

Mary Taylor, CPA
Auditor of State

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Commodities		10.550	\$0	\$1,434,294	\$0	\$1,419,081
Nutrition Cluster:						
School Breakfast Program	043786 05-PU 06	10.553	1,661,274	0	1,661,274	0
	043786 05-PU 07		3,870,388	0	3,870,388	0
Subtotal CFDA 10.533			5,531,662	0	5,531,662	0
National School Lunch Program						
	043786 LL-P1 06	10.555	619	0	619	0
	043786 LL-P1 07		62,131	0	62,131	0
	043786 LL-P4 06		4,231,507	0	4,231,507	0
	043786 LL-P4 07		10,226,961	0	12,396,943	0
	043786 VG-S1 07		28,027	0	28,027	0
Subtotal CFDA 10.555			14,549,245	0	16,719,227	0
Summer School Program	043786 24-PU 06	10.559	149,436	0	149,436	0
Total Department of Agriculture - Nutrition Cluster			20,230,343	0	22,400,325	0
Total Department of Agriculture			20,230,343	1,434,294	22,400,325	1,419,081
U.S. DEPARTMENT OF DEFENSE						
<i>Direct Assistance:</i>						
Junior ROTC	NA-06	12.000	87,284	0	31,018	0
Total U.S. Department of Defense			87,284	0	31,018	0
U.S. DEPARTMENT OF LABOR						
<i>Passed Through the City of Cleveland:</i>						
Workforce Investment Act	SG63876	17.258	0	0	2,050	0
WIA Youth Activities						
	SG60327A	17.259	0	0	8,247	0
	SG63875A		0	0	111	0
	SG65258A		503,582	0	497,189	0
Subtotal CFDA 17.259			503,582	0	505,547	0
Total Passed Through the City of Cleveland			503,582	0	507,597	0
<i>Passed Through the Cuyahoga County:</i>						
Workforce Investment Act	CE0300544-01	17.258	4,992	0	0	0
	CE0600281-01		171,127	0	199,699	0
Subtotal CFDA 17.258			176,119	0	199,699	0
WIA Youth Activities	CE0600280-01	17.259	350,770	0	352,285	0
Total Passed Through the Cuyahoga County			526,889	0	551,984	0
Total U.S. Department of Labor			1,030,471	0	1,059,581	0
NATIONAL SCIENCE FOUNDATION						
<i>Direct Assistance</i>						
Cleveland Urban System Initiative	HER-0227082	47.076	1,216,950	0	1,243,089	0
Total National Science Foundation			1,216,950	0	1,243,089	0
U.S. ENVIRONMENTAL PROTECTION AGENCY						
<i>Direct Assistance</i>						
Clean School Bus Project	XA-83148301	66.034	289,127	0	289,460	0
Total U.S. Environmental Protection Agency			289,127	0	289,460	0
U. S. DEPARTMENT OF EDUCATION						
<i>Direct Assistance:</i>						
Pell Grants	PO63 P054747	84.063	0	0	128,971	0
	PO63 P064747		337,044	0	266,168	0
Subtotal CFDA 83.063			337,044	0	395,139	0

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
U. S. DEPARTMENT OF EDUCATION (Continued)						
<i>Direct Assistance: (Continued)</i>						
Crisis Management Program	Q184E040265	84.184E	236,881	0	249,109	0
Physical Education Program	S215F 020611	84.215F	88,557	0	83,017	0
Smaller Learning Communities	V215L 032033	84.215L	464,616	0	452,191	0
	V215L 042126		112,205	0	104,841	0
Subtotal CFDA 84.215L			<u>576,821</u>	<u>0</u>	<u>557,032</u>	<u>0</u>
Teaching American History	U215X0140265	84.215X	333,895	0	335,047	0
Reform Demonstration	T290U01010 04	84.290U	49,135	0	48,882	0
FLAP Language Program	T293B060077	84.293B	122,492	0	122,914	0
Total U. S. Department of Education Direct Assistance			<u>1,744,825</u>	<u>0</u>	<u>1,791,140</u>	<u>0</u>
<i>Passed Through Cuyahoga County:</i>						
Handicapped - State Grant	9770	84.027	1,000	0	782	0
	34600		5,880	0	5,880	0
	ESC-9014		0	0	1,094	0
	ESC-9820		0	0	70	0
	NA-06		7,000	0	4,678	0
	NA-07		0	0	7,000	0
	OISM-07		25,000	0	1,943	0
Subtotal CFDA 84.027			<u>38,880</u>	<u>0</u>	<u>21,447</u>	<u>0</u>
Emergency Immigrant Assistance	CE 0600836-01	84.162C	101,050	0	154,284	0
	CE 0766416 C		19,193	0	0	0
Subtotal CFDA 84.162C			<u>120,243</u>	<u>0</u>	<u>154,284</u>	<u>0</u>
Total Passed Through Cuyahoga County			<u>159,123</u>	<u>0</u>	<u>175,731</u>	<u>0</u>
<i>Passed Through Cuyahoga Community College:</i>						
Technology Challenge	R303 AA980063	84.303A	0	0	22,711	0
<i>Passed Through Putnam County:</i>						
Project More Schools	NA-06	84.027	24,000	0	16,735	0
<i>Passed Through Vanderbilt University:</i>						
School Conflict Management	NA-07	84.305F	5,000	0	3,564	0
<i>Passed Through Ohio Department of Education:</i>						
Adult Basic and Literacy Education	043786 AB-S1 05C	84.002	11,686	0	0	0
	043786 AB-S1 06		0	0	13,715	0
	043786 AB-S1 07		1,487,575	0	1,467,421	0
Subtotal CFDA 84.002			<u>1,499,261</u>	<u>0</u>	<u>1,481,136</u>	<u>0</u>
Title 1 - ESEA	043786 C1-S1 04	84.010	0	0	88	0
	043786 C1-S1 05		0	0	50,100	0
	043786 C1-S1 06		5,271,768	0	5,058,267	0
	043786 C1-S1 07		45,569,787	0	43,757,618	0
	043786 C1-SD 05		0	0	8,616	0
	043786 C1-SD 06		33,199	0	43,730	0
	043786 C1-SD 07		302,739	0	274,296	0
	043786 C1-SK 05		0	0	1,601	0
	043786 C1-SK 06		29,591	0	72,182	0
	043786 C1-SK 07		495,898	0	474,667	0
	043786 C1-SN 06		19,745	0	38,731	0
	043786 C1-SN 07		150,025	0	133,413	0
Subtotal CFDA 84.010			<u>51,872,752</u>	<u>0</u>	<u>49,913,309</u>	<u>0</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
U. S. DEPARTMENT OF EDUCATION (Continued)						
<i>Passed Through Ohio Department of Education: (Continued)</i>						
Special Education Cluster:						
IDEA-B	043786 6B-SF 06	84.027	0	0	971,125	0
	043786 6B-SF 07		20,314,689	0	18,879,690	0
Literacy Adolescent	043786 6B-S3 06		4,000,000	0	4,000,000	0
	043786 6B-S3 07		2,239,225	0	2,239,225	0
Successful Model	043786 6B-PB 06		0	0	347	0
Subtotal CFDA 84.027			<u>26,553,914</u>	<u>0</u>	<u>26,090,387</u>	<u>0</u>
Handicapped - Preschool Grant	043786 PG-S1 06	84.173	56,394	0	93,733	0
	043786 PG-S1 07		405,401	0	342,532	0
	043786 PG-D0 07		3,500	0	35,000	0
Subtotal CFDA 84.173			<u>465,295</u>	<u>0</u>	<u>471,265</u>	<u>0</u>
Total Special Education Cluster			<u>27,019,209</u>	<u>0</u>	<u>26,561,652</u>	<u>0</u>
Vocational Education - Basic Grant-VI-B	043786 20-A0 05	84.048	10,000	0	20,000	0
	043786 20-C1 04		0	0	5,660	0
	043786 20-C1 06		457,452	0	1,608,119	0
	043786 20-C1 07		1,483,719	0	1,874,499	0
	043786 20-C2 06		0	0	2,685	0
	043786 20-C2 07		278,670	0	240,042	0
Subtotal CFDA 84.048			<u>2,229,841</u>	<u>0</u>	<u>3,751,005</u>	<u>0</u>
Emergency Immigrant Assistance	043786 EI-S1 02	84.162	0	0	654	0
	043786 EI-S1 03		0	0	281	0
Subtotal CFDA 84.162			<u>0</u>	<u>0</u>	<u>935</u>	<u>0</u>
Drug Free Schools and Communities	043786 DR-S1 06	84.186	3,069	0	35,938	0
	043786 DR-S1 07		747,358	0	735,027	0
Subtotal CFDA 84.186			<u>750,427</u>	<u>0</u>	<u>770,965</u>	<u>0</u>
Homeless Care Education	043786 HC-S1 06	84.196	28,771	0	63,011	0
	043786 HC-S1 07		259,640	0	255,604	0
Subtotal CFDA 84.196			<u>288,411</u>	<u>0</u>	<u>318,615</u>	<u>0</u>
21st Century Community Learning Centers	043786 T1-S1 07	84.287	294,483	0	272,798	0
	043786 SAMS 07		16,545	0	61,327	0
Subtotal CFDA 84.287			<u>311,028</u>	<u>0</u>	<u>334,125</u>	<u>0</u>
Innovative Education Program Strategy-Title V	043786 C2-S1 04	84.298	0	0	8,670	0
	043786 C2-S1 06		51,310	0	54,618	0
	043786 C2-S1 07		138,730	0	135,671	0
	043786 C2-A5 05		21,275	0	21,275	0
Subtotal CFDA 84.298			<u>211,315</u>	<u>0</u>	<u>220,234</u>	<u>0</u>
Title II D Technology	043786 TJ-S1 06	84.318	0	0	21,753	0
	043786 TJ-S1 07		397,132	0	518,033	0
	043786 TJ-SL 07		985,912	0	973,765	0
Subtotal CFDA 84.318			<u>1,383,044</u>	<u>0</u>	<u>1,513,551</u>	<u>0</u>
Advanced Placement Program	043786 AV-S1 01	84.330	0	0	343	0
	043786 AV-S1 02		0	0	2,950	0
	043786 AV-S1 03		0	0	15,756	0
	043786 AV-S1 05		1,105	0	0	0
Subtotal CFDA 84.330			<u>1,105</u>	<u>0</u>	<u>19,049</u>	<u>0</u>
Reform Demonstration	043786 RF-CC 06	84.332	82,318	0	31,349	0
	043786 RF-CC 07		53,915	0	57,883	0
	043786 RF-K3 05		229,732	0	110,002	0
Subtotal CFDA 84.332			<u>365,965</u>	<u>0</u>	<u>199,234</u>	<u>0</u>

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
U. S. DEPARTMENT OF EDUCATION (Continued)						
<i>Passed Through Ohio Department of Education: (Continued)</i>						
Special Education Personnel Preparation	NA-04	84.352A	245,630	0	218,046	0
Reading First	043786 RS-S1 06	84.357	133,149	0	972,440	0
	043786 RS-S1 07		1,675,666	0	1,606,653	0
Subtotal CFDA 84.357			1,808,815	0	2,579,093	0
Title III - Limited English Proficiency	043786 T3-S1 06	84.365	0	0	15,307	0
	043786 T3-S1 07		555,516	0	517,816	0
	043786 T3-S2 06		0	0	1,507	0
	043786 T3-S3 03		0	0	9,835	0
Subtotal CFDA 84.365			555,516	0	544,465	0
Title II A Teacher Quality	043786 TR-S1 06	84.367	671,334	0	819,562	0
	043786 TR-S1 07		8,053,165	0	7,758,999	0
	043786 TR-SP 06		6,000	0	658	0
Subtotal CFDA 84.367			8,730,499	0	8,579,219	0
Teacher Incentive Fund	043786 TB-T1 07	84.374A	106,930	0	0	0
Hurricane Education Recovery Act	043786 HR-01 06	84.938	84,750	0	89,692	0
Total Pass Through Ohio Department of Education			97,464,498	0	97,094,325	0
Total U.S. Department of Education			99,397,446	0	99,104,206	0
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed Through Ohio Department of Education:</i>						
Refugee Impact Subsidy	043786 R1-S1 06	93.576	11,500	0	11,500	0
<i>Passed Through Cuyahoga County:</i>						
TANF FAST Program	NA-06	93.558	37,680	0	10,322	0
	NA-07		86,170	0	98,087	0
TANF Youth Summer Services	CE0600563-01		987,665	0	983,610	0
TANF Afterschool Learning	CE0600898-01		4,511,324	0	4,873,144	0
TANF Summer Literacy Academy	CE0600803-01		1,737,937	0	1,737,937	0
Subtotal CFDA 93.588			7,360,776	0	7,703,100	0
Total Passed Through Cuyahoga County			7,360,776	0	7,703,100	0
Total U.S. Department of Health and Human Services			7,372,276	0	7,714,600	0
Total Federal Assistance			\$129,623,897	\$1,434,294	\$131,842,279	\$1,419,081

See the accompanying notes to the financial statements.

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes the activity of the District's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2007, the District had no significant food commodities in inventory.

NA – Not Applicable

CFDA – Catalog of Federal Domestic Assistance

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Mary Taylor, CPA

Auditor of State

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Municipal School District, Cuyahoga County, Ohio, (the "District") as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 28, 2007, wherein we noted the District restated July 1, 2006 fund balances in the Educational Special Trust Special Revenue Fund and the Debt Service Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the District's management in a separate letter dated December 28, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 28, 2007.

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



Mary Taylor, CPA
Auditor of State

December 28, 2007



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Cleveland Municipal School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

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

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Internal Control Over Compliance (Continued)

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

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

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

Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Cleveland Municipal School District as of and for the year ended June 30, 2007, and have issued our report thereon dated December 28, 2007, wherein we noted the District restated July 1, 2006 fund balances in the Educational Special Trust Special Revenue Fund and the Debt Service Fund. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Mary Taylor, CPA
Auditor of State

December 28, 2007

**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Program(list):	Nutrition Cluster: CFDA # 10.553 - School Breakfast Program CFDA # 10.555 - National School Lunch Program CFDA # 10.559 - Summer Food Service Program for Children CFDA # 84.048 - Vocational Education Basic Grant VI-B CFDA # 93.558 - TANF FAST Program
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**CLEVELAND MUNICIPAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
FOR THE YEAR ENDED JUNE 30, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	<p>Based on a test of 360 excused absences 9 absences were identified which were not supported. This resulted in a 2.5% error rate – 9/360.</p> <p>We recommended that all excused absences be properly documented in accordance with the ADM manual. The District should also consider utilizing a master list to track all excused absences. The list should be maintained by school/classroom and the support documentation should be filed with the list. The support should include the telephone logs, written excuses from parents/guardians and all other appropriate support. Finally, the ADM Department should conduct annual training for every school on its policies and procedures manual.</p>	Yes	



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

Fiscal Year Ended June 30, 2007
Cleveland, Ohio

Comprehensive Annual Financial Report

Of the

Cleveland Municipal School District

For the

**FISCAL YEAR ENDED
JUNE 30, 2007**

Prepared by

Finance Department

James P. Fortlage
Chief Financial Officer

1380 East Sixth Street * Cleveland, Ohio 44114

Cleveland Board of Education



Robert M. Heard, *Sr., Chair*



Grady P. Burrows, *Vice Chair*



Rashidah Abdulhaqq



Lawrence W. Davis



Louise P. Dempsey



Flor M. Gomez



Denise W. Link



Willetta A. Milam



Natalie L. Peterson



Dr. Michael Schwartz
ex officio



Dr. Jerry Sue Thornton
ex officio



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



James P. Fortlage
Chief Financial Officer

Introductory Section

Cleveland Municipal School District

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

Board of Education
Robert M. Heard, Sr.
Chair

Grady P. Burrows
Vice Chair

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Natalie Peterson

Ex Officio Members
Dr. Michael Schwartz
Dr. Jerry Sue Thornton

December 28, 2007

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Cleveland Municipal School District (the "School District") for the fiscal year ended June 30, 2007. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to taxpayers, financial rating services and other interested parties.

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

The School District

The Board of Education and Administration

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

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

The Chief Executive Officer of the School District has the responsibility for directing and assigning teachers and other employees, assigning the pupils to the proper schools and grades and performing such other duties as determined by the appointed Board. On March 31, 2006, the Board with the concurrence of the Mayor appointed Eugene T. W. Sanders, Ph. D. as the School District's Chief Executive Officer with a four-year contract effective July 1, 2006.

The Chief Financial Officer/Treasurer is the chief fiscal officer of the Board and the School District. Under the current administrative structure, the Chief Financial Officer/Treasurer reports to the Chief Executive Officer. In September 2006 Mr. Gerald Pace was replaced with Mr. James P. Fortlage, Chief Financial Officer/Treasurer.

The School District and its Facilities

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

The purpose and responsibility of the School District is to provide an efficient educational system for the children enrolled in the public schools, whereby each child has access to programs and services that are appropriate to his or her needs. In addition to regular educational programs, the School District offers comprehensive programs in the areas of vocational education, special education and bilingual education. Through its specialty school programs, the School District offers advanced educational programs in such areas as fine arts, computer science, healthcare professions, law and municipal professions, business, and technical trades.

In fiscal year 2007, the School District enrolled 52,769 students (compared to 58,008 the previous year) in 84 K-8 schools, and 16 senior high schools. In addition classes were provided in four residential school programs. The School District also operated a variety of specialized educational facilities (consisting of gardens, athletic fields, a sheltered workshop and a greenhouse), eight administration facilities (including a central kitchen and two leased sites) and two transportation depots.

The School District has completed its fifth year of a massive school facility construction/renovation project, which is described in more detail in the ***Management's Discussion and Analysis*** section. The project commenced in 2001 to address the condition and age of the existing classroom facilities (which range from 25 to 111 years old).

Charter/Community Schools

Beginning in fiscal year 1999, State of Ohio legislation allowed for the creation of charter/community schools. By law the School District receives State Foundation Aid for students attending charter/community schools that are residents of the School District on a per pupil basis. That aid, which includes an imputed local match, is paid out to the charter/community schools for their operations on a one-for-one basis. The number of students attending charter/community schools has grown in the past seven years to 11,573 for fiscal 2007, resulting in the payment from the School District of state aid of \$82.6 million. School District management expects this trend to continue at an increasing rate for the foreseeable future and has included increasing charter/community school enrollment growth into its financial forecasts.

Employee Relations

As of June 30, 2007 the School District had 8,733 full and part-time employees (compared to 9,018 the previous year). In the fiscal year ended June 30, 2007, the School District paid \$413.8 million in salaries and wages and \$144.1 million for fringe benefits such as employer retirement contributions, health care, life insurance, and certain other benefits.

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

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

Under agreements approved by six of the seven unions serving the District, the current contracts with employee groups have been extended until June 2010. Local 777 has not completed negotiations. In the opinion of the School District, labor relations with all of its employees are good.

The Reporting Entity

The School District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the School District (the primary government) and its potential component units.

Excluded from the reporting entity because they are fiscally independent of the School District are the City of Cleveland and the Cleveland Public Library. The City of Cleveland and the Library are related organizations whose relationships to the School District are described in Note 15 to the basic financial statements. The School District also participates in the Ohio Schools Council, which is a jointly governed organization. In 2001 the School District created the Bond Accountability Commission ("BAC"), which is also a jointly governed organization. These relationships are described in Note 20 to the basic financial statements.

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

Economic Condition and Outlook

The School District's primary sources of revenues are from the State of Ohio through the State Foundation program and through the levying of property taxes on real and personal property located within the School District. These two sources combined represent approximately 97 percent of the School District's fiscal year 2007 budget basis General Fund operating revenues. The following discussion provides additional information pertaining to these revenue sources.

Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions generally occur in a new fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at varying percentages of true value and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are levied at varying percentages of true value.

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

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

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

House Bill 66 phases out the tax on the tangible personal property of general businesses, telephone and telecommunications, and railroads. The tax on general business and railroad property will be eliminated by 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, school districts and local governments are reimbursed fully for lost revenue; in the following seven years, the reimbursements are phased out.

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

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

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

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

School Foundation

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

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

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

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

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

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

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

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

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

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

Local Economy

The City of Cleveland, located on the southern shores of Lake Erie, is the central city within the largest metropolitan area in the State of Ohio. It is home to an estimated 500,000 residents. Founded in 1796, Cleveland quickly established economic strengths in heavy industry, including oil, iron and steel, and combined with its favorable location on major shipping channels soon emerged as the dominant manufacturing and business center of Northeast Ohio. Though manufacturing continues to play a key role in Cleveland's local economy, the emergence of newer non-smokestack related industries, mainly in services and trade, is expected to be more prominent in the next several decades.

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

The overall unemployment rate within the MSA has increased from 5.4% in 2006 to 6.1% in 2007, which approximates the national averages for each respective year.

Major Initiative

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

In order to become a premier school district, Dr. Sanders has stressed the need to establish reachable goals along the way. The three main goals for the 2006-2007 school year were to:

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

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

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

Reaching Continuous Improvement

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

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

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

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

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

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

Safety

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

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

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

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

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

Customer Service

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

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

The major strategies of the Customer Service Plan include:

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

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

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

Significant Accomplishments

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

- The district earned “Adequate Yearly Progress”, a measure of the No Child Left Behind Act, earning the district the rating of “Continuous Improvement” for the first time in district history.
- State test scores continued to rise significantly and the district met or exceeded the state standard in four academic areas, improving from 2005-06 when no state standards were met.
- The district completed the development of a five year Strategic Plan, outlining the goals and objectives of the district for 2007 through 2012.
- The district opened five new Opportunity Schools of Choice, including four single gender elementary academies (two for young boys and two for young girls) and one single gender high school academy (Ginn Academy for Young Men).
- The District initiated the 3Rs (Rights, Responsibilities, Realities) collaboration with the Cleveland Bar Association in which more than 700 lawyers, judges and other volunteers of the legal community have gone into 10th-grade classrooms in our high schools. Their mission is to improve understanding of the law and the Constitution; improve passage of the Ohio Graduation Test; and to provide practical career counseling to focus students on their potential beyond high school.
- The District has completed its fifth year of the 12-year Master Facility Plan that will require approximately \$1.5 billion to repair, renovate and rebuild its school facilities. The original Master Facility Plan called for the construction/replacement of 51 schools, renovation of 59 existing facilities and inactivation for student use of 14 existing facilities.
- Construction was completed at Hannah Gibbons-Nottingham and John Adams schools. These two schools opened for the 2006-2007 school year. Major renovation work was completed at John Hay, Mary B. Martin and Mary M. Bethune. These three schools opened in the 2006-2007 school year. Renovation work continued at Franklin D. Roosevelt School and it will open in the 2007-2008 school year. Construction also continued on the new Daniel E. Morgan, Miles Park, and Warner schools. These three schools will also be open for the 2007-2008 school year.
- The School District reached agreements to extend current labor agreements until June 2010 with six of seven unions that represent approximately 8,000 District employees, including classroom teachers.

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

Financial Information

Internal Accounting and Budgetary Control

In developing the School District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The School District utilizes a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

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

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

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

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

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

The basis of accounting and the various funds utilized by the School District are fully described in Note 2 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

Financial Condition – This is the sixth year the School District has prepared financial statements following GASB 34, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.” GASB 34 created new basic financial statements for reporting on the School District’s financial activities as follows:

Government-wide financial statements - These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities; the School District currently does not have any business-type activities.

Fund financial statements – These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Cash Management

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

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

Risk Management

The School District established a self insurance internal service fund to account for and finance its uninsured risks of loss and associated expenses attributable to the deductibles and self-insured retention limits for general liability and property damage claim settlements and judgments. Excess insurance policies have been purchased to cap certain risks assumed. See Note 9 for a complete description of the School District’s risk retention.

All employees of School District are covered by a fidelity bond, while certain individuals in policy-making roles are covered by separate bond coverage.

The School District participates in the Workers' Compensation Retrospective Rating Plan. In the Retrospective Rating Plan, the School District assumes a portion of the risk in return for a reduction in current premiums.

Pension Plans

All School District employees are covered by the State-wide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System of Ohio (STRS).

The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. See Notes 10 and 11 to the basic financial statements for complete details.

Independent Audit

State statutes require the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor Mary Taylor, CPA, Auditor of State, rendered an opinion on the School District's financial statements as of and for the year ended June 30, 2007. The opinion appears at the beginning of the financial section of this report.

Awards

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ASBO International Certificate of Excellence

The School District received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This award certifies that the report substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO. The award is granted only after an intensive review of financial reports by an expert ASBO panel of review consisting of certified public accountants and practicing School business officials. Receiving the award is recognition that a School system has met the highest standards of excellence in School financial reporting.

