226
Cash Payments for Claims	<u>(124,000)</u>
<i>Net Cash Provided by Operating Activities</i>	30,226
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers to Other Funds	<u>(24,889)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	5,337
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>25,092</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$30,429</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$36,459
Adjustments:	
Decrease in Accounts Payable	(8,062)
Increase in Claims Payable	<u>1,829</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$30,226</u></u>

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2011*

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$305,623	\$80,770
Accrued Interest Receivable	1,521	0
<i>Total Assets</i>	<u>\$307,144</u>	<u>\$80,770</u>
<b>Liabilities</b>		
Due to Students	0	\$75,779
Intergovernmental Payable	0	4,991
<i>Total Liabilities</i>	<u>0</u>	<u>\$80,770</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>\$307,144</u>	

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Statement of Changes in Fiduciary Net Assets*

*Fiduciary Funds*

*For the Fiscal Year Ended June 30, 2011*

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	<u>Private Purpose Trust</u>
<b>Additions</b>	
Interest	\$12,305
Contributions and Donations	<u>19,409</u>
<i>Total Additions</i>	31,714
<b>Deductions</b>	
Scholarships Awarded	<u>11,663</u>
<i>Change in Net Assets</i>	20,051
<i>Net Assets Beginning of Year</i>	<u>287,093</u>
<i>Net Assets End of Year</i>	<u><u>\$307,144</u></u>

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 1 – Description of the School District**

The Cuyahoga Heights Local School District (the “District”) is located in Cuyahoga County in the Village of Cuyahoga Heights. The District also serves the Villages of Brooklyn Heights and Valley View. The District serves an area of approximately 11.3 square miles.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District ranks as the 494th largest by enrollment among the 612 public school districts in the state. It currently operates 1 elementary school, 1 middle school and 1 comprehensive high school. The District employs 60 certified (including administrative) and 74 non-certified full-time and part-time employees to provide services to approximately 930 students from pre-school (age 4) to grade 12 and various community groups.

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 proprietary fund provided they do not conflict with or contradict GASB pronouncements. The District’s significant accounting policies are described below.

**A - Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity”, and as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, foods service, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***Jointly Governed Organizations***

Ohio Schools' Council

The Ohio Schools' Council (the "Council") is a jointly governed organization among school districts, educational service centers, joint vocational districts and Developmental Disabilities boards in 28 northern Ohio counties. 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 nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio, 44131 (216) 447-3100.

The District participates in the Council's electric purchase program, which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight-year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made. The original program ended in 2008 and a new program has been negotiated of which the District is still a member to enjoy the reduced rates of an electricity consortium.

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp. The Energy Acquisition Corp. agreement expired in 2008. The OSC negotiated directly with Duke Energy to receive a substantially discounted rate per electrical unit from First Energy for the OCS consortium members for the next two years, of which as noted above, the District is still a member.

The District also participates in the Council's prepaid natural gas program, which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve-year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase 12 years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

Cuyahoga Valley Career Center

The Cuyahoga Valley Career Center (CVCC) is a separate body politic and corporate, established by the Ohio Revised Code to provide for vocational and special education needs of the students. The Board of the CVCC is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, and accounting and financing related activities. The District's students may attend the CVCC on a tuition-free basis. Each school district's control is limited to its representation on the board. Financial information can be obtained by contacting the Cuyahoga Valley Career Center, 8001 Brecksville Road, Brecksville, Ohio, 44141.

## **Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEONET) is a jointly governed computer service bureau among 40 educational entities in Cuyahoga, Lake, Medina, Portage and Summit counties. The primary function of NEONET is to provide data services to all of its members. Major areas of service provided by NEONET include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school is represented on the NEONET Board of Directors by its superintendent. Each year, the Board of Directors elects an Assembly Chairperson, a Vice Chairperson, 3 at large members of the Assembly, the Treasurer committee chairperson and the program committee chairperson. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Summit County Educational Service Center serves as the fiscal agent of NEONET. Each school district supports NEONET based upon a per pupil charge, dependent upon the software packages used. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 420 Washington Avenue, Cuyahoga Falls, Ohio, 44221.

### **Public Entity Risk Pools**

#### Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

#### Suburban Health Consortium

The Suburban Health Consortium (the "Consortium") is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverage's for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors shall be the governing body of the Consortium. The Board of Education of each Consortium Member shall appoint its Superintendent or such Superintendent's designee to be its representative of the Board of Directors. The District participates in the Consortium for health insurance only.

The officers of the Board of Directors shall consist of a Chairman, Vice-Chairman and Recording Secretary, who shall be elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium shall be exercised by or under the direction of the Board of Directors. The Board of Directors shall also set all premiums and other amounts to be paid by the Consortium Members, and the Board of Directors shall also have the authority to waive premiums and other payments. All members of the Board of Directors shall serve without compensation. The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Consortium (Lakewood City School District). The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Directors and carry out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member, and such contributions

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement.

Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred eighty (180) days prior to the effective date of withdrawal. Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months.

Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from contacting the Fiscal Agent of the Suburban Health Consortium.

**B - Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: 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 is the District's major governmental fund:

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

The other governmental funds of the District account for (a) activity relating to the repayment of general long-term debt principal, interest and related costs; and (b) grants and other resources whose use is restricted, committed or assigned to a particular purpose.

# Cuyahoga Heights Local School District

Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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## **Proprietary Funds**

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

*Internal Service Fund* - The internal service fund is used to account for the financing of services provided by one fund or department to other funds or departments of the District on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides dental and vision insurance benefits to employees.

## **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 funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust funds are private-purpose trusts which account for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has two agency funds to account for District agency services and student activities.

## **C - Basis of Presentation and Measurement Focus**

*Government-wide Financial Statements* - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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government-wide statements, the internal service fund is 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 fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund are charges for services. Operating expenses for the internal service fund includes the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The private-purpose trusts are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**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.

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

Non-exchange transactions, in which the District receives value without directly giving equal value 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred/Unearned Revenue - Deferred/unearned 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 this current year June 30th, but which were levied to finance the next fiscal year operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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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 received during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E - Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with Cuyahoga County Budget Commission for rate determination.

Estimated Resources:

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources

## **Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, all supplemental appropriations were legally enacted.

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 budget amounts reflect the first appropriations that covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the original and final budgeted amounts represent the first and final appropriation amounts passed by the Board during the year.

### **F - Cash and Cash Equivalents**

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

Investments are limited to nonnegotiable certificates of deposits, U.S. Treasury Bills, Federal National Mortgage Association Bonds, Federal Home Loan Bank Bonds and Notes, Federal Farm Credit Bureau Bonds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio. 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, 2011.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents.

An analysis of the District's investment account at fiscal year-end is provided in Note 6.

### **G - Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

# Cuyahoga Heights Local School District

Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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## H - Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

## I - Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/payable." These amounts are eliminated in the governmental activities column on the Statement of Net Assets.

## J - Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, any employee at least 50 years old with at least 10 years of service, or any employee with at least 20 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2011, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund 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, and contractually required pension contributions 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. Bonds are recognized as a liability on the fund financial statements when due.

**L. Bond Issuance Costs**

Bond issuance costs for underwriting fees and bond insurance for the general obligation bonds are being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method. On governmental fund statements bond issuance costs are expended in the year the bonds are issued.

**M. Bond Premium**

On the government-wide financial statements, bond premiums are deferred and amortized of the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

**N - Fund Balance**

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

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

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

# Cuyahoga Heights Local School District

Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education, which may be expressed by a motion but need not be passed by formal action, such as a Board Resolution.

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

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

## **O - 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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## **P - Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

## **Q - Estimates**

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

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**R - Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set-aside for Bureau of Workers' Compensation (BWC) refunds. In addition, the District reports restricted assets for school bus purchases. See Note 18 for details.

**S - Interfund Activity**

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 non-operating revenues/expenses in proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**T - Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2011.

**Note 3 – Change in Accounting Principles and Restatement of Prior Year Fund Balances**

**A. Change in Accounting Principle**

For fiscal year 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the District's financial statements.

**B. Restatement of Prior Year Fund Balance**

	General	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance at June 30, 2010	\$3,399,601	\$1,293,641	\$4,693,242
Change in Fund Structure (GASB 54)	35,301	(35,301)	0
Adjusted Fund Balance at June 30, 2010	<u>\$3,434,902</u>	<u>\$1,258,340</u>	<u>\$4,693,242</u>

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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**C. Restatement of Prior Year Budget Basis Fund Balance**

The budget basis fund balance of the general fund was restated to \$4,402,830 from \$5,044,043 at June 30, 2010.

**Note 4 – Accountability**

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor Governmental Funds:</u>	<u>Deficit</u>
Permanent Improvement	\$176,246
Food Service	10,683
Management Information Systems	4,102
Alternative Education	45
Education Jobs Fund	134
Race to the Top Grant	2,603
Title II-A Improving Teacher Quality	16,796

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

**Note 5 – Budgetary Basis of Accounting**

While the School District is reporting its financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The 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 (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balances (GAAP).
4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions.
5. \*Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP).

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

\*As part of Governmental Accounting Standards Board No. 54 "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. These include the uniform school supplies, adult education and public school support special revenue funds.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

	Net Change in Fund Balance
GAAP Basis	(\$2,133,514)
Net Adjustment for Revenue Accruals	(260,346)
Advances In	1,586
Advances Out	(254,976)
Net Adjustment for Expenditure Accruals	(60,903)
Net Adjustment for Funds Budgeted as Special Revenue	(1,283)
Adjustment for Encumbrances	<u>(367,533)</u>
Budget Basis	<u><u>(\$3,076,969)</u></u>

**Note 6 – Deposits and Investments**

State statutes classify monies held by the District into three categories.

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

Inactive deposits are public deposits that the Board of Education 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 District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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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 Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date 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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon confirmation of transfer from the custodian.

**A - Cash on Hand**

At year-end, the District had \$930 in un-deposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

**B - Deposits with Financial Institutions**

At June 30, 2011, the carrying amount of all District deposits was \$1,488,414. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$477,076 of the District's bank balance of \$1,605,908 was covered by the Federal Deposit Insurance Corporation, while \$1,128,832 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. As permitted by Ohio Revised Code, collateral is held in single financial institution collateral pools at Federal Reserve Banks, or member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the District's name.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**C - Investments**

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
STAR Ohio	\$612,597	\$612,597	\$0
Federal Home Loan Bank Bonds	300,680	300,680	0
Federal Home Loan Bank Note	119,996	119,996	0
Federal National Mortgage Assoc.	402,667	0	402,667
Federal Farm Credit Bureau Bond	99,928	0	99,928
Treasury Bills	637,458	637,458	0
	<u>\$2,173,326</u>	<u>\$1,670,731</u>	<u>\$502,595</u>

The weighted average maturity of investments is 0.27 years. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$11,576, none of which was assigned from other District funds.

*Interest Rate Risk:* Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's investment policy addresses interest rate risk by requiring the consideration of cash flow requirements and market conditions in determining the term of an investment, and limiting investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Concentration of Credit Risk:* The District's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of market value, or by default. However, the District's investment policy does not place any limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$612,597	28.19%
Federal Home Loan Bank Bonds and Notes	420,676	19.35%
Federal National Mortgage Assoc.	402,667	18.53%
Federal Farm Credit Bureau Note	99,928	4.60%
Treasury Bills	637,458	29.33%
	<u>\$2,173,326</u>	<u>100.00%</u>

**D - Reconciliation of Cash and Investment to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and Investments per Note Disclosure</u>	
Carrying amount of deposits	\$1,488,414
Investments	2,173,326
Cash on hand	930
Total	<u>\$3,662,670</u>
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$3,276,277
Private-purpose trust funds	305,623
Agency funds	80,770
Total	<u>\$3,662,670</u>

**Note 7 – Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, 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 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property) represents the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. 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 paid by April 30 are usually received by the School District prior to June 30.

The District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$701,879 in the General fund, and \$32,702 in the Bond Retirement debt service fund (a non-major governmental fund). These amounts are reported as revenue. The amount available for advance at June 30, 2010 was \$791,244 in the General fund, and \$44,270 in the Bond Retirement debt service fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary depending upon when the tax bills are sent by the County Auditor.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011 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 was levied to finance current fiscal year operations and is 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.

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 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$311,831,220	91.14 %	\$311,767,840	91.12 %
Public Utility Personal	30,317,190	8.86	30,388,320	8.88
Tangible Personal Property	0	0.00	0	0.00
<b>Total</b>	<b>\$342,148,410</b>	<b>100.00 %</b>	<b>\$342,156,160</b>	<b>100.00 %</b>
 Tax rate per \$1,000 of assessed valuation	 \$28.90		 \$28.80	

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**Note 8 - Receivables**

Receivables at June 30, 2011 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

<b><u>Governmental Activities:</u></b>	
Taxes	\$8,669,246
Accounts	1,201
Intergovernmental	<u>34,589</u>
Total	<u><u>\$8,705,036</u></u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**Note 9 – Interfund Transactions**

**A - Interfund Receivable/Payable**

Interfund balances at June 30, 2011 consisted of the following individual interfund loans receivable and payable, as reported on the fund financial statements:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<b>Major Governmental Fund:</b>		
General	\$294,965	\$0
<b>Non-major Governmental Funds:</b>		
Permanent Improvement		245,404
Alternative Schools	0	4,885
Education Jobs Fund	0	16,163
Race to the Top Grant	0	11,682
Title I	0	108
Improving Teacher Quality	0	16,723
	<u>\$294,965</u>	<u>\$294,965</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2011 are reported on the Statement of Net Assets.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**B – Interfund Transfers**

Interfund transfers for the year ended June 30, 2011 consisted of the following, as reported on the fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Governmental Fund:</b>		
<b>General</b>	<b>\$24,889</b>	<b>\$251,451</b>
<b>Non-major Governmental Funds:</b>		
<b>Permanent Improvement Fund</b>	<b>144,913</b>	<b>0</b>
<b>Food Service</b>	<b>34,497</b>	<b>0</b>
<b>District Managed Activity</b>	<b>71,446</b>	<b>0</b>
<b>Title V</b>	<b>25</b>	<b>0</b>
<b>Drug Free Schools Grant</b>	<b>570</b>	<b>0</b>
<b>Internal Service Fund</b>		
<b>Employee Benefits Self Insurance</b>	<b>0</b>	<b>24,889</b>
	<u><b>\$276,340</b></u>	<u><b>\$276,340</b></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the government-wide financials. All transfers were made in compliance with Ohio Revised code Sections 5705.14, 5705.15 and 5705.16.

**Note 10 – Operating Lease Agreement**

During fiscal 1999, the Board of Education entered into a lease agreement with Eller Media (Clear Channel) for outdoor advertising. The total amount of revenue to be received by the District is \$1.62 million dollars over fifteen years. The first payment of \$500,000 was received in July, 1999. The District is scheduled to receive \$50,000 per year in years 6 through 13 of the lease, \$220,000 in year 14, and \$500,000 in year 15. The District received \$50,000 in lease payments during fiscal 2011. The lease is cancelable by either party, requiring only a 30 day notice. Thus, no accrual has been recorded on the Statement of Net Assets. On October 29<sup>th</sup> 2008, the remaining lease payments from Clear Channel were restructured to \$153,333 per year to year 15. In addition, the lease was extended for 10 more years after the completion of the 15<sup>th</sup> year at \$130,000 per year for 10 years.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**Note 11 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	<u>Balance 6/30/10</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance 6/30/11</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$798,600	\$0	\$0	\$798,600
Capital assets being depreciated:				
Land Improvements	981,352	0	763,777	1,745,129
Buildings and improvements	14,826,522	0	(1,855,376)	12,971,146
Furniture, fixtures and equipment	3,554,392	92,261	1,086,426	4,733,079
Vehicles	1,036,655	0	5,173	1,041,828
Total capital assets being depreciated	<u>20,398,921</u>	<u>92,261</u>	<u>0</u>	<u>20,491,182</u>
Accumulated depreciation:				
Land Improvements	(597,143)	(70,569)	(33,407)	(701,119)
Buildings and improvements	(10,693,032)	(116,314)	800,254	(10,009,092)
Furniture, fixtures and equipment	(2,525,029)	(256,454)	(766,847)	(3,548,330)
Vehicles	(715,325)	(66,198)	0	(781,523)
Total accumulated depreciation	<u>(14,530,529)</u>	<u>(509,535) *</u>	<u>0</u>	<u>(15,040,064)</u>
Capital assets being depreciated, net	<u>5,868,392</u>	<u>(417,274)</u>	<u>0</u>	<u>5,451,118</u>
Governmental activities capital assets, net	<u>\$6,666,992</u>	<u>(\$417,274)</u>	<u>\$0</u>	<u>\$6,249,718</u>

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

Instruction:	
Regular	\$8,737
Special	2,773
Support Services:	
Pupil	103,399
Instructional Staff	1,712
Administration	1,577
Fiscal	2,028
Business	3,973
Operation and Maintenance of Plant	202,041
Pupil Transportation	86,473
Central	45,860
Operation of Non-Instructional Services	41,518
Operation of Food Services	2,117
Extracurricular	7,327
Total Depreciation Expense	<u>\$509,535</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**Note 12 – Long-Term Obligations**

During fiscal year 2011, the following changes occurred in governmental activities long-term obligations. Compensated absences and the retirement incentive will be paid from the fund in which the employee is paid, usually the general fund.

