

ABOUT THE CH-UH CITY SCHOOL DISTRICT

For more than 100 years, the Cleveland Heights-University Heights City School District has been one of the most storied, unique and successful school districts in Northeast Ohio.

We serve a vibrant, diverse community, made up of Cleveland Heights, University Heights, and a section of South Euclid. We educate more than 5,200 students each year, from pre-Kindergarten through 12th grade, in seven elementary schools, two middle schools, one high school, a career and technical education consortium, an alternative options school, an early childhood learning center and a school for students with emotional needs.

The CH-UH School District has long been known for providing exceptional academic programs that help prepare students of diverse abilities and backgrounds for lifelong success.



CLEVELAND HEIGHTS UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT

POPULAR ANNUAL FINANCIAL REPORT



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STAY CONNECTED TO THE CH-UH CITY SCHOOL DISTRICT

Visit CHUH.org for the most up-to-date District news, lunch menus, event calendars and more!



CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT

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216-371-7171 | @CHUHSchools | www.chuh.org



FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FROM THE CFO

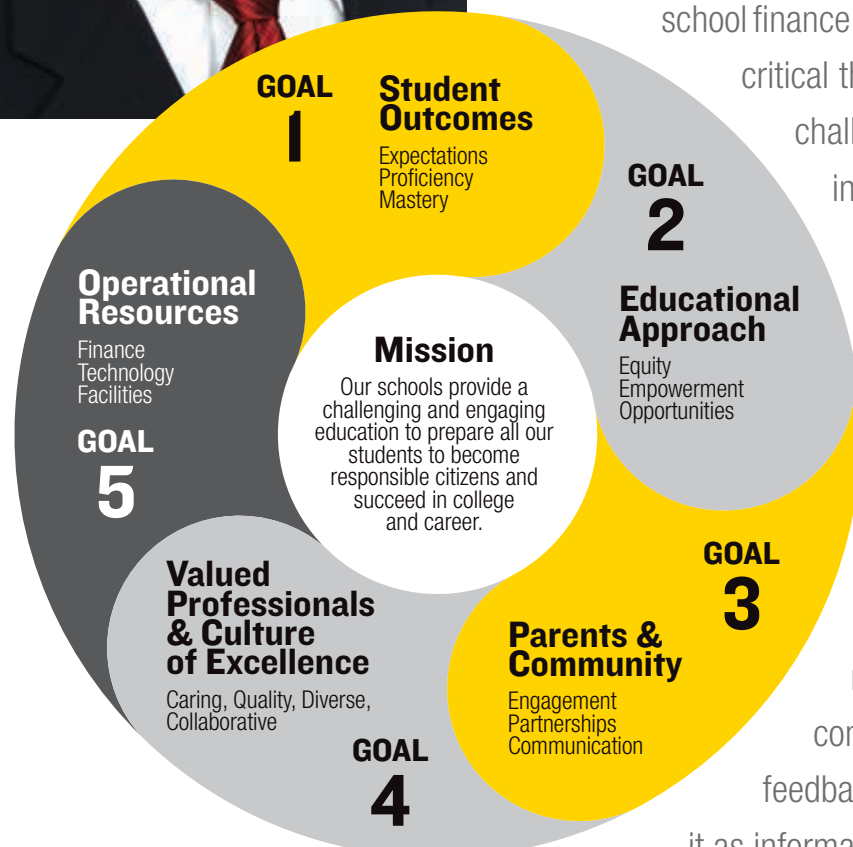
SCOTT GAINER, CPA



I am pleased to present the first Popular Annual Financial Report (PAFR) of the Cleveland Heights – University Heights City School District. This document is a result of District Strategic Plan Goal 5 and is another tool to keep the community well-informed about how resources are being used for school and student performance.

We have long been committed to quality reporting and transparency, preparing a Comprehensive Annual Financial Report (CAFR) for the last 16 years. However, improving the school finance knowledge of our residents is now more critical than ever as we face increased funding challenges in public education, particularly in Ohio, from the continued overreliance on property taxes to the growing loss of dollars through voucher programs.

I truly appreciate the strong financial support of our community and take seriously our commitment to fiscal responsibility and accountability. Thank you for taking the time to review the PAFR. I encourage you to contact my office with questions and/or feedback on this report so that we can make it as informative as possible moving forward.



PUBLIC SCHOOL FUNDING 101

Ohio's school finance structure is based on the premise of a shared responsibility between the state and local school districts to fund the cost of public education. However, the sharing is disproportionate, with local school districts funding the majority via property taxes. This system has been found unconstitutional four times by the Ohio Supreme Court due to the overreliance on property taxes, but nothing has been done by the legislature to address the issue.