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

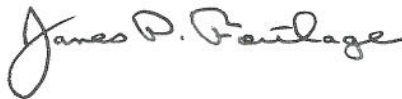
Acknowledgments

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

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

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

Respectfully submitted,



James P. Fortlage
Chief Financial Officer

Cleveland Municipal School District

Board Members

Appointed by Mayor of City of Cleveland

Name	Began Service as a Board Member	Present Term Expires June 30
Rashidah Abdulhaqq	1998	2011
Grady P. Burrows	2003	2009
Lawrence W. Davis	2003	2011
Louise P. Dempsey	1998	2011
Flor Gomez	2006	2011
Shirley Hawk (a)	2005	
Robert M. Heard, Sr.	2004	2009
Denise W. Link (c)	2007	2011
Willetta A. Milam	2003	2009
John M. Moss (b)	2005	2007
Natalie L. Peterson	2007	2009
Dr. Michael Schwartz, ex-officio		
Dr. Jerry Sue Thornton, ex-officio		

(a) Shirley Hawk passed away on November 17, 2006.

(b) Term expired June 30, 2007.

(c) Term began July 2, 2007.

Cleveland Municipal School District

Senior Appointed Officials

Eugene T.W. Sanders, Ph.D.	Chief Executive Officer
Shirrell Greene	Deputy to the Chief Executive Officer
Omega Brown	Executive Assistant to the CEO
Robbin Hudson	Executive Assistant to the CEO
Eric Gordon	Chief Academic Officer
Benjamin I. Holbert, III	Chief Communications Officer
James Fortlage	Chief Financial Officer
Stephen DeVita	Chief Legal Counsel
Daniel Burns	Chief Operations Officer
Pamela Smith	Chief of Staff
Nicholas Jackson	Deputy Chief of Business Operations
Gary Sautter	Deputy Chief of Capital Programs
Karen Thompson	Interim Deputy Chief of Curriculum and Instruction
James Larson-Shidler, C.P.A.	Deputy Chief Financial Officer
Clinton Faulkner	Deputy Chief of Human Resources
Renee Cavor	Deputy Chief of K-8 Education
Wayne Belock	Deputy Chief of Legal Council
Joseph Podach	Deputy Chief of Operations and Performance Improvement
Adrienne Noel, Ph.D.	Deputy Chief of Research and EMIS
Glenda Hathaway	Deputy Chief of Retention, Recruitment and Enrollment Stabilization
Lincoln Haughton	Deputy Chief of Secondary Education
Sharon McDonald	Deputy Chief of Special Programs
Gwen Minter, Ph.D.	Deputy Chief of Staff
Cynthia Kline	Deputy Chief of State, Federal, Foundation and Special Education Programming

Cleveland Municipal School District
Organizational Chart

SCHOOL BOARD

CHIEF EXECUTIVE OFFICER

Chief Communications Officer

Chief Academic Officer

Chief of Staff

Chief Operating Officer

Chief Financial Officer

Operations
Media Relations
Community Relations
Translator
FOIA
Telephone Information Center
Publications
Web Site Management

Deputy Chief of State, Federal, Foundation and Special Education
NCLB and other Federal Programming
CCIP and State Programming
Special Education
Youth Support Services
Family and Parent Engagement
Professional Development: State and Federal
Non-Public

Interim Deputy Chief of Curriculum
English
Cleveland Literacy Program
Mathematics
Science
Social Studies
Physical Education and Health
Career Technology
Art, Music
Gifted and Talented
PSO
Adult Education
Multi-cultural
Professional Development
Textbooks

Deputy Chief of Research and EMIS
EMIS
ADM and Attendance
Research
Testing
School Data
Enrollment Projections
Program Evaluations
Grants Development
Student Based Report Cards
Student Assignments

Deputy Chief of PreK-8 Education
5 Regions
PreK-8 Principals
PreK-3
Deputy Chief of Secondary Education
2 Regions East/West
9-12 Principals
Comprehensive High Schools
Specialty Schools
Small School Campuses
Option Schools
Residential Schools
Interscholastic Athletics and Student Activities
Guidance Counseling (K-12)

Deputy Chief of Special Programs
Ombudsman
Deputy Chief of Retention, Recruitment and Enrollment Stabilization
Chief Legal Counsel
Deputy Chief Legal Counsel
School Law
Labor Relations
Litigation
Legal Support
Government Affairs

Deputy Chief of Technology
Network Operations
E-rate
Student and Support
Telephone Services
Telecom.
Desktop Systems and Support
HRMS Systems
Inst. Tech. Sys. and Support
Food Services
Procurement and Warehousing
Mail Duplicating
Inv and Dist.
Instructional Technology
Purchasing

Deputy Chief of Operations
Building Operations
Transportation
Trades
Security
Deputy Chief of Human Resources
Recruitment
Employee Assignments
Certification/Licensure
High Quality Teacher/ Para
Benefits
Health Insurance
Student Hearings and Appeals
Risk Management
Workers Compensation

Deputy Chief of OSFC
OSFC Master Plan
New School and Renovation Schools: Planning, Design and Construction
Real Estate Acquisition
Engineering Services

Deputy Chief Financial Officer
Financial Reporting / Cash Management
Accounts Payable
Internal Audit
Grants/ Funded Programs
Payroll
Budget / Student Activities
Financial Technical Support

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cleveland Municipal
School District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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.



President

Executive Director

Association of School Business Officials International



This Certificate of Excellence in Financial Reporting

is presented to

CLEVELAND MUNICIPAL SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2006

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

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Financial Section



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Municipal School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Municipal School District, Cuyahoga County, Ohio, as of June 30, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2T to the basic financial statements, the District restated July 1, 2006 fund balances in the Educational Special Trust Special Revenue Fund and the Debt Service Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

December 28, 2007

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The discussion and analysis of the School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- ❑ Total current and other assets increased by \$135.7 million and capital assets increased by \$62.2 million, resulting in a net increase in total assets of \$197.9 million in Governmental Activities.
- ❑ Total short-term liabilities increased \$40.4 million and total long-term liabilities increased \$5.8 million, resulting in a net increase in total liabilities of \$46.2 million in Governmental Activities.
- ❑ Total net assets increased \$151.7 million in Governmental Activities.
- ❑ General revenues accounted for \$657.2 million in revenue or 69.2% of all revenues for Governmental Activities. Program specific revenues in the form of charges for services, sales, grants or contributions accounted for \$293.0 million or 30.8% of total revenues of \$950.2 million.
- ❑ Total program expenses were \$798.5 million in Governmental Activities.
- ❑ Among major funds, the General Fund had \$603.8 million in revenues and other financing sources and \$566.1 million in expenditures and other financing uses. The General Fund's fund balance increased by \$37.7 million.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Reporting the School District on a Government-Wide Basis

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds utilized by the School District to provide programs and activities, the view of the School District as an entity looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 17. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for its financial transactions. However, these fund financial statements concentrate on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Debt Service Fund and the Classroom Facilities Fund.

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

Proprietary Funds - Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The School District has only one proprietary fund, its Internal Service Fund.

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The School District on a Government-Wide Basis

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

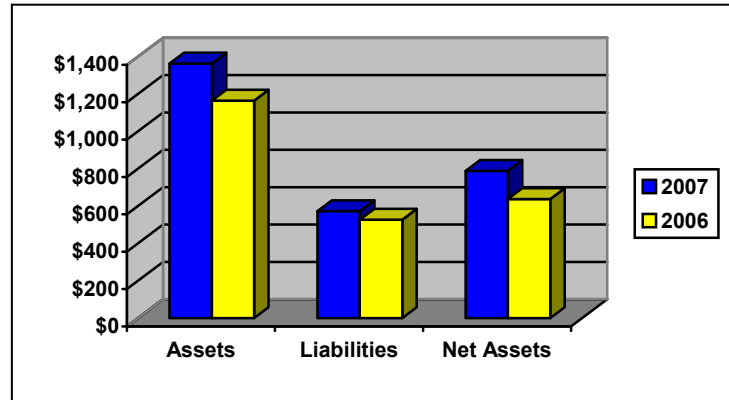
Table 1 provides a summary of the School District's net assets for 2007 compared to 2006:

Table 1
Net Assets
(\$ In Millions)

	Governmental Activities	
	2007	2006
Assets		
Current and Other Assets	\$ 902.0	\$ 766.3
Capital Assets	461.7	399.5
Total Assets	1,363.7	1,165.8
Liabilities		
Current Liabilities	289.9	249.5
Long-Term Liabilities	284.2	278.4
Total Liabilities	574.1	527.9
Net Assets		
Invested in Capital		
Assets Net of Related Debt	261.4	208.3
Restricted for:		
Debt Service	36.2	49.1
Capital Projects	424.0	362.5
Other Purposes	18.6	16.0
Unrestricted	49.4	2.0
Total Net Assets	\$ 789.6	\$ 637.9

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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



Current and other assets increased by \$135.7 million and capital assets increased by \$62.2 million, resulting in an overall increase in total assets of \$197.9 million. The increase in current and other assets is mostly attributable a increase to taxes receivable and to a net increase in intergovernmental receivables of \$30.3 million. The increase in taxes receivable in mostly attributable to an increase in tax delinquencies while the increase in intergovernmental receivables represents the balance due from the Ohio School Facilities Commission for segments 1-4. The primary reason for the significant growth in capital assets is the continuation of a massive new facility construction/renovation program. This is described further in the *Capital Assets* section following.

Current liabilities increased by \$40.4 million and long-term liabilities increased by \$5.8 million, resulting in an overall increase in total liabilities of \$46.2 million. The increase in current liabilities is due primarily to an increase of unearned revenue caused by an increase of current tax receivables. The increase in long-term liabilities is due primarily to the issuance of \$15,000,000 in new notes offset in part by debt payments of approximately \$8,000,000 and is described further in the *Debt Administration* section following.

Total net assets increased \$151.7 million, demonstrating an overall improvement in the School District's financial position. This is mainly the result of a \$62.2 million increase in the capitalization of new facility construction/renovation assets, which will be allocated to expense over the useful life of those assets and the increase of \$37.5 million receivable due from the Ohio School Facilities Commission, which represents the balance due the School District for segments 1-4 of the construction/renovation program. In addition, there was a concerted effort by District management to control costs in anticipation of future budgetary constraints which resulted in an increase in unrestricted net assets of \$47.4 million.

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Table 2 shows the change in net assets for fiscal years 2007 and 2006.

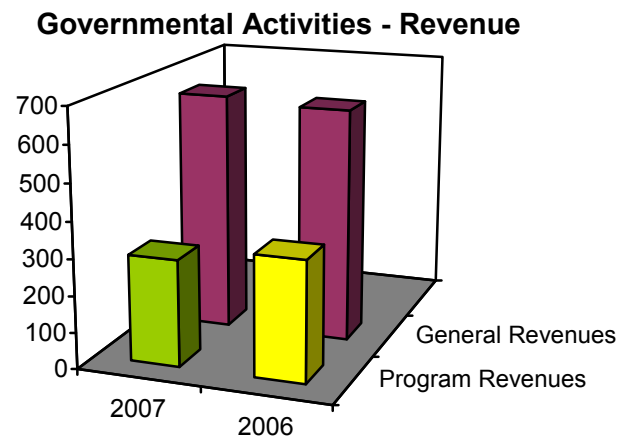
Table 2
Changes in Net Assets
(\$ In Millions)

	Governmental Activities	
	2007	2006
Revenues		
General Revenues:		
Property Taxes	\$ 237.2	\$ 231.7
Grants and Entitlements	399.5	384.6
Investments Income	18.8	16.2
Other	1.7	9.7
Program Revenues:		
Charges for Services	1.0	0.2
Operating Grants	203.0	210.5
Capital Grants	89.0	120.5
Total Revenues	950.2	973.4
Program Expenses		
Instruction	494.9	487.8
Support Services:		
Pupil and Instructional Staff	85.2	86.5
Board of Education, Administration, Fiscal and Business	54.1	52.5
Operation and Maintenance of Plant	64.8	58.6
Pupil Transportation	27.9	28.9
Central	15.9	16.0
Operation of Non-Instructional Services	39.0	42.5
Extracurricular Activities	6.5	5.8
Interest and Fiscal Charges	10.2	11.6
Total Expenses	798.5	790.2
Change in Net Assets	151.7	183.2
Net Assets Beginning of Year	637.9	454.7
Net Assets End of Year	\$ 789.6	\$ 637.9

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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

	2007	2006
General Revenues	\$ 657.2	\$ 642.2
Program Revenues	293.0	331.2
Total Revenues	\$ 950.2	\$ 973.4



General Revenues

General revenues for the School District are comprised almost entirely of property tax collections and grants from various sources. Property taxes made up 36.1% and 36.1% and grants made up 60.8% and 59.9% of general revenues for governmental activities for the School District in fiscal years 2007 and 2006, respectively.

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

The voters of the City of Cleveland approved a new property tax levy in May 2001 (Issue 14), the first since 1996. This levy was approved to support the payment of the debt service for bonds issued for the school facility construction/renovation program and to support the ongoing maintenance of those facilities. Collections cannot be used to support the general operations of the School District. The collection on that levy

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

began in January 2002.

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

Program Revenues

Operating grants comprise 69.3% of total program revenues of the School District. These grants, obtained mainly from the Federal Government, State of Ohio and the Ohio School Facilities Commission support specific educational programs and objectives as defined by these agencies as well as the capital programs. The amount available to the School District may vary from year to year depending on amounts made available by these agencies and the needs of the School District.

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

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Instruction	\$ 494.9	\$ (292.9)	\$ 487.8	\$ (256.5)
Support Services:				
Pupil and Instructional Staff	85.2	(47.4)	86.5	(38.0)
Board of Education, Administration, Fiscal and Business	54.1	(45.6)	52.5	(46.5)
Operation and Maintenance of Plant	64.8	(57.6)	58.6	(55.3)
Pupil Transportation	27.9	(26.7)	28.9	(27.7)
Central	15.9	(15.3)	16.0	(15.1)
Operation of Non-Instructional Services	39.0	(4.3)	42.5	(3.4)
Extracurricular Activities	6.5	(5.6)	5.8	(4.9)
Interest and Fiscal Charges	10.2	(10.2)	11.6	(11.6)
Total Expenses	\$ 798.5	\$ (505.6)	\$ 790.2	\$ (459.0)

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

The largest Governmental Activities program expense remains instruction, comprising 62.0% of the total cost of services. When combined with pupil and instructional support these categories make up 72.6% of the total cost of services. This make-up is consistent with the general educational objectives of the School District.

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The dependence upon general revenues for governmental activities is apparent. 59.2% of instruction activities are supported through taxes and other general revenues. Similarly, for all governmental activities general revenue support is 63.3%. The community, as a whole, is by far the primary support for the School District students.

The School District's Funds

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$959.6 million and expenditures and other financing uses of \$910.9 million, resulting in a net increase in fund balances of \$48.7 million.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$31.5 million, while total fund balance increased to \$56.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents less than six percent of the total general fund expenditures, while total fund balances represents less than ten percent of that same amount.

The net changes in fund balances for the year were most significant in the General Fund and the Classroom Facilities Fund. The fund balance in the General Fund increased \$37.7 million. This was very similar to the prior year where the fund balance increased \$28.7 million. The School District's administrative team has carefully managed the District finances. The Classroom Facilities fund balance increased \$17.6 million. This was mainly attributable to the issuance of new notes, offset in part by the ongoing spending for the school facility construction/renovation program. Funding of this program is described in more detail in the *Capital Assets and Debt Administration* section.

General Fund Budgeting Highlights

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

For the General Fund total actual revenues and other financing sources were \$611.4 million, which was approximately the same as the final budget estimate.

The final expenditure and other financing uses budgets was \$630.9 million. Total actual expenditures and other financing uses were \$605.1 million, or \$25.8 million below the final budget estimates. This was mainly due to a continuing effort by the School District's management to reduce its expenditures to lower future operating deficits and postpone the need to appeal to the voters for an additional operating levy.

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2007 the School District had \$461.7 million invested in land and improvements, buildings and improvements, vehicles and equipment, and construction in progress. Table 4 shows fiscal 2007 balances compared to 2006:

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

	Governmental Activities	
	2007	2006
Land and Improvements	\$ 32.8	\$ 31.3
Buildings and Improvements	209.5	214.6
Vehicles and Equipment	10.4	12.3
Construction in Progress	209.0	141.3
Totals	\$ 461.7	\$ 399.5

In 2000, a Facilities Assessment Commission was established to review the condition of the School District's facilities. The Facilities Assessment Commission recommended that a complete renovation program of all School District facilities be undertaken and that a substantial contribution from the State of Ohio (through the Ohio School Facilities Commission) could be included in the proposed construction and renovation plan by participation in the Classroom Facilities Assistance Program (CFAP). Since then, the School District and the Ohio School Facilities Commission have created a Master Facilities Plan which addresses the needs of all buildings in the School District and the unique needs of the School District and its students. That Master Facilities Plan has been approved by the School District's Board, the Ohio School Facilities Commission and the State Controlling Board. Its cost at that time for the entire program was an estimated \$1.506 billion, of which the School District's cost share under the CFAP will be 32% or approximately \$482 million with the remaining portion (approximately \$1.024 billion) to be paid by the State. As the program continues, factors such as enrollment projections, construction costs, locally funded non-matchable project components and inflation will affect the total scope of the program and the funds required to complete it.

Construction began in 2002 utilizing funding from several sources as described below under **Debt Administration**. Initial work focused mainly on making every facility warm, safe and dry. Concurrently, new facilities will be constructed and others significantly renovated and others inactivated for student use. The complete program is currently estimated to take about twelve years. Due to declining enrollment the master plan is currently being reviewed. See Note 8 to the basic financial statements for additional information on capital assets.

Cleveland Municipal School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2007
 Unaudited

Debt Administration

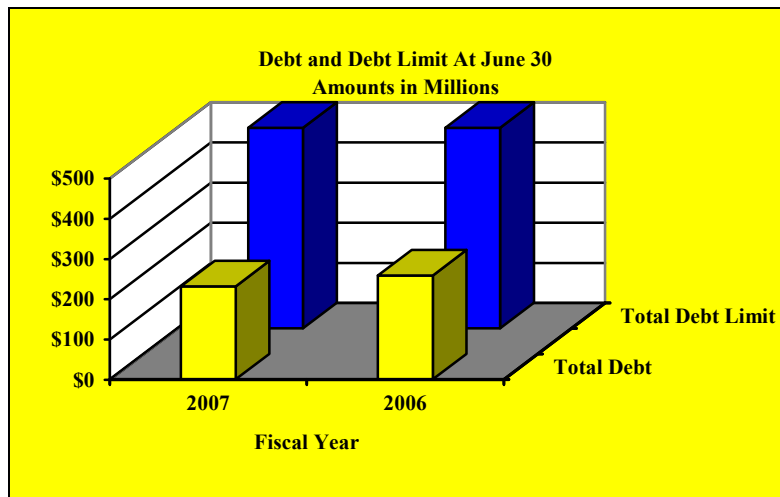
At June 30, 2007 the School District had \$232.4 million in bonds, other long-term obligations and notes outstanding, \$39.7 million due within one year. Table 5 summarizes bonds and notes outstanding.

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

	Governmental Activities 2007	Governmental Activities 2006
General Obligation Bonds and Notes:		
EPA Asbestos Abatement Notes	\$ 0.1	\$ 0.1
2001 QZAB - Technology Academy	5.5	5.5
2001 QZAB - Arts Academy	5.8	5.8
2001 QZAB - Literacy Academy	10.0	10.0
2002 H.B. 264 Energy Conservation Notes	8.4	9.1
2002 Library Refunding Bonds	17.1	20.3
2002 School Facilities Improvement Bonds	53.5	54.9
2004 School Facilities Improvement Bonds	98.1	100.9
2007 School Facilities Improvement Notes	15.0	0.0
Other Long-Term Obligations:		
Capital Lease Obligation	3.9	5.0
Note Payable:		
2007 School Facilities Improvement Notes	15.0	47.8
Total	<u>\$ 232.4</u>	<u>\$ 259.4</u>

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

	2007	2006
Total Debt	\$232.4	\$259.4
Total Debt Limit	\$585.4	\$537.0



Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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

In October 2002, the School District replaced the short-term School Facility Bond Anticipation Notes with long-term School Facility Bonds. An additional \$40 million of new proceeds were also borrowed at that time, representing the second installment of the \$335 million approved borrowing capacity. In July 2004, the School District issued \$125,000,000 of School Improvement Bonds, the third installment. In December 2005, the School District issued \$30,000,000 of School Facility Bond Anticipation Notes, representing the fourth installment of the \$335 million approved borrowing capacity. In March 2007, the School District issued \$30,000,000 of School Facility Bond Anticipation Notes, representing the fifth installment of the \$335 million approved borrowing capacity.

At June 30, 2007, the School District's overall legal debt margin was \$435.5 million, with an unvoted debt margin of \$6.5 million. The School District's short-term bond rating is “MIG1” and its long-term bond rating is “Baa1”, as rated by Moody's. See Note 13 to the basic financial statements for additional information on all long-term obligations.

Current Issues

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

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

Commercial Activity Tax – HB 66 makes provisions to replace revenue lost due to the phase out of the Tangible Personal Property Tax. Businesses are now subject to a Commercial Activity Tax (CAT) that will provide replacement income to school districts for lost tangible property revenues. In the first five years of enactment (2006-2011), school districts are reimbursed for lost revenue based on tax year 2004 valuations; in the following seven years, these reimbursements are slowly phased out.

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

Cleveland Municipal School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Homestead Exemption – The recent budget bill (HB 119) included significant property tax reduction for senior citizens. The Homestead Exemption will allow senior citizen homeowners and permanently/totally disabled homeowners, regardless of income, to withhold \$25,000 of market value of their owner occupied home from property taxes. Revenues lost to the School District are to be replaced from the Tobacco Securitization Fund.

Resolution to School Funding Litigation – The long pending litigation in the Ohio courts questioning the constitutionality of the State's system of school funding and compliance with the constitutional requirement that the State provide a "thorough and efficient system of common schools" reached an end when the Ohio Supreme Court vacated its previous order to the State to make certain changes in the State's aid formula to school districts and the U.S. Supreme Court declined to hear a petition on this case. This is described further in Note 17 to the basic financial statements.

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

Financial Forecast – The School District is required to adopt a five-year financial forecast of revenues and expenditures each year. Although the financial forecast originally showed a negative cash-basis fund balance deficit projected in fiscal years 2008 and beyond, the deficit is not projected until fiscal years 2010 and beyond. The forecast includes several revenue and expense assumptions based upon recent legislation, historical trends, and future assumptions.

Although the most recent forecast anticipates continuing reductions in School District student enrollment and continued increasing enrollment to charter schools, it projects a positive cash balance until fiscal year 2010 based upon budgetary cuts already made. The forecast assumes staffing levels will be aligned with the projected decline in student enrollment. The School District will ultimately need to consider the possibility of going back to the voters for an operating levy.

Employee Relations - Under agreements approved by all seven unions serving the District, the current contracts with employee groups have been extended until June 2010. Local 777 has not completed negotiations.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. James P. Fortlage, Chief Financial Officer/Treasurer at Cleveland Municipal School District, 1380 East Sixth Street, Cleveland, Ohio 44114.