	Balance at 06/30/10	Increases	Decreases	Balance at 06/30/11	Amounts Due in One Year
<b>Governmental Activities:</b>					
<u>General Obligation Bonds:</u>					
Current interest					
refunding bonds, series 2004	\$735,000	\$0	(\$365,000)	\$370,000	\$370,000
Capital appreciation					
refunding bonds, series 2004	110,000	0	0	110,000	0
Capital appreciation					
refunding bonds accreted interest	156,648	38,966	0	195,614	0
Total general obligation bonds	<u>1,001,648</u>	<u>38,966</u>	<u>(365,000)</u>	<u>675,614</u>	<u>370,000</u>
<u>Other Long-Term Obligations:</u>					
Capital leases	1,902,629	0	(133,431)	1,769,198	138,486
Compensated absences	1,225,294	126,189	(145,758)	1,205,725	287,582
Total other long-term obligations	<u>3,127,923</u>	<u>126,189</u>	<u>(279,189)</u>	<u>2,974,923</u>	<u>426,068</u>
Total governmental activities	4,129,571	<u>\$165,155</u>	<u>(\$644,189)</u>	3,650,537	<u>\$796,068</u>
Less: Unamortized Issuance Costs	(15,094)			(7,547)	
Add: Unamortized premium on bonds	<u>30,983</u>			<u>15,491</u>	
Total on statement of net assets	<u>\$4,145,460</u>			<u>\$3,658,481</u>	

Current interest construction bonds, series 1993: The general obligation bonds, series 1993, were issued on March 1, 1993 and carried an interest rate of 5.63 percent. They were issued in order to provide funds for the acquisition and construction of equipment and facilities. During fiscal year 2004, the District advance refunded the entire outstanding balance of the current interest construction bonds, series 1993.

Refunding bonds, series 2004: On December 1, 2003, the District issued general obligation bonds in order to advance refund the entire outstanding balance of the current interest construction bonds, series 1993. Proceeds of the issuance were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. At June 30, 2011, \$1,800,000 of defeased bonds are still outstanding.

The refunding issue is comprised of both current interest bonds, par value \$2,795,000, and capital appreciation bonds, par value \$110,000. The interest rates on the current interest bonds range from 2.00 percent to 3.25 percent. The capital appreciation bonds mature on December 1, 2012 (effective interest rate of 4.15 percent) at a redemption price equal to 100 percent of the principal plus accreted interest to the redemption date. The present value (as of the issue date) reported on the statement of net assets at June 30, 2011 is \$110,000. Total accreted interest of \$195,614 has been included on the statement of net assets.

Neither the current interest bonds nor the capital appreciation bonds are subject to early redemption.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity of the current interest bonds is December 15, 2011.

This advance refunding was undertaken in order to reduce total debt service payments over the next 10 years by \$265,750.

Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2011 are as follows:

Fiscal Year Ended	Current Interest Bonds, Series 2004			Capital Appreciation Bonds, Series 2004		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$370,000	\$6,012	\$376,012	\$0	\$0	\$0
2013	0	0	0	110,000	265,000	375,000
Total	<u>\$370,000</u>	<u>\$6,012</u>	<u>\$376,012</u>	<u>\$110,000</u>	<u>\$265,000</u>	<u>\$375,000</u>

**Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9 percent of the total assessed valuation of the District. The code further provides that un-voted indebtedness shall not exceed 0.1 percent of the property valuation of the District and that energy conservation indebtedness shall not exceed 0.9 percent of the total assessed valuation of the District.

The effects of these debt limitations at June 30, 2011 are a legal voted debt margin of \$31,299,512 (including available funds of \$985,455), and a legal un-voted debt margin of \$342,156.

**Note 13 – Risk Management**

**A - Dental and Vision Insurance**

The District has established an Employee Benefits Self Insurance internal service fund to account for and finance its uninsured risks of loss for dental and vision plans offered to employees. Under this program, the Self Insurance fund provides dental and vision coverage as follows; dental coverage of \$2,500 annually per participant, and vision insurance includes one eye exam per year, lenses every 12 months, frames up to \$85 every 24 months and contacts up to \$75 every 12 months.

The plan is administered by Benefit Services, Inc. and analyzed by an actuary on an annual basis to determine the fund balance to be allocated to cover all un-matured liabilities.

All funds of the District participate in the program and make payments to the internal service fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). Findley Davies, Inc., has actuarially determined that \$17,100, is a good and sufficient provision for all un-matured claim obligations (including both reported, but unpaid claims, and incurred, but not reported claims, as well as an allowance for claim settlement expenses on the estimated unpaid claims) as of June 30, 2011.

Benefit Services, Inc., with the assistance of actuarial analysis, establishes premium rates for dental and vision insurance based upon plan specifics. Premiums are used to establish “reserves”, which are necessary in order to pay claims.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

The claims liability of \$17,100 reported in the Employee Benefits Self Insurance fund at June 30, 2011 is based on the provisions of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", and as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in the fund's claims liability for the current and past fiscal year are as follows:

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2010	\$15,469	126,815	127,013	\$15,271
2011	15,271	125,829	124,000	17,100

**B - Employee Health Benefits**

The School District (Consortium Member) participates in the Suburban Health Consortium (the "Consortium"), a shared risk pool (See Note 2.A.), to provide group health, life, dental and/or other insurance coverage. The District has chosen to participate only in the health insurance coverage. Consortium Member premium rates are set or determined by the Board of Directors. To the extent and in the manner permitted by any applicable agreements, policies, rules, regulations and laws, each Consortium Member may require contributions from its employees toward the cost of any benefit program being offered by the Consortium Member, and such contributions shall be included in the payments from such Consortium Member to the Fiscal Agent of the Consortium for such benefit program. Consortium Members pay a monthly premium to the Consortium. Because the District is a member of the Consortium and the Consortium holds the reserves for Incurred but Not Reported (IBNR) claims, not the individual districts, IBNR information is not available on a district-by-district basis.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 16. As such, no funding provisions are required by the District.

**C - Comprehensive**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District contracted for the following insurance coverage

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible (Per Occurrence)</u>	<u>Coverage Limitations</u>	
Indiana Insurance Co.	Property-Blanket	\$5,000	\$50,589,575	
Indiana Insurance Co.	Inland Marine:			
	Computers	250	1,617,886	
	Musical Instruments	250	839,173	
	Audio/Visual Equipment	250	354,590	
	Athletic Equipment	250	113,460	
	Radios	250	55,089	
	Contractors Equipment	250	53,581	
	Sheet Music	250	7,880	
	Transportation	250	300,000	
Indiana Insurance Co.	Flood & Earthquake Limit			
	Flood Limit	50,000	1,000,000	
	Earthquake Limit	5%	1,000,000	
Indiana Insurance Co.	Crime			
	Employee Dishonesty	500	250,000	
	Forgery & Alteration	500	250,000	
	Computer Fraud	500	250,000	
Indiana Insurance Co.	General Liability:			
	Limit	none	1,000,000	
	Aggregate		2,000,000	
Indiana Insurance Co.	Employee Benefits Liability:			
	Limit	1,000	1,000,000	
	Aggregate		3,000,000	
Indiana Insurance Co.	Employer's Stop Gap:			
	Limit	none	1,000,000	
	Aggregate		2,000,000	
Indiana Insurance Co.	School Leaders Errors & Omissions			
	Limit	none	1,000,000	
	Aggregate		1,000,000	
	Innocent Party Defense Limit		300,000	
Indiana Insurance Co.	Law Enforcement:			
	Limit	2,500	1,000,000	
	Aggregate		1,000,000	
Indiana Insurance Co.	Fleet:			
	Combined Single Unit	none	1,000,000	
	Uninsured Motorists Limit	n/a	1,000,000	
	Comprehensive	250	ACV	
	Collision	500	ACV	
Indiana Insurance Co. (Traveler's Insurance)	Umbrella:			
	Limit		4,000,000	
	Self-Insured Retention		10,000	
Indiana Insurance Co.	Boiler & Machinery:			
	Limit	1,000/24 hours	30,000,000	
Arenda Insurance Agency	Blanket Bond	none	5,000	Per Employee
Cincinnati Insurance	Treasurer's Bond		100,000	

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no reduction in amounts of insurance coverage from fiscal 2011.

**D - Workers' Compensation**

For fiscal year 2011, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Note 14 – Fund Balances**

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

<u>Fund Balances</u>	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
<b><i>Nonspendable</i></b>			
Inventory	\$44,399	\$12,034	\$56,433
Prepaid Items	4,233	2,291	6,524
<b><i>Total Nonspendable</i></b>	<b>48,632</b>	<b>14,325</b>	<b>62,957</b>
<b><i>Restricted for</i></b>			
Technology Improvements	0	9,453	9,453
Athletics & Music	0	378,613	378,613
Debt Service Payments	0	985,455	985,455
Other Purposes	0	34	34
Bus Purchases	1,115	0	1,115
<b><i>Total Restricted</i></b>	<b>1,115</b>	<b>1,373,555</b>	<b>1,374,670</b>
<b><i>Committed to</i></b>			
Workers Compensation Refunds	55,144	0	55,144
<b><i>Assigned to</i></b>			
Other Purposes	36,482	0	36,482
Encumbrances	316,186	0	316,186
<b><i>Total Assigned</i></b>	<b>352,668</b>	<b>0</b>	<b>352,668</b>
<b><i>Unassigned (Deficit)</i></b>	<b>843,829</b>	<b>(222,643)</b>	<b>621,186</b>
<b><i>Total Fund Balances</i></b>	<b>\$1,301,388</b>	<b>\$1,165,237</b>	<b>\$2,466,625</b>

**Note 15 – Defined Benefit Pension Plans**

***A. School Employee Retirement System***

Plan Description - The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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required supplementary information. That report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$292,258, \$307,705, and \$217,422, respectively. 100 percent has been contributed for the fiscal years ended June 30, 2011, 2010 and 2009, respectively.

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

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof.

**Plan Options** - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**DB Plan Benefits** - Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit", the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**DC Plan Benefits** - Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. 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.

**Combined Plan Benefits** – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by three percent of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit 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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. 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.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2011, were 10 percent of covered payroll for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009, were \$775,999, \$800,368, and \$774,581, respectively. 100 percent has been contributed for the fiscal years ended June 30, 2011, 2010 and 2009, respectively. Contributions to the DC and Combined Plans for fiscal year 2011 were \$15,681 made by the School District and \$11,200 made by the plan members.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2010 *Comprehensive Annual Financial Report* will be available sometime after December 31, 2010.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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Additional information or copies of STRS Ohio's 2010 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**Note 16 – Postemployment Benefits**

**A. School Employee Retirement System**

In addition to a cost-sharing multiple-employer defined benefit pension plan for School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation is .76 percent. The District's contributions for the years ended June 30, 2011, 2010 and 2009 were \$18,807, \$18,299 and \$17,939, respectively, which equaled the required contributions each year.

Health Care Plan – ORC Sections 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the fiscal year ended June 30, 2011, the health care allocation is 1.43 percent. An additional health care surcharge on employers is allocated for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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June 30, 2011, 2010 and 2009 were \$72,690, \$47,135 and \$146,202, respectively. 100 percent has been contributed for the fiscal years ending June 30, 2011, 2010 and 2009, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**B. State Teachers Retirement System**

Plan Description – The District contributes to a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated 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 STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

Funding Policy – Ohio law authorizes STRS Ohio to offer Health Care 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 Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contribution for health care for the fiscal year ended June 30, 2011, 2010 and 2009 were \$59,692, \$61,567, and 59,583, respectively. 100 percent has been contributed for the fiscal years ending June 30, 2011, 2010 and 2009, respectively.

**Note 17 - Contingencies**

**A – Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B - Litigation**

The District is not currently party to any legal proceedings.

**C – Accounting Irregularities**

On February 22, 2011, the District's Coordinator of Technology Services resigned from his position. The resignation came after the District identified possible accounting irregularities with funds under the Coordinator's control. The District took immediate and aggressive action with this matter and notified the appropriate authorities.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

The District is cooperating fully in the investigation with the Office of the Ohio Auditor and law enforcement authorities. This matter is still under investigation, however, based on the District's own internal investigation, the District believes the investigation resulting in any material potential loss or liability is not presently determinable. The possibility of significant disallowance of findings related to Federal and State assisted grant programs is remote; and any adverse outcome from these charges would pertain to the former Coordinator of Technology Services that is under investigation.

**Note 18 – Statutory Reserves**

The School District is required by State statute to annually set aside in the general fund an amount based on a 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 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 following cash basis information describes the change in the fiscal year end set aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>	<u>Workers' Comp Refunds</u>
Set-Aside Reserve Balance as of June 30, 2010	(\$5,075,963)	\$0	\$55,144
Current Year Set-Aside Requirement	139,513	139,513	0
Qualifying Disbursements	<u>(722,596)</u>	<u>(354,845)</u>	<u>0</u>
Total	<u><u>(\$5,659,046)</u></u>	<u><u>(\$215,332)</u></u>	<u><u>\$55,144</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$55,144</u></u>
Cash balance as of June 30, 2011	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$55,144</u></u>

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year.

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

Monies representing Bureau of Workers' Compensation refunds that were received prior to April 10, 2001 have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases. A schedule of restricted assets as of June 30, 2011 is as follows:

Amount Set-Aside for Workers' Compensation Refunds	\$55,144
Amount Set-Aside for Bus Purchases	<u>1,115</u>
Total	<u><u>\$56,259</u></u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**Note 19 – Capital Leases**

In previous fiscal years, the School District entered into lease agreements for the purchase of a new synthetic turf playing field, new goal posts and various improvements to School District buildings. These lease obligations meet the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, "Accounting for Leases," and has been recorded on the government-wide statements. These land and building improvements have been capitalized in the amount of \$2,186,380, the present value of the minimum lease payments at the inception of the leases.

As part of the agreements for these new leases, CitiCapital Municipal Finance and Honeywell Global Finance, LLC, as lessors, deposited monies in segregated accounts for the installation of a new synthetic turf playing field, new goal posts and various school district improvements. The entire amount was paid to the vendors at the direction of the School District when installations were completed.

The assets acquired through the capital lease are as follows:

<i>Asset:</i>	<u>Governmental Activities</u>
Land Improvements	\$668,150
Building Improvements	1,518,230
Historical Cost	2,186,380
Less: Accumulated Depreciation	(188,184)
Total Book Value as of June 30, 2011	<u>\$1,998,196</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and present value of the minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	
2012	<b>\$203,356</b>
2013	203,356
2014	373,356
2015	466,096
2016	153,356
2017 - 2021	870,196
2022 - 2023	130,242
<b>Total Minimum Lease Payments</b>	<b>2,399,958</b>
<b>Less: Amount Representing Interest</b>	<b>(630,760)</b>
<b>Present Value of Minimum Lease</b>	<b><u>\$1,769,198</u></b>

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the permanent improvement capital projects fund and the district managed student activity special revenue fund. These expenditures are reflected as program expenditures on a budgetary basis.

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

### **Combining Statements – Nonmajor Governmental Funds**

#### ***Nonmajor Special Revenue Funds***

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

***Food Service Fund*** – A fund used to account for financial transactions related to food service operations.

***Other Grants Fund*** – A fund used to account for the proceeds of specific revenue sources (except for state and federal grants) that are restricted to expenditures for specified purposes.

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

***Management Information Systems Fund*** – A fund used to account for monies associated with the state-wide requirements of the Education Management Information System (EMIS).

***Data Communication Fund*** – A fund used to account for monies appropriated for Ohio Educational Computer Network Connections.

***Alternative Schools Fund*** – A fund used to account for alternative educational programs for existing and new at-risk and delinquent youth.

***Education Jobs Fund*** – A fund used to account for and report restricted Federal grant monies to assist schools in providing educational and related services for early childhood, elementary, and secondary education.

***Race to the Top Grant Fund*** – A fund used to account for Federal grant monies used to establish new or expand existing programs to support initiatives in the following areas; Standards and Assessments; Using Data to Improve Instruction; Great Teachers and Leaders; and Turning Around the Lowest Achieving Schools.

***Education Stabilization Fund*** – A fund used to account for restricted Federal grant monies from the American Recovery and Reinvestment Act in State Fiscal Stabilization Funds (SFSF) to help stabilize state and local budgets in order to minimize and avoid reductions in education and other essential services.

***Title II-D Technology Fund*** – A fund used to account for restricted Federal grant monies used for technology.

***Limited English Proficiency Fund*** – A fund used to account for restricted Federal monies used for costs associated English proficiency.

***Title I Fund*** – A fund used to account for monies which are to; 1) establish or improve programs designed to meet the special education needs of children of migratory agricultural workers or migratory fisherman, and; 2) enable state education agencies to coordinate their state migrant education programs and local projects with similar programs and projects in other states, including the transfer of school records or other information about children of migrant workers.

(continued)

## **Combining Statements – Nonmajor Governmental Funds (continued)**

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

***Title VI Fund*** – A fund used to account for federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs, and in-service and staff development

***Drug Free Schools Grant Fund*** – A fund used to account for monies provided by local educational agencies provided by local educational agencies and consortia of these agencies to establish, operate and improve local programs of drug abuse prevention, early intervention, rehabilitation referral, and education in elementary and secondary schools, and to engage in the development, training, technical assistance and coordination of activities.

***Improving Teacher Quality Fund*** – A fund used to account for a federal grant aimed at reducing class sizes throughout the District.

***Uniform School Supplies Fund*** – A fund used to account for the purchase and sale of school supplies for use in the School District. Profits derived from such sales are used for school purposes or activities connected with the School. This fund is combined with the general fund on a GAAP reporting basis as it does not have a restricted or committed revenue source.

***Adult Education Fund*** – A fund used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students, and reimbursement from the Ohio Department of Education. Expenditures include supplies, salaries and textbooks. This fund is combined with the general fund on a GAAP reporting basis as it does not have a restricted or committed revenue source.

***Public School Support Fund*** – A fund used to account for specific local revenue sources (i.e. profits from vending machines, etc.) other than taxes or private purpose trusts, that are restricted to expenditures for specific purposes approved by Board resolution. Such expenditures may include curricular and extracurricular related purchases. This fund is combined with the general fund on a GAAP reporting basis as it does not have a restricted or committed revenue source.

### ***Nonmajor Debt Service Fund***

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment principal, interest, and related costs.

***Bond Retirement Fund*** – A fund used to account for the retirement of serial bonds and short-term loans. All revenue derived from general or special levies, either within or exceeding the statutory unvoted ten-mill limitation, which is levied for debt charges on bonds or loans are paid into this fund. Since the District has only one debt service fund, no combining statements are presented.

### ***Nonmajor Capital Projects Fund***

Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

***Permanent Improvement Fund*** – A fund used to account for all transactions of the School District which are related to acquiring, constructing, or improving permanent improvements which are authorized by Chapter 5705, Revised Code.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2011*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$400,830	\$942,899	\$14,268	\$1,357,997
Accounts Receivable	10	0	161	171
Intergovernmental Receivable	34,555	0	0	34,555
Property Taxes Receivable	0	214,037	91,138	305,175
Inventory Held for Resale	5,672	0	0	5,672
Materials and Supplies Inventory	823	0	5,539	6,362
Prepaid Items	2,291	0	0	2,291
<i>Total Assets</i>	<u>\$444,181</u>	<u>\$1,156,936</u>	<u>\$111,106</u>	<u>\$1,712,223</u>
<b>Liabilities</b>				
Accounts Payable	\$5,296	\$0	\$41,948	\$47,244
Accrued Wages	12,165	0	0	12,165
Intergovernmental Payable	7,732	0	0	7,732
Interfund Payable	49,561	0	245,404	294,965
Deferred Revenue	13,399	171,481	0	184,880
<i>Total Liabilities</i>	<u>88,153</u>	<u>171,481</u>	<u>287,352</u>	<u>546,986</u>
<b>Fund Balances</b>				
Nonspendable	8,786	0	5,539	14,325
Restricted	388,100	985,455	0	1,373,555
Unassigned (Deficit)	(40,858)	0	(181,785)	(222,643)
<i>Total Fund Balances (Deficit)</i>	<u>356,028</u>	<u>985,455</u>	<u>(176,246)</u>	<u>1,165,237</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$444,181</u>	<u>\$1,156,936</u>	<u>\$111,106</u>	<u>\$1,712,223</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property Taxes	\$0	\$340,840	\$704,114	\$1,044,954
Tuition and Fees	0	0	39,137	39,137
Interest	169	0	0	169
Charges for Services	256,079	0	0	256,079
Extracurricular Activities	66,413	0	0	66,413
Rentals	153,333	0	4,304	157,637
Contributions and Donations	750	0	0	750
Intergovernmental	228,851	17,087	0	245,938
Miscellaneous	34,791	44	13,017	47,852
<i>Total Revenues</i>	<u>740,386</u>	<u>357,971</u>	<u>760,572</u>	<u>1,858,929</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	38,368	0	0	38,368
Special	62,958	0	0	62,958
Support Services:				
Pupils	39,145	0	0	39,145
Instructional Staff	73	0	0	73
Board of Education	21,886	0	0	21,886
Business	1,537	0	7,199	8,736
Operation and Maintenance of Plant	0	0	113,183	113,183
Central	11,303	0	745,743	757,046
Operation of Food Services	351,427	0	0	351,427
Extracurricular Activities	163,322	0	0	163,322
Capital Outlay	5,632	0	56,499	62,131
Debt Service:				
Principal Retirement	30,252	365,000	103,179	498,431
Interest and Fiscal Charges	19,748	17,500	49,529	86,777
<i>Total Expenditures</i>	<u>745,651</u>	<u>382,500</u>	<u>1,075,332</u>	<u>2,203,483</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,265)	(24,529)	(314,760)	(344,554)
<b>Other Financing Sources (Uses)</b>				
Transfers In	106,538	0	144,913	251,451
<i>Net Change in Fund Balances</i>	101,273	(24,529)	(169,847)	(93,103)
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	254,755	1,009,984	(6,399)	1,258,340
<i>Fund Balances End of Year</i>	<u>\$356,028</u>	<u>\$985,455</u>	<u>(\$176,246)</u>	<u>\$1,165,237</u>

See accompanying notes to the basic financial statements

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2011*

	Food Service	Other Grants	District Managed Student Activity
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$338	\$9,453	\$379,855
Accounts Receivable	10	0	0
Intergovernmental Receivable	0	0	0
Inventory Held for Resale	5,672	0	0
Materials and Supplies Inventory	823	0	0
Prepaid Items	0	0	2,291
<i>Total Assets</i>	<u>\$6,843</u>	<u>\$9,453</u>	<u>\$382,146</u>
<b>Liabilities</b>			
Accounts Payable	\$1,983	\$0	\$1,242
Accrued Wages	8,642	0	0
Intergovernmental Payable	6,901	0	0
Interfund Payable	0	0	0
Deferred Revenue	0	0	0
<i>Total Liabilities</i>	<u>17,526</u>	<u>0</u>	<u>1,242</u>
<b>Fund Balances</b>			
Nonspendable	6,495	0	2,291
Restricted	0	9,453	378,613
Unassigned (Deficit)	(17,178)	0	0
<i>Total Fund Balances</i>	<u>(10,683)</u>	<u>9,453</u>	<u>380,904</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,843</u>	<u>\$9,453</u>	<u>\$382,146</u>

Management Information Systems	Alternative Schools	Education Jobs	Race to the Top	Limited English Proficiency
\$0	\$0	\$0	\$11,150	\$34
0	0	0	0	0
0	4,885	23,022	3,131	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$0</u>	<u>\$4,885</u>	<u>\$23,022</u>	<u>\$14,281</u>	<u>\$34</u>
\$0	\$0	\$0	\$2,071	\$0
3,523	0	0	0	0
579	45	134	0	0
0	4,885	16,163	11,682	0
0	0	6,859	3,131	0
<u>4,102</u>	<u>4,930</u>	<u>23,156</u>	<u>16,884</u>	<u>0</u>
0	0	0	0	0
0	0	0	0	34
(4,102)	(45)	(134)	(2,603)	0
<u>(4,102)</u>	<u>(45)</u>	<u>(134)</u>	<u>(2,603)</u>	<u>34</u>
<u>\$0</u>	<u>\$4,885</u>	<u>\$23,022</u>	<u>\$14,281</u>	<u>\$34</u>

(continued)

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2011*

	Title I	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$0	\$400,830
Accounts Receivable	0	0	10
Intergovernmental Receivable	3,517	0	34,555
Inventory Held for Resale	0	0	5,672
Materials and Supplies Inventory	0	0	823
Prepaid Items	0	0	2,291
<i>Total Assets</i>	<u>\$3,517</u>	<u>\$0</u>	<u>\$444,181</u>
<b>Liabilities</b>			
Accounts Payable	\$0	\$0	\$5,296
Accrued Wages	0	0	12,165
Intergovernmental Payable	0	73	7,732
Interfund Payable	108	16,723	49,561
Deferred Revenue	3,409	0	13,399
<i>Total Liabilities</i>	<u>3,517</u>	<u>16,796</u>	<u>88,153</u>
<b>Fund Balances</b>			
Nonspendable	0	0	8,786
Restricted	0	0	388,100
Unassigned	0	(16,796)	(40,858)
<i>Total Fund Balances</i>	<u>0</u>	<u>(16,796)</u>	<u>356,028</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,517</u>	<u>\$0</u>	<u>\$444,181</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2011*

	Food Service	Other Grants	District Managed Student Activity	Management Information Systems
<b>Revenues</b>				
Interest	\$0	\$0	\$169	\$0
Charges for Services	256,079	0	0	0
Extracurricular Activities	0	0	66,413	0
Rentals	0	0	153,333	0
Contributions and Donations	0	750	0	0
Intergovernmental	68,922	0	0	5,000
Miscellaneous	497	0	34,294	0
<i>Total Revenues</i>	<u>325,498</u>	<u>750</u>	<u>254,209</u>	<u>5,000</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	0	0	0
Special	0	0	0	0
Support Services:				
Pupils	0	11,941	0	0
Instructional Staff	0	0	0	0
Board of Education	0	0	0	0
Business	0	0	1,537	0
Central	0	0	0	4,277
Operation of Food Services	351,427	0	0	0
Extracurricular Activities	0	0	163,322	0
Capital Outlay	5,632	0	0	0
Debt Service:				
Principal Retirement	0	0	30,252	0
Interest and Fiscal Charges	0	0	19,748	0
<i>Total Expenditures</i>	<u>357,059</u>	<u>11,941</u>	<u>214,859</u>	<u>4,277</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(31,561)	(11,191)	39,350	723
<b>Other Financing Sources (Uses)</b>				
Transfers In	34,497	0	71,446	0
<i>Net Change in Fund Balances</i>	2,936	(11,191)	110,796	723
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	(13,619)	20,644	270,108	(4,825)
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$10,683)</u>	<u>\$9,453</u>	<u>\$380,904</u>	<u>(\$4,102)</u>

(continued)

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds (continued)  
For the Fiscal Year Ended June 30, 2011*

	Data <u>Communication</u>	Alternative <u>Schools</u>	Education <u>Jobs</u>
<b>Revenues</b>			
Interest	\$0	\$0	\$0
Charges for Services	0	0	0
Extracurricular Activities	0	0	0
Rentals	0	0	0
Contributions and Donations	0	0	0
Intergovernmental	6,825	10,907	16,163
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>6,825</u>	<u>10,907</u>	<u>16,163</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	0	0	0
Special	0	45	0
Support Services:			
Pupils	0	10,907	16,297
Instructional Staff	0	0	0
Board of Education	0	0	0
Business	0	0	0
Central	6,825	0	0
Operation of Food Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>6,825</u>	<u>10,952</u>	<u>16,297</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(45)	(134)
<b>Other Financing Sources (Uses)</b>			
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	(45)	(134)
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	0	0	0
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$0</u></u>	<u><u>(\$45)</u></u>	<u><u>(\$134)</u></u>

Race to the Top	Education Stabilization	Title III-D Technology	Limited English Proficiency	Title I	Title VI
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	38,368	201	34	60,310	0
0	0	0	0	0	0
0	38,368	201	34	60,310	0
0	38,368	0	0	0	0
2,603	0	0	0	60,310	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	201	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,603	38,368	201	0	60,310	0
(2,603)	0	0	34	0	0
0	0	0	0	0	25
(2,603)	0	0	34	0	25
0	0	0	0	0	(25)
(\$2,603)	\$0	\$0	\$34	\$0	\$0

(continued)

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds (continued)  
For the Fiscal Year Ended June 30, 2011*

	Drug Free Schools Grant	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
<b>Revenues</b>			
Interest	\$0	\$0	\$169
Charges for Services	0	0	256,079
Extracurricular Activities	0	0	66,413
Rentals	0	0	153,333
Contributions and Donations	0	0	750
Intergovernmental	0	22,121	228,851
Miscellaneous	0	0	34,791
<i>Total Revenues</i>	<u>0</u>	<u>22,121</u>	<u>740,386</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	0	0	38,368
Special	0	0	62,958
Support Services:			
Pupils	0	0	39,145
Instructional Staff	0	73	73
Board of Education	0	21,886	21,886
Business	0	0	1,537
Central	0	0	11,303
Operation of Food Services	0	0	351,427
Extracurricular Activities	0	0	163,322
Capital Outlay	0	0	5,632
Debt Service:			
Principal Retirement	0	0	30,252
Interest and Fiscal Charges	0	0	19,748
<i>Total Expenditures</i>	<u>0</u>	<u>21,959</u>	<u>745,651</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	162	(5,265)
<b>Other Financing Sources (Uses)</b>			
Transfers In	<u>570</u>	<u>0</u>	<u>106,538</u>
<i>Net Change in Fund Balances</i>	570	162	101,273
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	(570)	(16,958)	254,755
<i>Fund Balances (Deficit) End of Year</i>	<u>\$0</u>	<u>(\$16,796)</u>	<u>\$356,028</u>

## **Combining Statements - Fiduciary Funds**

### ***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 funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust funds are the special trust and endowment private purpose trust funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

### ***Private Purpose Trust Funds***

***Special Trust Fund*** – A fund used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

***Endowment Fund*** – A fund used to account for monies, securities, or lands which have been set aside as an investment for public school purposes. The income from such a fund may be expended but the principal must remain in tact.

### ***Agency Funds***

***District Agency Fund*** - To account for net payroll, payroll taxes and other related payroll deductions accumulated from all county funds for distribution to employees, other governmental units and private organizations.

***Student Managed Activity Fund*** – A fund used to account for those student activity programs which have student participation in the activity and have student involvement in the management of the program. This fund typically includes those students' activities which consist of a student body, student president, student treasurer and faculty advisor.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Combining Statement of Fiduciary Net Assets*  
*Private Purpose Trust Funds*  
*June 30, 2011*

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	Special Trust	Endowment	Total Private Purpose Trust
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,377	\$303,246	\$305,623
Accrued Interest Receivable	0	1,521	1,521
<i>Total Assets</i>	2,377	304,767	307,144
<b>Liabilities</b>	\$0	\$0	\$0
<b>Net Assets</b>			
Held in Trust for Scholarships	\$2,377	\$304,767	\$307,144

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**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Combining Statement of Changes in Fiduciary Net Assets  
Private Purpose Trust Funds  
For the Fiscal Year Ended June 30, 2011*

	Special Trust	Endowment	Total Private Purpose Trust
<b>Additions</b>			
Interest	\$2	\$12,303	\$12,305
Contributions and Donations	600	18,809	19,409
<i>Total Additions</i>	602	31,112	31,714
<b>Deductions</b>			
Scholarships Awarded	1,000	10,663	11,663
<i>Change in Net Assets</i>	(398)	20,449	20,051
<i>Net Assets Beginning of Year</i>	2,775	284,318	287,093
<i>Net Assets End of Year</i>	<u>\$2,377</u>	<u>\$304,767</u>	<u>\$307,144</u>

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Statement of Changes in Assets and Liabilities**Agency Funds**For the Fiscal Year Ended June 30, 2011*

	Beginning Balance 07/01/10	Additions	Deductions	Ending Balance 06/30/11
<b><i>District Agency Fund</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$8,690	\$6,379	\$10,078	\$4,991
<b>Liabilities</b>				
Intergovernmental Payable	\$8,690	\$6,379	\$10,078	\$4,991
 <b><i>Student Managed Activity Fund</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$68,692	\$49,615	\$42,528	\$75,779
<b>Liabilities</b>				
Due to Students	\$68,692	\$49,615	\$42,528	\$75,779
 <b><i>Total - All Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$77,382	\$55,994	\$52,606	\$80,770
<b>Liabilities</b>				
Intergovernmental Payable	\$8,690	\$6,379	\$10,078	\$4,991
Due to Students	68,692	49,615	42,528	75,779
<i>Total Liabilities</i>	\$77,382	\$55,994	\$52,606	\$80,770

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

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$7,561,294	\$7,349,328	\$7,349,328	\$0
Tuition and Fees	517,575	500,759	500,759	0
Interest	15,907	15,390	15,390	0
Extracurricular Activities	3,594	3,477	3,477	0
Rentals	2,145	2,075	2,075	0
Intergovernmental	5,309,561	5,137,055	5,137,055	0
Miscellaneous	106,459	106,194	106,194	0
<i>Total Revenues</i>	<u>13,516,535</u>	<u>13,114,278</u>	<u>13,114,278</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	4,332,515	4,332,515	4,193,173	139,342
Fringe Benefits	1,668,340	1,668,340	1,507,834	160,506
Purchased Services	63,621	63,621	45,670	17,951
Materials and Supplies	108,109	126,443	87,567	38,876
Capital Outlay - New	1,500	1,500	5,615	(4,115)
Other	0	0	412	(412)
<i>Total Regular</i>	<u>6,174,085</u>	<u>6,192,419</u>	<u>5,840,271</u>	<u>352,148</u>
Special:				
Salaries and Wages	12,000	12,000	3,129	8,871
Fringe Benefits	1,980	1,980	519	1,461
Purchased Services	1,134,607	1,188,507	1,401,214	(212,707)
Materials and Supplies	18,197	19,271	11,873	7,398
Other	100	100	0	100
<i>Total Special</i>	<u>1,166,884</u>	<u>1,221,858</u>	<u>1,416,735</u>	<u>(194,877)</u>
Vocational:				
Purchased Services	4,000	4,000	817	3,183
<i>Total Instruction</i>	<u>\$7,344,969</u>	<u>\$7,418,277</u>	<u>\$7,257,823</u>	<u>\$160,454</u>

(continued)