Cleveland Municipal School District
Statement of Net Assets-Governmental Activities
June 30, 2007

	Total
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 86,494,324
Cash and Cash Equivalents with Fiscal Agents	9,725
Equity in Pooled Investments	250,711,428
Investments with Fiscal Agents	7,812,670
Receivables:	
Taxes	308,345,672
Accounts	358,126
Intergovernmental	244,396,937
Accrued Interest	2,829,480
Materials and Supplies Inventory	1,093,913
Nondepreciable Capital Assets	241,222,540
Depreciable Capital Assets, Net	220,456,077
Total Assets	1,363,730,892
Liabilities	
Accounts Payable	15,128,300
Accrued Wages and Benefits	58,738,579
Intergovernmental Payable	11,255,407
Unearned Revenue	178,124,982
Accrued Interest Payable	1,332,324
Unamortized Premium on Bond	8,490,333
Notes Payable	15,000,000
Claims Payable	1,845,218
Long-Term Obligations:	
Due Within One Year	36,673,764
Due in More Than One Year	247,583,030
Total Liabilities	574,171,937
Net Assets	
Invested in Capital Assets, Net of Related Debt	261,363,643
Restricted for:	
Debt Service	36,237,294
Capital Projects	423,973,593
Special Revenue	18,590,876
Unrestricted	49,393,549
Total Net Assets	\$ 789,558,955

See accompanying notes to the basic financial statements

Cleveland Municipal School District
Statement of Activities-Governmental Activities
For the Fiscal Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Total Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction:					
Regular	\$ 306,641,274	\$ 196,057	\$ 34,039,005	\$ 89,064,023	\$ (183,342,189)
Special	160,305,162	717,094	62,362,875	0	(97,225,193)
Vocational	12,723,093	0	1,694,687	0	(11,028,406)
Adult/Continuing	2,967,373	59,177	2,444,889	0	(463,307)
Other	12,263,429	0	11,461,176	0	(802,253)
Support Services:					
Pupils	37,100,301	0	10,539,199	0	(26,561,102)
Instructional Staff	48,124,670	0	27,327,018	0	(20,797,652)
Board of Education	248,637	0	12,989	0	(235,648)
Administration	43,218,261	0	7,231,878	0	(35,986,383)
Fiscal	9,617,654	0	1,314,680	0	(8,302,974)
Business	1,065,128	0	0	0	(1,065,128)
Operation and Maintenance of Plant	64,844,985	0	7,251,442	0	(57,593,543)
Pupil Transportation	27,944,135	0	1,190,477	0	(26,753,658)
Central	15,923,177	0	578,561	0	(15,344,616)
Operation of Non-Instructional Services	38,956,223	0	34,663,348	0	(4,292,875)
Extracurricular Activities	6,466,969	0	878,738	0	(5,588,231)
Interest and Fiscal Charges	10,180,816	0	0	0	(10,180,816)
Totals	\$ 798,591,287	\$ 972,328	\$ 202,990,962	\$ 89,064,023	(505,563,974)

General Revenues

Property Taxes Levied For:

General Purposes	198,996,360
Debt Service	35,760,058
Capital Outlay	2,477,222
Investment Income	18,843,152
Miscellaneous	1,665,345
Grants and Entitlements not Restricted to Specific Programs	399,493,775

Total General Revenues 657,235,912

Change in Net Assets 151,671,938

Net Assets Beginning of Year 637,887,017

Net Assets End of Year \$ 789,558,955

See accompanying notes to the basic financial statements

Cleveland Municipal School District

*Balance Sheet
Governmental Funds
June 30, 2007*

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 18,991,846	\$ 3,221,506	\$ 25,216,709	\$ 35,950,461	\$ 83,380,522
Cash and Cash Equivalents with Fiscal Agents	0	0	0	9,725	9,725
Equity in Pooled Investments	71,982,991	10,937,443	145,982,225	21,808,769	250,711,428
Investments with Fiscal Agents	0	0	0	7,812,670	7,812,670
Receivables:					
Taxes	256,941,082	48,057,004	0	3,347,586	308,345,672
Accounts	327,007	0	0	31,119	358,126
Intergovernmental	70,816	0	239,533,869	4,792,252	244,396,937
Accrued Interest	1,332,647	0	1,342,840	153,993	2,829,480
Interfund	2,520,000	0	0	0	2,520,000
Materials and Supplies Inventory	683,737	0	0	410,176	1,093,913
Total Assets	\$ 352,850,126	\$ 62,215,953	\$ 412,075,643	\$ 74,316,751	\$ 901,458,473
Liabilities					
Accounts Payable	\$ 6,153,410	\$ 0	\$ 3,568,196	\$ 5,406,694	\$ 15,128,300
Accrued Wages and Benefits	41,326,438	0	0	11,548,006	52,874,444
Interfund Payable	0	0	0	2,520,000	2,520,000
Intergovernmental Payable	9,638,386	0	0	1,617,021	11,255,407
Unearned Revenue	239,245,722	43,348,753	239,237,598	8,744,873	530,576,946
Notes Payable	0	0	9,618,127	5,381,873	15,000,000
Total Liabilities	296,363,956	43,348,753	252,423,921	35,218,467	627,355,097
Fund Balance:					
Reserved for Encumbrances	7,217,484	0	56,997,188	7,884,785	72,099,457
Reserved for Inventory	683,737	0	0	410,176	1,093,913
Reserved for Property Taxes	17,083,523	4,628,808	0	295,618	22,007,949
Unreserved, (Deficit), Reported in:					
General Fund	31,501,426	0	0	0	31,501,426
Special Revenue Funds	0	0	0	7,631,660	7,631,660
Debt Service Funds	0	14,238,392	0	0	14,238,392
Capital Projects Funds	0	0	102,654,534	22,876,045	125,530,579
Total Fund Balances	56,486,170	18,867,200	159,651,722	39,098,284	274,103,376
Total Liabilities and Fund Balances	\$ 352,850,126	\$ 62,215,953	\$ 412,075,643	\$ 74,316,751	\$ 901,458,473

See accompanying notes to the basic financial statements

Cleveland Municipal School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2007*

Total Governmental Funds Balances		\$ 274,103,376
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		461,678,617
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	107,712,277	
Grants	244,739,687	
Total	352,451,964	
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,268,584
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds and Notes	213,505,704	
Capital Lease Obligations	3,929,270	
Compensated Absences	48,436,846	
Worker's Compensation Claims	18,384,974	
Accrued Wages and Benefits - Pension Obligation	5,864,135	
Accrued Interest Payable	1,332,324	
Unamortized Premium on Bond	8,490,333	
Total	(299,943,586)	
 <i>Net Assets of Governmental Activities</i>		 \$ 789,558,955

See accompanying notes to the basic financial statements

Cleveland Municipal School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:					
<i>Local Sources:</i>					
Taxes	\$ 193,845,274	\$ 33,207,128	\$ 0	\$ 2,404,372	\$ 229,456,774
Investment Income	9,561,317	0	8,034,548	1,247,287	18,843,152
Tuition and Fees	972,328	0	0	11,610	983,938
Extracurricular Activities	0	0	0	862,421	862,421
Miscellaneous	1,638,345	27,000	53,600	5,323,202	7,042,147
<i>State Sources:</i>					
Unrestricted Grants-in-Aid	394,735,431	4,251,751	0	275,851	399,263,033
Restricted Grants-in-Aid	2,853,876	0	51,209,137	63,990,146	118,053,159
<i>Federal Sources:</i>					
Unrestricted Grants-in-Aid	230,742	0	0	0	230,742
Restricted Grants-in-Aid	0	0	0	130,689,825	130,689,825
Total Revenues	603,837,313	37,485,879	59,297,285	204,804,714	905,425,191
Expenditures:					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	267,777,011	0	0	33,500,345	301,277,356
Special	99,148,429	0	0	61,054,426	160,202,855
Vocational	10,433,204	0	0	2,284,920	12,718,124
Adult/Continuing	371,188	0	0	2,597,067	2,968,255
Other	71,623	0	0	12,146,797	12,218,420
<i>Support Services:</i>					
Pupils	24,357,946	0	0	10,856,725	35,214,671
Instructional Staff	19,411,165	0	0	28,692,974	48,104,139
Board of Education	234,091	0	0	14,149	248,240
Administration	32,133,371	0	0	7,475,977	39,609,348
Fiscal	8,247,458	0	0	1,369,504	9,616,962
Business	1,051,879	0	0	0	1,051,879
Operation and Maintenance of Plant	49,346,049	0	0	9,970,001	59,316,050
Pupil Transportation	25,539,528	0	0	1,236,689	26,776,217
Central	15,216,369	0	0	956,339	16,172,708
Operation of Non-Instructional Services	2,768,492	0	0	36,833,100	39,601,592
Extracurricular Activities	5,441,052	0	0	1,001,079	6,442,131
Capital Outlay	155,595	0	73,724,193	6,314,170	80,193,958
<i>Debt Service:</i>					
Principal Retirement	1,735,896	7,365,000	0	0	9,100,896
Interest and Fiscal Charges	1,752,202	8,389,044	725,475	0	10,866,721
Total Expenditures	565,192,548	15,754,044	74,449,668	216,304,262	871,700,522
Excess of Revenues Over (Under) Expenditures	38,644,765	21,731,835	(15,152,383)	(11,499,548)	33,724,669
Other Financing Sources (Uses):					
Proceeds from the Sale of Notes	0	0	9,618,127	5,381,873	15,000,000
Transfers In	0	0	30,671,875	8,508,716	39,180,591
Transfers Out	(944,394)	(30,671,875)	(7,564,322)	0	(39,180,591)
Total Other Financing Sources (Uses)	(944,394)	(30,671,875)	32,725,680	13,890,589	15,000,000
Net Change in Fund Balances	37,700,371	(8,940,040)	17,573,297	2,391,041	48,724,669
Fund Balances Beginning of Year (Restated)	18,785,799	27,807,240	142,078,425	36,707,243	225,378,707
Fund Balances at End of Year	\$ 56,486,170	\$ 18,867,200	\$ 159,651,722	\$ 39,098,284	\$ 274,103,376

See accompanying notes to the basic financial statements

Cleveland Municipal School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2007*

Net Change in Fund Balances - Total Governmental Funds \$ 48,724,669

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Assets Additions	74,888,761	
Current Year Depreciation	(12,679,631)	
Total	62,209,130	

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

Loss on the Disposal of Capital Assets		(28,882)
--	--	----------

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

Property Taxes	7,776,866	
Grants	37,732,941	
Total	45,509,807	

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

(15,000,000)

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

9,100,896

In the statement of activities, interest is accrued on outstanding bonds, whereas in government funds, an interest expenditure is reported when due.

685,905

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	1,878,462	
Accrued Wages and Benefits - Pension Obligation	(55,158)	
Worker's Compensation Claims	(1,876,597)	
Total	(53,293)	

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

523,706

Change in Net Assets of Governmental Activities

\$ 151,671,938

See accompanying notes to the basic financial statements

Cleveland Municipal School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Local Sources:</i>				
Taxes	\$ 201,251,500	\$ 190,741,183	\$ 194,841,584	\$ 4,100,401
Investment Income	8,002,540	8,002,540	8,002,540	0
Tuition and Fees	677,203	677,203	677,203	0
Miscellaneous	2,029,206	2,029,206	2,029,206	0
<i>State Sources:</i>				
Unrestricted Grants-in-Aid	347,125,893	399,178,503	394,735,431	(4,443,072)
Restricted Grants-in-Aid	2,853,876	2,853,876	2,853,876	0
<i>Federal Sources:</i>				
Unrestricted Grants-in-Aid	237,335	237,335	237,335	0
Total Revenues	562,177,553	603,719,846	603,377,175	(342,671)
Expenditures:				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	327,451,122	278,941,767	278,941,767	0
Special	6,211,938	125,292,324	99,512,757	25,779,567
Vocational	14,116,358	10,601,524	10,601,524	0
Adult/Continuing	436,431	370,382	370,382	0
Other	11,732,629	673	673	0
<i>Support Services:</i>				
Pupils	29,988,011	25,046,004	25,046,004	0
Instructional Staff	24,157,692	19,932,753	19,932,752	1
Board of Education	253,397	238,664	238,664	0
Administrator	38,694,871	33,520,421	33,520,421	0
Fiscal	11,604,031	9,433,586	9,433,586	0
Business	1,343,314	1,222,914	1,222,914	0
Operation and Maintenance of Plant	57,786,310	50,760,080	50,760,079	1
Pupil Transportation	23,597,761	25,268,768	25,268,768	0
Central	16,983,823	17,285,410	17,285,410	0
Operation of Non-Instructional Service	1,792,435	2,662,945	2,662,945	0
Extracurricular Activities	5,737,944	5,798,789	5,798,789	0
Capital Outlay	35,031	166,875	166,875	0
<i>Debt Service:</i>				
Principal Retirement	18,080,449	19,105,896	19,105,896	0
Interest and Fiscal Charges	1,562,729	1,752,202	1,752,202	0
Total Expenditures	591,566,276	627,401,977	601,622,408	25,779,569
Excess of Revenues Over (Under) Expenditure:	(29,388,723)	(23,682,131)	1,754,767	25,436,898
Other Financing Sources (Uses):				
Advances In	920,000	920,000	920,000	0
Advances Out	(3,000,000)	(2,520,000)	(2,520,000)	0
Transfers Out	(1,944,394)	(944,394)	(944,394)	0
Refund of Prior Year's Expenditure:	0	7,069,892	7,069,892	0
Total Other Financing Sources (Uses)	(4,024,394)	4,525,498	4,525,498	0
Net Change in Fund Balance:	(33,413,117)	(19,156,633)	6,280,265	25,436,898
Fund Balances Beginning of Year (Restated)	29,348,380	29,348,380	29,348,380	0
Prior Year Encumbrances Appropriated	44,789,849	44,789,849	44,789,849	0
Fund Balances at End of Year	\$ 40,725,112	\$ 54,981,596	\$ 80,418,494	\$ 25,436,898

See accompanying notes to the basic financial statement.

Cleveland Municipal School District

Statement of Fund Net Assets

Proprietary Fund

June 30, 2007

	Governmental Activities - Internal Service Fund
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 3,113,802
Total Current Assets	<u>3,113,802</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	<u>1,845,218</u>
Total Current Liabilities	<u>1,845,218</u>
Net Assets:	
Unrestricted	<u>1,268,584</u>
Total Net Assets:	<u>\$ 1,268,584</u>

See accompanying notes to the basic financial statements

Cleveland Municipal School District
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2007*

	<u>Governmental Activities - Internal Service Fund</u>
<i>Operating Revenues:</i>	
Charges for Services	\$ 1,000,000
<i>Total Operating Revenues</i>	<u>1,000,000</u>
<i>Operating Expenses:</i>	
Claims and Claim Adjustment Expenses	<u>476,294</u>
<i>Total Operating Expenses</i>	<u>476,294</u>
<i>Operating Income (Loss)</i>	<u>523,706</u>
<i>Change in Net Assets</i>	523,706
Net Assets Beginning of Year	<u>744,878</u>
<i>Net Assets End of Year</i>	<u><u>\$ 1,268,584</u></u>

See accompanying notes to the basic financial statements

Cleveland Municipal School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2007

	Governmental Activities - Internal Service Fund
<i>Increase (Decrease) In Cash and Cash Equivalents:</i>	
<i>Cash Flows from Operating Activities:</i>	
Cash Received from Interfund Services Provided	\$ 1,000,000
Cash Payments for Claims and Claim Adjustment Expenses	(586,772)
<i>Net Cash Provided by (Used in) Operating Activities</i>	413,228
Net Decrease in Cash and Cash Equivalents	413,228
Cash and Cash Equivalents at Beginning of Year	2,700,574
<i>Cash and Cash Equivalents at End of Year</i>	\$ 3,113,802
<i>Reconciliation of Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</i>	
<i>Operating Income (Loss)</i>	\$ 523,706
<i>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</i>	
Decrease in Accounts Payable	(117,841)
Increase in Claims Payable	7,363
<i>Total Adjustments</i>	(110,478)
<i>Net Cash Provided by (Used in) Operating Activities</i>	\$ 413,228

See accompanying notes to the basic financial statements

Cleveland Municipal School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2007

Assets

Equity in Pooled Cash and Cash Equivalents	\$ 7,669,361
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<i>Total Assets</i>	<u>\$ 7,669,361</u>
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Liabilities

Due to Students	\$ 710,760
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Payroll Withholdings	<u>6,958,601</u>
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<i>Total Liabilities</i>	<u>\$ 7,669,361</u>
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See accompanying notes to the basic financial statements

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 1 - Description of the School District and Reporting Entity

A. School District and Board of Education

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

B. Fiscal Emergency/Watch

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

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

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

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

C. Financial Reporting Entity

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

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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

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

The Cleveland Public Library and the City of Cleveland have been defined as related organizations and the Ohio Schools Council and the Bond Accountability Commission as jointly governed organizations. These organizations are discussed further in Note 15 and Note 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The internal service activities are eliminated to avoid "doubling up" revenues and expenses. Any interfund services provided and used are not eliminated in the process of consolidation.

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School District's governmental activities.

Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

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

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

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

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

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

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

Proprietary Funds - Proprietary funds focus on the determination of the changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are agency funds, one which accounts for student activities and one which accounts for various payroll withholding items.

C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets.

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

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

D. Basis of Accounting

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

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

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

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

Unearned Revenue - 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 June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. The remaining state share of the classroom facility project for segments 1, 2 and 3 has also been recorded as unearned revenue.

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

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

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

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

E. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Chief Financial Officer/Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2007.

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

F. Cash and Investments

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

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

During fiscal year 2007, investments were limited to STAR Ohio, repurchase agreements, certificates of deposit, treasury notes and bills, federal agency securities, commercial paper, Victory Federal Money Market Fund, AIM Government and Agency Portfolio Money Market Fund and Huntington U.S. Treasury Money Market Fund.

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

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2007. 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, 2007.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007, if any, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

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

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

I. Capital Assets

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

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

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	25 years
Buildings and Improvements	25 - 50 years
Vehicles and Equipment	7 - 15 years

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

J. Interfund Balances

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

K. Compensated Absences

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, capital lease obligations, and EPA asbestos abatement loans that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

N. Fund Balance Reserves and Designations

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

P. Contributions of Capital

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

Q. Interfund Transactions

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

R. Estimates

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2007.

T. Restatement of Fund Balance

In fiscal year 2007, the School District restated the fund balance in the Educational Special Trust Fund and the Debt Service Fund. Moneys set aside each year to pay obligations on the Qualified Zone Academy Bonds (QZAB) should have been held in the Educational Special Trust Fund and not in the Debt Service Fund. The School District makes sinking fund payments from the General Fund into a separate escrow account held by Huntington National Bank and the activity is reflected in the Educational Special Trust Fund, which is classified as a Special Revenue Fund type. See Note 13 for further information on these monies.

	Original Fund Balance 6/30/2006	Additions	Deductions	Revised Fund Balance 6/30/2006
Educational Special Trust Fund	\$ 2,192,539	\$ 6,510,333	\$ 0	\$ 8,702,872
Debt Service Fund	34,317,573	0	(6,510,333)	27,807,240

In fiscal year 2006, the School District restated the fund balance in the General Fund and the Debt Service Fund by \$10,541,076. Interest earned on moneys in the Debt Service Fund was erroneously credited to the Debt Service fund and should have been credited to the General Fund. The fund balance in the Statement of Revenue, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual were not adjusted and are being adjusted in fiscal year 2007.

Note 3 - Accountability and Compliance

The following funds had deficit fund balances at June 30, 2007:

	Deficit Fund Balances
Special Revenue Funds:	
Other Local	\$ 244,280
Poverty Aid	2,629,810
Adult Basic Education	304,392
Title VI-B Special Education	2,081,171
Vocational Education	1,064,638
Title I	2,227,978
Improving Teacher Quality Title II-A	893,233
Miscellaneous Federal Grants	626,536
Other Federal	458,954

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

The deficit fund balances in the Special Revenue Funds resulted from timing differences of liabilities incurred and cash reimbursement received from grantor agencies. The General Fund is liable for any deficits in these funds.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

During August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which addresses how state and local governments should account and report their costs and obligations related to postemployment health care and other non-pension benefits. Collectively, these benefits are commonly referred to us as postemployment benefits, or OPEB. Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. Statement No. 45 will not be effective for the School District until fiscal year 2008 and, as such, the School District has not determined the impact, if any that this statement will have on its financial statements.

During September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* which establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing. Such transactions are likely to comprise the sale of delinquent taxes, certain mortgages, student loans, or future revenues such as those arising from tobacco settlement agreements.

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a cash (budgetary) basis of receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances – 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 fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund as June 30, 2007.

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balance

GAAP Basis	\$	37,700,371
Net Adjustment for Revenue Accruals		6,609,754
Advances In		920,000
Net Adjustment for Expenditure Accruals		(9,235,838)
Principal Retirement		(17,370,000)
Advances Out		(2,520,000)
Adjustment for Encumbrances		(9,824,022)
Budget Basis	<u>\$</u>	<u>6,280,265</u>

Note 5 - Deposits and Investments

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and/or Securities Investor Protection Corporation (SIPC), by eligible securities pledged by the financial institution as security for repayment or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

During March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement #3)*. This statement addresses additional disclosure of cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principal areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of Statement #40 are effective for financial statements for the fiscal year ended June 30, 2005.

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District's deposits may not be returned to it. Protection of School District deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the financial institution holding the assets. By Ohio law, financial institutions must collateralize public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and other designated third party trustees of the financial institutions.

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

At fiscal year end, the carrying amount of the School District's deposits was \$75,272,669 and the bank balance was \$94,305,967. Of the bank balance, \$600,000 was covered by federal depository insurance and \$93,705,967 was uninsured but collateralized with securities held by a pledging financial institution or by its trust department or agent although not in the School District's name.

B. Investments

As of June 30, 2007, the School District had the following investments:

	<u>Value</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>
Commercial Paper	\$ 42,090,786	\$ 42,090,786	\$ 0
U.S. Agency Obligations	206,733,965	8,015,735	198,718,230
U.S. Discount Agency Obligations	16,503,138	16,503,138	0
Money Market Mutual Funds	6,582,054	6,582,054	0
Investment in STAR Ohio	5,514,896	5,514,896	0
Total	<u>\$ 277,424,839</u>	<u>\$ 78,706,609</u>	<u>\$ 198,718,230</u>

Interest Rate Risk

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

Credit Risk

The School District's investments at June 30, 2007 in FHLMC, FNMA, FFCB and FHLB agency securities were rated AAA and the discount agency securities were rated A-1+ by Standard & Poor's. Its investments in commercial paper were rated A-1+ by Standard & Poor's and P-1 by Moody's. Its investments in the Victory Federal Money Market Fund, Huntington U.S. Treasury Money Market Fund, AIM Government and Agency Portfolio Money Market Fund and STAR Ohio were rated AAAM by Standard & Poor's. The School District's investment policy minimizes credit risk by diversifying assets by issuer, ensuring that required minimum credit quality ratings exist and maintaining adequate collateralization of certificates of deposits.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. As of June 30, 2007, more than 5 percent of the School District's investments were in FHLMC agencies and discount agencies, in FNMA agencies and discount agencies, in FHLB agencies and discount agencies and in Prudential Financial. These investments are approximately 20%, 26%, 35% and 5%, respectively, of the School District's total investments.

Custodial Credit Risk

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District, other than the District's repurchase agreements which are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement, in state statute, which prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Foreign Currency Risk

The School District does not have exposure to foreign exchange risk.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2007 for real and public utility property taxes represents collections of calendar 2006 taxes. Property tax payments received during calendar 2007 for tangible personal property (other than public utility property) is for calendar 2007 taxes.

2007 real property taxes are levied after April 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after April 1, 2007 and are collected in 2007 with real property taxes.

2007 tangible personal property taxes are levied after April 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The assessed values upon which the fiscal year 2007 taxes were collected are (in thousands):

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

	2006 Second Half Collections		2007 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 4,970,503	83.31%	\$ 5,629,680	86.55%
Public Utility	316,245	5.30%	318,454	4.89%
Tangible Personal Property	679,540	11.39%	556,633	8.56%
Total	\$ 5,966,288	100.00%	\$ 6,504,767	100.00%

Tax rate per \$1,000 of assessed valuation	\$64.80	\$64.80
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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.

Tangible personal property taxes paid 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 and are intended to finance the fiscal year in which they are paid. This year, the expected June 2006 tangible personal property tax settlement was not received until July 2007.

The School District receives property taxes from Cuyahoga County. The County Auditor periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current year fiscal year operations. This year, the June 2007 tangible personal property tax settlement was not received until July 2007. The late settlement and the amount available as an advance are recognized as revenue.

The amount available as an advance at June 30, 2007 was \$22,007,949. \$17,083,523 was available to the General Fund, \$4,628,808 to the Debt Service Fund and \$295,618 to the Classroom Facilities Maintenance Fund.