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
General Fund (continued)  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Support Services:</b>				
<b>Pupils:</b>				
Salaries and Wages	\$426,692	\$426,692	\$388,506	\$38,186
Fringe Benefits	148,277	148,277	145,634	2,643
Purchased Services	240,845	265,627	217,278	48,349
Materials and Supplies	14,063	16,789	9,598	7,191
Other	7,470	7,470	7,500	(30)
<b>Total Pupils</b>	<b>837,347</b>	<b>864,855</b>	<b>768,516</b>	<b>96,339</b>
<b>Instructional Staff:</b>				
Salaries and Wages	645,220	645,220	587,145	58,075
Fringe Benefits	229,222	229,222	247,978	(18,756)
Purchased Services	26,991	28,969	27,380	1,589
Materials and Supplies	10,073	11,319	9,138	2,181
Capital Outlay - Replacement	22	22	33	(11)
Other	1,135	1,135	437	698
<b>Total Instructional Staff</b>	<b>912,663</b>	<b>915,887</b>	<b>872,111</b>	<b>43,776</b>
<b>Board of Education:</b>				
Salaries and Wages	26,000	26,000	32,355	(6,355)
Fringe Benefits	3,985	3,985	4,585	(600)
Purchased Services	40,560	41,280	21,308	19,972
Materials and Supplies	1,099	1,497	1,987	(490)
Other	14,000	14,000	18,901	(4,901)
<b>Total Board of Education</b>	<b>85,644</b>	<b>86,762</b>	<b>79,136</b>	<b>7,626</b>
<b>Administration:</b>				
Salaries and Wages	1,034,580	1,034,580	1,024,297	10,283
Fringe Benefits	389,316	389,316	452,769	(63,453)
Purchased Services	88,140	115,138	272,465	(157,327)
Materials and Supplies	22,116	28,438	18,646	9,792
Other	15,385	16,095	14,731	1,364
<b>Total Administration</b>	<b>\$1,549,537</b>	<b>\$1,583,567</b>	<b>\$1,782,908</b>	<b>(\$199,341)</b>

(continued)

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
General Fund (continued)  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fiscal:</b>				
Salaries and Wages	\$248,925	\$248,925	\$247,840	\$1,085
Fringe Benefits	129,800	129,800	121,267	8,533
Purchased Services	30,270	31,110	23,809	7,301
Materials and Supplies	73,448	73,744	10,210	63,534
Capital Outlay - New	38,764	38,764	0	38,764
Other	275,260	275,260	233,686	41,574
<b>Total Fiscal</b>	<b>796,467</b>	<b>797,603</b>	<b>636,812</b>	<b>160,791</b>
<b>Business:</b>				
Fringe Benefits	15,000	15,000	14,711	289
Purchased Services	113,536	125,720	86,618	39,102
Materials and Supplies	28,803	28,807	22,091	6,716
Other	3,540	3,540	2,778	762
<b>Total Business</b>	<b>160,879</b>	<b>173,067</b>	<b>126,198</b>	<b>46,869</b>
<b>Operation and Maintenance of Plant:</b>				
Salaries and Wages	700,578	700,578	667,222	33,356
Fringe Benefits	212,316	212,316	228,177	(15,861)
Purchased Services	651,192	726,776	771,849	(45,073)
Materials and Supplies	71,677	105,541	66,840	38,701
Capital Outlay - New	3,500	3,500	3,799	(299)
Capital Outlay - Replacement	2,000	2,000	4,677	(2,677)
<b>Total Operation and Maintenance of Plant</b>	<b>1,641,263</b>	<b>1,750,711</b>	<b>1,742,564</b>	<b>8,147</b>
<b>Pupil Transportation:</b>				
Salaries and Wages	431,430	431,430	484,624	(53,194)
Fringe Benefits	159,159	159,159	178,635	(19,476)
Purchased Services	63,630	88,526	63,622	24,904
Materials and Supplies	69,240	88,856	79,991	8,865
Capital Outlay - New	24,115	25,115	23,390	1,725
Capital Outlay - Replacement	17,641	17,641	16,292	1,349
<b>Total Pupil Transportation</b>	<b>\$765,215</b>	<b>\$810,727</b>	<b>\$846,554</b>	<b>(\$35,827)</b>

(continued)

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
General Fund (continued)  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Central:</b>				
Salaries and Wages	\$160,914	\$160,914	\$127,058	\$33,856
Fringe Benefits	32,547	32,547	25,954	6,593
Purchased Services	147,739	152,961	289,977	(137,016)
Materials and Supplies	18,960	20,480	201,895	(181,415)
Capital Outlay - New	9,430	9,972	30,981	(21,009)
<b>Total Central</b>	<b>369,590</b>	<b>376,874</b>	<b>675,865</b>	<b>(298,991)</b>
<b>Total Support Services</b>	<b>7,118,605</b>	<b>7,360,053</b>	<b>7,530,664</b>	<b>(170,611)</b>
<b>Operation of Non-Instructional Services:</b>				
<b>Food Service Operations:</b>				
Salaries and Wages	6,400	6,400	7,688	(1,288)
Fringe Benefits	794	794	1,031	(237)
Purchased Services	3,200	3,200	3,877	(677)
Materials and Supplies	11,120	11,120	7,808	3,312
<b>Total Food Service Operations</b>	<b>21,514</b>	<b>21,514</b>	<b>20,404</b>	<b>1,110</b>
<b>Community Services:</b>				
Salaries and Wages	42,800	42,800	38,735	4,065
Fringe Benefits	6,510	6,510	5,869	641
Purchased Services	5,050	5,050	5,352	(302)
Materials and Supplies	1,000	1,000	120	880
Other	200	200	988	(788)
<b>Total Community Services</b>	<b>55,560</b>	<b>55,560</b>	<b>51,064</b>	<b>4,496</b>
<b>Total Operation of Non-Instructional Services:</b>	<b>\$77,074</b>	<b>\$77,074</b>	<b>\$71,468</b>	<b>\$5,606</b>

(continued)

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
General Fund (continued)  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Extracurricular Activities:</b>				
<b>Academic Oriented Activities:</b>				
Salaries and Wages	\$52,872	\$52,872	\$52,615	\$257
Fringe Benefits	8,900	8,900	8,974	(74)
Purchased Services	19,020	19,860	23,251	(3,391)
Other	6,239	6,717	18,180	(11,463)
<b>Total Academic Oriented Activities</b>	<b>87,031</b>	<b>88,349</b>	<b>103,020</b>	<b>(14,671)</b>
<b>Sport Oriented Activities:</b>				
Salaries and Wages	493,925	493,925	517,214	(23,289)
Fringe Benefits	105,404	105,404	117,728	(12,324)
Purchased Services	82,730	82,730	81,295	1,435
<b>Total Sport Oriented Activities</b>	<b>682,059</b>	<b>682,059</b>	<b>716,237</b>	<b>(34,178)</b>
<b>Co-Curricular Activities:</b>				
Salaries and Wages	26,110	26,110	27,847	(1,737)
Fringe Benefits	4,621	4,621	4,831	(210)
<b>Total Co-Curricular Activities</b>	<b>30,731</b>	<b>30,731</b>	<b>32,678</b>	<b>(1,947)</b>
<b>Total Extracurricular Activities</b>	<b>799,821</b>	<b>801,139</b>	<b>851,935</b>	<b>(50,796)</b>
<b>Total Expenditures</b>	<b>15,340,469</b>	<b>15,656,543</b>	<b>15,711,890</b>	<b>(55,347)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,823,934)</b>	<b>(2,542,265)</b>	<b>(2,597,612)</b>	<b>(55,347)</b>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	1,586	1,586	0
Advances Out	0	(5,350)	(254,976)	(249,626)
Transfers In	22,987	22,987	24,889	1,902
Transfers Out	(348)	(348)	(250,856)	(250,508)
<b>Total Other Financing Sources (Uses)</b>	<b>22,639</b>	<b>18,875</b>	<b>(479,357)</b>	<b>(498,232)</b>
<b>Net Change in Fund Balance</b>	<b>(1,801,295)</b>	<b>(2,523,390)</b>	<b>(3,076,969)</b>	<b>(553,579)</b>
<b>Fund Balance Beginning of Year - Restated (See Note 3)</b>	<b>4,402,830</b>	<b>4,402,830</b>	<b>4,402,830</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>158,037</b>	<b>158,037</b>	<b>158,037</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$2,759,572</b>	<b>\$2,037,477</b>	<b>\$1,483,898</b>	<b>(\$553,579)</b>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Food Service Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$244,260	\$256,079	\$256,079	\$0
Intergovernmental	65,740	68,922	68,922	0
Miscellaneous	0	487	487	0
<i>Total Revenues</i>	<u>310,000</u>	<u>325,488</u>	<u>325,488</u>	<u>0</u>
<b>Expenditures</b>				
Operation of Food Service:				
Salaries and Wages	134,360	138,204	138,112	92
Fringe Benefits	63,036	64,839	64,796	43
Purchased Services	6,966	7,166	7,161	5
Materials and Supplies	140,963	144,997	144,900	97
Capital Outlay - Replacement	5,656	5,818	5,814	4
<i>Total Expenditures</i>	<u>350,981</u>	<u>361,024</u>	<u>360,783</u>	<u>241</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(40,981)	(35,536)	(35,295)	241
<b>Other Financing Sources (Uses)</b>				
Transfers In	40,600	34,400	34,497	97
<i>Net Change in Fund Balance</i>	(381)	(1,136)	(798)	338
<i>Fund Balance Beginning of Year</i>	<u>1,136</u>	<u>1,136</u>	<u>1,136</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$755</u>	<u>\$0</u>	<u>\$338</u>	<u>\$338</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Other Grants Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions and Donations	\$0	\$750	\$750	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils:				
Purchased Services	20,026	20,754	11,584	9,170
Materials and Supplies	618	640	357	283
<i>Total Expenditures</i>	<u>20,644</u>	<u>21,394</u>	<u>11,941</u>	<u>9,453</u>
<i>Net Change in Fund Balance</i>	(20,644)	(20,644)	(11,191)	9,453
<i>Fund Balance Beginning of Year</i>	<u>20,644</u>	<u>20,644</u>	<u>20,644</u>	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$9,453</u>	<u>\$9,453</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
District Managed Student Activity Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$131	\$169	\$169	\$0
Extracurricular Activities	49,223	63,458	63,458	0
Rentals	118,938	153,333	153,333	0
Miscellaneous	26,601	34,114	34,294	180
<i>Total Revenues</i>	<u>194,893</u>	<u>251,074</u>	<u>251,254</u>	<u>180</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Business:				
Purchased Services	3,086	3,147	1,638	1,509
Extracurricular Activities:				
Academic Oriented Activities:				
Purchased Services	64,070	64,070	31,910	32,160
Sport Oriented Activities:				
Purchased Services	118,543	123,528	64,448	59,080
Materials and Supplies	95,440	97,589	52,490	45,099
Other	49,266	49,981	24,537	25,444
Total Sport Oriented Activities	<u>263,249</u>	<u>271,098</u>	<u>141,475</u>	<u>129,623</u>
Total Extracurricular Activities	<u>327,319</u>	<u>335,168</u>	<u>173,385</u>	<u>161,783</u>
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - New	51,958	100,392	50,000	50,392
<i>Total Expenditures</i>	<u>382,363</u>	<u>438,707</u>	<u>225,023</u>	<u>213,684</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(187,470)</u>	<u>(187,633)</u>	<u>26,231</u>	<u>213,864</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	71,446	71,446	0
<i>Net Change in Fund Balance</i>	<u>(187,470)</u>	<u>(116,187)</u>	<u>97,677</u>	<u>213,864</u>
<i>Fund Balance Beginning of Year</i>	<u>263,804</u>	<u>263,804</u>	<u>263,804</u>	<u>0</u>
Prior Year Encumbrances Appropriated	7,910	7,910	7,910	0
<i>Fund Balance End of Year</i>	<u>\$84,244</u>	<u>\$155,527</u>	<u>\$369,391</u>	<u>\$213,864</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Management Information Systems Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$5,000	\$5,000	\$5,000	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Central:				
Salaries and Wages	5,000	5,000	5,000	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Data Communication Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$6,000	\$6,825	\$6,825	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Central:				
Purchased Services	6,000	6,825	6,825	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Alternative Schools Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$5,559	\$6,729	\$6,729	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	6,626	7,422	7,422	0
Fringe Benefits	1,024	1,147	1,147	0
Purchased Services	500	560	560	0
Materials and Supplies	1,128	1,264	1,264	0
Other	459	514	514	0
<i>Total Expenditures</i>	<u>9,737</u>	<u>10,907</u>	<u>10,907</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,178)</u>	<u>(4,178)</u>	<u>(4,178)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	4,885	4,885	4,885	0
Advances Out	(707)	(707)	(707)	0
<i>Total Other Financing Sources (Uses)</i>	<u>4,178</u>	<u>4,178</u>	<u>4,178</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Education Jobs Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$0	\$6,859	\$0	(\$6,859)
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Salaries and Wages	0	19,941	14,000	5,941
Fringe Benefits	0	3,081	2,163	918
<i>Total Expenditures</i>	0	23,022	16,163	6,859
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(16,163)	(16,163)	0
<b>Other Financing Sources (Uses)</b>				
Advances In	0	16,163	16,163	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Race to the Top Grant Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Special Instruction:				
Materials and Supplies	0	11,880	11,682	198
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(11,880)	(11,682)	198
<b>Other Financing Sources (Uses)</b>				
Advances In	0	11,880	11,682	(198)
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Education Stabilization Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$35,510	\$38,368	\$38,368	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	35,510	38,368	38,368	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Title II-D Technology Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$211	\$201	\$201	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Central:				
Purchased Services	211	201	201	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Limited English Proficiency Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$0	\$34	\$34	\$0
<b>Expenditures</b>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	34	34	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$34	\$34	\$0

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Title I Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$61,268	\$60,202	\$60,202	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Purchased Services	61,172	60,110	60,110	0
Materials and Supplies	204	200	200	0
<i>Total Expenditures</i>	<u>61,376</u>	<u>60,310</u>	<u>60,310</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(108)	(108)	(108)	0
<b>Other Financing Sources (Uses)</b>				
Advances In	108	108	108	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Improving Teacher Quality Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$23,061	\$23,000	\$23,000	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Board of Education:				
Salaries and Wages	11,094	11,094	11,094	0
Fringe Benefits	617	617	617	0
Purchased Services	9,551	9,551	9,551	0
Materials and Supplies	920	859	859	0
<i>Total Expenditures</i>	<u>22,182</u>	<u>22,121</u>	<u>22,121</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	879	879	879	0
<b>Other Financing Sources (Uses)</b>				
Advances Out	(879)	(879)	(879)	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Uniform School Supplies Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Extracurricular Activities	\$200	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Other:				
Materials and Supplies	1,318	828	828	0
<i>Net Change in Fund Balance</i>	(1,118)	(828)	(828)	0
<i>Fund Balance Beginning of Year</i>	1,118	1,118	1,118	0
<i>Fund Balance End of Year</i>	\$0	\$290	\$290	\$0

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Adult Education Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Adult/Continuing:				
Salaries and Wages	698	698	0	698
<i>Net Change in Fund Balance</i>	(698)	(698)	0	698
<i>Fund Balance Beginning of Year</i>	698	698	698	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$698	\$698

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Public School Support Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Extracurricular Activities	\$31,401	\$37,001	\$37,001	\$0
Contributions and Donations	4,333	5,126	5,126	0
Intergovernmental	1,010	1,195	1,195	0
Miscellaneous	2,156	2,550	2,550	0
<i>Total Revenues</i>	<u>38,900</u>	<u>45,872</u>	<u>45,872</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils:				
Purchased Services	42,646	30,724	32,866	(2,142)
Materials and Supplies	4,285	5,941	3,502	2,439
Other	1,142	823	880	(57)
Total Pupils	48,073	37,488	37,248	240
Instructional Staff:				
Materials and Supplies	4,135	3,079	3,187	(108)
Administration:				
Materials and Supplies	1,550	1,117	1,195	(78)
Total Support Services	53,758	41,684	41,630	54
Extracurricular Activities:				
Academic Oriented Activities:				
Purchased Services	2,579	2,277	2,331	(54)
<i>Total Expenditures</i>	<u>56,337</u>	<u>43,961</u>	<u>43,961</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(17,437)	1,911	1,911	0
<i>Fund Balance Beginning of Year</i>	30,429	30,429	30,429	0
Prior Year Encumbrances Appropriated	2,954	2,954	2,954	0
<i>Fund Balance End of Year</i>	<u>\$15,946</u>	<u>\$35,294</u>	<u>\$35,294</u>	<u>\$0</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Bond Retirement Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$357,435	\$342,554	\$342,554	\$0
Intergovernmental	17,831	17,087	17,087	0
Miscellaneous	44	44	44	0
<i>Total Revenues</i>	<u>375,310</u>	<u>359,685</u>	<u>359,685</u>	<u>0</u>
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	365,000	365,000	365,000	0
Interest and Fiscal Charges	17,500	17,500	17,500	0
<i>Total Expenditures</i>	<u>382,500</u>	<u>382,500</u>	<u>382,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(7,190)	(22,815)	(22,815)	0
<i>Fund Balance Beginning of Year</i>	<u>965,713</u>	<u>965,713</u>	<u>965,713</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$958,523</u>	<u>\$942,898</u>	<u>\$942,898</u>	<u>\$0</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP) and Actual  
Permanent Improvement Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$522,782	\$538,770	\$612,976	\$74,206
Tuition and Fees	35,545	36,632	41,677	5,045
Rentals	4,417	4,551	5,179	628
Miscellaneous	10,964	11,300	12,856	1,556
<i>Total Revenues</i>	<u>573,708</u>	<u>591,253</u>	<u>672,688</u>	<u>81,435</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Business:				
Capital Outlay - New	6,734	7,199	7,199	0
Operation and Maintenance of Plant:				
Purchased Services	213,409	245,377	245,377	0
Materials and Supplies	1,100	0	0	0
Capital Outlay - New	27,196	27,195	27,195	0
<i>Total Operation and Maintenance of Plant</i>	<u>241,705</u>	<u>272,572</u>	<u>272,572</u>	<u>0</u>
Central:				
Purchased Services	196,397	363,327	378,526	(15,199)
Materials and Supplies	72,299	132,360	217,156	(84,796)
Capital Outlay - New	139,811	237,428	253,098	(15,670)
<i>Total Central</i>	<u>408,507</u>	<u>733,115</u>	<u>848,780</u>	<u>(115,665)</u>
<i>Total Expenditures</i>	<u>656,946</u>	<u>1,012,886</u>	<u>1,128,551</u>	<u>(115,665)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(83,238)</u>	<u>(421,633)</u>	<u>(455,863)</u>	<u>(34,230)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	222,138	222,138	0
Transfers In	208,430	144,913	144,913	0
<i>Total Other Financing Sources (Uses)</i>	<u>208,430</u>	<u>367,051</u>	<u>367,051</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>125,192</u>	<u>(54,582)</u>	<u>(88,812)</u>	<u>(34,230)</u>
<i>Fund Balance Beginning of Year</i>	<u>54,580</u>	<u>54,580</u>	<u>54,580</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>2,369</u>	<u>2,369</u>	<u>2,369</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$182,141</u>	<u>\$2,367</u>	<u>(\$31,863)</u>	<u>(\$34,230)</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenses and Changes  
In Fund Equity - Budget (Non-GAAP) and Actual  
Employee Benefits Self Insurance Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$153,000	\$154,094	\$154,226	\$132
<b>Expenses</b>				
Claims	170,467	155,763	155,467	296
<i>Net Change in Fund Equity</i>	(17,467)	(1,669)	(1,241)	428
<i>Fund Equity Beginning of Year</i>	56,559	56,559	56,559	0
Residual Equity Transfers	0	(24,889)	(24,889)	0
<i>Fund Equity End of Year</i>	<u>\$39,092</u>	<u>\$30,001</u>	<u>\$30,429</u>	<u>\$428</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenses and Changes  
In Fund Equity - Budget (Non-GAAP) and Actual  
Special Trust Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$1	\$2	\$2	\$0
Contributions and Donations	0	600	600	0
<i>Total Revenues</i>	1	602	602	0
<b>Expenses</b>				
Other	2,500	1,000	1,000	0
<i>Net Change in Fund Equity</i>	(2,499)	(398)	(398)	0
<i>Fund Equity Beginning of Year</i>	2,775	2,775	2,775	0
<i>Fund Equity End of Year</i>	\$276	\$2,377	\$2,377	\$0

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Schedule of Revenues, Expenses and Changes  
In Fund Equity - Budget (Non-GAAP) and Actual  
Endowment Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$12,095	\$12,329	\$12,168	(\$161)
Contributions and Donations	0	19,059	18,809	(250)
<i>Total Revenues</i>	12,095	31,388	30,977	(411)
<b>Expenses</b>				
Other	21,662	16,100	15,851	249
<i>Net Change in Fund Equity</i>	(9,567)	15,288	15,126	(162)
<i>Fund Equity Beginning of Year</i>	287,120	287,120	287,120	0
<i>Fund Equity End of Year</i>	<u>\$277,553</u>	<u>\$302,408</u>	<u>\$302,246</u>	<u>(\$162)</u>

**Statistical**  
**Section**

Cuyahoga Heights Local School District

Excellence in Education  
Since 1938

A Hall of Fame School

## Statistical Section

This part of the Cuyahoga Heights Local School District, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School District's overall financial health.

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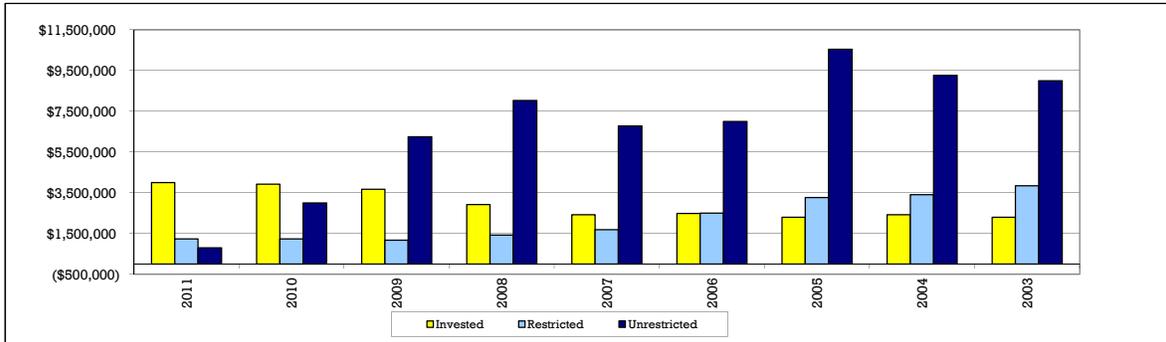
<b>Contents</b>	<b>Pages(s)</b>
<b>Financial Trends</b> .....	<b>S2 – S7</b>
These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b> .....	<b>S8 – S17</b>
These schedules contain information to help the reader assess the School District's most significant local revenue, property tax.	
<b>Debt Capacity</b> .....	<b>S18 – S22</b>
These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b> .....	<b>S23 – S25</b>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.	
<b>Operating Information</b> .....	<b>S26 – S36</b>
These schedules contain service and infrastructure 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 No. 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year. . The School District implemented GASB Statement No. 54 in fiscal year 2011; schedules presenting fund balance information include information beginning in fiscal year 2010.

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Invested in Capital Assets, Net of Related Debt</b>	\$3,992,576	\$3,919,363	\$3,676,692	\$2,921,927	\$2,427,998	\$2,482,279	\$2,384,038	\$2,413,155	\$2,294,417
<b>Restricted for:</b>									
Capital Projects	0	0	0	203,791	572,855	1,421,037	2,056,488	2,476,282	2,895,540
Debt Service	839,933	887,263	920,512	940,833	853,475	871,352	1,021,332	866,556	849,852
Set Asides	56,259	70,259	70,259	64,523	61,699	57,595	65,528	0	0
Other Purposes	339,128	275,001	176,215	207,526	191,108	140,940	124,920	67,172	90,286
<b>Unrestricted</b>	789,246	2,998,252	6,244,242	8,035,197	6,787,270	6,993,260	10,549,110	9,261,157	8,998,844
<b>Total Net Assets</b>	<u>\$6,017,142</u>	<u>\$8,150,138</u>	<u>\$11,087,920</u>	<u>\$12,373,797</u>	<u>\$10,894,405</u>	<u>\$11,966,463</u>	<u>\$16,201,416</u>	<u>\$15,084,322</u>	<u>\$15,128,939</u>



**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Changes in Net Assets of Governmental Activities  
Last Nine Fiscal Years  
(accrual basis of accounting)*

	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>									
Regular Instruction	\$5,881,236	\$5,968,589	\$5,985,013	\$5,794,544	\$6,156,227	\$6,076,163	\$5,838,255	\$5,869,465	\$5,447,311
Special Instruction	1,296,872	1,286,947	1,424,469	918,337	825,587	745,597	680,459	687,407	659,473
Adult/Continuing Instruction	0	0	0	0	0	1,169	2	0	0
Other Instruction	817	42,708	92,437	511,308	465,390	368,873	252,397	170,213	167,038
Pupil Support	929,578	901,046	1,555,626	1,404,783	1,453,779	1,261,126	1,061,112	1,187,486	1,248,812
Instructional Staff	889,526	831,939	874,662	706,863	708,825	783,289	770,127	794,617	633,995
Board of Education	99,870	67,133	75,439	70,736	60,436	79,361	49,590	54,524	42,170
Administration	1,503,957	1,535,104	1,392,474	1,439,936	1,477,953	1,382,244	1,229,688	1,303,747	1,126,840
Fiscal	635,018	670,181	583,129	562,305	630,950	571,031	550,112	541,022	591,842
Business	131,859	145,542	143,977	137,018	123,027	121,023	122,223	137,322	94,061
Operation and Maintenance of Plant	2,008,554	1,967,456	1,856,780	2,136,883	2,150,284	2,265,590	2,021,402	1,944,830	1,726,282
Pupil Transportation	901,802	795,003	867,377	914,736	871,818	831,449	751,603	742,184	722,946
Central Support	1,474,373	2,110,250	817,592	501,819	70,720	36,357	35,305	44,575	58,479
Operation of Non-Instructional Services	100,231	126,404	140,346	132,732	137,234	166,492	166,001	167,100	158,581
Operation of Food Services	355,505	379,486	324,871	329,448	296,721	294,962	291,518	322,173	258,752
Extracurricular Activities	1,053,182	980,362	954,582	889,491	866,657	882,647	802,769	888,586	710,221
Interest and Fiscal Charges	115,409	142,610	127,003	105,913	41,447	106,282	85,065	241,747	207,727
<b>Total Expenses</b>	<b>17,377,789</b>	<b>17,950,760</b>	<b>17,215,777</b>	<b>16,556,852</b>	<b>16,337,055</b>	<b>15,973,665</b>	<b>14,707,718</b>	<b>15,096,998</b>	<b>13,854,530</b>
<b>Program Revenues</b>									
Charges for Services									
Regular Instruction	224,369	200,750	205,801	192,328	156,053	123,135	269,318	163,087	32,063
Special Instruction	47,100	40,474	47,580	29,210	20,591	13,291	0	0	0
Other Instruction	31	1,444	3,266	17,044	12,248	7,000	0	0	0
Pupil Support	30,224	61,447	82,534	70,075	52,998	45,785	29,946	37,448	29,815
Instructional Staff	33,988	27,203	32,190	24,139	17,269	13,705	1,104	0	0
Board of Education	2,983	2,270	2,665	2,365	1,591	1,506	0	0	0
Administration	57,534	51,823	49,139	48,091	38,887	25,060	0	0	0
Fiscal	24,230	22,598	20,501	18,734	16,500	11,276	0	0	0
Business	4,559	6,366	4,950	5,235	2,862	2,062	0	0	0
Operation and Maintenance of Plant	64,782	53,166	61,520	51,982	41,409	28,767	0	3,127	6
Pupil Transportation	31,192	24,444	28,181	28,356	21,181	14,436	0	0	0
Central Support	69,129	32,996	11,027	8,294	354	56	0	0	0
Operation of Non-Instructional Services	2,247	3,024	3,368	3,664	2,218	2,173	0	7,185	2,116
Operation of Food Service	256,079	250,375	252,898	249,760	235,286	214,337	184,404	176,958	157,991
Extracurricular Activities	253,523	221,564	71,522	107,717	108,204	54,762	51,125	79,574	58,139
Operating Grants and Contributions	248,126	235,701	336,294	138,246	129,954	109,891	160,880	157,218	165,654
Capital Grants and Contributions	0	0	5,736	8,564	4,104	0	8,295	0	10,693
<b>Total Program Revenues</b>	<b>1,350,096</b>	<b>1,235,645</b>	<b>1,219,172</b>	<b>1,003,804</b>	<b>861,709</b>	<b>667,242</b>	<b>705,072</b>	<b>624,597</b>	<b>456,477</b>
Net Expense	(16,027,693)	(16,715,115)	(15,996,605)	(15,553,048)	(15,475,346)	(15,306,423)	(14,002,646)	(14,472,401)	(13,398,053)
<b>General Revenues</b>									
Property Taxes Levied for:									
General Purposes	7,530,648	7,271,945	8,529,495	11,221,389	10,519,294	7,943,040	12,335,490	10,862,710	9,729,494
Debt Service	340,659	376,174	393,017	490,050	409,247	239,302	487,408	408,992	470,956
Capital Outlay	704,114	843,404	1,166,544	1,113,668	704,687	642,657	295,583	1,300,312	987,594
Grants and Entitlements not									
Restricted to Specific Programs	5,153,058	5,119,148	4,499,771	3,623,298	2,613,134	1,693,177	1,695,142	1,693,106	1,577,643
Investment Earnings	11,745	30,679	253,128	519,398	590,666	441,151	175,730	99,268	226,552
Gain on Sale of Capital Assets	0	0	0	1,284	0	0	0	0	0
Miscellaneous	154,473	135,983	230,773	63,353	77,574	112,143	130,387	63,405	17,342
<b>Total General Revenues</b>	<b>13,894,697</b>	<b>13,777,333</b>	<b>15,072,728</b>	<b>17,032,440</b>	<b>14,914,602</b>	<b>11,071,470</b>	<b>15,119,740</b>	<b>14,427,793</b>	<b>13,009,581</b>
<b>Change in Net Assets</b>	<b>(\$2,132,996)</b>	<b>(\$2,937,782)</b>	<b>(\$923,877)</b>	<b>\$1,479,392</b>	<b>(\$560,744)</b>	<b>(\$4,234,953)</b>	<b>\$1,117,094</b>	<b>(\$44,608)</b>	<b>(\$388,472)</b>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Fund Balances, Governmental Funds  
Last Ten Fiscal Years (1)  
(modified accrual basis of accounting)*

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>General Fund</b>				
Nonspendable	\$48,632	\$49,101	n/a	n/a
Restricted	1,115	15,115	n/a	n/a
Committed	55,144	55,144	n/a	n/a
Assigned	352,668	155,480	n/a	n/a
Unassigned	843,829	3,160,062	n/a	n/a
Reserved	n/a	n/a	1,404,711	1,141,501
Unreserved	n/a	n/a	5,380,230	6,340,204
<b>Total General Fund</b>	<u>1,301,388</u>	<u>3,434,902</u>	<u>6,784,941</u>	<u>7,481,705</u>
<b>All Other Governmental Funds</b>				
Nonspendable	14,325	8,942	n/a	n/a
Restricted	1,373,555	1,293,757	n/a	n/a
Committed	0	0	n/a	n/a
Assigned	0	0	n/a	n/a
Unassigned (Deficit)	(222,643)	(44,359)	n/a	n/a
Reserved	n/a	n/a	107,063	100,388
Unreserved, Undesignated, Reported in:				
Special Revenue funds	n/a	n/a	169,983	188,136
Debt Service funds	n/a	n/a	939,507	893,969
Capital Projects funds	n/a	n/a	(87,071)	193,032
<b>Total All Other Governmental Funds</b>	<u>1,165,237</u>	<u>1,258,340</u>	<u>1,129,482</u>	<u>1,375,525</u>
<b>Total Governmental Funds</b>	<u><u>\$2,466,625</u></u>	<u><u>\$4,693,242</u></u>	<u><u>\$7,914,423</u></u>	<u><u>\$8,857,230</u></u>

(1) The School District implemented GASB 54 in fiscal year 2011.

2007	2006	2005	2004	2003	2002
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
1,078,033	995,751	1,251,794	1,003,746	1,073,464	1,630,956
6,472,788	4,862,325	4,459,747	3,362,117	3,998,646	5,808,285
7,550,821	5,858,076	5,711,541	4,365,863	5,072,110	7,439,241
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
198,591	1,048,208	965,341	996,262	660,658	723,138
197,529	170,561	101,619	17,358	61,612	28,954
844,288	0	0	0	0	0
417,334	1,208,180	1,858,163	2,142,577	2,122,889	1,428,271
1,657,742	2,426,949	2,925,123	3,156,197	2,845,159	2,180,363
\$9,208,563	\$8,285,025	\$8,636,664	\$7,522,060	\$7,917,269	\$9,619,604

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Changes in Fund Balances, Governmental Funds (1)*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*

	2011	2010	2009	2008
<b>Revenues</b>				
Property and Other Local Taxes	\$8,578,863	\$8,475,663	\$10,973,616	\$11,969,820
Intergovernmental	5,381,909	5,341,019	4,688,396	3,762,912
Interest	11,745	30,679	253,128	519,398
Tuition and Fees	542,796	515,170	507,202	467,495
Extracurricular Activities	143,383	77,930	115,575	76,941
Contributions and Donations	5,876	13,830	72	7,196
Charges for Services	256,079	250,375	252,898	249,760
Rentals	159,712	156,469	154,800	62,798
Miscellaneous	154,473	135,983	230,773	63,353
<i>Total Revenues</i>	<u>15,234,836</u>	<u>14,997,118</u>	<u>17,176,460</u>	<u>17,179,673</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,883,872	6,070,210	6,002,471	5,765,741
Special	1,294,099	1,329,457	1,420,083	930,412
Adult/Continuing	817	0	0	0
Other	0	42,708	92,437	511,308
Support Services:				
Pupils	827,691	839,170	1,517,318	1,306,667
Instructional Staff	885,121	827,153	867,122	684,423
Board of Education	99,870	67,133	75,439	70,736
Administration	1,559,955	1,510,057	1,374,943	1,469,078
Fiscal	629,113	660,995	583,988	604,891
Business	127,886	141,509	141,778	134,819
Operation and Maintenance of Plant	1,803,503	1,694,093	1,802,704	2,096,515
Pupil Transportation	806,240	720,261	794,971	870,133
Central	1,434,566	2,065,732	793,889	498,755
Operation of Non-Instructional Services	58,518	84,056	92,267	84,986
Operation of Food Services	351,427	361,490	334,220	326,054
Extracurricular Activities	1,046,195	979,370	941,890	876,511
Capital Outlay	92,261	292,976	704,193	1,722,382
Debt Service:				
Principal Retirement	498,431	478,552	484,489	365,710
Interest and Fiscal Charges	86,777	103,019	107,154	69,685
Bond Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>17,486,342</u>	<u>18,267,941</u>	<u>18,131,356</u>	<u>18,388,806</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,251,506)</u>	<u>(3,270,823)</u>	<u>(954,896)</u>	<u>(1,209,133)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	0	1,650
Proceeds of Bonds	0	0	0	0
Premium on Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Capital Lease Issued	0	0	0	1,218,150
Transfers In	276,340	1,041,642	93,451	210,658
Transfers Out	(251,451)	(992,000)	(81,362)	(210,658)
<i>Total Other Financing Sources (Uses)</i>	<u>24,889</u>	<u>49,642</u>	<u>12,089</u>	<u>1,219,800</u>
<i>Net Change in Fund Balances</i>	<u><u>(\$2,226,617)</u></u>	<u><u>(\$3,221,181)</u></u>	<u><u>(\$942,807)</u></u>	<u><u>\$10,667</u></u>
Debt Service as a Percentage of Noncapital Expenditures	3.36%	3.24%	3.39%	2.61%

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds.