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 7 - Receivables

Receivables at June 30, 2007, consisted of taxes, accounts (rent and student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

General Fund:	
City of Cleveland	\$ 34,251
Federal:Unrestricted Grants-In-Aid	8,729
Miscellaneous	27,836
Total General Fund	<u>70,816</u>
Capital Projects Funds:	
Classroom Facilities	239,533,869
	<u>239,533,869</u>
Special Revenue Funds:	
Educational Special Trust	58,734
Miscellaneous State	270,922
Other State	350,672
Food Service	2,779,088
Adult Basic Education	75,124
Vocational Education	391,179
Miscellaneous Federal Grants	597,508
Other Federal	269,025
Total Special Revenue Funds	<u>4,792,252</u>
Total Intergovernmental Receivables	<u>\$ 244,396,937</u>

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 6/30/2006	Additions	Deductions	Balance 6/30/2007
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 30,620,301	\$ 1,632,188	\$ 0	\$ 32,252,489
Construction in Progress	141,340,577	73,116,771	(5,487,297)	208,970,051
<i>Total Capital Assets, not being depreciated</i>	<u>171,960,878</u>	<u>74,748,959</u>	<u>(5,487,297)</u>	<u>241,222,540</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,767,777	0	0	1,767,777
Buildings and Improvements	454,329,546	5,487,297	0	459,816,843
Vehicles and Equipment	29,540,479	139,802	(3,328,939)	26,351,342
<i>Total Capital Assets, being depreciated</i>	<u>485,637,802</u>	<u>5,627,099</u>	<u>(3,328,939)</u>	<u>487,935,962</u>
Less Accumulated Depreciation:				
Land Improvements	(1,126,415)	(63,364)	0	(1,189,779)
Buildings and Improvements	(239,743,933)	(10,612,354)	0	(250,356,287)
Vehicles and Equipment	(17,229,963)	(2,003,913)	3,300,057	(15,933,819)
Total Accumulated Depreciation	<u>(258,100,311)</u>	<u>(12,679,631) *</u>	<u>3,300,057</u>	<u>(267,479,885)</u>
Total Capital Assets being depreciated, net	<u>227,537,491</u>	<u>(7,052,532)</u>	<u>(28,882)</u>	<u>220,456,077</u>
Governmental Activities Capital Assets, Net	<u>\$ 399,498,369</u>	<u>\$ 67,696,427</u>	<u>\$ (5,516,179)</u>	<u>\$ 461,678,617</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 9,719,371
Special	69,678
Support Services:	
Administration	1,744,694
Pupil Transportation	1,071,167
Operation of Non-Instructional Services	74,721
Total Depreciation Expense	<u>\$ 12,679,631</u>

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Construction in progress is composed of the following at June 30, 2007:

	<u>Project Authorization</u>	<u>Expended to June 30, 2007</u>	<u>Committed</u>
Regular Instruction	\$ 474,255,963	\$ 206,140,415	\$ 268,115,548
Support Services - Administration	3,744,028	2,829,636	914,392
Total	<u>\$ 477,999,991</u>	<u>\$ 208,970,051</u>	<u>\$ 269,029,940</u>

Note 9 - Risk Management

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

<u>Coverage During Fiscal Year</u>	<u>Liability Limits</u>	<u>Deductible</u>
Property (Physical Damage) Insurance	\$ 200,000,000	\$ 250,000
Boiler and Machinery	50,000,000	250,000
Commercial Crime Insurance	1,000,000	100,000
Inland Marine	3,000,000	5,000
Public Officials Bond (Treasurer Bond)	1,000,000	N/A
Employment Practices Liability	1,000,000	250,000
Builders's Risk	Varies by project	25,000
Student Athletic	25,000	N/A

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

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

Because of the prohibitive cost of commercial insurance, the School District in 1987, established a self-insurance fund (an internal service fund) to account for and finance its uninsured risks of loss (insurance

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

deductibles and/or self-insured retentions) and associated expenses attributing to liability and property damage claim settlements and judgments. Estimates of claims liabilities, based on historical cost information, for incurred claims (including incurred but not reported claims) as calculated by the School District's Risk Management Division for all outstanding unsettled claims total \$1,845,218 as of June 30, 2007, and are recorded in the self insurance internal service fund.

The School District participates in the Ohio Bureau of Workers' Compensation (BWC) Retrospective Rating Plan. Under the retrospective rating plan, the School District assumes a portion of the risk in return for a reduction in current premiums. Estimates of claims liabilities based on actuarial methods, for incurred claims as calculated by the BWC for the cumulative retrospective rating period January 1, 1998, through June 30, 2007, including the estimate for incurred but not reported (IBNR) claims totals \$18,384,974.

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

The claims liability of \$20,230,192 at June 30, 2007, is based on the requirements of GASB No. 10 which requires a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not materially affected by incremental claim adjustment expenses. Changes in the fund's claim liability amount for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2006	\$ 18,432,322	\$ 4,402,135	\$ 4,488,225	\$ 18,346,232
2007	\$ 18,346,232	\$ 6,750,535	\$ 4,866,575	\$ 20,230,192

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, (the most recent information available) 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$9,569,655, \$9,919,749,

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

and \$10,445,769, respectively. 70.01% has been contributed for fiscal year 2007, 100% for fiscal year 2006 and 2005. \$2,869,940 representing the unpaid contribution for fiscal year 2007 is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (“DB”) Plan, a Defined Contribution (“DC”) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and the employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. 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. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District’s required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$41,330,536, \$43,365,595 and \$44,207,072, respectively. 83.93% has been contributed for fiscal year 2007, and 100% for fiscal years 2006 and 2005.

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System.

Note 11 - Post Employment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio, (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS retirees and their dependents who participated in the DB or combined plans are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006 (the latest information available), the STRS Ohio Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$3,179,272 during fiscal 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available) the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000 and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premiums. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, (the most recent information available) employer contributions to fund health care benefits were 3.42 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay has been established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount to fund health care benefits, including the surcharge of \$1,362,679, during the 2007 fiscal year equaled \$4,456,084.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has approximately 59,000 participants currently receiving

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

health care benefits.

Note 12 – Other Employee Benefits

A. *Compensated Absences*

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

B. *Insurance*

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

Note 13 - Long Term Obligations

Changes in long-term obligations of the School District during fiscal year 2007 were as follows:

	Principal Outstanding 6/30/2006	Additions	Deductions	Principal Outstanding 6/30/2007	Due Within One Year
Government Activities:					
General Obligation Bonds and Notes:					
EPA Asbestos Abatement Notes	\$ 73,209	\$ 0	\$ 37,339	\$ 35,870	\$ 14,356
2001 QZAB - Technology Academy	5,500,000	0	0	5,500,000	0
2001 QZAB - Arts Academy	5,750,000	0	0	5,750,000	0
2001 QZAB - Literacy Academy	10,000,000	0	0	10,000,000	0
2001 H.B. 264 Energy Conservation Notes	9,127,945	0	673,111	8,454,834	708,568
2002 Library Refunding Bonds	20,260,000	0	3,140,000	17,120,000	3,300,000
2002 School Facilities Improvement Bonds	54,945,000	0	1,435,000	53,510,000	1,700,000
2004 School Facilities Improvement Bonds	100,925,000	0	2,790,000	98,135,000	2,875,000
2007 School Facilities Improvement Notes	0	15,000,000	0	15,000,000	15,000,000
Total General Obligation Bonds and Notes	206,581,154	15,000,000	8,075,450	213,505,704	23,597,924
Other Long-Term Obligations					
Compensated Absences	50,315,308	48,436,846	50,315,308	48,436,846	7,728,829
Workers' Compensation Claims	16,508,377	6,156,400	4,279,803	18,384,974	4,279,803
Capital Lease Obligation	4,954,716	0	1,025,446	3,929,270	1,067,208
Total Other Long-Term Obligations	71,778,401	54,593,246	55,620,557	70,751,090	13,075,840
Total Governmental Activities	\$ 278,359,555	\$ 69,593,246	\$ 63,696,007	\$ 284,256,794	\$ 36,673,764

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

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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

On October 1, 2002, the School District issued \$124,920,000 of Various Purpose Improvement and Refunding Bonds, bearing interest at the rate of 1.45% - 5.00% per annum. \$57,515,000 of the proceeds together with other available money was used to refund all of the District's outstanding General Obligation Unlimited Tax Library Improvement Bonds, Series 1992A. \$27,405,000 of the proceeds together with other available money was used to refund the District's outstanding \$35,000,000 School Facility Bond Anticipation Notes, Series 2001. \$40,000,000 of the new proceeds along with the \$35,000,000 that was refunded are being used to pay costs of renovating, rehabilitating, constructing, furnishing, equipping and otherwise improving school facilities and acquiring and improving their sites. This represented the first long-term drawdown of the \$335 million approved by voters on May 8, 2001 (Issue 14). This debt will be retired from the Debt Service Fund. As a result of the refunding, the District reduced its total debt service requirements by \$14.3 million, which resulted in an economic gain (difference between the present value of the debt service payments on the old and the new debt) of \$9.3 million.

On October 1, 2002, the School District cash defeased all of the General Obligation Unlimited Tax School Improvement Bonds, Series 1992B by utilizing available resources in the Debt Service Fund. The defeasance was undertaken to remove restrictive bond covenants associated with the bonds. As of June 30, 2007, the remaining \$9,935,417 of the School Improvement Bonds is considered defeased by assets of \$10,226,941, which approximates their fair value, held in irrevocable trust.

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

Qualified Zone Academy Bonds-Literacy Academy - On June 18, 2001, the School District issued \$10,000,000 of non-interest-bearing obligations in order to remodel Central Middle School, Franklin D. Roosevelt Middle School, Harry E. Davis Middle School, and Martin Luther King, Jr. Middle School. The obligations were issued for a fourteen-year period with final maturity at June 17, 2015. The obligations will be retired from the Educational Special Trust Fund.

Qualified Zone Academy Bonds-Arts Academy - On April 3, 2001, the School District issued \$5,750,000 of obligations yielding 0.87 percent in order to remodel the Cleveland School of the Arts and Newton D. Baker Elementary School. The obligations were issued for a fourteen-year period with final maturity at April 2, 2015. The obligations will be retired from the Educational Special Trust Fund.

Qualified Zone Academy Bonds-Technology Academy - On April 3, 2001, the School District issued \$5,500,000 of obligations yielding 0.87 percent in order to remodel the Collinwood School. The obligations were issued for a fourteen-year period with final maturity at April 2, 2015. The obligations will be retired from the Educational Special Trust Fund.

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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

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

Workers' compensation costs are charged to the same fund from which the respective employees' salaries are paid. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$435,531,230 with an unvoted debt margin of \$6,504,767 at June 30, 2007.

The School District is subject to federal arbitrage regulations. As of June 30, 2007 the District has not accrued any liability.

Principal and interest requirements to retire general obligation debt, including EPA notes, School Facilities Improvement Notes and H.B. 264 Energy Conservation Notes, outstanding at June 30, 2007, are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2008	\$ 23,597,924	\$ 9,035,939	\$ 32,633,863
2009	8,735,248	8,192,521	16,927,769
2010	9,037,340	7,781,774	16,819,114
2011	9,596,543	7,342,527	16,939,070
2012	8,940,082	6,922,744	15,862,826
2013 - 2017	55,548,567	29,244,624	84,793,191
2018 - 2022	38,120,000	19,766,938	57,886,938
2023 - 2027	48,705,000	8,940,522	57,645,522
2028	11,225,000	273,275	11,498,275
	<u>\$ 213,505,704</u>	<u>\$ 97,500,864</u>	<u>\$ 311,006,568</u>

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

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

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

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

The following is a schedule of future lease payments and the present value of net minimum lease payments at June 30, 2007:

	Amount
2008	\$ 1,214,983
2009	1,214,983
2010	1,214,983
2011	607,492
Total minimum lease payments	4,252,441
Less:	
Amount representing interest	323,171
Present value of net minimum lease payments	\$ 3,929,270

Note 14 - Notes Payable

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

	Balance 6/30/2006	Issued	Retired	Balance 6/30/2007
General Fund:				
1997 4.60%-6.00%				
Revenue Anticipation Notes	\$ 17,370,000	\$ 0	\$ 17,370,000	\$ 0
Classroom Facilities Fund:				
2005 3.75%				
School Improvement Notes	30,000,000	0	30,000,000	0
2007 4.00%				
School Improvement Notes	0	15,000,000	0	15,000,000
Total	\$ 47,370,000	\$ 15,000,000	\$ 47,370,000	\$ 15,000,000

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

On December 22, 2005, the School District issued \$30,000,000 of School Improvement Bond Anticipation Notes bearing interest at the rate of 3.75% per annum.

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

Principal and interest requirements to retire notes outstanding at June 30, 2007 are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2008	\$ 15,000,000	\$ 450,000	\$ 15,450,000
	\$ 15,000,000	\$ 450,000	\$ 15,450,000

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 15 - Related Organizations

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

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

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

Note 16 - Interfund Transactions

Interfund transfers on the fund statements at June 30, 2007 consist of the following:

Transfers from General Fund to the Educational Special Trust Fund	\$ 944,394
Transfers from Debt Service Fund to the Classroom Facilities Fund	30,671,875
Transfers from Classroom Facilities Fund to the Permanent Improvement Fund	<u>7,564,322</u>
Total Transfers	<u>\$ 39,180,591</u>

The purpose of the transfer from the General Fund to the Educational Special Trust Fund was to fund the future debt payment on the Qualified Zone Academy Bonds, which are due in 2015.

The purpose of the transfer from the Debt Service Fund to the Classroom Facilities Fund was to fund the principal and interest due on the Series 2005 School Improvement Notes.

The purpose of the transfer from the Classroom Facilities Fund to the Permanent Improvement Fund was to move excess bond proceeds to the Permanent Improvement Fund.

Cleveland Municipal School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Interfund balances at June 30, 2007, consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
General Fund	\$ 2,520,000	\$ 0
Non-Major Special Revenue Funds:		
Other Local Funds	0	748,000
Other State	0	232,000
Adult Basic Education	0	146,000
Vocational Education	0	1,086,000
Other Federal	0	308,000
Total Non-Major Special Revenue Funds	0	2,520,000
Total All Funds	\$ 2,520,000	\$ 2,520,000

Interfund receivables and payables are due to the timing of the receipt of grant monies received by the various funds.

Note 17 - State School Funding Decision

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

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

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

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

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

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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

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

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

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and condition specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

B. Litigation

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

Note 19 - Set Asides

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

Cleveland Municipal School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-Aside Reserve Balances as of June 30, 2006	\$ (328,625)	\$ 0
Current Year Set-Aside Requirement	9,193,688	9,193,688
Qualifying Offsets:		
Tax Levy for Classroom Facilities and Maintenance	0	(2,424,002)
Proceeds of Notes for Capital Improvement	0	(30,000,000)
Qualifying Disbursements	<u>(10,947,429)</u>	<u>0</u>
Totals	<u>(2,082,366)</u>	<u>(23,230,314)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>(2,082,366)</u>	<u>(23,230,314)</u>
Set-Aside Reserve Balances as of June 30, 2007	<u>\$ 0</u>	<u>\$ 0</u>

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

Note 20 - Jointly Governed Organizations

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

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

Bond Accountability Commission - The Bond Accountability Commission (BAC) was created by a resolution of the Board as an oversight committee charged with monitoring the use and spending of funds authorized by the passage of Issue 14 for rebuilding school facilities. The BAC is comprised of 12 members appointed by the Chief Executive Officer, Board Chairperson, and the Mayor of the City of Cleveland.

Other than the Board directing the Chief Executive Officer to secure initial external funding in the amount of \$200,000, the Board does not assume any ongoing financial interest or responsibility for the BAC and, as a result, is considered a jointly governed organization.

Note 21 – Subsequent Event

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

Cleveland Municipal School District Combining Statements - Nonmajor Funds

Nonmajor Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specific purposes. Following is a description of the nonmajor special revenue funds:

Local Funds

Educational Special Trust Fund - This fund accounts for monies received from private individuals, companies and foundations for specified activities or purposes.

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

Other Local Funds - This fund accounts for all activity in other local funds including Public School Support, Other Grant, and District Managed Student Activity.

State Funds

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

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

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

Other State Funds - This fund accounts for all activity in other State funds including Post-Secondary Vocational Education, Teacher Development, Management Information Systems, Public School Preschool, Data Communications for School Buildings, School Net Professional Development, Interactive Video Distance Learning, Ohio Reads, Vocational Education Enhancement and Alternate Schools.

Federal Funds

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

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

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

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

Combining Statements - Nonmajor Funds (continued)

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

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

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

Other Federal Funds - This fund accounts for all activity in other Federal funds including Job Training Partnership Act (JTPA), Bilingual Education Program, Scientific Personnel Improvement, Transition for Refugee Children, Title VI, Emergency Immigrant Education Assistance Grant, Removal of Architecture Barriers to the Handicapped, Drug Free School Grant and IDEA Preschool Grant for the Handicapped.

Nonmajor Capital Projects Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Following is a description of the nonmajor capital projects funds:

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

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

School Net Plus Fund - This fund accounts for State monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

Agency Funds

District Agency Fund - This fund accounts for those assets held by the School District as an agent for individual, private organizations, other governmental units and/or other funds. It primarily contains payroll withholdings not yet remitted to the respective agency.

Student Managed Activity Fund - This fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

Cleveland Municipal School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 26,638,798	\$ 9,311,663	\$ 35,950,461
Cash and Cash Equivalents With Fiscal Agents	9,725	0	9,725
Equity in Pooled Investments	0	21,808,769	21,808,769
Investments with Fiscal Agents	7,812,670	0	7,812,670
Receivables:			
Taxes	3,347,586	0	3,347,586
Accounts	31,119	0	31,119
Intergovernmental	4,792,252	0	4,792,252
Accrued Interest	0	153,993	153,993
Materials and Supplies Inventory	410,176	0	410,176
Total Assets	\$ 43,042,326	\$ 31,274,425	\$ 74,316,751
Liabilities			
Accounts Payable	\$ 4,638,965	\$ 767,729	\$ 5,406,694
Accrued Wages and Benefits	11,531,689	16,317	11,548,006
Interfund Payable	2,520,000	0	2,520,000
Intergovernmental Payable	1,614,737	2,284	1,617,021
Unearned Revenue	8,744,873	0	8,744,873
Notes Payable	0	5,381,873	5,381,873
Total Liabilities	29,050,264	6,168,203	35,218,467
Fund Balance:			
Reserved for Encumbrances	5,654,608	2,230,177	7,884,785
Reserved for Inventory	410,176	0	410,176
Reserved for Property Taxes	295,618	0	295,618
Unreserved, (Deficit), Reported in:			
Special Revenue Funds	7,631,660	0	7,631,660
Capital Projects Funds	0	22,876,045	22,876,045
Total Fund Balances	13,992,062	25,106,222	39,098,284
Total Liabilities and Fund Balances	\$ 43,042,326	\$ 31,274,425	\$ 74,316,751

Cleveland Municipal School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
<i>Local Sources:</i>			
Taxes	\$ 2,404,372	\$ 0	\$ 2,404,372
Investment Income	534,064	713,223	1,247,287
Tuition and Fees	11,610	0	11,610
Extracurricular Activities	862,421	0	862,421
Miscellaneous	5,019,822	303,380	5,323,202
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	275,851	0	275,851
Restricted Grants-in-Aid	63,990,146	0	63,990,146
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	130,689,825	0	130,689,825
Total Revenues	203,788,111	1,016,603	204,804,714
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	33,500,345	0	33,500,345
Special	61,054,426	0	61,054,426
Vocational	2,284,920	0	2,284,920
Adult/Continuing	2,597,067	0	2,597,067
Other	12,146,797	0	12,146,797
<i>Support Services:</i>			
Pupils	10,856,725	0	10,856,725
Instructional Staff	28,011,502	681,472	28,692,974
Board of Education	14,149	0	14,149
Administration	7,475,977	0	7,475,977
Fiscal	1,369,504	0	1,369,504
Operation and Maintenance of Plant	9,435,748	534,253	9,970,001
Pupil Transportation	1,236,689	0	1,236,689
Central	956,339	0	956,339
Operation of Non-Instructional Services	36,833,100	0	36,833,100
Extracurricular Activities	1,001,079	0	1,001,079
Capital Outlay	0	6,314,170	6,314,170
Total Expenditures	208,774,367	7,529,895	216,304,262
Excess of Revenues Over (Under) Expenditures	(4,986,256)	(6,513,292)	(11,499,548)
Other Financing Sources (Uses):			
Proceeds from the Sale of Notes	0	5,381,873	5,381,873
Transfers In	944,394	7,564,322	8,508,716
Total Other Financing Sources (Uses)	944,394	12,946,195	13,890,589
Net Change in Fund Balances	(4,041,862)	6,432,903	2,391,041
Fund Balances Beginning of Year (Restated)	18,033,924	18,673,319	36,707,243
Fund Balances at End of Year	\$ 13,992,062	\$ 25,106,222	\$ 39,098,284

Cleveland Municipal School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007

	Educational Special Trust	Classroom Facilities Maintenance	Other Local
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,968,428	\$ 13,470,497	\$ 585,136
Cash and Cash Equivalents With Fiscal Agents	9,725	0	0
Investments with Fiscal Agents	7,812,670	0	0
Receivables:			
Taxes	0	3,347,586	0
Accounts	28,255	0	0
Intergovernmental	58,734	0	0
Materials and Supplies Inventory	0	0	0
Total Assets	\$ 9,877,812	\$ 16,818,083	\$ 585,136
Liabilities			
Accounts Payable	\$ 90,982	\$ 804,261	\$ 87
Accrued Wages and Benefits	101,952	63,812	71,341
Interfund Payable	0	0	748,000
Intergovernmental Payable	14,273	8,934	9,988
Unearned Revenue	0	3,046,124	0
Total Liabilities	207,207	3,923,131	829,416
Fund Balance:			
Reserved for Encumbrances	551,315	1,309,213	6,345
Reserved for Inventory	0	0	0
Reserved for Property Taxes	0	295,618	0
Unreserved, (Deficit), Reported in: Special Revenue Funds	9,119,290	11,290,121	(250,625)
Total Fund Balances	9,670,605	12,894,952	(244,280)
Total Liabilities and Fund Balances	\$ 9,877,812	\$ 16,818,083	\$ 585,136

Auxiliary Services (NPSS)	Poverty Aid	Miscellaneous State	Other State	Food Service	Adult Basic Education
\$ 1,690,387	\$ 284,579	\$ 92,113	\$ 739,688	\$ (1,706,630)	\$ 19,559
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	2,864	0
0	0	270,922	350,672	2,779,088	75,124
0	0	0	0	410,176	0
<u>\$ 1,690,387</u>	<u>\$ 284,579</u>	<u>\$ 363,035</u>	<u>\$ 1,090,360</u>	<u>\$ 1,485,498</u>	<u>\$ 94,683</u>
\$ 374,987	\$ 3,979	\$ 8,234	\$ 111,505	\$ 83,002	\$ 0
268,883	2,552,990	49,591	100,315	715,873	117,642
0	0	0	232,000	0	146,000
37,644	357,420	6,943	14,044	100,516	16,471
0	0	150,896	220,690	196,660	118,962
<u>681,514</u>	<u>2,914,389</u>	<u>215,664</u>	<u>678,554</u>	<u>1,096,051</u>	<u>399,075</u>
1,203,680	280,601	34,042	87,040	382,402	19,013
0	0	0	0	410,176	0
0	0	0	0	0	0
<u>(194,807)</u>	<u>(2,910,411)</u>	<u>113,329</u>	<u>324,766</u>	<u>(403,131)</u>	<u>(323,405)</u>
<u>1,008,873</u>	<u>(2,629,810)</u>	<u>147,371</u>	<u>411,806</u>	<u>389,447</u>	<u>(304,392)</u>
<u>\$ 1,690,387</u>	<u>\$ 284,579</u>	<u>\$ 363,035</u>	<u>\$ 1,090,360</u>	<u>\$ 1,485,498</u>	<u>\$ 94,683</u>

(continued)

Cleveland Municipal School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2007

	Title VI-B Special Education	Vocational Education	Title I
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,625,434	\$ 854,589	\$ 5,982,755
Cash and Cash Equivalents With Fiscal Agents	0	0	0
Investments with Fiscal Agents	0	0	0
Receivables:			
Taxes	0	0	0
Accounts	0	0	0
Intergovernmental	0	391,179	0
Materials and Supplies Inventory	0	0	0
Total Assets	\$ 1,625,434	\$ 1,245,768	\$ 5,982,755
Liabilities			
Accounts Payable	\$ 823,966	\$ 670,497	\$ 1,196,441
Accrued Wages and Benefits	1,167,429	79,987	4,563,266
Interfund Payable	0	1,086,000	0
Intergovernmental Payable	163,441	11,198	638,857
Unearned Revenue	1,551,769	462,724	1,812,169
Total Liabilities	3,706,605	2,310,406	8,210,733
Fund Balance:			
Reserved for Encumbrances	156,506	552,882	755,457
Reserved for Inventory	0	0	0
Reserved for Property Taxes	0	0	0
Unreserved, (Deficit), Reported in: Special Revenue Funds	(2,237,677)	(1,617,520)	(2,983,435)
Total Fund Balances	(2,081,171)	(1,064,638)	(2,227,978)
Total Liabilities and Fund Balances	\$ 1,625,434	\$ 1,245,768	\$ 5,982,755

Improving Teacher Quality Title II-A	Miscellaneous Federal Grants	Other Federal	Total Nonmajor Special Revenue Funds
\$ 294,166	\$ 314,382	\$ 423,715	\$ 26,638,798
0	0	0	9,725
0	0	0	7,812,670
0	0	0	3,347,586
0	0	0	31,119
0	597,508	269,025	4,792,252
0	0	0	410,176
<u>\$ 294,166</u>	<u>\$ 911,890</u>	<u>\$ 692,740</u>	<u>\$ 43,042,326</u>
\$ 0	\$ 284,564	\$ 186,460	\$ 4,638,965
783,537	677,915	217,156	11,531,689
0	0	308,000	2,520,000
109,695	94,910	30,403	1,614,737
294,167	481,037	409,675	8,744,873
<u>1,187,399</u>	<u>1,538,426</u>	<u>1,151,694</u>	<u>29,050,264</u>
1,990	226,038	88,084	5,654,608
0	0	0	410,176
0	0	0	295,618
<u>(895,223)</u>	<u>(852,574)</u>	<u>(547,038)</u>	<u>7,631,660</u>
<u>(893,233)</u>	<u>(626,536)</u>	<u>(458,954)</u>	<u>13,992,062</u>
<u>\$ 294,166</u>	<u>\$ 911,890</u>	<u>\$ 692,740</u>	<u>\$ 43,042,326</u>