2007	2006	2005	2004	2003	2002
\$12,794,129	\$12,954,788	\$13,270,203	\$11,817,932	\$10,187,458	\$12,267,153
2,745,835	1,823,502	1,834,337	1,846,416	1,728,052	1,553,851
652,673	398,016	171,298	139,182	311,553	360,192
362,884	261,684	250,620	157,495	18,600	0
72,067	81,330	87,292	119,681	87,960	68,664
1,357	0	0	0	0	0
235,286	214,337	184,404	176,958	157,991	0
57,414	0	0	0	0	0
77,574	112,143	157,157	76,650	74,642	38,471
<u>16,999,219</u>	<u>15,845,800</u>	<u>15,955,311</u>	<u>14,334,314</u>	<u>12,566,256</u>	<u>14,288,331</u>
5,615,524	5,791,380	5,605,679	5,237,743	5,586,900	5,127,836
805,309	733,463	676,129	686,567	652,574	620,265
0	1,159	2	0	0	0
465,390	365,716	252,397	170,213	167,038	110,803
1,366,440	1,423,037	1,068,736	1,224,839	1,363,757	1,078,842
703,031	749,530	724,930	753,644	617,924	793,181
60,436	78,682	49,590	54,524	42,170	241,064
1,389,247	1,309,293	1,243,065	1,251,586	1,120,305	1,116,432
592,873	589,136	542,951	550,798	590,258	456,560
115,231	113,916	149,655	143,532	91,526	79,166
2,101,079	2,331,452	2,017,815	1,998,811	1,700,371	1,609,681
807,827	859,077	700,954	839,890	701,773	723,219
70,720	36,046	35,305	44,426	58,744	79,855
84,919	132,921	127,824	113,299	125,147	98,606
289,538	271,451	257,211	249,257	213,073	0
841,695	830,811	758,613	814,315	654,604	634,890
1,687,773	0	0	15,688	21,894	0
340,000	499,416	512,882	403,413	383,275	382,463
54,263	78,382	76,666	183,861	213,197	231,933
0	0	0	67,923	0	0
<u>17,391,295</u>	<u>16,194,868</u>	<u>14,800,404</u>	<u>14,804,329</u>	<u>14,304,530</u>	<u>13,384,796</u>
<u>(392,076)</u>	<u>(349,068)</u>	<u>1,154,907</u>	<u>(470,015)</u>	<u>(1,738,274)</u>	<u>903,535</u>
430	0	265	1,815	877	2,199
0	0	0	2,905,000	0	0
0	0	0	139,423	0	0
0	0	0	(2,976,500)	0	0
968,230	0	0	0	0	0
110,940	296,786	331,844	246,909	306,786	261,786
<u>(110,940)</u>	<u>(296,786)</u>	<u>(331,844)</u>	<u>(246,909)</u>	<u>(306,786)</u>	<u>(261,786)</u>
<u>968,660</u>	<u>0</u>	<u>265</u>	<u>69,738</u>	<u>877</u>	<u>2,199</u>
<u>\$576,584</u>	<u>(\$349,068)</u>	<u>\$1,155,172</u>	<u>(\$400,277)</u>	<u>(\$1,737,397)</u>	<u>\$905,734</u>
2.51%	3.57%	3.98%	4.43%	4.18%	4.59%

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Assessed and Estimated Actual Value of Taxable Property  
Last Ten Years*

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value			Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2011	\$100,188,330	\$211,579,540	\$890,765,343	\$30,388,320	\$34,532,182
2010	99,870,380	211,960,840	890,946,343	30,317,190	34,451,352
2009	100,510,750	213,709,220	897,771,343	27,827,240	31,621,864
2008	99,768,090	213,211,940	894,228,657	26,734,530	30,380,148
2007	99,386,810	212,995,760	892,521,629	29,061,090	33,023,966
2006	89,215,040	197,780,160	819,986,286	28,215,490	32,063,057
2005	88,752,780	197,007,300	816,457,371	30,043,900	34,140,795
2004	88,421,440	193,896,440	806,622,514	31,854,220	36,197,977
2003	81,611,360	187,873,050	769,955,457	31,012,900	35,241,932
2002	81,271,550	188,458,070	770,656,057	34,947,430	39,712,989

(1) Property is assessed every year. 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 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 rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

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

Source: Cuyahoga County Auditor

Tangible Personal Property					Weighted Average Tax Rate (per 1,000 of Assessed Value)
General Business		Totals			
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Ratio	
\$0	\$0	\$342,156,190	\$925,297,525	37.0	\$17.19084
0	0	342,148,410	925,397,695	37.0	17.19884
23,234,635	371,754,160	365,281,845	1,301,147,366	28.1	18.57080
48,209,520	378,113,882	387,924,080	1,302,722,687	29.8	19.88526
136,711,315	729,127,013	478,154,975	1,654,672,608	28.9	26.19657
151,652,772	606,611,088	466,863,462	1,458,660,431	32.0	26.43190
155,938,714	623,754,856	471,742,694	1,474,353,023	32.0	26.54406
166,742,233	666,968,932	480,914,333	1,509,789,424	31.9	22.34407
185,285,290	741,141,160	485,782,600	1,546,338,549	31.4	22.29744
217,514,923	870,059,692	522,191,973	1,680,428,738	31.1	22.41224

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Property Tax Rates - Direct and Overlapping Governments  
(per \$1,000 of assessed value)  
Last Ten Tax (Calendar) Years*

	2010	2009	2008	2007	2006
<b>Unvoted Millage</b>					
Operating	<u>\$4.10000</u>	<u>\$4.10000</u>	<u>\$4.10000</u>	<u>\$4.10000</u>	<u>\$4.10000</u>
<b>Voted Millage - by levy</b>					
1976 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural	4.65640	4.65640	4.63061	4.62807	4.62961
Commercial/Industrial	5.11190	5.11190	5.09464	5.09163	5.10240
Tangible/Public Utility Personal	6.60000	6.60000	6.60000	6.60000	6.60000
1981 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural	2.11650	2.11650	2.10482	2.10367	2.10437
Commercial/Industrial	2.32360	2.32360	2.31575	2.31438	2.31927
Tangible/Public Utility Personal	3.00000	3.00000	3.00000	3.00000	3.00000
1985 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural	2.68100	2.68100	2.66106	2.66464	2.66553
Commercial/Industrial	2.94320	2.94320	2.93328	2.93154	2.93775
Tangible/Public Utility Personal	3.80000	3.80000	3.80000	3.80000	3.80000
1991 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural	0.35280	0.35280	0.35080	0.35061	0.35073
Commercial/Industrial	0.38730	0.38730	0.38596	0.38573	0.38655
Tangible/Public Utility Personal	0.50000	0.50000	0.50000	0.50000	0.50000
1992 Bond (\$5,000,000)	1.20000	1.20000	1.10000	1.10000	1.00000
1997 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural	3.45700	3.45700	3.43787	3.43599	3.43713
Commercial/Industrial	3.79520	3.79520	3.78238	3.78015	3.78815
Tangible/Public Utility Personal	4.90000	4.90000	4.90000	4.90000	4.90000
2003 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural	4.08410	4.08410	4.06146	4.05923	4.06059
Commercial/Industrial	4.38880	4.38880	4.37398	4.37140	4.38065
Tangible/Public Utility Personal	4.90000	4.90000	4.90000	4.90000	4.90000
<b>Total Effective Voted Millage by type of property</b>					
Residential/Agricultural	18.54780	18.54780	18.34662	18.34221	18.24796
Commercial/Industrial	20.15000	20.15000	19.98598	19.97483	19.91476
Tangible/Public Utility Personal	<u>24.90000</u>	<u>24.90000</u>	<u>24.80000</u>	<u>24.80000</u>	<u>24.70000</u>
<b>Total Millage by type of property</b>					
Residential/Agricultural	\$22.64780	\$22.64780	\$22.44662	\$22.44221	\$22.34796
Commercial/Industrial	\$24.25000	\$24.25000	\$24.08598	\$24.07483	\$24.01476
Tangible/Public Utility Personal	<u>\$29.00000</u>	<u>\$29.00000</u>	<u>\$28.90000</u>	<u>\$28.90000</u>	<u>\$28.80000</u>

Source: Cuyahoga County Auditor

2005	2004	2003	2002	2001
<u>\$4.10000</u>	<u>\$4.10000</u>	<u>\$4.10000</u>	<u>\$4.10000</u>	<u>\$4.10000</u>
5.16779	5.16605	5.58664	5.58664	5.58192
5.37643	5.47726	5.70732	5.70732	5.67831
6.60000	6.60000	6.60000	6.60000	6.60000
2.34900	2.34821	2.53938	2.53938	2.53724
2.44383	2.48966	2.59424	2.59424	2.58105
3.00000	3.00000	3.00000	3.00000	3.00000
2.97540	2.97439	3.21655	3.21655	3.21383
3.09552	3.15357	3.28603	3.28603	3.26933
3.80000	3.80000	3.80000	3.80000	3.80000
0.39150	0.39137	0.42323	0.42323	0.42287
0.40731	0.41494	0.43237	0.43237	0.43018
0.50000	0.50000	0.50000	0.50000	0.50000
1.00000	1.00000	1.00000	1.00000	0.90000
3.83670	3.83540	4.14766	4.14766	4.14415
3.99159	4.06645	4.23726	4.23726	4.21572
4.90000	4.90000	4.90000	4.90000	4.90000
4.53262	4.53110	0.00000	0.00000	0.00000
4.61591	4.70248	0.00000	0.00000	0.00000
4.90000	4.90000	0.00000	0.00000	0.00000
20.25300	20.24652	16.91346	16.91346	16.80001
20.93058	21.30437	17.25722	17.25722	17.07458
<u>24.70000</u>	<u>24.70000</u>	<u>19.80000</u>	<u>19.80000</u>	<u>19.70000</u>
\$24.35300	\$24.34652	\$21.01346	\$21.01346	\$20.90001
\$25.03058	\$25.40437	\$21.35722	\$21.35722	\$21.17458
<u>\$28.80000</u>	<u>\$28.80000</u>	<u>\$23.90000</u>	<u>\$23.90000</u>	<u>\$23.80000</u>

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Property Tax Rates - Direct and Overlapping Governments (continued)*  
*(per \$1,000 of assessed value)*  
*Last Ten Tax (Calendar) Years*

	2010	2009	2008	2007	2006
<b>Overlapping Rates by Taxing District</b>					
<b>Village of Brooklyn Heights Voted Millage</b>					
Effective Millage Rates					
Residential/Agricultural	4.40000	4.40000	4.40000	4.40000	4.40000
Commercial/Industrial	4.40000	4.40000	4.40000	4.40000	4.40000
Tangible/Public Utility Personal	4.40000	4.40000	4.40000	4.40000	4.40000
<b>Village of Cuyahoga Heights Voted Millage</b>					
Effective Millage Rates					
Residential/Agricultural	4.40000	4.40000	4.40000	4.40000	4.40000
Commercial/Industrial	4.40000	4.40000	4.40000	4.40000	4.40000
Tangible/Public Utility Personal	4.40000	4.40000	4.40000	4.40000	4.40000
<b>Village of Valley View Voted Millage</b>					
Effective Millage Rates					
Residential/Agricultural	6.70000	6.70000	6.70000	5.33324	5.33324
Commercial/Industrial	6.70000	6.70000	6.70000	5.61326	5.61770
Tangible/Public Utility Personal	6.70000	6.70000	6.70000	7.10000	7.10000
<b>Cuyahoga County Voted Millage</b>					
Effective Millage Rates					
Residential/Agricultural	13.18660	13.17890	12.66073	11.86887	11.86549
Commercial/Industrial	12.84120	12.84520	12.81530	12.45356	12.49410
Tangible/Public Utility Personal	13.32000	13.32000	13.32000	13.42000	13.42000
<b>Cuyahoga Valley JVSD Voted Millage</b>					
Effective Millage Rates					
Residential/Agricultural	2.00000	2.00000	2.00000	2.00000	2.00000
Commercial/Industrial	2.00000	2.00000	2.00000	2.00000	2.00000
Tangible/Public Utility Personal	2.00000	2.00000	2.00000	2.00000	2.00000
<b>Cleveland Metro Parks Voted Millage</b>					
Effective Millage Rates					
Residential/Agricultural	1.81060	1.80680	1.61981	1.67205	1.67151
Commercial/Industrial	1.72430	1.72490	1.71715	1.71248	1.71874
Tangible/Public Utility Personal	1.85000	1.85000	1.85000	1.85000	1.85000
<b>Cuyahoga County Library Voted Millage</b>					
Effective Millage Rates					
Residential/Agricultural	2.50000	2.50000	2.50000	1.80864	1.80928
Commercial/Industrial	2.50000	2.50000	2.50000	1.87190	1.87640
Tangible/Public Utility Personal	2.50000	2.50000	2.50000	2.00000	2.00000
<b>Cuyahoga Community College Voted Millage</b>					
Effective Millage Rates					
Residential/Agricultural	2.59730	2.59730	2.39520	2.39231	2.39151
Commercial/Industrial	2.58140	2.58140	2.56896	2.56253	2.57221
Tangible/Public Utility Personal	2.80000	2.80000	2.80000	2.80000	2.80000
<b>Cleveland-Cuyahoga Port Authority Voted Millage</b>					
Effective Millage Rates					
Residential/Agricultural	0.10270	0.10270	0.09474	0.09463	0.09459
Commercial/Industrial	0.10560	0.10560	0.10513	0.10487	0.10526
Tangible/Public Utility Personal	0.13000	0.13000	0.13000	0.13000	0.13000

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

Real property tax rates for voted levies are reduced so that inflationary increases in value do not generate additional revenue.

**Source:** Cuyahoga County Auditor and Ohio Department of Taxation

2005	2004	2003	2002	2001
4.40000	4.40000	4.40000	4.40000	4.40000
4.40000	4.40000	4.40000	4.40000	4.40000
4.40000	4.40000	4.40000	4.40000	4.40000
4.40000	4.40000	4.40000	4.40000	4.40000
4.40000	4.40000	4.40000	4.40000	4.40000
4.40000	4.40000	4.40000	4.40000	4.40000
5.43835	5.43904	5.43904	5.50963	5.50840
5.66338	5.70503	5.70503	5.75622	5.75707
7.10000	7.10000	7.10000	7.10000	7.10000
11.72274	10.98959	10.98986	12.46089	11.38145
12.58806	12.04332	12.04332	12.87635	12.00228
13.52000	13.52000	13.52000	14.65000	14.65000
2.00000	2.00000	2.00000	2.00000	2.00000
2.00000	2.00000	2.00000	2.00000	2.00000
2.00000	2.00000	2.00000	2.00000	2.00000
1.84645	1.16611	1.16611	1.27583	1.27715
1.85000	1.31660	1.31660	1.34467	1.33346
1.85000	1.55000	1.55000	1.55000	1.55000
1.99354	1.15925	1.15925	1.25646	1.25829
2.00000	1.17151	1.17151	1.20502	1.19851
2.00000	1.40000	1.40000	1.40000	1.40000
2.34519	2.34792	2.34792	0.00000	0.00000
2.59612	2.58018	2.58018	0.00000	0.00000
2.80000	2.80000	2.80000	0.00000	0.00000
0.10491	0.10503	0.10503	0.00000	0.00000
0.11356	0.11286	0.11286	0.00000	0.00000
0.13000	0.13000	0.13000	0.00000	0.00000

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Principal Real Property Taxpayers (1)  
December 31, 2010 and December 31, 2001*

Taxpayer	December 31, 2010	
	Real Property Assessed Valuation	Percentage of Real Assessed Valuation
Cleveland Electric Illuminating Company	\$21,967,520	7.05%
Duck Creek Energy, Inc.	15,922,810	5.11
CA II, LLC	7,870,910	2.52
American Transmission Systems, Inc.	7,699,320	2.47
Aluminum Co. of America	4,935,040	1.58
MRN Investments LTD	6,132,680	1.97
Boyas Excavating	3,302,240	1.06
Charter Steel - Cleveland, Inc.	3,458,600	1.11
Southport Center LLC	2,845,610	0.91
Kaiser Foundation	2,700,780	0.87
<b>Total</b>	<b>\$76,835,510</b>	<b>24.65%</b>
<b>Total Real Assessed Valuation</b>	<b>\$311,767,870</b>	

Taxpayer	December 31, 2000	
	Real Property Assessed Valuation	Percentage of Real Assessed Valuation
Cleveland Electric Illuminating Company	\$69,043,310	25.60%
Plain Dealer Publishing Company	26,332,250	9.76
ISG Cleveland Inc.	11,728,510	4.35
Charter Steel - Cleveland, Inc.	8,228,570	3.05
Ridge Park Square LLC	7,162,140	2.66
American Greeting Corporation	6,481,200	2.40
Westbrook Village Apartments, LLC	5,027,400	1.86
Troy Combs Property LLC	4,621,160	1.71
Ohio Bell Telephone Company	3,832,270	1.42
Aluminum Company of America (ALCOA)	3,620,650	1.34
<b>Total</b>	<b>\$146,077,460</b>	<b>54.15%</b>
<b>Total Real Assessed Valuation</b>	<b>\$269,729,620</b>	

NOTE: Property Assessed at 35% of Fair Market Value  
 Real property taxes paid in 2010 are based on January 1, 2009 values.  
 Real property taxes paid in 2000 are based on January 1, 1999 values.