Cleveland Municipal School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2007

	Educational Special Trust	Classroom Facilities Maintenance	Other Local
Revenues:			
<i>Local Sources:</i>			
Taxes	\$ 0	\$ 2,404,372	\$ 0
Investment Income	391,271	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	862,421
Miscellaneous	4,066,088	0	0
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	0	275,851	0
Restricted Grants-in-Aid	0	1,930,207	0
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	0	0	0
Total Revenues	4,457,359	4,610,430	862,421
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	38,092	0	574,407
Special	0	0	22,779
Vocational	42,772	0	0
Adult/Continuing	40,446	0	0
Other	0	0	0
<i>Support Services:</i>			
Pupils	302,116	0	7,849
Instructional Staff	3,626,764	0	53,613
Board of Education	14,149	0	0
Administration	229,059	0	14,443
Fiscal	0	0	71,029
Operation and Maintenance of Plant	469	3,794,295	78,661
Pupil Transportation	11,526	0	0
Central	110,853	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	17,774	0	983,305
Total Expenditures	4,434,020	3,794,295	1,806,086
Excess of Revenues Over (Under) Expenditures	23,339	816,135	(943,665)
Other Financing Sources (Uses):			
Transfers In	944,394	0	0
Total Other Financing Sources (Uses)	944,394	0	0
Net Change in Fund Balances	967,733	816,135	(943,665)
Fund Balances Beginning of Year (Restated)	8,702,872	12,078,817	699,385
Fund Balances at End of Year	\$ 9,670,605	\$ 12,894,952	\$ (244,280)

Auxiliary Services (NPSS)	Poverty Aid	Miscellaneous State	Other State	Food Service	Adult Basic Education
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
133,497	0	0	0	9,296	0
0	0	0	11,610	0	0
0	0	0	0	0	0
303,815	0	0	0	649,919	0
0	0	0	0	0	0
7,461,866	49,212,511	1,312,694	3,013,455	1,059,413	0
0	0	0	0	20,174,070	2,371,103
<u>7,899,178</u>	<u>49,212,511</u>	<u>1,312,694</u>	<u>3,025,065</u>	<u>21,892,698</u>	<u>2,371,103</u>
0	24,219,593	38,005	1,133,234	0	0
0	3,771,772	0	0	0	0
0	0	0	27,155	0	0
0	0	0	262,413	0	1,814,981
0	12,012,592	0	0	0	0
0	3,187,614	48,628	496,859	0	157,515
231,280	1,707,360	969,560	336,054	0	353,612
0	0	0	0	0	0
0	2,321,015	0	80,283	0	22,962
0	0	0	0	0	27,192
10,247	5,054,163	0	16,175	0	4,315
0	0	700	585	0	1,271
0	0	0	845,486	0	0
7,819,441	0	0	8,026	23,191,433	2,353
0	0	0	0	0	0
<u>8,060,968</u>	<u>52,274,109</u>	<u>1,056,893</u>	<u>3,206,270</u>	<u>23,191,433</u>	<u>2,384,201</u>
<u>(161,790)</u>	<u>(3,061,598)</u>	<u>255,801</u>	<u>(181,205)</u>	<u>(1,298,735)</u>	<u>(13,098)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(161,790)	(3,061,598)	255,801	(181,205)	(1,298,735)	(13,098)
<u>1,170,663</u>	<u>431,788</u>	<u>(108,430)</u>	<u>593,011</u>	<u>1,688,182</u>	<u>(291,294)</u>
<u>\$ 1,008,873</u>	<u>\$ (2,629,810)</u>	<u>\$ 147,371</u>	<u>\$ 411,806</u>	<u>\$ 389,447</u>	<u>\$ (304,392)</u>

(continued)

Cleveland Municipal School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2007

	Title VI-B Special Education	Vocational Education	Title I
Revenues:			
<i>Local Sources:</i>			
Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	0
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	0	0	0
Restricted Grants-in-Aid	0	0	0
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	26,246,782	3,404,816	50,714,959
Total Revenues	26,246,782	3,404,816	50,714,959
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	0	0	0
Special	12,905,744	0	36,069,595
Vocational	0	1,842,771	0
Adult/Continuing	0	142,747	0
Other	0	0	0
<i>Support Services:</i>			
Pupils	5,728,076	109,807	1,324
Instructional Staff	5,377,926	1,287,048	7,984,369
Board of Education	0	0	0
Administration	1,129,443	74,086	1,102,710
Fiscal	279,853	0	662,079
Operation and Maintenance of Plant	0	0	88,576
Pupil Transportation	453,057	0	80,882
Central	0	0	0
Operation of Non-Instructional Services	872,770	271,811	4,560,409
Extracurricular Activities	0	0	0
Total Expenditures	26,746,869	3,728,270	50,549,944
Excess of Revenues Over (Under) Expenditures	(500,087)	(323,454)	165,015
Other Financing Sources (Uses):			
Transfers In	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balances	(500,087)	(323,454)	165,015
Fund Balances Beginning of Year (Restated)	(1,581,084)	(741,184)	(2,392,993)
Fund Balances at End of Year	\$ (2,081,171)	\$ (1,064,638)	\$ (2,227,978)

Improving Teacher Quality Title II-A	Miscellaneous Federal Grants	Other Federal	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 2,404,372
0	0	0	534,064
0	0	0	11,610
0	0	0	862,421
0	0	0	5,019,822
0	0	0	275,851
0	0	0	63,990,146
8,578,560	14,421,688	4,777,847	130,689,825
<u>8,578,560</u>	<u>14,421,688</u>	<u>4,777,847</u>	<u>203,788,111</u>
0	7,281,361	215,653	33,500,345
7,696,745	0	587,791	61,054,426
0	372,222	0	2,284,920
0	184,446	152,034	2,597,067
0	134,205	0	12,146,797
0	556,700	260,237	10,856,725
725,809	4,030,354	1,327,753	28,011,502
0	0	0	14,149
40,954	1,017,787	1,443,235	7,475,977
124,106	176,563	28,682	1,369,504
0	265,608	123,239	9,435,748
0	651,250	37,418	1,236,689
0	0	0	956,339
1,271	62,013	43,573	36,833,100
0	0	0	1,001,079
<u>8,588,885</u>	<u>14,732,509</u>	<u>4,219,615</u>	<u>208,774,367</u>
<u>(10,325)</u>	<u>(310,821)</u>	<u>558,232</u>	<u>(4,986,256)</u>
0	0	0	944,394
0	0	0	944,394
(10,325)	(310,821)	558,232	(4,041,862)
<u>(882,908)</u>	<u>(315,715)</u>	<u>(1,017,186)</u>	<u>18,033,924</u>
<u>\$ (893,233)</u>	<u>\$ (626,536)</u>	<u>\$ (458,954)</u>	<u>\$ 13,992,062</u>

Cleveland Municipal School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2007

	Permanent Improvement	Building Renovation	School Net Plus	Total Nonmajor Capital Projects Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 2,169,733	\$ 7,141,930	\$ 0	\$ 9,311,663
Equity in Pooled Investments	21,808,769	0	0	21,808,769
Receivables:				
Accrued Interest	153,993	0	0	153,993
Total Assets	\$ 24,132,495	\$ 7,141,930	\$ 0	\$ 31,274,425
Liabilities				
Accounts Payable	\$ 767,729	\$ 0	\$ 0	\$ 767,729
Accrued Wages and Benefits	16,317	0	0	16,317
Intergovernmental Payable	2,284	0	0	2,284
Notes Payable	5,381,873	0	0	5,381,873
Total Liabilities	6,168,203	0	0	6,168,203
Fund Balance:				
Reserved for Encumbrances	2,162,382	67,795	0	2,230,177
Unreserved, (Deficit), Reported in: Capital Projects Funds	15,801,910	7,074,135	0	22,876,045
Total Fund Balances	17,964,292	7,141,930	0	25,106,222
Total Liabilities and Fund Balances	\$ 24,132,495	\$ 7,141,930	\$ 0	\$ 31,274,425

Cleveland Municipal School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2007

	Permanent Improvement	Building Renovation	School Net Plus	Total Nonmajor Capital Projects Funds
Revenues:				
<i>Local Sources:</i>				
Investment Income	\$ 713,223	\$ 0	\$ 0	\$ 713,223
Tuition and Fees	0	0	0	0
Extracurricular Activities	0	0	0	0
Rentals	0	0	0	0
Miscellaneous	303,380	0	0	303,380
<i>State Sources:</i>				
Restricted Grants-in-Aid	0	0	0	0
Total Revenues	<u>1,016,603</u>	<u>0</u>	<u>0</u>	<u>1,016,603</u>
Expenditures:				
<i>Current:</i>				
<i>Support Services:</i>				
Instructional Staff	0	0	681,472	681,472
Operation and Maintenance of Plant	203,070	331,183	0	534,253
Capital Outlay	6,314,170	0	0	6,314,170
Total Expenditures	<u>6,517,240</u>	<u>331,183</u>	<u>681,472</u>	<u>7,529,895</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,500,637)</u>	<u>(331,183)</u>	<u>(681,472)</u>	<u>(6,513,292)</u>
Other Financing Sources (Uses):				
Proceeds from the Sale of Notes	5,381,873	0	0	5,381,873
Operating Transfers In	7,564,322	0	0	7,564,322
Total Other Financing Sources (Uses)	<u>12,946,195</u>	<u>0</u>	<u>0</u>	<u>12,946,195</u>
Net Change in Fund Balances	7,445,558	(331,183)	(681,472)	6,432,903
Fund Balances Beginning of Year	<u>10,518,734</u>	<u>7,473,113</u>	<u>681,472</u>	<u>18,673,319</u>
Fund Balances at End of Year	<u>\$ 17,964,292</u>	<u>\$ 7,141,930</u>	<u>\$ 0</u>	<u>\$ 25,106,222</u>

Cleveland Municipal School District
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2007

	Beginning Balance July 1, 2006	Additions	Deductions	Ending Balance June 30, 2007
District Agency Fund				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 5,436,408	\$ 1,522,193	\$ 0	\$ 6,958,601
<i>Liabilities:</i>				
Payroll Withholdings	\$ 5,436,408	\$ 1,522,193	\$ 0	\$ 6,958,601
 Student Managed Activity				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 689,715	\$ 21,045	\$ 0	\$ 710,760
<i>Liabilities:</i>				
Due to Students	\$ 689,715	\$ 21,045	\$ 0	\$ 710,760
 All Agency Funds				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 6,126,123	\$ 1,543,238	\$ 0	\$ 7,669,361
<i>Liabilities:</i>				
Due To Students	\$ 689,715	\$ 21,045	\$ 0	\$ 710,760
Payroll Withholdings	5,436,408	1,522,193	0	6,958,601
Total Liabilities	\$ 6,126,123	\$ 1,543,238	\$ 0	\$ 7,669,361

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Taxes	\$ 31,972,001	\$ 32,871,357	\$ 899,356
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	2,581,374	4,251,751	1,670,377
Total Revenues	<u>34,553,375</u>	<u>37,123,108</u>	<u>2,569,733</u>
Expenditures:			
<i>Debt Service:</i>			
Principal Retirement	7,365,000	7,365,000	0
Interest and Fiscal Charges	8,389,044	8,389,044	0
Total Expenditures	<u>15,754,044</u>	<u>15,754,044</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	18,799,331	21,369,064	2,569,733
Other Financing Sources (Uses):			
Premium from Sale of Notes	0	27,000	27,000
Operating Transfers Out	(30,671,875)	(30,671,875)	0
Total Other Financing Sources (Uses)	<u>(30,671,875)</u>	<u>(30,644,875)</u>	<u>27,000</u>
Net Change in Fund Balances	(11,872,544)	(9,275,811)	2,596,733
Fund Balances Beginning of Year (Restated)	23,434,760	23,434,760	0
<i>Prior Year Encumbrances Appropriated</i>	0	0	0
Fund Balances at End of Year	<u>\$ 11,562,216</u>	<u>\$ 14,158,949</u>	<u>\$ 2,596,733</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Classroom Facilities Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Investment Income	\$ 7,110,842	\$ 7,110,842	\$ 0
<i>State Sources:</i>			
Restricted Grants-in-Aid	162,927,429	51,234,699	(111,692,730)
Total Revenues	<u>170,038,271</u>	<u>58,345,541</u>	<u>(111,692,730)</u>
Expenditures:			
Capital Outlay	354,626,387	133,380,734	221,245,653
Debt Service:			
Principal Retirement	30,000,000	30,000,000	0
Interest and Fiscal Charges	671,875	671,875	0
Debt Issuance Costs	448,717	53,600	395,117
Total Expenditures	<u>385,746,979</u>	<u>164,106,209</u>	<u>221,640,770</u>
Excess of Revenues Over (Under) Expenditures	(215,708,708)	(105,760,668)	109,948,040
Other Financing Sources (Uses):			
Issuance from Sale of Notes	19,236,254	19,236,254	0
Premium from Sale of Notes	53,600	53,600	0
Operating Transfers In	30,671,875	30,671,875	0
Operating Transfers Out	(7,564,322)	(7,564,322)	0
Total Other Financing Sources (Uses)	<u>42,397,407</u>	<u>42,397,407</u>	<u>0</u>
Net Change in Fund Balances	(173,311,301)	(63,363,261)	109,948,040
Fund Balances Beginning of Year	102,091,358	102,091,358	0
<i>Prior Year Encumbrances Appropriated</i>	<u>71,552,789</u>	<u>71,552,789</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 332,846</u>	<u>\$ 110,280,886</u>	<u>\$ 109,948,040</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Educational Special Trust Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Investment Income	\$ 391,271	\$ 391,271	\$ 0
Miscellaneous	10,764,335	4,242,868	(6,521,467)
Total Revenues	<u>11,155,606</u>	<u>4,634,139</u>	<u>(6,521,467)</u>
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	225,390	34,454	190,936
Special	134	0	134
Vocational	152,057	54,481	97,576
Adult/Continuing	39,632	39,632	0
<i>Support Services:</i>			
Pupils	595,721	305,241	290,480
Instructional Staff	6,324,152	4,121,839	2,202,313
Board of Education	25,067	14,149	10,918
Administration	347,838	300,327	47,511
Operation and Maintenance of Plant	2,422	469	1,953
Pupil Transportation	163,494	12,226	151,268
Central	247,861	192,007	55,854
Extracurricular Activities	68,494	18,300	50,194
Total Expenditures	<u>8,192,262</u>	<u>5,093,125</u>	<u>3,099,137</u>
Excess of Revenues Over (Under) Expenditures	2,963,344	(458,986)	(3,422,330)
Other Financing Sources (Uses):			
Operating Transfers In	944,394	944,394	0
Total Other Financing Sources (Uses)	<u>944,394</u>	<u>944,394</u>	<u>0</u>
Net Change in Fund Balances	3,907,738	485,408	(3,422,330)
Fund Balances Beginning of Year (Restated)	8,093,574	8,093,574	0
<i>Prior Year Encumbrances Appropriated</i>	<u>576,243</u>	<u>576,243</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 12,577,555</u>	<u>\$ 9,155,225</u>	<u>\$ (3,422,330)</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Taxes	\$ 2,368,062	\$ 2,424,002	\$ 55,940
<i>State Sources:</i>			
Unrestricted Grants-in-Aid	275,851	275,851	0
Restricted Grants-in-Aid	2,004,862	1,930,207	(74,655)
Total Revenues	<u>4,648,775</u>	<u>4,630,060</u>	<u>(18,715)</u>
Expenditures:			
<i>Support Services:</i>			
Operation and Maintenance of Plant	12,743,821	3,674,983	9,068,838
Capital Outlay	1,513,514	1,271,500	242,014
Total Expenditures	<u>14,257,335</u>	<u>4,946,483</u>	<u>9,310,852</u>
Excess of Revenues Over (Under) Expenditures	(9,608,560)	(316,423)	9,292,137
Fund Balances Beginning of Year	11,713,671	11,713,671	0
<i>Prior Year Encumbrances Appropriated</i>	44,054	44,054	0
Fund Balances at End of Year	<u>\$ 2,149,165</u>	<u>\$ 11,441,302</u>	<u>\$ 9,292,137</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Other Local Funds
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Extracurricular Activities	\$ 1,000,000	\$ 862,421	\$ (137,579)
Total Revenues	1,000,000	862,421	(137,579)
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	547,529	546,165	1,364
Special	16,611	16,606	5
<i>Support Services:</i>			
Instructional Staff	54,131	53,613	518
Fiscal	63,699	63,654	45
Operation and Maintenance of Plant	68,030	67,731	299
Extracurricular Activities	1,561,807	983,305	578,502
Total Expenditures	2,311,807	1,731,074	580,733
Excess of Revenues Over (Under) Expenditures	(1,311,807)	(868,653)	443,154
Other Financing Sources (Uses):			
Advances In	750,000	748,000	(2,000)
Total Other Financing Sources (Uses)	750,000	748,000	(2,000)
Net Change in Fund Balances	(561,807)	(120,653)	441,154
Fund Balances Beginning of Year	699,386	699,386	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 137,579</u>	<u>\$ 578,733</u>	<u>\$ 441,154</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Investment Income	\$ 133,497	\$ 133,497	\$ 0
Miscellaneous	303,815	303,815	0
<i>State Sources:</i>			
Restricted Grants-in-Aid	7,662,688	7,461,866	(200,822)
Total Revenues	<u>8,100,000</u>	<u>7,899,178</u>	<u>(200,822)</u>
Expenditures:			
<i>Current:</i>			
<i>Support Services:</i>			
Instructional Staff	282,369	228,172	54,197
Operation and Maintenance of Plant	118,714	15,072	103,642
Operation of Non-Instructional Services	9,355,069	9,120,583	234,486
Total Expenditures	<u>9,756,152</u>	<u>9,363,827</u>	<u>392,325</u>
Excess of Revenues Over (Under) Expenditures	(1,656,152)	(1,464,649)	191,503
Fund Balances Beginning of Year	807,579	807,579	0
<i>Prior Year Encumbrances Appropriated</i>	917,898	917,898	0
Fund Balances at End of Year	<u>\$ 69,325</u>	<u>\$ 260,828</u>	<u>\$ 191,503</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Poverty Aid Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 49,644,498	\$ 49,212,511	\$ (431,987)
Total Revenues	<u>49,644,498</u>	<u>49,212,511</u>	<u>(431,987)</u>
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	22,705,069	22,705,069	0
Special	3,765,820	3,765,820	0
Other	11,339,752	11,339,751	1
<i>Support Services:</i>			
Pupils	2,788,851	2,788,851	0
Instructional Staff	1,681,024	1,681,024	0
Administration	2,309,150	2,309,150	0
Operation and Maintenance of Plant	5,054,634	5,054,634	0
Total Expenditures	<u>49,644,300</u>	<u>49,644,299</u>	<u>1</u>
Excess of Revenues Over (Under) Expenditures	198	(431,788)	(431,986)
Fund Balances Beginning of Year	431,788	431,788	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 431,986</u>	<u>\$ 0</u>	<u>\$ (431,986)</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 1,875,000	\$ 1,263,138	\$ (611,862)
Total Revenues	<u>1,875,000</u>	<u>1,263,138</u>	<u>(611,862)</u>
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	149,673	38,381	111,292
Adult/Continuing	12,000	0	12,000
<i>Support Services:</i>			
Pupils	49,185	48,750	435
Instructional Staff	1,449,006	972,624	476,382
Operation and Maintenance of Plant	65,316	0	65,316
Pupil Transportation	780	780	0
Capital Outlay	3,215	3,215	0
Total Expenditures	<u>1,729,175</u>	<u>1,063,750</u>	<u>665,425</u>
Excess of Revenues Over (Under) Expenditures	145,825	199,388	53,563
Other Financing Sources (Uses):			
Advances Out	(169,000)	(169,000)	0
Total Other Financing Sources (Uses)	<u>(169,000)</u>	<u>(169,000)</u>	<u>0</u>
Net Change in Fund Balances	(23,175)	30,388	53,563
Fund Balances Beginning of Year	908	908	0
<i>Prior Year Encumbrances Appropriated</i>	<u>26,776</u>	<u>26,776</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 4,509</u>	<u>\$ 58,072</u>	<u>\$ 53,563</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Other State Funds
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Tuition and Fees	\$ 11,610	\$ 11,610	\$ 0
<i>State Sources:</i>			
Restricted Grants-in-Aid	2,989,690	2,647,868	(341,822)
Total Revenues	3,001,300	2,659,478	(341,822)
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	1,296,307	1,280,468	15,839
Vocational	29,333	28,761	572
Adult/Continuing	238,327	238,327	0
<i>Support Services:</i>			
Pupils	517,643	477,387	40,256
Instructional Staff	446,787	336,192	110,595
Administration	164,121	92,463	71,658
Operation and Maintenance of Plant	43,821	16,175	27,646
Pupil Transportation	2,150	2,083	67
Central	1,109,945	794,366	315,579
Operation of Non-Instructional Services	9,371	9,371	0
Total Expenditures	3,857,805	3,275,593	582,212
Excess of Revenues Over (Under) Expenditures	(856,505)	(616,115)	240,390
Other Financing Sources (Uses):			
Advances In	232,000	232,000	0
Advances Out	(2,000)	(2,000)	0
Total Other Financing Sources (Uses)	230,000	230,000	0
Net Change in Fund Balances	(626,505)	(386,115)	240,390
Fund Balances Beginning of Year	683,302	683,302	0
<i>Prior Year Encumbrances Appropriated</i>	308,062	308,062	0
Fund Balances at End of Year	\$ 364,859	\$ 605,249	\$ 240,390

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Investment Income	\$ 9,295	\$ 9,296	\$ 1
Miscellaneous	660,619	660,619	0
<i>State Sources:</i>			
Restricted Grants-in-Aid	1,059,413	1,059,413	0
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	22,770,673	20,230,343	(2,540,330)
Total Revenues	<u>24,500,000</u>	<u>21,959,671</u>	<u>(2,540,329)</u>
Expenditures:			
<i>Current:</i>			
Operation of Non-Instructional Services	24,541,831	24,513,535	28,296
Total Expenditures	<u>24,541,831</u>	<u>24,513,535</u>	<u>28,296</u>
Excess of Revenues Over (Under) Expenditures	(41,831)	(2,553,864)	(2,512,033)
Fund Balances Beginning of Year	17,194	17,194	0
<i>Prior Year Encumbrances Appropriated</i>	447,638	447,638	0
Fund Balances at End of Year	<u>\$ 423,001</u>	<u>\$ (2,089,032)</u>	<u>\$ (2,512,033)</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Adult Basic Education Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 2,364,000	\$ 2,322,555	\$ (41,445)
Total Revenues	<u>2,364,000</u>	<u>2,322,555</u>	<u>(41,445)</u>
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Adult/Continuing	1,798,518	1,772,183	26,335
<i>Support Services:</i>			
Pupils	152,516	146,995	5,521
Instructional Staff	391,749	383,791	7,958
Administration	11,022	11,022	0
Fiscal	28,794	27,192	1,602
Operation and Maintenance of Plant	4,315	4,315	0
Pupil Transportation	1,271	1,271	0
Operation of Non-Instructional Services	2,353	2,353	0
Total Expenditures	<u>2,390,538</u>	<u>2,349,122</u>	<u>41,416</u>
Excess of Revenues Over (Under) Expenditures	(26,538)	(26,567)	(29)
Other Financing Sources (Uses):			
Advances In	146,000	146,000	0
Advances Out	(136,000)	(136,000)	0
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Net Change in Fund Balances	(16,538)	(16,567)	(29)
Fund Balances Beginning of Year	454	454	0
<i>Prior Year Encumbrances Appropriated</i>	<u>16,659</u>	<u>16,659</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 575</u>	<u>\$ 546</u>	<u>\$ (29)</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title VI-B Special Education Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 27,739,225	\$ 26,673,188	\$ (1,066,037)
Total Revenues	<u>27,739,225</u>	<u>26,673,188</u>	<u>(1,066,037)</u>
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Special	13,583,541	13,060,786	522,755
<i>Support Services:</i>			
Pupils	6,359,192	5,817,960	541,232
Instructional Staff	5,711,559	5,392,802	318,757
Administration	1,354,192	1,179,759	174,433
Fiscal	315,937	279,853	36,084
Pupil Transportation	609,000	447,019	161,981
Operation of Non-Instructional Services	906,226	867,055	39,171
Total Expenditures	<u>28,839,647</u>	<u>27,045,234</u>	<u>1,794,413</u>
Excess of Revenues Over (Under) Expenditures	(1,100,422)	(372,046)	728,376
Fund Balances Beginning of Year	939,696	939,696	0
<i>Prior Year Encumbrances Appropriated</i>	<u>234,853</u>	<u>234,853</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 74,127</u>	<u>\$ 802,503</u>	<u>\$ 728,376</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Vocational Education Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 2,684,000	\$ 2,229,841	\$ (454,159)
Total Revenues	2,684,000	2,229,841	(454,159)
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Vocational	2,100,269	2,061,732	38,537
Adult/Continuing	174,704	143,423	31,281
<i>Support Services:</i>			
Pupils	125,216	106,310	18,906
Instructional Staff	1,884,587	1,653,674	230,913
Administration	160,659	76,009	84,650
Central	4,198	0	4,198
Operation of Non-Instructional Services	608,629	563,909	44,720
Total Expenditures	5,058,262	4,605,057	453,205
Excess of Revenues Over (Under) Expenditures	(2,374,262)	(2,375,216)	(954)
Other Financing Sources (Uses):			
Advances In	1,086,000	1,086,000	0
Advances Out	(128,000)	(128,000)	0
Total Other Financing Sources (Uses)	958,000	958,000	0
Net Change in Fund Balances	(1,416,262)	(1,417,216)	(954)
Fund Balances Beginning of Year	604	604	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,417,148</u>	<u>1,417,148</u>	<u>0</u>
Fund Balances at End of Year	\$ 1,490	\$ 536	\$ (954)

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 60,200,000	\$ 52,527,128	\$ (7,672,872)
Total Revenues	<u>60,200,000</u>	<u>52,527,128</u>	<u>(7,672,872)</u>
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	961,526	688,523	273,003
Special	43,061,525	36,444,248	6,617,277
<i>Support Services:</i>			
Pupils	3,340	1,324	2,016
Instructional Staff	11,119,950	7,886,744	3,233,206
Administration	1,660,459	1,063,706	596,753
Fiscal	1,007,994	662,079	345,915
Operation and Maintenance of Plant	362,712	29,815	332,897
Pupil Transportation	302,698	160,882	141,816
Central	50,000	0	50,000
Operation of Non-Instructional Services	5,541,246	4,632,457	908,789
Total Expenditures	<u>64,071,450</u>	<u>51,569,778</u>	<u>12,501,672</u>
Excess of Revenues Over (Under) Expenditures	(3,871,450)	957,350	4,828,800
Fund Balances Beginning of Year	2,820,399	2,820,399	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,066,378</u>	<u>1,066,378</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 15,327</u>	<u>\$ 4,844,127</u>	<u>\$ 4,828,800</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Improving Teacher Quality Title II-A Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 9,800,000	\$ 8,724,499	\$ (1,075,501)
Total Revenues	<u>9,800,000</u>	<u>8,724,499</u>	<u>(1,075,501)</u>
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Special	8,350,570	7,632,075	718,495
<i>Support Services:</i>			
Instructional Staff	1,309,580	779,459	530,121
Administration	95,000	43,640	51,360
Fiscal	144,068	124,106	19,962
Operation of Non-Instructional Services	20,854	1,271	19,583
Total Expenditures	<u>9,920,072</u>	<u>8,580,551</u>	<u>1,339,521</u>
Excess of Revenues Over (Under) Expenditures	(120,072)	143,948	264,020
Fund Balances Beginning of Year	44,654	44,654	0
<i>Prior Year Encumbrances Appropriated</i>	<u>103,574</u>	<u>103,574</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 28,156</u>	<u>\$ 292,176</u>	<u>\$ 264,020</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 16,300,000	\$ 13,208,206	\$ (3,091,794)
Total Revenues	<u>16,300,000</u>	<u>13,208,206</u>	<u>(3,091,794)</u>
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	7,796,273	7,078,911	717,362
Vocational	845,787	267,565	578,222
Adult/Continuing	189,629	186,368	3,261
Other	122,612	75,071	47,541
<i>Support Services:</i>			
Pupils	585,254	580,040	5,214
Instructional Staff	5,936,960	4,377,661	1,559,299
Administration	1,085,052	1,063,321	21,731
Fiscal	176,563	176,563	0
Operation and Maintenance of Plant	337,208	264,307	72,901
Pupil Transportation	667,704	661,407	6,297
Central	41,716	0	41,716
Operation of Non-Instructional Services	76,756	62,889	13,867
Total Expenditures	<u>17,861,514</u>	<u>14,794,103</u>	<u>3,067,411</u>
Excess of Revenues Over (Under) Expenditures	(1,561,514)	(1,585,897)	(24,383)
Fund Balances Beginning of Year	232,944	232,944	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,397,905</u>	<u>1,397,905</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 69,335</u>	<u>\$ 44,952</u>	<u>\$ (24,383)</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Other Federal Funds
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Federal Sources:</i>			
Restricted Grants-in-Aid	\$ 7,238,000	\$ 4,353,559	\$ (2,884,441)
Total Revenues	<u>7,238,000</u>	<u>4,353,559</u>	<u>(2,884,441)</u>
Expenditures:			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	272,965	272,684	281
Special	1,009,519	670,412	339,107
Adult/Continuing	172,129	163,034	9,095
<i>Support Services:</i>			
Pupils	317,163	254,655	62,508
Instructional Staff	1,873,761	1,366,356	507,405
Administration	3,188,398	1,483,453	1,704,945
Fiscal	43,257	28,682	14,575
Operation and Maintenance of Plant	14,964	3,417	11,547
Pupil Transportation	38,722	37,418	1,304
Operation of Non-Instructional Services	95,239	53,542	41,697
Capital Outlay	218,046	218,046	0
Total Expenditures	<u>7,244,163</u>	<u>4,551,699</u>	<u>2,692,464</u>
Excess of Revenues Over (Under) Expenditures	(6,163)	(198,140)	(191,977)
Other Financing Sources (Uses):			
Advances In	308,000	308,000	0
Advances Out	(485,000)	(485,000)	0
Total Other Financing Sources (Uses)	<u>(177,000)</u>	<u>(177,000)</u>	<u>0</u>
Net Change in Fund Balances	(183,163)	(375,140)	(191,977)
Fund Balances Beginning of Year	280,776	280,776	0
<i>Prior Year Encumbrances Appropriated</i>	<u>352,525</u>	<u>352,525</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 450,138</u>	<u>\$ 258,161</u>	<u>\$ (191,977)</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>Local Sources:</i>			
Investment Income	\$ 671,932	\$ 758,611	\$ 86,679
Miscellaneous	0	303,380	303,380
Total Revenues	<u>671,932</u>	<u>1,061,991</u>	<u>390,059</u>
Expenditures:			
<i>Current:</i>			
<i>Support Services:</i>			
Operation and Maintenance of Plant	226,435	226,435	0
Capital Outlay	9,399,862	8,769,142	630,720
Total Expenditures	<u>9,626,297</u>	<u>8,995,577</u>	<u>630,720</u>
Excess of Revenues Over (Under) Expenditures	(8,954,365)	(7,933,586)	1,020,779
Other Financing Sources (Uses):			
Issuance from Sale of Notes	10,763,746	10,763,746	0
Operating Transfers In	7,564,322	7,564,322	0
Total Other Financing Sources (Uses)	<u>18,328,068</u>	<u>18,328,068</u>	<u>0</u>
Net Change in Fund Balances	9,373,703	10,394,482	1,020,779
Fund Balances Beginning of Year	6,904,363	6,904,363	0
<i>Prior Year Encumbrances Appropriated</i>	<u>3,984,121</u>	<u>3,984,121</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 20,262,187</u>	<u>\$ 21,282,966</u>	<u>\$ 1,020,779</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Building Renovation Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
<i>Current:</i>			
Operation and Maintenance of Plant	6,951,227	398,978	6,552,249
Capital Outlay	521,886	0	521,886
Total Expenditures	<u>7,473,113</u>	<u>398,978</u>	<u>7,074,135</u>
Excess of Revenues Over (Under) Expenditures	(7,473,113)	(398,978)	7,074,135
Fund Balances Beginning of Year	7,402,227	7,402,227	0
<i>Prior Year Encumbrances Appropriated</i>	<u>70,886</u>	<u>70,886</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 7,074,135</u>	<u>\$ 7,074,135</u>

Cleveland Municipal School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
School Net Plus Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:			
<i>State Sources:</i>			
Restricted Grants-in-Aid	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
<i>Current:</i>			
<i>Support Services:</i>			
Instructional Staff	681,472	681,472	0
Total Expenditures	<u>681,472</u>	<u>681,472</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(681,472)	(681,472)	0
Fund Balances Beginning of Year	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	<u>681,472</u>	<u>681,472</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Statistical Section

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	S2
These schedules contain trend information to help the reader understand how the School District financial performance and well-being have changed over time.	
Revenue Capacity	S9
These schedules contain information to help the reader assess the affordability of the School District most significant local revenue source of Property Tax and Foundation payments.	
Debt Capacity	S13
These schedules present information to help the reader assess the affordability of the School District current levels of outstanding debt, and the ability to issue additional debt in the future.	
Demographic and Economic Information	S16
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District financial activities take place.	
Operating Information	S18
These schedules contain service data to help the reader understand how the information in the School District financial report relates to the services the School District provides and the activities it performs.	

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

Cleveland Municipal School District

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

	2002	2003	2004	2005	2006	2007
Governmental Activities						
Invested in Capital Assets, Net of Related Debt	\$ 71,206,837	\$ 90,048,016	\$ 153,091,046	\$ 117,395,590	\$ 208,222,499	\$ 261,363,643
Restricted for:						
Debt Service	45,035,163	38,444,373	51,754,628	53,685,274	49,134,737	36,237,294
Capital Projects	61,551,582	115,256,182	175,330,213	326,783,809	362,464,498	423,973,593
Set Asides	7,878,225	332,803	0	0	0	0
Special Revenue	15,920,704	14,054,335	18,214,387	11,361,537	16,028,862	18,590,876
Unrestricted	(25,236,561)	(105,593,518)	(93,677,258)	(47,337,174)	2,036,421	49,393,549
Total Net Assets	<u>\$ 176,355,950</u>	<u>\$ 152,542,191</u>	<u>\$ 304,713,016</u>	<u>\$ 461,889,036</u>	<u>\$ 637,887,017</u>	<u>\$ 789,558,955</u>

Cleveland Municipal School District
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Six Fiscal Years
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007
Expenses						
Governmental Activities:						
Instruction:						
Regular	\$ 285,812,361	\$ 292,996,927	\$ 290,987,320	\$ 249,352,851	\$ 316,945,841	\$ 306,641,274
Special	134,372,522	133,693,977	143,004,004	152,153,082	143,913,038	160,305,162
Vocational	17,515,053	17,726,322	15,994,184	12,683,615	11,907,870	12,723,093
Adult/Continuing	5,687,512	5,836,915	5,094,891	3,490,435	2,300,131	2,967,373
Other	3,015,312	649,876	198,400	150	12,759,762	12,263,429
<i>Support Services:</i>						
Pupils	45,797,274	43,833,809	45,012,097	33,877,518	35,380,163	37,100,301
Instructional Staff	64,764,521	63,960,109	56,236,589	54,824,175	51,072,946	48,124,670
Board of Education	288,859	304,039	259,950	223,199	267,321	248,637
Administration	52,787,800	55,540,796	45,084,175	43,927,480	41,342,791	43,218,261
Fiscal	1,606,735	12,688,426	10,893,531	12,234,280	9,946,686	9,617,654
Business	1,146,699	1,275,129	1,091,725	1,284,442	942,371	1,065,128
Operation and Maintenance of Plant	61,649,791	67,222,113	62,223,013	56,317,807	58,569,487	64,844,985
Pupil Transportation	40,111,930	39,750,255	38,379,675	28,867,256	28,965,329	27,944,135
Central	18,755,847	20,175,678	16,698,556	14,936,994	15,969,839	15,923,177
Operation of Non-Instructional Services	43,155,357	43,804,093	43,837,168	44,009,082	42,532,273	38,956,223
Extracurricular Activities	7,955,139	7,611,100	7,051,078	5,968,627	5,814,665	6,466,969
Interest and Fiscal Charges	12,759,118	16,890,272	9,830,504	13,588,410	11,647,137	10,180,816
Total Primary Government Expenses	<u>797,181,830</u>	<u>823,959,836</u>	<u>791,876,860</u>	<u>727,739,403</u>	<u>790,277,650</u>	<u>798,591,287</u>
Program Revenues						
Governmental Activities:						
Charges for Services	804,375	529,043	994,043	275,964	186,657	972,328
Operating Grants and Contributions	197,213,751	208,914,717	206,680,517	209,975,191	210,570,709	202,990,962
Capital Grants and Contributions	3,433,050	5,109,270	121,233,985	109,441,106	120,511,462	89,064,023
Total Primary Government Program Revenues	<u>201,451,176</u>	<u>214,553,030</u>	<u>328,908,545</u>	<u>319,692,261</u>	<u>331,268,828</u>	<u>293,027,313</u>
Net (Expense)/Revenue						
Total Primary Government Net Expense	<u>\$ (595,730,654)</u>	<u>\$ (609,406,806)</u>	<u>\$ (462,968,315)</u>	<u>\$ (408,047,142)</u>	<u>\$ (459,008,822)</u>	<u>\$ (505,563,974)</u>

Cleveland Municipal School District
 General Revenues and Total Change in Net Assets
 Last Six Fiscal Years
 (accrual basis of accounting)

	2002	2003	2004	2005	2006	2007
Net (Expense)/Revenue						
Total Primary Government Net Expense	\$ (595,730,654)	\$ (609,406,806)	\$ (462,968,315)	\$ (408,047,142)	\$ (459,008,822)	\$ (505,563,974)
General Revenues and Other						
Changes in Net Assets						
Governmental Activities:						
Property Taxes Levied For:						
General Purposes	236,216,278	186,612,352	219,596,436	193,293,701	197,583,328	198,996,360
Debt Service	33,619,705	27,133,112	40,006,114	29,573,166	31,620,440	35,760,058
Capital Outlay	2,561,580	2,125,297	2,980,196	2,309,596	2,459,275	2,477,222
Investment Income	7,844,704	4,688,605	2,945,010	7,362,433	16,205,770	18,843,152
Miscellaneous	2,443,123	4,324,953	2,840,826	2,410,759	9,715,420	1,665,345
Grants and Entitlements not Restricted to						
Specific Programs	325,704,649	360,708,728	346,770,558	330,273,507	384,582,569	399,493,775
Total Primary Government	<u>608,390,039</u>	<u>585,593,047</u>	<u>615,139,140</u>	<u>565,223,162</u>	<u>642,166,802</u>	<u>657,235,912</u>
Change in Net Assets						
Total Primary Government	<u>\$ 12,659,385</u>	<u>\$ (23,813,759)</u>	<u>\$ 152,170,825</u>	<u>\$ 157,176,020</u>	<u>\$ 183,157,980</u>	<u>\$ 151,671,938</u>

Cleveland Municipal School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved for Encumbrances	\$ 28,014,381	\$ 23,962,182	\$ 29,036,379	\$ 23,601,772	\$ 14,062,107	\$ 8,948,676	\$ 5,403,473	\$ 4,805,598	\$ 6,467,758	\$ 7,217,484
Reserved for Inventory	791,633	707,867	925,735	937,406	809,323	772,127	809,133	702,401	656,976	683,737
Reserved for Prepays	0	0	0	0	5,169,109	5,565,546	7,071,886	0	0	0
Reserved for Property Taxes	12,775,718	20,258,928	11,450,195	11,274,909	30,216,480	14,349,055	26,749,122	22,404,297	16,183,447	17,083,523
Reserved for Budget Stabilization	3,347,498	3,347,000	7,400,000	6,602,317	6,602,317	0	0	0	17,000,000	0
Reserved for Bus Purchases	0	917,000	1,672,481	1,803,398	1,275,908	332,803	0	0	0	0
Unreserved, (Deficit)	(88,487,435)	(46,747,216)	(14,132,009)	11,857,547	(10,161,984)	(62,545,712)	(87,728,621)	(48,377,637)	(21,522,382)	31,501,426
Total General Fund	\$ (43,558,205)	\$ 2,445,761	\$ 36,352,781	\$ 56,077,349	\$ 47,973,260	\$ (32,577,505)	\$ (47,695,007)	\$ (20,465,341)	\$ 18,785,799	\$ 56,486,170
All Other Government Funds										
Reserved for Encumbrances	\$ 7,895,682	\$ 17,404,622	\$ 13,171,860	\$ 20,909,562	\$ 20,769,604	\$ 55,576,782	\$ 78,467,894	\$ 65,909,495	\$ 77,386,743	\$ 64,881,973
Reserved for Inventory	0	0	0	0	0	0	489,953	277,925	291,769	410,176
Reserved for Property Taxes	1,123,073	1,779,966	933,917	974,751	7,184,931	3,411,875	6,995,197	5,851,848	4,227,004	4,924,426
Unreserved, (Deficit), Reported in:										
Special Revenue Funds	(679,619)	(6,288,986)	(4,581,161)	(5,079,882)	3,772,329	4,786,279	4,260,932	(2,198,856)	6,951,949	7,631,660
Debt Service Funds	22,032,955	24,626,830	19,847,214	20,473,102	29,208,398	26,363,902	31,003,694	34,578,380	30,376,315	14,238,392
Capital Projects Funds	20,857,321	19,092,510	8,508,293	21,237,158	47,235,968	66,318,202	15,718,944	131,254,059	87,359,128	125,530,579
Total all Other Governmental Funds	\$ 51,229,412	\$ 56,614,942	\$ 37,880,123	\$ 58,514,691	\$ 108,171,230	\$ 156,457,040	\$ 136,936,614	\$ 235,672,851	\$ 206,592,908	\$ 217,617,206

Cleveland Municipal School District

Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Revenues										
Local Sources:										
Taxes	\$ 223,362,432	\$ 233,513,561	\$ 217,137,676	\$ 224,284,910	\$ 259,607,843	\$ 213,602,787	\$ 246,794,199	\$ 224,900,023	\$ 225,725,605	\$ 229,456,774
Investment Income	11,544,482	13,767,095	16,861,000	18,285,338	7,844,704	4,688,605	2,945,010	7,362,433	16,205,770	18,843,152
Tuition and Fees	1,391,599	1,728,030	1,023,218	1,532,003	928,493	654,602	1,079,586	346,739	195,468	983,938
Extracurricular Activities	1,274,051	1,293,306	857,343	705,765	474,299	570,391	1,044,014	823,214	888,418	862,421
Rentals	125,406	104,352	100,771	16,115	0	0	0	0	0	0
Miscellaneous	4,706,558	2,536,103	1,826,986	7,125,706	13,059,119	13,255,835	9,521,102	10,368,681	18,124,497	7,042,147
Total Local Sources	<u>242,404,528</u>	<u>252,942,447</u>	<u>237,806,994</u>	<u>251,949,837</u>	<u>281,914,458</u>	<u>232,772,220</u>	<u>261,383,911</u>	<u>243,801,090</u>	<u>261,139,758</u>	<u>257,188,432</u>
State Sources:										
Unrestricted Grants-in-Aid	270,945,514	322,814,426	316,361,566	310,739,648	320,497,947	302,965,559	335,747,598	322,634,276	384,220,944	399,263,033
Restricted Grants-in-Aid	73,130,537	46,268,975	50,261,774	75,892,321	88,546,257	129,821,083	109,333,452	143,316,706	130,630,795	118,053,159
Total State Sources	<u>344,076,051</u>	<u>369,083,401</u>	<u>366,623,340</u>	<u>386,631,969</u>	<u>409,044,204</u>	<u>432,786,642</u>	<u>445,081,050</u>	<u>465,950,982</u>	<u>514,851,739</u>	<u>517,316,192</u>
Federal Sources:										
Unrestricted Grants-in-Aid	5,505,195	3,957,556	4,109,302	5,303,880	5,206,702	19,787,241	11,022,960	7,639,231	361,625	230,742
Restricted Grants-in-Aid	58,371,212	54,888,588	52,036,799	65,045,715	95,141,262	114,895,243	118,784,282	118,920,360	125,743,351	130,689,825
Total Federal Sources	<u>63,876,407</u>	<u>58,846,144</u>	<u>56,146,101</u>	<u>70,349,595</u>	<u>100,347,964</u>	<u>134,682,484</u>	<u>129,807,242</u>	<u>126,559,591</u>	<u>126,104,976</u>	<u>130,920,567</u>
Total Revenues	<u>\$ 650,356,986</u>	<u>\$ 680,871,992</u>	<u>\$ 660,576,435</u>	<u>\$ 708,931,401</u>	<u>\$ 791,306,626</u>	<u>\$ 800,241,346</u>	<u>\$ 836,272,203</u>	<u>\$ 836,311,663</u>	<u>\$ 902,096,473</u>	<u>\$ 905,425,191</u>

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Expenditures										
Current:										
Instruction:										
Regular	\$ 203,261,984	\$ 233,987,148	\$ 253,119,426	\$ 239,454,508	\$ 267,806,654	\$ 279,487,310	\$ 282,588,920	\$ 247,538,531	\$ 311,511,315	\$ 301,277,356
Special	87,261,071	94,776,091	89,282,118	114,694,607	134,340,753	133,544,331	142,508,629	152,415,325	143,898,323	160,202,855
Vocational	17,023,889	16,942,842	18,193,372	17,407,927	17,511,631	17,687,269	15,999,270	12,841,844	11,934,317	12,718,124
Adult/Continuing	3,913,542	3,788,063	4,848,478	4,971,848	5,674,172	5,829,809	5,102,664	3,519,447	2,321,948	2,968,255
Other	2,950,684	1,855,733	1,334,029	1,745,463	3,015,312	649,876	198,400	150	12,496,611	12,218,420
Support Services:										
Pupils	21,921,900	24,779,405	25,420,577	27,256,542	32,530,531	42,077,898	41,479,432	36,034,088	35,284,327	35,214,671
Instructional Staff	30,181,237	31,414,445	34,331,720	46,378,563	64,694,935	64,123,973	56,192,266	54,943,213	51,117,118	48,104,139
Board of Education	47,747	108,155	187,039	211,884	277,862	289,091	252,707	209,576	280,079	248,240
Administration	36,596,789	37,130,298	44,562,207	41,378,477	49,145,584	53,270,115	44,542,970	39,700,442	39,129,081	39,609,348
Fiscal	7,951,092	8,709,423	3,609,819	10,208,253	9,476,226	12,700,693	10,896,259	12,265,464	9,925,994	9,616,962
Business	932,006	2,663,827	467,520	1,480,088	1,141,199	1,243,797	1,082,675	1,289,034	983,446	1,051,879
Operations and Maintenance of Plant	50,974,217	57,138,998	59,434,441	64,007,087	84,859,246	76,805,490	70,515,379	60,192,807	56,628,484	59,316,050
Pupil Transportation	25,620,574	33,277,000	32,668,584	38,190,326	43,060,114	38,221,943	37,217,500	28,199,461	27,392,258	26,776,217
Central	14,503,295	22,424,027	24,238,631	23,102,425	18,403,231	20,047,777	16,639,171	15,118,320	15,972,950	16,172,708
Operation of Non-Instructional Services	12,709,080	13,954,888	14,415,830	12,740,364	43,042,767	42,915,460	44,336,368	44,051,523	40,693,064	39,601,592
Extracurricular Activities	5,046,897	5,934,577	7,617,561	8,047,977	7,892,613	7,593,763	7,034,194	6,061,353	5,823,466	6,442,131
Capital Outlay	22,923,467	18,020,328	10,831,630	22,020,994	4,031,805	21,213,426	54,594,406	81,404,824	92,090,262	80,193,958
Intergovernmental	10,355	0	0	0	0	0	0	0	0	0
Debt Service										
Principal Retirement	13,513,214	8,974,999	9,543,215	10,033,214	11,611,671	3,399,908	29,429,962	28,978,523	22,755,277	9,100,896
Interest and Fiscal Charges	14,439,428	12,990,716	11,962,186	11,029,820	10,556,296	18,159,177	10,298,959	13,648,029	11,686,956	10,866,721
Total Expenditures	<u>\$ 571,782,468</u>	<u>\$ 628,870,963</u>	<u>\$ 646,068,383</u>	<u>\$ 694,360,367</u>	<u>\$ 809,072,602</u>	<u>\$ 839,261,106</u>	<u>\$ 870,910,131</u>	<u>\$ 838,411,954</u>	<u>\$ 891,925,276</u>	<u>\$ 871,700,522</u>
 Debt Service as a Percentage of Noncapital Expenditures	5.1%	3.6%	3.4%	3.1%	2.8%	2.7%	4.9%	5.7%	4.3%	2.5%