(1) Information repeated from 2010.

Source: Cuyahoga County Auditor

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Principal Public Utility Property Taxpayers (1)  
December 31, 2010 and December 31, 2001*

Taxpayer	December 31, 2010	
	Public Utility Property Assessed Valuation	Percentage of Public Utility Assessed Valuation
Cleveland Electric Illuminating Co.	\$21,203,210	69.77%
American Transmission Sys	7,865,690	25.88
East Ohio Gas Co.	973,950	3.21
Newburgh & South Shore	153,400	0.50
CSX Transportation Inc.	114,740	0.38
Arcelormittal Cleveland	6,200	0.02
<b>Total</b>	<b>\$30,317,190</b>	<b>99.76%</b>
<b>Total Public Utility Assessed Valuation</b>	<b>\$30,388,320</b>	

Taxpayer	December 31, 2001	
	Public Utility Property Assessed Valuation	Percentage of Public Utility Assessed Valuation
Cleveland Electric Illuminating Company	\$29,524,620	60.66%
Ohio Bell Telephone Co.	3,832,270	7.87
East Ohio Gas	2,885,530	5.93
Perlmutter Printing Co.	1,184,480	2.43
Alltel Ohio Limited Partner	429,710	0.88
Teligent Services Inc.	237,240	0.49
Newburgh & South Shore	111,040	0.23
Ohio Telephone & Telegraph	101,410	0.21
CSX Transportation Inc.	90,010	0.18
ICG Ohio Linx Inc.	89,070	0.18
<b>Total</b>	<b>\$38,485,380</b>	<b>79.07%</b>
<b>Total Public Utility Assessed Valuation</b>	<b>\$48,671,460</b>	

NOTE: Property Assessed from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property.

Personal property taxes paid in 2010 are based on December 31, 2010 values.

Personal property taxes paid in 2000 are based on December 31, 2000 values.

(1) Information repeated from 2010.

Source: Cuyahoga County Auditor

## Cuyahoga Heights Local School District

Cuyahoga County, Ohio

### Property Tax Levies and Collections (1) Last Ten Years

Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy
2010	\$8,245,737	\$7,509,775	91.07%
2009	8,400,459	7,976,856	94.96
2008	8,879,719	8,316,018	93.65
2007	8,124,911	7,585,137	93.36
2006	8,124,911	7,657,512	94.25
2005	7,922,431	7,597,041	95.89
2004	6,796,252	6,642,811	97.74
2003	6,138,098	6,063,551	98.79
2002	5,511,204	5,459,517	99.06
2001	6,364,499	6,259,705	96.68

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2011 information cannot be presented because all collections have not been made by June 30, 2011.
- (3) The County does not maintain delinquency information by tax year.

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<u>Delinquent Tax Collections (3)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>
\$597,735	\$8,107,510	98.32%
417,318	8,394,174	99.93
200,512	8,516,530	95.91
177,529	7,762,666	95.54
217,391	7,874,903	96.92
219,529	7,816,570	98.66
351,610	6,994,421	100.00
320,949	6,384,500	100.00
238,251	5,697,768	100.00
474,916	6,734,621	100.00

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Ratio of Outstanding Debt  
to Estimated Actual Value and Debt per Capita  
Last Ten Fiscal Years*

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property (2)	General Obligation Bonded Debt		
			General Bonded Debt Outstanding	Ratio of Bonded Debt to Estimated Actual Value	Bonded Debt per Capita
2011	4,215	\$925,297,525	\$480,000	0.05%	\$113.88
2010	4,336	925,397,695	845,000	0.09%	194.88
2009	4,336	1,301,147,366	1,195,000	0.09%	275.60
2008	4,336	1,302,722,687	1,545,000	0.12%	356.32
2007	4,336	1,654,672,608	1,890,000	0.11%	435.89
2006	4,120	1,458,660,331	2,230,000	0.15%	541.26
2005	4,168	1,474,353,023	2,729,416	0.19%	654.85
2004	4,216	1,509,789,424	3,242,298	0.21%	769.05
2003	4,266	1,546,338,549	3,638,660	0.24%	852.94
2002	4,284	1,680,428,738	4,012,364	0.24%	936.59

(1) U.S. Bureau of Census, Census of Population

(2) Office of the Auditor, Cuyahoga County, Ohio

(3) Median Income can be Found on S24

(4) Personal Income can be Found on S24

(5) Student Information can be Found on S25

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General Debt

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Capital Leases	Total Debt	Ratio of Total Debt to Median Income (3)	Ratio of Total Debt to Personal Income (4)	Total Debt per Student (5)
\$1,769,198	\$2,249,198	67.88%	2.40%	\$2,418.49
1,902,629	2,747,629	83.14	2.57	2,944.94
2,031,181	3,226,181	97.62	3.02	3,699.75
2,165,670	3,710,670	112.28	3.47	2,155.07
968,230	2,858,230	86.49	2.67	2,534.09
0	2,230,000	67.48	2.22	3,151.75
0	2,729,416	82.59	2.65	3,731.07
0	3,242,298	98.11	3.12	4,394.52
7,051	3,645,711	110.32	3.46	4,834.17
16,622	4,028,986	121.92	3.80	5,207.13

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Computation of Legal Debt Margin  
Last Ten Fiscal Years*

	2011	2010	2009	2008	2007
Assessed Valuation (1)	<u>\$342,156,190</u>	<u>\$342,148,410</u>	<u>\$342,047,210</u>	<u>\$387,924,080</u>	<u>\$478,154,975</u>
Debt Limit - 9% of Assessed Value (2)	\$30,794,057	\$30,793,357	\$30,784,249	\$34,913,167	\$43,033,948
Amount of Debt Applicable to Debt Limit					
General Obligation Bonds	480,000	845,000	1,195,000	1,545,000	1,890,000
Energy Conservation Bonds	0	0	0	0	0
Less Amount Available in Debt Service	<u>(985,455)</u>	<u>(1,009,984)</u>	<u>(998,844)</u>	<u>(947,041)</u>	<u>(880,646)</u>
Total	(505,455)	(164,984)	196,156	597,959	1,009,354
Exemptions:					
Energy Conservation Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Amount of Debt Subject to Limit	<u>(505,455)</u>	<u>(164,984)</u>	196,156	597,959	1,009,354
Legal Debt Margin	<u>\$31,299,512</u>	<u>\$30,958,341</u>	<u>\$30,588,093</u>	<u>\$34,315,208</u>	<u>\$42,024,594</u>
Legal Debt Margin as a Percentage of the Debt Limit	101.64%	100.54%	99.36%	98.29%	97.65%
Unvoted Debt Limit - .10% of Assessed Value (2)	\$342,156	\$342,148	\$342,047	\$387,924	\$478,155
Amount of Debt Applicable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$342,156</u>	<u>\$342,148</u>	<u>\$342,047</u>	<u>\$387,924</u>	<u>\$478,155</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%

**Source:** Cuyahoga County Auditor and School District Financial Records

- (1) Starting in fiscal year 2006, HB 530 changed the assessed valuation utilized in the legal debt margin calculation to exclude tangible personal property as well as railroad and telephone tangible property.
- (2) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

2006	2005	2004	2003	2002
<u>\$466,863,462</u>	<u>\$471,742,694</u>	<u>\$480,914,333</u>	<u>\$485,782,600</u>	<u>\$522,191,973</u>
\$42,017,712	\$42,456,842	\$43,282,290	\$43,720,434	\$46,997,278
2,230,000	2,565,000	2,905,000	3,145,000	3,370,000
0	164,416	337,298	493,660	642,364
<u>(817,048)</u>	<u>(737,048)</u>	<u>(626,394)</u>	<u>(565,788)</u>	<u>(555,889)</u>
1,412,952	1,992,368	2,615,904	3,072,872	3,456,475
<u>(164,416)</u>	<u>(337,298)</u>	<u>(493,660)</u>	<u>(642,364)</u>	<u>(783,785)</u>
1,248,536	1,655,070	2,122,244	2,430,508	2,672,690
<u>\$40,769,176</u>	<u>\$40,801,772</u>	<u>\$41,160,046</u>	<u>\$41,289,926</u>	<u>\$44,324,588</u>
97.03%	96.10%	95.10%	94.44%	94.31%
\$466,863	\$471,743	\$480,914	\$485,783	\$522,192
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$466,863</u>	<u>\$471,743</u>	<u>\$480,914</u>	<u>\$485,783</u>	<u>\$522,192</u>
100.00%	100.00%	100.00%	100.00%	100.00%

**Cuyahoga Heights Local School District**

Cuyahoga County, Ohio

*Computation of Direct and Overlapping Governmental Activities Debt  
June 30, 2011*

<u>Political Subdivision</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable To County (1)</u>	<u>Amount Applicable To County</u>
<b>Direct Debt</b>			
Cuyahoga Heights Local School District	<u>\$480,000</u>	100.00%	<u>\$480,000</u>
<b>Overlapping</b>			
Village of Brooklyn Heights	188,612	19.80%	37,345
Village of Valley View	2,375,000	34.90%	828,875
Cuyahoga County	55,441,000	1.89%	1,047,835
Regional Transit Authority	<u>188,373,419</u>	1.89%	<u>3,560,258</u>
<i>Total Overlapping</i>	<u>246,378,031</u>		<u>5,474,313</u>
<i>Totals</i>	<u><u>\$246,858,031</u></u>		<u><u>\$5,954,313</u></u>

(1) Percentages were determined by dividing the assessed valuation of the political subdivisions located within the boundaries of the School District, by the total assessed valuation of the political subdivisions.

Source: Cuyahoga County Auditor

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Principal Employers (1)*  
*December 31, 2010 and December 31, 2006 (2)*

December 31, 2010				
Employer	City	Nature of Business	Employees	Percent of District Total
ISG Cleveland Inc.	Cuyahoga Heights	Steel Manufacturing	1,400	17.5%
ALCOA	Cuyahoga Heights	Aluminum Manufacturing	1,100	13.8%
Safeguard Properties	Brooklyn Heights	Real Estate	550	6.9%
St. Ives	Cuyahoga Heights	Printing	420	5.3%
Kaiser Foundation	Brooklyn Heights	Healthcare Insurance	360	4.5%
Weltman Weinberg & Reis	Brooklyn Heights	Law Firm	335	4.2%
The North American Manufacturing Co.	Cuyahoga Heights	Manufacturing	315	3.9%
Northeast Ohio Regional Sewer	Cuyahoga Heights	Public Utility Sewer	292	3.7%
Northern Stamping Acquisition	Valley View	Manufacturing	250	3.1%
Charter Manufacturing Company Inc.	Cuyahoga Heights	Steel Manufacturing	219	2.7%
Asset Acceptance LLC	Brooklyn Heights	Consulting	200	2.5%
<b>Total</b>			<b>5,441</b>	<b>68.0%</b>
<b>Total Employment within the School District</b>			<b>8,000</b>	

December 31, 2006				
Employer	City	Nature of Business	Employees	Percent of District Total
ISG Cleveland Inc.	Cuyahoga Heights	Steel Manufacturing	1,440	18.0%
ALCOA	Cuyahoga Heights	Aluminum Manufacturing	1,195	14.9%
St. Ives	Cuyahoga Heights	Printing	420	5.3%
Kaiser Foundation	Brooklyn Heights	Healthcare Insurance	355	4.4%
Weltman Weinberg & Reis	Brooklyn Heights	Law Firm	332	4.2%
The North American Manufacturing Co.	Cuyahoga Heights	Manufacturing	315	3.9%
Northeast Ohio Regional Sewer	Cuyahoga Heights	Public Utility Sewer	292	3.7%
Northern Stamping Acquisition	Valley View	Manufacturing	250	3.1%
Asset Acceptance LLC	Brooklyn Heights	Consulting	219	2.7%
Charter Manufacturing Company Inc.	Cuyahoga Heights	Steel Manufacturing	213	2.7%
<b>Total</b>			<b>5,031</b>	<b>62.9%</b>
<b>Total Employment within the School District</b>			<b>8,000</b>	

Source: Number of employees obtained from the W2's  
from our Tax Department

Source:

(1) Information repeated from 2010.

(2) Information prior to 2006 is not available.

## Cuyahoga Heights Local School District

Cuyahoga County, Ohio

### *Demographic and Economic Statistics Last Ten Years*

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<u>Year</u>	<u>Population</u>	<u>Total Personal Income</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income</u>	<u>Median Age</u>
2011	4,215	\$93,876,480	\$22,272	\$33,135	42.0
2010	4,336	106,964,784	24,669	\$34,722	42.0
2009	4,336	106,964,784	24,669	\$34,722	42.0
2008	4,336	106,964,784	24,669	\$33,377	42.7
2007	4,336	106,964,784	24,669	33,047	42.0
2006	4,120	101,636,280	24,669	33,055	44.2
2005	4,168	102,820,392	24,669	33,024	44.2
2004	4,216	104,004,504	24,669	33,062	42.0
2003	4,266	105,237,954	24,669	32,602	42.0
2002	4,284	105,681,996	24,669	33,215	42.0

Source U.S. Census Bureau and Ohio Department of Development

- (1) Personal income per capita figures are for Cuyahoga County. The personal income per capita for the 3 villages that make up the School District were not available.  
U.S. Bureau of Census, Census of Population

Average Daily Membership	Unemployment Rates			Total Assessed Property Value
	Cuyahoga County	State of Ohio	United States	
930	8.6%	8.1%	8.5%	\$342,156,190
933	9.4%	9.9%	9.8%	342,148,410
888	8.6%	10.5%	10.2%	365,281,845
872	8.7%	7.2%	6.3%	387,924,080
877	3.9%	5.6%	4.7%	478,154,975
880	5.4%	5.2%	4.8%	466,863,462
866	6.5%	6.1%	5.2%	471,742,694
869	6.8%	6.4%	5.8%	480,914,333
828	7.2%	6.8%	6.5%	485,782,600
830	6.1%	6.0%	6.0%	522,191,973

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Staffing Statistics - Full Time Equivalent by Type and Function  
Last Ten Fiscal Years (1)*

<b>Staff Type</b>	2011	2010	2009	2008	2007
Teaching Staff:					
Elementary School	22	22	25	25	26
Middle School	12	12	13	13	12
High School	21	21	21	21	21
Other	2	2	2	2	2
Administration:					
District	7	7	7	7	7
Auxiliary Staff:					
Counselors	4	4	4	4	5
Speech	1	1	1	1	1
Nurses and Mental Health Specialists	5	5	5	5	4
Support Staff:					
Secretarial, Finance Clerks, EMIS	10	10	11	11	13
Aides	8	8	8	8	10
Student Monitors, Pool Managers, Fitness Center	3	3	3	3	3
Cooks	5	5	5	5	5
Custodial	7	7	7	7	8
Maintenance	6	6	6	6	7
Bus Drivers	6	6	6	6	9
Mechanics	1	1	1	1	1
Extracurricular Coaches	18	18	20	20	20
<b>Total</b>	<b>138</b>	<b>138</b>	<b>145</b>	<b>145</b>	<b>154</b>

<b>Staff Function</b>	2011	2010	2009	2008	2007
Instruction:					
Regular	56	56	60	60	59
Other	4	4	4	4	2
Support Services:					
Pupil	20	20	20	20	24
Administration	7	7	7	7	7
Fiscal	3	3	3	3	3
Operation and Maintenance	13	13	13	13	17
Pupil Transportation	7	7	7	7	12
Central	10	10	11	11	10
Extracurricular Activities	18	18	20	20	20
<b>Totals</b>	<b>138</b>	<b>138</b>	<b>145</b>	<b>145</b>	<b>154</b>

(1) Information repeated from 2010.