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Excess of Revenues Over (Under) Expenditures	\$ 72,383,641	\$ 47,570,477	\$ 23,794,594	\$ 15,000,523	\$ (17,765,976)	\$ (39,019,760)	\$ (34,637,928)	\$ (2,100,291)	\$ 10,171,197	\$ 33,724,669
Other Financing Sources (Uses)										
Issuance from the Sale of Bonds	0	0	0	0	46,785,495	40,000,000	0	125,000,000	0	0
Proceeds from the Sale of Notes	0	0	0	0	0	0	0	0	0	15,000,000
Premium from Sale of Bonds	0	0	0	0	0	0	0	3,066,194	0	0
Other Financing Sources-Capital Leases	0	0	0	5,369,629	5,062,000	0	0	0	0	0
Capital Lease Refinancing	0	0	0	0	0	8,404,000	0	0	0	0
Refunding Bonds Issued	0	0	0	0	0	91,937,253	0	0	0	0
Sale of Fixed Assets	0	0	0	24,400	0	0	0	0	0	0
Payment of Capital Lease Refinancing	0	0	0	0	0	(8,404,000)	0	0	0	0
Payment of Refunded Bond Escrow Agent	0	0	0	0	0	(125,182,448)	0	0	0	0
Transfers In	113,315	45,539	6,550,360	6,342,529	4,767,831	4,094,394	966,211	3,108,186	6,944,394	39,180,591
Transfers Out	(5,999,052)	(657,072)	(11,448,125)	(6,385,116)	(4,767,831)	(4,094,394)	(966,211)	(3,108,186)	(6,944,394)	(39,180,591)
Total Other Financing Sources (Uses)	<u>(5,885,737)</u>	<u>(611,533)</u>	<u>(4,897,765)</u>	<u>5,351,442</u>	<u>51,847,495</u>	<u>6,754,805</u>	<u>0</u>	<u>128,066,194</u>	<u>0</u>	<u>15,000,000</u>
Net Change in Fund Balances	<u>\$ 66,497,904</u>	<u>\$ 46,958,944</u>	<u>\$ 18,896,829</u>	<u>\$ 20,351,965</u>	<u>\$ 34,081,519</u>	<u>\$ (32,264,955)</u>	<u>\$ (34,637,928)</u>	<u>\$ 125,965,903</u>	<u>\$ 10,171,197</u>	<u>\$ 48,724,669</u>

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

Fiscal Year	Real Property (1)		Public Utility (2)		Tangible Property (3)		Total		Ratio	Total Direct Rate (4)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
1998	4,044,292	11,555,120	476,178	541,111	887,928	3,551,712	5,408,398	15,647,943	35%	61.00
1999	4,116,029	11,760,083	479,223	544,572	915,905	3,663,620	5,511,157	15,968,275	35	61.00
2000	4,139,968	11,828,480	444,748	505,395	955,316	3,821,264	5,540,032	16,155,139	34	60.80
2001	4,656,974	13,305,640	453,054	514,834	989,442	3,957,768	6,099,470	17,778,242	34	60.60
2002	4,689,984	13,399,954	370,677	421,224	980,692	3,922,768	6,041,353	17,743,946	34	64.80
2003	4,609,619	13,170,340	357,125	405,824	852,234	3,705,365	5,818,978	17,281,529	34	64.80
2004	4,903,040	14,008,686	357,470	406,216	723,018	3,143,557	5,983,528	17,558,459	34	64.80
2005	5,007,377	14,306,791	352,432	400,491	674,031	2,930,570	6,033,840	17,637,852	34	64.80
2006	4,970,503	14,201,437	316,245	359,369	679,540	3,624,213	5,966,288	18,185,019	33	64.80
2007	5,629,680	16,084,800	318,454	361,879	556,633	4,453,064	6,504,767	20,899,743	31	64.80

Source: Cuyahoga County Auditor

Notes:

- (1) The assessed value of real property is fixed at 35% of estimated actual value and is determined pursuant to the rules of the State Tax Commissioner.
- (2) Assumes public utilities are assessed at true value, which is 88% of estimated actual value.
- (3) In accordance with State law, the rate at which tangible personal property used in business is assessed for purposes of ad valorem property taxation decreased one percent each year from 35% in 1983 and prior years to 25% for the 1996 collection year to 2002 and 23% for 2003 through 2005, 18.75% in 2006 and 12.5% in 2007.
- (4) This represents the gross tax rate.

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

Collection Year	City of Cleveland	Cuyahoga County	Cleveland Public Library	Cleveland Municipal School District			Total (1)	Village of Bratenahl (2)	Village of Newburgh Heights (2)	Village of Linndale (2)	City of Garfield Heights (2)
				General Fund	Building Maintenance	Bond Retirement					
1997	12.70	16.60	3.00	58.20	0.00	2.80	93.30	25.10	12.80	2.80	18.90
1998	12.70	16.60	3.00	58.20	0.00	2.80	93.30	25.10	12.80	2.80	18.90
1999	12.70	15.30	4.00	58.20	0.00	2.80	93.00	25.10	12.80	2.80	19.10
2000	12.70	15.30	4.00	58.20	0.00	2.60	92.80	25.10	12.80	2.80	19.00
2001	12.70	16.20	4.00	58.20	0.00	2.40	93.50	24.70	12.80	2.80	19.60
2002	12.70	16.20	4.00	58.20	0.50	6.10	97.70	20.30	12.80	2.80	19.60
2003	12.70	16.20	4.00	58.20	0.50	6.10	97.70	20.50	12.80	2.80	20.10
2004	12.70	18.00	6.80	58.20	0.50	6.10	102.30	14.00	12.80	2.80	20.10
2005	12.70	18.30	6.80	58.20	0.50	6.10	102.60	14.00	18.50	2.80	21.10
2006	12.70	18.30	6.80	58.20	0.50	6.10	102.60	14.10	18.50	2.80	21.90
2007	12.70	18.20	6.80	58.20	0.50	6.10	102.50	14.00	19.50	2.80	21.90

Source: Cuyahoga County Auditor

Notes:

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

Cleveland Municipal School District

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2006			1997		
	Approximate Assessed Valuation	Rank	Percent of Total District Assessed Valuation	Approximate Assessed Valuation	Rank	Percent of Total District Assessed Valuation
City of Cleveland	\$ 133,384,540	1	2.05%			
Cleveland Financial Associates	49,232,020	2	0.76%			
Cleveland Clinic Foundation	35,386,420	3	0.54%			
NPW LTD Partnership	35,062,590	4	0.54%			
ISG Cleveland Incorporated	27,201,480	5	0.42%			
National City Center, LLC	27,949,990	6	0.43%			
TIC OCC Ainley	22,177,160	7	0.34%			
Bishop James Hickey	19,752,400	8	0.30%			
Behringer Harvard	19,376,700	9	0.30%			
Chester Union Associates	18,352,960	10	0.28%			
ZML-Cleveland Public Square LLC				\$ 61,705,000	1	1.20%
Met Life International				45,482,740	2	0.89%
Ohio Bell Telephone Company				34,224,370	3	0.67%
Lakeside Associates				32,994,860	4	0.64%
LTV Steel Company				32,508,490	5	0.63%
Euclid-Ninth Community				26,656,500	6	0.52%
Tower City				25,576,120	7	0.50%
600 Superior Place Partnership				24,850,000	8	0.48%
Erievue Joint Venture				22,470,000	9	0.44%
Ninth Street Superior				20,132,010	10	0.39%
Total Ten Largest	387,876,260		5.96%	326,600,090		6.36%
Total District Assessed Valuation	\$ 6,504,767,000			\$ 5,133,025,323		

Source: City of Cleveland CAFR - 2006/1997 Tax Collection Year.
2007 Tax Collection Year Information Not Available.

Cleveland Municipal School District
Property Tax Levies and Collections
Ad Valorem Real and Tangible Personal Property Taxes
Last Ten Fiscal Years
(in thousands of dollars)

Collection Year (2)	Current Tax Levy Billed (1)	Current Collected	Percent Collected (1)	Collected Delinquencies	Total Collected	Total Collected As Percent Of Current Tax Levy
1997	\$ 245,517	\$ 226,095	92.1%	\$ 13,014	\$ 239,109	97.4%
1998	249,886	230,033	92.1	15,110	245,143	98.1
1999	254,305	233,041	91.6	14,443	247,484	97.3
2000	254,810	228,787	89.8	14,286	243,073	95.4
2001	253,539	221,059	87.2	14,721	235,780	93.0
2002	270,791	233,553	86.2	20,463	254,016	93.8
2003	263,003	232,417	88.4	17,296	249,713	94.9
2004	259,350	231,188	89.1	23,533	254,721	98.2
2005	261,734	230,272	88.0	17,260	247,532	94.6
2006	251,189	221,282	88.1	18,022	239,304	95.3

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis because this is the manner in which the information is maintained by the County Auditor.

Notes:

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2007 information cannot be presented because all collections have not been made by June 30.

Cleveland Municipal School District

Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities										
	EPA Asbestos Abatement Notes	Energy Conservation Improvement Bonds	Qualified Zone Academy Bonds	H.B 264 Energy Conservation Notes	Library Improvement Bonds	School Improvement Bonds/Notes	Capital Lease Obligation	Revenue Anticipation Notes	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
1998	\$ 607,355	\$ 9,360,000	\$ 0	\$ 0	\$ 75,960,000	\$ 43,218,939	\$ 0	\$ 128,055,000	\$ 257,201,294	3.56%	508.69
1999	539,141	8,160,000	0	0	72,400,000	40,230,387	0	116,470,000	237,799,528	3.29	470.32
2000	470,927	6,880,000	0	0	68,665,000	37,069,539	0	104,335,000	217,420,466	3.01	430.01
2001	402,713	5,520,000	21,250,000	0	64,745,000	33,760,723	4,819,078	91,595,000	222,092,514	3.25	464.24
2002	334,498	4,065,000	21,250,000	11,500,000	60,620,000	65,288,480	8,847,622	78,215,000	250,120,600	3.66	522.82
2003	266,284	2,520,000	21,250,000	10,951,840	57,510,000	67,405,000	7,796,508	64,165,000	231,864,632	3.39	484.66
2004	198,070	865,000	21,250,000	10,374,805	38,250,000	60,445,000	6,886,795	49,440,000	187,709,670	2.75	392.37
2005	133,739	0	21,250,000	9,767,374	23,250,000	173,950,000	5,940,034	33,835,000	268,126,147	3.92	560.46
2006	73,209	0	21,250,000	9,127,945	20,260,000	185,870,000	4,954,716	17,370,000	258,905,870	3.79	541.19
2007	35,870	0	21,250,000	8,454,834	17,120,000	166,645,000	3,929,270	0	217,434,974	3.13	489.37

Note: N/A = Not Available

(a) See Schedule S16 for personal income. These ratios are calculated using personal income and population for the prior calendar year.

Cleveland Municipal School District
 Direct and Overlapping Debt Governmental Activities Debt
 As of June 30, 2007

Name of Governmental Unit	Gross Debt Outstanding	Debt Service Fund (Cash Balance)	Net Outstanding Debt	Percentage Applicable to Cleveland Municipal School District (1)	Amount Applicable to Cleveland Municipal School District
Direct Debt:					
Cleveland Municipal School District (2)	\$ 198,765,000	\$ 14,158,949	\$ 184,606,051	100.00%	\$ 184,606,051
Overlapping Debt:					
City of Cleveland (3)	368,580,000	6,262,756	362,317,244	97.19	352,136,129
Cuyahoga County (3)	199,185,000	4,356,792	194,828,208	19.62	38,225,294
Village of Bratenahl (3)	1,405,000	239,408	1,165,592	100.00	1,165,592
City of Garfield Heights (3)	33,705,000	20,557	33,684,443	5.00	1,684,222
Greater Cleveland Regional Transit Authority (3)	156,500,000	1,328,356	155,171,644	19.62	30,444,677
Total Overlapping Debt	<u>759,375,000</u>	<u>12,207,869</u>	<u>747,167,131</u>		<u>423,655,915</u>
Total	<u>\$ 958,140,000</u>	<u>\$ 26,366,818</u>	<u>\$ 931,773,182</u>		<u>\$ 608,261,966</u>

Source: Cuyahoga County Auditor

Notes:

- (1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision.
- (2) The gross debt outstanding does not include EPA loans of \$35,870, capital lease obligations of \$3,929,270, H.B. 264 Energy Conservation Note of \$8,454,834 and QZAB debt of \$21,250,000.
- (3) City of Cleveland, Cuyahoga County, Village of Bratenahl, City of Garfield Heights and the Greater Cleveland Regional Transit Authority operate on a calendar year.

Cleveland Municipal School District
 Legal Debt Margin Information
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value	\$ 6,504,767,000
Debt Limit (9% of assessed value)	585,429,030
Debt Applicable to Limit	<u>149,897,800</u>
Legal Debt Margin	\$ 435,531,230

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 486,755,819	\$ 496,004,145	\$ 498,602,918	\$ 548,952,300	\$ 543,721,770	\$ 523,708,020	\$ 538,517,520	\$ 543,045,600	\$ 536,965,920	\$ 585,429,030
Total Net Debt Applicable to Limit	<u>105,382,911</u>	<u>94,383,591</u>	<u>91,833,408</u>	<u>82,577,870</u>	<u>94,124,366</u>	<u>97,918,533</u>	<u>62,033,529</u>	<u>157,165,358</u>	<u>141,812,427</u>	<u>149,897,800</u>
Legal Debt Margin	<u><u>\$ 381,372,908</u></u>	<u><u>\$ 401,620,554</u></u>	<u><u>\$ 406,769,510</u></u>	<u><u>\$ 466,374,430</u></u>	<u><u>\$ 449,597,404</u></u>	<u><u>\$ 425,789,487</u></u>	<u><u>\$ 476,483,991</u></u>	<u><u>\$ 385,880,242</u></u>	<u><u>\$ 395,153,493</u></u>	<u><u>\$ 435,531,230</u></u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	21.65%	19.03%	18.42%	15.04%	17.31%	18.70%	11.52%	28.94%	26.41%	25.60%

Source: Auditor of State and School District financial records

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.
 Voted debt margins are determined without reference to applicable monies in the
 school district's Debt Service Fund

Cleveland Municipal School District

Demographic and Economic Statistics

Last Ten Fiscal Years

<u>Year</u>	<u>City Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>State Unemployment Rate</u>
1998	505,616	\$ 7,225,758,256	\$ 14,291	4.3%
1999	505,616	\$ 7,225,758,256	14,291	4.3
2000	478,403	\$ 6,836,857,273	14,291	4.1
2001	478,403	\$ 6,836,857,273	14,291	4.3
2002	478,403	\$ 6,836,857,273	14,291	5.7
2003	478,403	\$ 6,836,857,273	14,291	6.3
2004	478,403	\$ 6,836,857,273	14,291	5.8
2005	478,403	\$ 6,836,857,273	14,291	6.2
2006	444,313	\$ 6,946,833,755	15,635	5.1
2007	444,313	\$ 6,946,833,755	15,635	6.1

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

Cleveland Municipal School District

Principal Employers
Current Year and Nine Years Ago

Employer	2006			1997		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Cleveland Clinic Health System	27,755	1	2.58%	19,135	1	1.74%
University Hospitals Health System	16,611	2	1.54	9,513	3	0.87
U.S. Office of Personnel Management	9,916	3	0.92	17,585	2	0.00
Cuyahoga County	9,142	4	0.85	9,463	4	0.86
Progressive Corporation	9,017	5	0.84			0.00
City of Cleveland	8,136	6	0.76	8,643	6	0.79
Cleveland Municipal School District	7,472	7	0.69	8,260	7	0.75
KeyCorp	6,397	8	0.59	7,403	5	0.00
National City Corporation	6,051	9	0.56			0.00
MetroHealth System	5,503	10	0.51	4,786	8	0.44
Case Western Reserve University	5,075	11	0.47			0.00
	<u>111,075</u>		<u>10.32%</u>	<u>84,788</u>		<u>7.72%</u>
Total Nonfarm Employment			1,076,100			1,098,700

Source: Crain's Cleveland Business, 2006 Top Business Lists & 1997 Top Business Lists
"Largest Cuyahoga County Employers".
U.S. Department of Labor

Note:
Total Employment includes Cleveland, Elyria and Mentor

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Percentage Change 1998-2007
Educational Staff											
Regular Education	3113	3286	3294	3119	3205	3326	3181	2548	2058	1943	-37.58%
Special Education	648	671	652	700	839	894	956	903	1335	1383	113.43
Vocational Education	210	207	185	166	163	139	133	106	87	83	-60.48
Educational Services	388	398	391	436	480	486	472	382	386	371	-4.38
Full Time (permanent) Substitute	0	0	0	0	4	207	115	92	30	3	0.00
Other Professional - Educational	191	173	174	221	188	162	127	91	74	19	-90.05
Total Educational	4,550	4,735	4,696	4,642	4,879	5,214	4,984	4,122	3,970	3,802	-16.44
Student Services											
Curriculum Specialist	19	35	18	17	13	9	4	1	1	8	-57.89
Counseling	95	95	93	98	96	104	100	71	67	73	-23.16
Librarian/Media	90	97	96	95	95	112	106	89	84	91	1.11
Remedial Specialist	212	224	212	491	576	341	371	187	139	46	-78.30
Psychologist	62	66	57	63	74	78	76	70	70	62	0.00
Registered Nurse	82	72	61	60	61	58	54	54	55	57	-30.49
Social Work	22	23	29	35	31	30	26	11	1	0	-100.00
Physical Therapist	7	7	8	8	10	10	9	9	9	10	42.86
Speech/Language Therapist	93	94	73	75	80	84	78	77	76	73	-21.51
Occupational Therapist	7	11	13	16	20	22	23	27	22	26	271.43
Other Professional Services	34	54	55	59	61	64	62	52	67	58	70.59
Total Student Services	723	778	715	1,017	1,117	912	909	648	591	504	-30.29
Support Staff											
Bookkeeping	24	25	22	14	14	14	14	12	8	5	-79.17
Clerical Assignment	382	366	362	382	383	385	358	281	257	260	-31.94
Teaching Aide	603	676	798	822	824	825	736	633	624	633	4.98
Other Office/Clerical	68	90	82	72	81	79	71	49	30	37	-45.59
Attendance Officer	23	25	22	22	22	22	22	21	22	21	-8.70
Maintenance	108	103	113	105	107	110	96	71	66	92	-14.81
Custodial	370	395	406	434	429	436	415	373	332	333	-10.00
Food Service Attendant	2	0	0	1	0	5	4	4	4	5	150.00
Guard/Watchman	205	221	186	257	232	225	220	164	196	203	-0.98
Mechanic	34	38	37	39	39	38	38	27	26	26	-23.53
Vehicle Operating/Dispatch	46	41	41	44	53	51	50	50	49	49	6.52
Computer Operating/Programming	28	35	37	34	33	32	31	21	13	10	-64.29
Total Support	1,893	2,015	2,106	2,226	2,217	2,222	2,055	1,706	1,627	1,674	-11.57
Administrative Staff											
Administrative Assistant	9	10	16	27	24	26	16	7	9	11	22.22
Deputy/Associate Superintendent	16	17	14	17	16	19	22	18	19	32	100.00
Principal	123	123	119	125	124	120	122	135	129	135	9.76
Assistant Principal	102	100	119	153	137	140	91	56	60	66	-35.29
Supervisor/Manager	93	104	124	140	147	159	167	151	133	118	26.88
Coordinator	36	28	15	18	22	25	24	27	23	22	-38.89
Other Official/Administrator	51	77	104	148	162	192	178	156	155	142	178.43
Total administrative	430	459	511	628	632	681	620	550	528	526	22.33
Total	7,596	7,987	8,028	8,513	8,845	9,029	8,568	7,026	6,716	6,506	-14.35%

Source: District records

Cleveland Municipal School District

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free and Reduced-Paid Meals
1998	74,328	\$ 522,092,427	\$ 7,024	6.03%	N/A	N/A	N/A	N/A	N/A	94.35%
1999	73,328	590,347,254	8,051	14.62	N/A	N/A	N/A	N/A	N/A	94.18
2000	78,190	617,260,650	7,894	(1.94)	N/A	N/A	N/A	N/A	N/A	87.21
2001	72,277	657,920,399	9,103	15.31	N/A	N/A	N/A	4,868	N/A	85.95
2002	71,672	782,872,830	10,923	20.00	\$ 784,422,712	\$ 10,945	N/A	6,478	11.1	85.70
2003	69,534	796,488,595	11,455	4.87	807,069,564	11,607	6.05%	6,551	10.6	85.73
2004	67,015	776,586,804	11,588	1.17	782,046,356	11,670	0.54	4,978	13.5	85.75
2005	62,542	714,380,578	11,422	(1.43)	714,150,993	11,419	(2.15)	3,557	17.6	85.43
2006	57,698	765,392,781	13,265	16.14	778,630,513	13,495	18.18	3,436	16.8	84.83
2007	52,769	771,538,947	14,621	10.22	788,410,471	14,941	10.71	3,502	15.1	84.83

Source: Ohio Department of Education

Notes:

(1) Operating expenditures are total expenditures less debt service and capital outlays.

(2) N/A = Not Available

(3) Meal percentage includes lunch only.

Cleveland Municipal School District

Teacher Base Salaries Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>Statewide Average Salary</u>
1998	\$ 26,628	\$ 56,481	\$ 39,099
1999	28,104	59,611	40,734
2000	28,666	60,803	41,713
2001	30,117	63,879*	42,995
2002	31,640	67,110*	43,755
2003	32,684	69,325	45,645
2004	33,240	70,504	47,659
2005	35,264	74,798	49,438
2006	34,237	72,619	50,772
2007	35,264	74,798	53,536

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

* Note: Includes additional increase mid-year.

Cleveland Municipal School District

School Building Information

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
K-8 Schools:										
A.B. Hart (1932)										
Square feet	116,465	116,465	116,465	116,465	116,465	116,465	116,465	116,465	116,465	116,465
Capacity	975	975	975	975	975	975	975	975	975	975
Enrollment	822	963	1,042	1,068	749	821	801	867	524	433
Adlai Stevenson (1967)										
Square feet	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	415	420	431	352	321	285	279	238	319	326
Alexander G. Bell (1971)										
Square feet	64,840	64,840	64,840	64,840	64,840	64,840	64,840	64,840	64,840	64,840
Capacity	825	825	825	825	825	825	825	825	825	825
Enrollment	457	446	484	529	481	447	417	387	452	397
Alexander Hamilton (1) (1928)										
Square feet	88,719	88,719	88,719	88,719	88,719	88,719	88,719	88,719	88,719	88,719
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	564	584	656	663	860	745	706	648	0	0
Alfred A. Benesch (1) (1977)										
Square feet	72,320	72,320	72,320	72,320	72,320	72,320	72,320	72,320	72,320	72,320
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	477	487	506	474	501	479	449	368	0	0
Almira (1916)										
Square feet	60,458	60,458	60,458	60,458	60,458	60,458	60,458	60,458	60,458	60,458
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	651	696	656	685	687	650	634	625	553	521
Andrew J. Rickoff (2) (1920)										
Square feet	56,348	56,348	56,348	56,348	56,348	56,348	56,348	56,348	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	499	535	560	477	445	426	360	252	N/A	N/A
Andrew J. Rickoff (2005)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	91,785	91,785
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	725	725
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	509	570
Anton Grdina (1959)										
Square feet	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	712	622	692	544	544	513	498	589	624	576
Artemus Ward (1949)										
Square feet	35,826	35,826	35,826	35,826	35,826	35,826	35,826	35,826	35,826	35,826
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	358	372	436	421	403	379	362	373	420	359

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K-8 Schools (Continued):										
Audubon (1922)										
Square feet	136,025	136,025	136,025	136,025	136,025	136,025	136,025	136,025	136,025	136,025
Capacity	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350
Enrollment	668	665	758	725	686	586	480	428	686	571
Benjamin Franklin (1923)										
Square feet	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	621	635	660	759	716	699	615	686	784	738
Bolton (1971)										
Square feet	44,110	44,110	44,110	44,110	44,110	44,110	44,110	44,110	44,110	44,110
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	471	423	444	382	405	410	424	415	385	293
Brooklawn (1957)										
Square feet	28,545	28,545	28,545	28,545	28,545	28,545	28,545	28,545	28,545	28,545
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	363	375	405	377	362	337	325	328	319	312
Buckeye-Woodland (1975)										
Square feet	52,493	52,493	52,493	52,493	52,493	52,493	52,493	52,493	52,493	52,493
Capacity	625	625	625	625	625	625	625	625	625	625
Enrollment	437	421	463	459	436	401	411	429	360	304
Buhrer (1969)										
Square feet	42,086	42,086	42,086	42,086	42,086	42,086	42,086	42,086	42,086	42,086
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	434	467	579	516	507	537	501	475	446	422
Captain Arthur Roth (1965)										
Square feet	66,397	66,397	66,397	66,397	66,397	66,397	66,397	66,397	66,397	66,397
Capacity	975	975	975	975	975	975	975	975	975	975
Enrollment	666	667	768	714	639	531	419	345	412	370
Carl F. Shuler (1958)										
Square feet	100,500	100,500	100,500	100,500	100,500	100,500	100,500	100,500	100,500	100,500
Capacity	875	875	875	875	875	875	875	875	875	875
Enrollment	811	774	774	712	693	718	733	671	450	387
Case (1975)										
Square feet	57,688	57,688	57,688	57,688	57,688	57,688	57,688	57,688	57,688	57,688
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	711	699	647	594	542	524	500	404	579	553
Central-Carl and Louis Stokes (1940)										
Square feet	120,451	120,451	120,451	120,451	120,451	120,451	120,451	120,451	120,451	120,451
Capacity	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325
Enrollment	660	726	791	809	778	813	667	718	536	510

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K-8 Schools (Continued):										
Charles A. Mooney (1964)										
Square feet	152,607	152,607	152,607	152,607	152,607	152,607	152,607	152,607	152,607	152,607
Capacity	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	1,037	1,096	1,159	775	645	930	924	839	683	573
Charles Dickens (1927)										
Square feet	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	469	468	540	499	528	492	446	383	487	423
Charles H. Lake (1961)										
Square feet	55,823	55,823	55,823	55,823	55,823	55,823	55,823	55,823	55,823	55,823
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	350	332	387	403	457	399	377	315	324	289
Charles Orr (1955)										
Square feet	30,283	30,283	30,283	30,283	30,283	30,283	30,283	30,283	30,283	30,283
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	265	214	243	172	103	146	0	0	0	0
Charles W. Elliot (1954)										
Square feet	90,497	90,497	90,497	90,497	90,497	90,497	90,497	90,497	90,497	90,497
Capacity	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Enrollment	722	776	833	805	850	827	767	648	417	342
Clara Westropp Fundamental Education Center (1967)										
Square feet	106,582	106,582	106,582	106,582	106,582	106,582	106,582	106,582	106,582	106,582
Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	601	524	609	623	765	717	728	671	712	627
Clark (1973)										
Square feet	56,178	56,178	56,178	56,178	56,178	56,178	56,178	56,178	56,178	56,178
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	587	610	640	637	610	599	635	655	605	577
Corlett (1) (1915)										
Square feet	58,292	58,292	58,292	58,292	58,292	58,292	58,292	58,292	58,292	58,292
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	551	559	592	594	510	435	362	387	0	0
Cranwood (1) (1957)										
Square feet	44,574	44,574	44,574	44,574	44,574	44,574	44,574	44,574	44,574	44,574
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	522	550	573	496	463	387	294	290	0	0
Daniel E. Morgan (1959)										
Square feet	51,272	51,272	51,272	51,272	51,272	51,272	51,272	51,272	51,272	51,272
Capacity	825	825	825	825	825	825	825	825	825	825
Enrollment	520	510	517	489	524	497	455	438	423	430

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
K-8 Schools (Continued):										
Denison (1972)										
Square feet	52,351	52,351	52,351	52,351	52,351	52,351	52,351	52,351	52,351	52,351
Capacity	825	825	825	825	825	825	825	825	825	825
Enrollment	738	786	760	732	688	692	736	726	706	698
Dike Montessori (1971)										
Square feet	47,472	47,472	47,472	47,472	47,472	47,472	47,472	47,472	47,472	47,472
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	322	286	319	313	322	317	313	298	392	390
Douglas MacArthur (1) (1967)										
Square feet	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Capacity	400	400	400	400	400	400	400	400	400	400
Enrollment	0	0	0	0	0	0	0	0	0	0
East Clark (2) (1894)										
Square feet	56,755	56,755	56,755	56,755	56,755	56,755	56,755	56,755	56,755	56,755
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	570	517	477	473	535	510	480	419	463	387
Emile B. deSauze (1966)										
Square feet	48,860	48,860	48,860	48,860	48,860	48,860	48,860	48,860	48,860	48,860
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	477	449	446	419	449	416	395	339	407	360
Empire Computech (1915)										
Square feet	75,003	75,003	75,003	75,003	75,003	75,003	75,003	75,003	75,003	75,003
Capacity	900	900	900	900	900	900	900	900	900	900
Enrollment	617	630	651	547	529	588	592	567	423	361
Euclid Park (1922)										
Square feet	43,182	43,182	43,182	43,182	43,182	43,182	43,182	43,182	43,182	43,182
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	466	501	538	543	546	438	415	289	358	291
F. D. Roosevelt (1976)										
Square feet	154,766	154,766	154,766	154,766	154,766	154,766	154,766	154,766	154,766	154,766
Capacity	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275
Enrollment	623	694	700	611	569	631	781	656	0	0
Forest Hill Parkway (1967)										
Square feet	41,110	41,110	41,110	41,110	41,110	41,110	41,110	41,110	41,110	41,110
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	536	534	486	408	376	374	388	389	407	380
Fullerton (1974)										
Square feet	36,468	36,468	36,468	36,468	36,468	36,468	36,468	36,468	36,468	36,468
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	400	456	449	440	483	483	459	352	458	401

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
K-8 Schools (Continued):										
Garfield (2) (1922)										
Square feet	31,763	31,763	31,763	31,763	31,763	31,763	31,763	31,763	31,763	31,763
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	276	285	296	271	237	229	238	189	0	0
Garrett Morgan Cleveland School of Science (1940)										
Square feet	76,835	76,835	76,835	76,835	76,835	76,835	76,835	76,835	76,835	76,835
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	555	494	501	415	458	422	437	388	333	264
George Washington Carver (1954)										
Square feet	45,913	45,913	45,913	45,913	45,913	45,913	45,913	45,913	45,913	45,913
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	428	450	487	322	326	373	407	429	516	463
Giddings (1970)										
Square feet	49,607	49,607	49,607	49,607	49,607	49,607	49,607	49,607	49,607	49,607
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	557	540	556	490	425	357	347	360	436	389
Gracemount (1947)										
Square feet	48,515	48,515	48,515	48,515	48,515	48,515	48,515	48,515	48,515	48,515
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	609	626	620	654	668	558	579	564	629	561
Hannah Gibbons (1960)										
Square feet	21,831	21,831	21,831	21,831	21,831	21,831	21,831	21,831	21,831	21,831
Capacity	225	225	225	225	225	225	225	225	225	225
Enrollment	171	166	165	177	180	187	193	173	223	267
Harvey Rice (2) (1903)										
Square feet	82,414	82,414	82,414	82,414	82,414	82,414	82,414	82,414	82,414	82,414
Capacity	975	975	975	975	975	975	975	975	975	975
Enrollment	742	776	777	738	646	543	511	402	352	317
H. Barbara Booker (1972)										
Square feet	48,677	48,677	48,677	48,677	48,677	48,677	48,677	48,677	48,677	48,677
Capacity	875	875	875	875	875	875	875	875	875	875
Enrollment	441	372	397	370	374	346	323	261	564	497
Harry E. Davis (1962)										
Square feet	147,095	147,095	147,095	147,095	147,095	147,095	147,095	147,095	147,095	147,095
Capacity	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Enrollment	597	591	719	704	584	562	465	320	0	0
Henry W. Longfellow (1924)										
Square feet	50,616	50,616	50,616	50,616	50,616	50,616	50,616	50,616	50,616	50,616
Capacity	337	337	337	337	337	337	337	337	337	337
Enrollment	427	413	504	439	444	414	353	289	362	302

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K-8 Schools (Continued):										
Iowa Maple (1951)										
Square feet	57,842	57,842	57,842	57,842	57,842	57,842	57,842	57,842	57,842	57,842
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	611	581	702	577	576	489	423	360	555	427
John D. Rockefeller (1961)										
Square feet	51,683	51,683	51,683	51,683	51,683	51,683	51,683	51,683	51,683	51,683
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	478	474	494	506	521	481	502	570	434	321
John W. Raper (1962)										
Square feet	61,752	61,752	61,752	61,752	61,752	61,752	61,752	61,752	61,752	61,752
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	581	569	633	565	465	425	374	361	433	431
Joseph F. Landis (1963)										
Square feet	57,889	57,889	57,889	57,889	57,889	57,889	57,889	57,889	57,889	57,889
Capacity	725	725	725	725	725	725	725	725	725	725
Enrollment	519	520	543	548	527	463	441	368	431	379
Joseph M. Gallagher (1976)										
Square feet	118,425	118,425	118,425	118,425	118,425	118,425	118,425	118,425	118,425	118,425
Capacity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	1,027	1,030	1,054	875	861	838	787	889	865	762
Kenneth W. Clement (1) (1976)										
Square feet	25,386	25,386	25,386	25,386	25,386	25,386	25,386	25,386	25,386	25,386
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	290	299	297	273	297	335	279	207	0	0
Kentucky (1940)										
Square feet	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	424	390	383	373	397	376	338	370	106	0
Louis Agassiz (1929)										
Square feet	40,185	40,185	40,185	40,185	40,185	40,185	40,185	40,185	40,185	40,185
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	427	404	427	375	382	355	301	371	375	313
Louis Pasteur (1959)										
Square feet	51,286	51,286	51,286	51,286	51,286	51,286	51,286	51,286	51,286	51,286
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	422	444	463	421	402	366	337	308	478	375
Louisa May Alcott (1926)										
Square feet	26,277	26,277	26,277	26,277	26,277	26,277	26,277	26,277	26,277	26,277
Capacity	300	300	300	300	300	300	300	300	300	300
Enrollment	223	242	247	246	246	203	200	214	208	230

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K-8 Schools (Continued):										
Luiz Munoz Marin (1976)										
Square feet	119,689	119,689	119,689	119,689	119,689	119,689	119,689	119,689	119,689	119,689
Capacity	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Enrollment	942	952	927	821	810	839	808	730	727	822
Margaret Spellacy (1969)										
Square feet	106,582	106,582	106,582	106,582	106,582	106,582	106,582	106,582	106,582	106,582
Capacity	900	900	900	900	900	900	900	900	900	900
Enrollment	776	794	761	723	827	700	278	294	0	0
Marion C. Seltzer (1972)										
Square feet	46,835	46,835	46,835	46,835	46,835	46,835	46,835	46,835	46,835	46,835
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	657	692	702	716	507	700	630	651	659	609
Marion Sterling (1973)										
Square feet	51,896	51,896	51,896	51,896	51,896	51,896	51,896	51,896	51,896	51,896
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	575	578	648	587	728	511	513	450	507	471
Mary B. Martin (2) (1963)										
Square feet	57,737	57,737	57,737	57,737	57,737	57,737	57,737	57,737	57,737	57,737
Capacity	825	825	825	825	825	825	825	825	825	825
Enrollment	406	405	414	453	352	325	347	297	0	390
Mary M. Bethune (2) (1964)										
Square feet	48,613	48,613	48,613	48,613	48,613	48,613	48,613	48,613	48,613	48,613
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	480	456	485	455	395	316	303	328	480	417
McKinley (1922)										
Square feet	46,724	46,724	46,724	46,724	46,724	46,724	46,724	46,724	46,724	46,724
Capacity	375	375	375	375	375	375	375	375	375	375
Enrollment	443	463	509	495	495	499	466	440	404	375
Memorial (2005)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	82,160	82,160
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	625	625
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	501	522
Michael R. White (1921)										
Square feet	64,598	64,598	64,598	64,598	64,598	64,598	64,598	64,598	64,598	64,598
Capacity	825	825	825	825	825	825	825	825	825	825
Enrollment	399	387	436	452	447	396	359	300	432	368
Miles (1912)										
Square feet	79,630	79,630	79,630	79,630	79,630	79,630	79,630	79,630	79,630	79,630
Capacity	950	950	950	950	950	950	950	950	950	950
Enrollment	625	594	676	616	534	456	393	483	556	426

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Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
K-8 Schools (Continued):										
Miles Park (2) (1971)										
Square feet	43,027	43,027	43,027	43,027	43,027	43,027	43,027	43,027	43,027	43,027
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	542	540	594	560	514	490	492	421	513	461
Moses Cleaveland (1925)										
Square feet	64,687	64,687	64,687	64,687	64,687	64,687	64,687	64,687	64,687	64,687
Capacity	925	925	925	925	925	925	925	925	925	925
Enrollment	507	503	556	447	357	313	305	244	0	0
Mound (1904)										
Square feet	36,642	36,642	36,642	36,642	36,642	36,642	36,642	36,642	36,642	36,642
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	483	471	449	439	417	415	400	369	416	348
Mount Auburn (1) (1922)										
Square feet	42,600	42,600	42,600	42,600	42,600	42,600	42,600	42,600	42,600	42,600
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	457	407	470	446	410	288	266	264	0	0
Nathan Hale (1929)										
Square feet	106,855	106,855	106,855	106,855	106,855	106,855	106,855	106,855	106,855	106,855
Capacity	725	725	725	725	725	725	725	725	725	725
Enrollment	715	716	771	774	924	818	762	651	522	442
Nathaniel Hawthorne/Riverside student swing space (1917)										
Square feet	46,502	46,502	46,502	46,502	46,502	46,502	46,502	46,502	46,502	46,502
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	0	0	0	0	0	0	0	0	0	0
Newton D. Baker (1954)										
Square feet	94,379	94,379	94,379	94,379	94,379	94,379	94,379	94,379	94,379	94,379
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	596	596	611	531	517	541	498	505	662	671
Oliver Hazard Perry (1927)										
Square feet	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	642	660	680	650	632	647	644	564	444	385
Orchard (1901)										
Square feet	80,347	80,347	80,347	80,347	80,347	80,347	80,347	80,347	80,347	80,347
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	568	538	572	470	483	490	460	378	534	576
Patrick Henry (1922)										
Square feet	130,443	130,443	130,443	130,443	130,443	130,443	130,443	130,443	130,443	130,443
Capacity	975	975	975	975	975	975	975	975	975	975
Enrollment	763	827	894	827	819	787	738	739	491	410

Cleveland Municipal School District

School Building Information

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
K-8 Schools (Continued):										
Paul Lawrence Dunbar (1965)										
Square feet	45,745	45,745	45,745	45,745	45,745	45,745	45,745	45,745	45,745	45,745
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	350	336	403	361	357	309	301	255	330	360
Paul Revere (1925)										
Square feet	80,996	80,996	80,996	80,996	80,996	80,996	80,996	80,996	80,996	80,996
Capacity	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125
Enrollment	627	558	598	682	733	713	668	502	584	483
Riverside (1935)										
Square feet	38,836	38,836	38,836	38,836	38,836	38,836	38,836	38,836	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	409	394	412	372	382	392	424	447	N/A	N/A
Riverside (2005)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	61,820	61,820
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	450	450
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	477	516
Robert Fulton (1929)										
Square feet	65,360	65,360	65,360	65,360	65,360	65,360	65,360	65,360	65,360	65,360
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	517	500	572	513	587	485	500	429	498	386
Robert H. Jamison (1966)										
Square feet	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Capacity	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125
Enrollment	717	707	743	704	657	710	766	635	698	604
Robinson G. Jones (2) (1951)										
Square feet	38,311	38,311	38,311	38,311	38,311	38,311	38,311	38,311	38,311	38,311
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	318	289	337	349	374	416	429	438	352	345
Scranton (1973)										
Square feet	51,447	51,447	51,447	51,447	51,447	51,447	51,447	51,447	51,447	51,447
Capacity	625	625	625	625	625	625	625	625	625	625
Enrollment	562	564	631	564	551	517	516	386	610	538
Stephen E. Howe (1) (1964)										
Square feet	48,613	48,613	48,613	48,613	48,613	48,613	48,613	48,613	48,613	48,613
Capacity	625	625	625	625	625	625	625	625	625	625
Enrollment	458	503	619	585	571	474	443	358	0	0
Sunbeam (1923)										
Square feet	63,368	63,368	63,368	63,368	63,368	63,368	63,368	63,368	63,368	63,368
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	232	223	233	220	221	231	216	224	272	214

Cleveland Municipal School District

School Building Information

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
K-8 Schools (Continued):										
Thomas Jefferson (1925)										
Square feet	133,609	133,609	133,609	133,609	133,609	133,609	133,609	133,609	133,609	133,609
Capacity	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,012	1,030	1,083	938	913	792	880	845	692	0
Tremont (1917)										
Square feet	100,396	100,396	100,396	100,396	100,396	100,396	100,396	100,396	100,396	100,396
Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	915	909	876	765	694	652	638	465	472	427
Union (1969)										
Square feet	49,426	49,426	49,426	49,426	49,426	49,426	49,426	49,426	49,426	49,426
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	402	385	384	425	467	391	384	349	373	327
Valley View (1) (1951)										
Square feet	25,882	25,882	25,882	25,882	25,882	25,882	25,882	25,882	25,882	25,882
Capacity	350	350	350	350	350	350	350	350	350	350
Enrollment	202	202	223	208	193	166	133	128	0	0
Wade Park (1975)										
Square feet	63,706	63,706	63,706	63,706	63,706	63,706	63,706	63,706	63,706	63,706
Capacity	725	725	725	725	725	725	725	725	725	725
Enrollment	538	565	637	611	571	538	480	365	540	307
Walton (1971)										
Square feet	46,493	46,493	46,493	46,493	46,493	46,493	46,493	46,493	46,493	46,493
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	682	699	724	720	673	686	611	721	686	697
Watterson-Lake (1906)										
Square feet	69,814	69,814	69,814	69,814	69,814	69,814	69,814	69,814	69,814	69,814
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	568	631	680	652	602	595	577	524	471	494
Waverly (1976)										
Square feet	55,666	55,666	55,666	55,666	55,666	55,666	55,666	55,666	55,666	55,666
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	620	609	670	640	628	585	513	419	360	450
William Cullen Bryant (1930)										
Square feet	42,187	42,187	42,187	42,187	42,187	42,187	42,187	42,187	42,187	42,187
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	376	421	442	413	424	395	387	358	470	473
William R. Harper (1927)										
Square feet	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	516	497	547	508	535	403	396	295	0	0

Cleveland Municipal School District

School Building Information

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
K-8 Schools (Continued):										
Willow (1964)										
Square feet	39,867	39,867	39,867	39,867	39,867	39,867	39,867	39,867	39,867	39,867
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	247	256	303	311	272	255	268	274	293	273
Woodland Hills (1971)										
Square feet	49,443	49,443	49,443	49,443	49,443	49,443	49,443	49,443	49,443	49,443
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	669	647	616	571	514	450	411	410	510	393
Whitney Young (1950)										
Square feet	106,863	106,863	106,863	106,863	106,863	106,863	106,863	106,863	106,863	106,863
Capacity	725	725	725	725	725	725	725	725	725	725
Enrollment	491	504	521	480	441	341	319	395	375	434
Wilbur Wright (1929)										
Square feet	106,368	106,368	106,368	106,368	106,368	106,368	106,368	106,368	106,368	106,368
Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	1,120	1,147	1,160	1,088	1,092	1,099	1,073	831	624	558
Willson (1) (1903)										
Square feet	75,624	75,624	75,624	75,624	75,624	75,624	75,624	75,624	75,624	75,624
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	425	484	487	449	537	568	601	463	N/A	N/A
Senior High Schools										
Cleveland Learning Center - Halle (1) (1904)										
Square feet	49,337	49,337	49,337	49,337	49,337	49,337	49,337	49,337	49,337	49,337
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	54	57	60	45	45	48	172	135	0	0
Cleveland Learning Center - Jessie Owens (1914)										
Square feet	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	0	0	0	113	125	117	116	108	0	0
Cleveland School of the Arts (1910)										
Square feet	81,430	81,430	81,430	81,430	81,430	81,430	81,430	81,430	81,430	81,430
Capacity	850	850	850	850	850	850	850	850	850	850
Enrollment	621	601	660	629	622	655	655	602	601	602
Collinwood CompuTech (1924)										
Square feet	297,759	297,759	297,759	297,759	297,759	297,759	297,759	297,759	297,759	297,759
Capacity	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Enrollment	1,220	1,181	1,325	1,227	1,221	1,350	1,812	1,488	1,121	968
East High (1975)										
Square feet	272,153	272,153	272,153	272,153	272,153	272,153	272,153	272,153	272,153	272,153
Capacity	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875
Enrollment	1,053	1,039	947	802	781	1,114	1,113	1,091	1,008	860

Cleveland Municipal School District

School Building Information

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Senior High Schools (Continued):										
East Technical (1972)										
Square feet	320,370	320,370	320,370	320,370	320,370	320,370	320,370	320,370	320,370	320,370
Capacity	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775
Enrollment	1,248	1,252	1,161	943	883	1,080	1,191	1,101	1,020	907
Glenville (1966)										
Square feet	248,023	248,023	248,023	248,023	248,023	248,023	248,023	248,023	248,023	248,023
Capacity	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350
Enrollment	1,320	1,264	1,389	1,257	1,345	1,474	1,595	1,698	1,604	1,538
Health Careers Center (1980)										
Square feet	67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	374	386	374	357	380	369	401	368	365	0
James F. Rhodes (1932)										
Square feet	164,931	164,931	164,931	164,931	164,931	164,931	164,931	164,931	164,931	164,931
Capacity	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225
Enrollment	1,242	1,334	1,335	1,145	1,284	1,483	1,637	1,683	1,553	1,575
Jane Addams Business Careers (1968)										
Square feet	157,428	157,428	157,428	157,428	157,428	157,428	157,428	157,428	157,428	157,428
Capacity	975	975	975	975	975	975	975	975	975	975
Enrollment	541	623	655	617	574	578	595	589	557	472
John Adams High (2007)										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	0	0	0	0	0	0	0	0	0	1,067
John F. Kennedy (1965)										
Square feet	252,023	252,023	252,023	252,023	252,023	252,023	252,023	252,023	252,023	252,023
Capacity	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075
Enrollment	1,353	1,374	1,716	1,769	1,875	1,999	1,875	1,823	1,758	1,077
John Hay (1929)										
Square feet	186,352	186,352	186,352	186,352	186,352	186,352	186,352	186,352	186,352	186,352
Capacity	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625
Enrollment	1,208	1,253	1,381	1,213	1,259	0	0	0	0	476
John Marshall (1932)										
Square feet	256,924	256,924	256,924	256,924	256,924	256,924	256,924	256,924	256,924	256,924
Capacity	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250
Enrollment	1,787	1,971	2,114	1,983	1,892	1,943	1,969	1,905	1,788	1,715
Lincoln-West (1970)										
Square feet	337,548	337,548	337,548	337,548	337,548	337,548	337,548	337,548	337,548	337,548
Capacity	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875
Enrollment	1,232	1,313	1,390	1,334	1,409	1,424	1,485	1,552	1,490	1,496

Cleveland Municipal School District
School Building Information
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Senior High Schools (Continued):										
Margaret A. Ireland Complex (1962)										
Square feet	57,958	57,958	57,958	57,958	57,958	57,958	57,958	57,958	57,958	57,958
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	556	522	510	502	504	503	0	0	0	0
Martin L. King Jr. (1972)										
Square feet	179,544	179,544	179,544	179,544	179,544	179,544	179,544	179,544	179,544	179,544
Capacity	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175
Enrollment	477	346	262	272	259	324	894	795	765	677
Max S. Hayes Vocational (1957)										
Square feet	209,273	209,273	209,273	209,273	209,273	209,273	209,273	209,273	209,273	209,273
Capacity	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150
Enrollment	565	560	640	584	539	599	562	558	509	416
South (includes Washington Park) (1968)										
Square feet	278,715	278,715	278,715	278,715	278,715	278,715	278,715	278,715	278,715	278,715
Capacity	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	1,579	1,484	1,495	1,215	1,336	1,475	1,572	1,429	1,258	1,043
SuccessTech Academy										
Square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	0	0	0	0	0	77	165	198	253	243
Administrative										
Buildings	4	4	5	5	5	5	8	8	8	8
Square Feet	408,879	408,879	536,726	536,726	536,726	536,726	556,286	556,286	556,286	556,286
Transportation										
Garages (3)	3	3	3	3	3	3	3	3	3	3
Buses	N/A	N/A	N/A	613	624	605	436	341	327	311
Athletics										
Football Fields	4	4	4	4	4	4	4	4	4	4
Soccer Fields	3	3	3	3	3	3	3	3	3	3
Running Tracks	4	4	4	4	4	4	4	4	4	4
Baseball/Softball	0	0	0	0	0	0	0	0	0	0
Swimming Pools	7	7	7	7	7	7	6	6	7	7
Playgrounds	50	50	50	50	50	50	50	50	50	50

Source: District Records
Ohio Department of Education

Notes:

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

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

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



Mary Taylor, CPA
Auditor of State

CLEVELAND MUNICIPAL SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 12, 2008**