Date Source: EMIS reporting from the Ohio Department of Education

2006	2005	2004	2003	2002
24	24	24	24	24
9	10	10	10	10
25	26	26	25	25
2	2	2	2	1
7	7	8	8	8
4	4	3	4	4
1	1	1	1	1
4	4	3	1	0
10	11	12	12	13
10	11	11	11	10
4	5	5	6	4
7	7	7	7	7
7	7	8	8	8
11	11	11	10	11
11	11	11	11	10
1	1	1	1	1
20	21	24	23	22
157	163	167	164	159

2006	2005	2004	2003	2002
58	60	60	59	59
11	11	9	8	6
14	16	16	17	14
6	6	7	7	7
3	4	4	3	4
25	24	26	25	26
12	12	12	12	11
8	9	9	10	10
20	21	24	23	22
157	163	167	164	159

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Building Statistics by Function/Program  
Last Ten Fiscal Years*

	2011	2010	2009	2008
<b>High School</b>				
Constructed in 1938				
Total Building Square Footage	233,229	233,229	233,229	233,229
Student Capacity	800	800	800	800
Student Enrollment	536	536	542	534
<b>Elementary School</b>				
Constructed in 1952				
Total Building Square Footage	91,852	91,852	91,852	91,852
Student Capacity	800	800	800	800
Student Enrollment	397	397	346	338
<b>Gymnasium/Pool</b>				
Constructed in 1978				
Total Building Square Footage	18,070	18,070	18,070	18,070
<b>North/South Bus Garage</b>				
Constructed in 1957				
Total Building Square Footage	5,250	5,250	5,250	5,250
<b>East/West Bus Garage</b>				
Constructed in 1938				
Total Building Square Footage	5,400	5,400	5,400	5,400
<b>Storage Building</b>				
Constructed in 2001				
Total Building Square Footage	550	550	550	550

Source: Cuyahoga Heights Local School District, Treasurer's Office

2007	2006	2005	2004	2003	2002
233,229	233,229	233,229	233,229	233,229	233,229
800	800	800	800	800	800
517	514	493	485	474	463
91,852	91,852	91,852	91,852	91,852	91,852
800	800	800	800	800	800
374	366	373	384	354	367
18,070	18,070	18,070	18,070	18,070	18,070
5,250	5,250	5,250	5,250	5,250	5,250
5,400	5,400	5,400	5,400	5,400	5,400
550	550	550	550	550	550

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Operating Statistics*  
*Last Ten Fiscal Years*

Fiscal Year	Governmental Activities		Governmental Funds		Average Daily Membership
	Expenses (1)	Expense Per Pupil	Expenditures (2)	Expenditure Per Pupil	
2011	\$17,377,789	\$18,686	\$16,901,134	\$18,173	930
2010	17,950,760	19,240	17,686,370	18,956	933
2009	17,215,777	19,448	17,539,713	19,752	888
2008	16,556,852	18,987	18,388,806	21,088	872
2007	16,337,055	18,628	17,391,295	19,830	877
2006	15,973,665	18,152	16,194,868	18,403	880
2005	14,707,718	16,984	14,800,404	17,091	866
2004	15,097,007	17,373	14,804,329	17,036	869
2003	13,854,530	16,733	14,304,530	17,276	828
2002	n/a	n/a	13,384,796	16,126	830

Source: School District Records  
Ohio Department of Education

(1) Information prior to 2003 is not available.

(2) Based upon accrual less debt service expenditures

ADM Percentage Change	Student Attendance Percentage	Students on Free and Reduced Lunch	Percent of Students on Free and Reduced Luch	Teaching Staff	Pupil/ Teacher Ratio
-0.32%	96.2%	158	17.0%	60	15.5
5.07%	96.0%	158	16.9%	64	14.6
1.83%	96.3%	129	14.5%	64	13.9
-0.57%	96.3%	116	13.3%	64	13.6
-0.34%	95.9%	101	11.5%	65	13.5
1.62%	96.6%	78	8.9%	65	13.5
-0.35%	95.4%	54	6.2%	60	14.4
4.95%	95.7%	51	5.9%	60	14.5
-0.24%	96.0%	21	2.5%	59	14.0
#DIV/0!	95.9%	19	2.3%	59	14.1

**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Teacher Education and Experience*  
6/30/2011 (1)

<b>Education</b>	<b>Number of Teachers</b>	<b>Percentage of Teachers</b>	<b>Salary Range</b>	<b>Average Salary</b>
Bachelor's Degree	6	9.4%	\$35,084 - \$83,646	\$54,774
Bachelor's Degree + 18 Hours	11	17.2%	\$36,840 - \$85,746	74,562
Master's Degree	26	40.6%	\$38,592 - \$87,847	69,200
Master's Degree + 18 Hours	20	31.3%	\$40,347 - \$89,948	87,081
PhD	1	1.6%	\$42,101 - \$94,065	94,656
<b>Total</b>	<b>64</b>	<b>100.0%</b>		

<b>Experience</b>	<b>Number of Teachers</b>	<b>Percentage of Teachers</b>	<b>Salary Range</b>	<b>Average Salary</b>
0 - 5 Years	14	21.9%	\$38,500 - \$65,497	\$51,887
6 - 10 Years	12	18.8%	\$59,951 - \$78,857	64,706
11 - 20 Years	17	26.6%	\$59,279 - \$90,448	81,544
More than 20 Years	21	32.8%	\$83,646 - \$94,656	90,245
<b>Total</b>	<b>64</b>	<b>100.0%</b>		

(1) Information repeated from 2010.

**Source:** Cuyahoga Heights LSD, Treasurer's Office

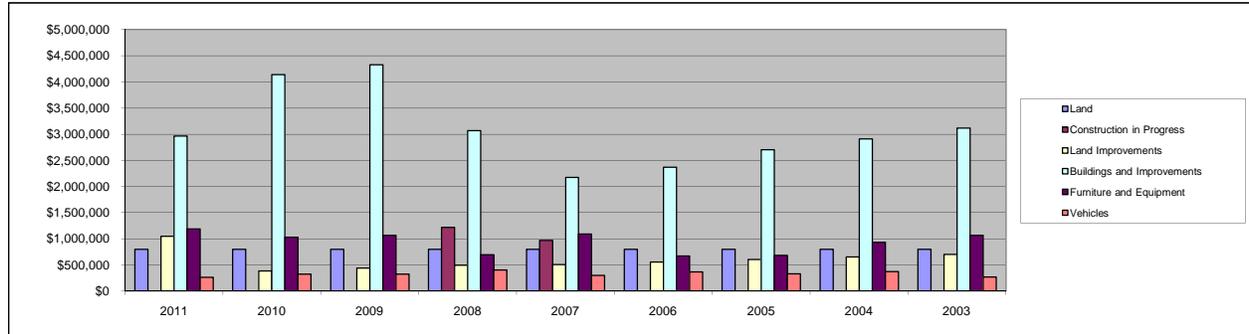
**Cuyahoga Heights Local School District**  
Cuyahoga County, Ohio

*Capital Assets Statistics*  
*Last Nine Fiscal Years*

	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Capital Assets:</b>									
Land	\$798,600	\$798,600	\$798,600	\$798,600	\$798,600	\$798,600	\$798,600	\$798,600	\$798,600
Construction in Progress	0	0	0	1,218,150	968,230	0	0	0	0
Land Improvements	1,044,010	384,209	438,076	491,943	507,805	555,285	602,765	650,245	697,725
Buildings and Improvements	2,962,054	4,133,490	4,321,944	3,062,970	2,174,416	2,368,945	2,702,826	2,908,323	3,111,943
Furniture and Equipment	1,184,749	1,029,363	1,062,173	692,526	580,471	669,701	680,540	928,384	1,062,370
Vehicles	260,305	321,330	323,937	400,186	296,428	367,415	328,723	369,901	269,490
<b>Total Capital Assets</b>	<b>\$6,249,718</b>	<b>\$6,666,992</b>	<b>\$6,944,730</b>	<b>\$6,664,375</b>	<b>\$5,325,950</b>	<b>\$4,759,946</b>	<b>\$5,113,454</b>	<b>\$5,655,453</b>	<b>\$5,940,128</b>

Note: Capital asset amounts reported above are presented net of accumulated depreciation.

Source: Cuyahoga Heights Local School District, Treasurer's Office



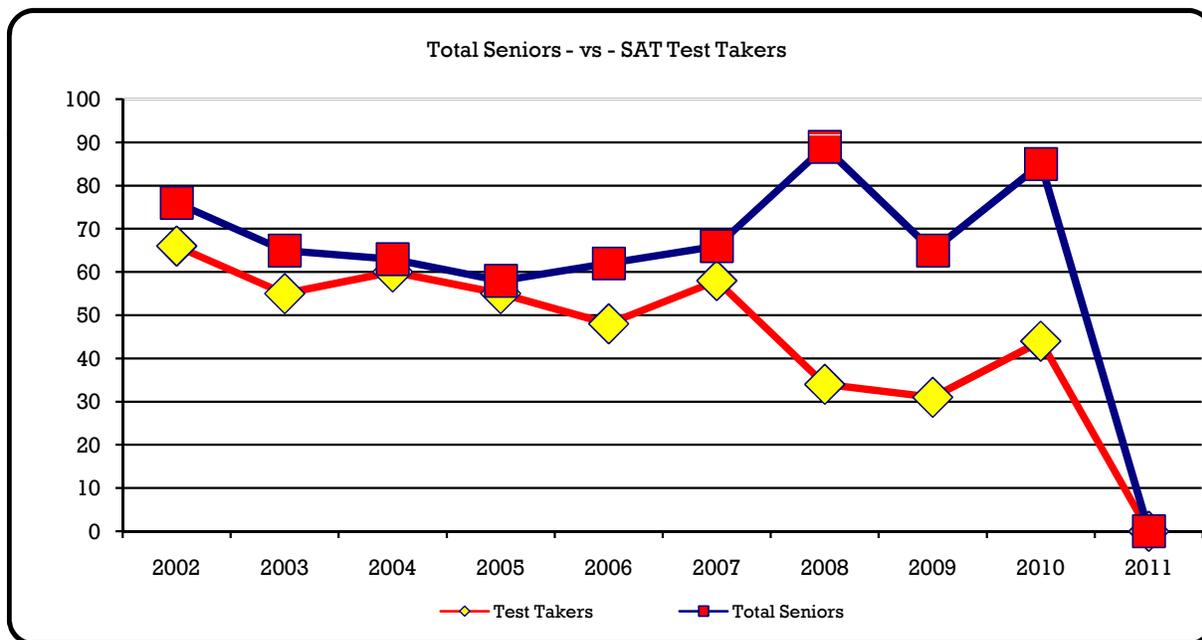
## Cuyahoga Heights Local School District

Cuyahoga County, Ohio

*SAT Composite Scores*

*Last Ten Fiscal Years*

School Year	Number of Test Takers	Number of Seniors	Percent of Students	Cuyahoga Heights Verbal	Ohio Verbal	National Verbal
2011	44	85	51.76	477	539	497
2010	44	85	51.76	477	538	501
2009	31	65	47.69	488	537	501
2008	34	89	38.20	487	534	502
2007	58	66	87.88	493	536	502
2006	48	62	77.42	506	535	503
2005	55	58	94.83	561	539	508
2004	60	63	95.24	511	538	508
2003	55	65	84.62	508	536	507
2002	66	76	86.84	517	533	504



Source: High School Guidance Office,  
Cuyahoga Heights Local School District

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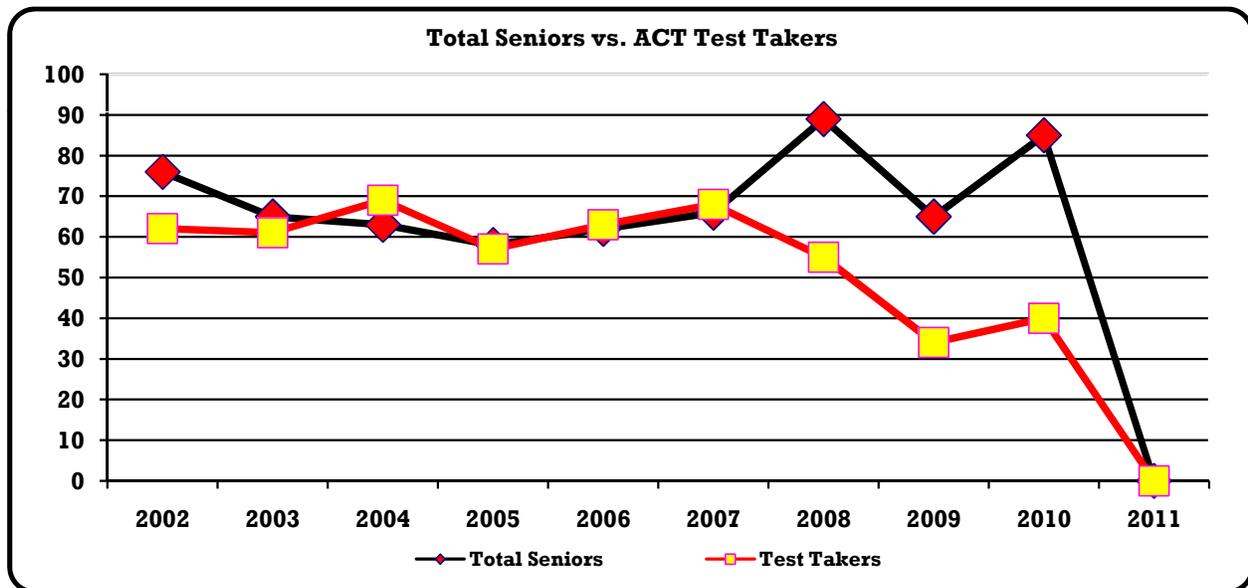
<u>Cuyahoga Heights Math</u>	<u>Ohio Math</u>	<u>National Math</u>
494	545	514
494	548	516
516	546	515
502	544	515
516	542	515
538	544	518
571	543	520
529	542	518
516	541	519
522	540	516

## Cuyahoga Heights Local School District

Cuyahoga County, Ohio

*ACT Composite Scores  
Last Ten Fiscal Years*

School Year	Number of Test Takers	Number of Seniors	Percent of Students	Cuyahoga Heights Composite	Ohio Composite	National Composite
2011	40	85	47.06	23.2	21.8	21.1
2010	40	85	47.06	23.2	21.8	21.0
2009	34	65	52.31	22.1	21.7	21.1
2008	55	89	61.80	21.5	21.7	21.1
2007	68	66	103.03	22.2	21.6	21.2
2006	63	62	101.61	21.8	21.5	21.1
2005	57	58	98.28	24.5	21.4	20.9
2004	69	63	109.52	22.7	21.4	20.9
2003	61	65	93.85	21.5	21.4	20.8
2002	62	76	81.58	21.8	21.4	20.8



Source: High School Guidance Office,  
Cuyahoga Heights Local School District

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
AUDIT REPORT LETTERS  
JUNE 30, 2011

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TABLE OF CONTENTS

Independent Accountants’ Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With *Government Auditing Standards* ..... 1

Schedule of Findings..... 3

Independent Accountants’ Report on Applying Agreed-Upon Procedures ..... 4

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Cuyahoga Heights Local School District  
Cuyahoga County  
4820 East 71<sup>st</sup> Street  
Cuyahoga Heights, Ohio 44125

To the Board of Education:

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Cuyahoga Heights Local School District (the District), Cuyahoga County, Ohio as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 31, 2012, wherein we noted the District implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as 2011-01 to be material weaknesses.

**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 a certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 31, 2012.

The District's response to the findings 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 Board of Education, management and others within the District. We intend it for no one other than these specified parties.



CANTER & ASSOCIATES  
Poland, Ohio

January 31, 2012

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2011**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-01**

**Purchasing Procedures IT Department - Material Weakness**

The District's current purchasing and approval processes for expenditures, in particular technology purchases, was not operating effectively. The District currently requires a requisition to start the purchasing process. The requisition begins the process by requesting funds for a particular expenditure. The requisition is approved by the originator and the department. The requisition is then converted to a purchase order and is approved by the Superintendent, and the Treasurer certifies the funds are available. When the invoice is presented for payment it is compared to the purchase order and payment is made. While this process was in place, these controls were not operating effectively. The IT Director was able to create requisitions, purchase orders, receive payment for invoices, and receive delivery of purchased equipment with no other District personnel monitoring these procedures.

This lack of segregation of duties can lead to improper purchases, extensive purchases, or fraudulent purchases.

We recommend the District ensure and review proper purchasing procedures are followed and implemented. All requisitions should bear proper approval and all purchase orders be properly approved. Payment for invoices after being signed and noted as accurate by school personnel should be mailed out by the accounts payable clerk. Technology purchases should be received by an individual other than the originator in order to be properly inventoried and compared to the original invoice. The District should also have all invoices for major purchases either mailed directly to the Treasurer and/or Superintendent in order to validate it as an original. Periodically the District should conduct internal reviews of selected purchases to ensure procedures are being followed, especially departments that are singular in nature with only one person performing the majority of the purchasing procedures. The receiving of District property should be a rotating position so one person is not receiving and comparing to invoices. This promotes a more stringent set of controls as the element of surprise ensures individuals are not overly comfortable and lax in their reviews.

We also recommend the District establish a technology purchases and review board. This board should review all technology purchases and necessity. The board can act as the "watch dog" and review all purchases for technology. They can verify companies approved for purchases, periodically inspect equipment, and ensure the best prices are obtained by receiving multiple quotes for purchases exceeding \$10,000.

**Managements Response:**

The district has a new administrative team in place for the 2012 school year and is following the district's purchasing procedures, and the treasurer is closely monitoring all purchases.



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### Independent Accountants' Report on Applying Agreed-Upon Procedures

Cuyahoga Heights Local School District  
Cuyahoga County  
4820 East 71<sup>st</sup> Street  
Cuyahoga Heights, Ohio 44125

To the Board of Education:

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

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

1. We noted the Board did not amend its anti-harassment policy to include violence within a dating relationship within the definition of harassment, intimidation or bullying.

Ohio Revised Code §3313.666, required the Board to amend its definition by September 28, 2010.

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

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

Canter and Associates  
Poland, Ohio

January 31, 2012



# Dave Yost • Auditor of State

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MAY 29, 2012