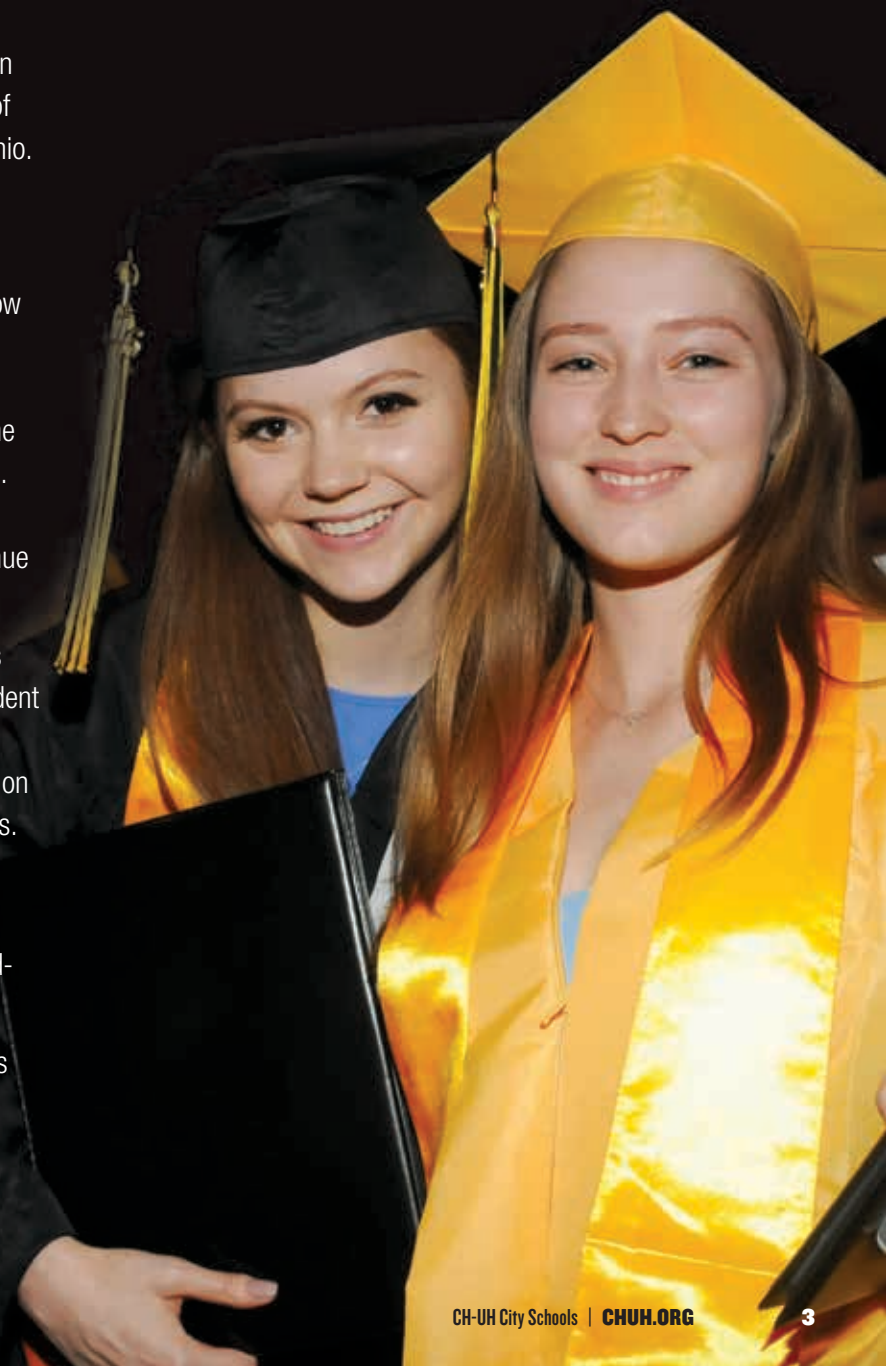
Districts are funded by placing property tax levies on the ballot for a specified millage, which is the unit of value for expressing the rate of property taxes in Ohio. Each mill equals \$1 for every \$1,000 of assessed property value.

Unfortunately the property tax revenue does not grow with inflation due to House Bill 920, which freezes what districts receive at the amount at the time each levy is passed. As property values increase, the amount of revenue to the district remains the same. This is why all districts are periodically required to return to voters to ask for a new levy—costs continue to rise while revenue is flat.

The amount of state funds that a district receives is based on a formula that takes into account the student enrollment and the property wealth of the district. Districts may also receive additional funding based on disadvantaged pupils or students with special needs.

Additionally, districts may receive a small amount of money from the federal government for things such as partial reimbursement for serving Medicaid-eligible students.

More detailed explanations on school funding topics written by Jayne Geneva, Chair of the CH-UH Lay Finance Committee, can be viewed on the Finance and Development page of chuh.org.



GENERAL FUND RECEIPTS AND RESOURCES

The graph below displays the cash-basis receipts and resources for the General Fund for fiscal year 2016



TOTAL
RECEIPTS &
RESOURCES

\$106,871
shown in thousands

64%

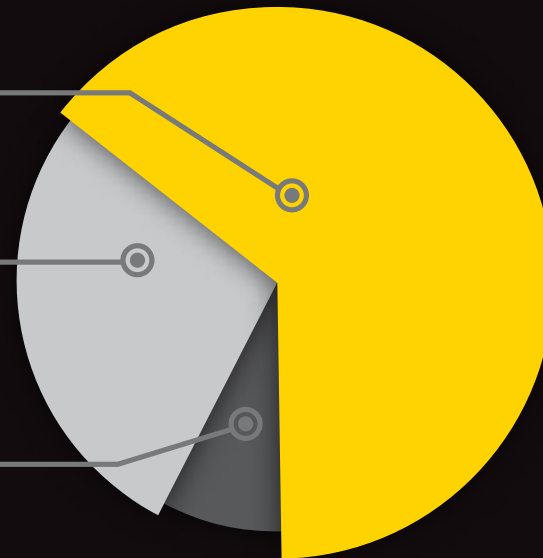
Property Taxes

28%

Intergovernmental-
State

8%

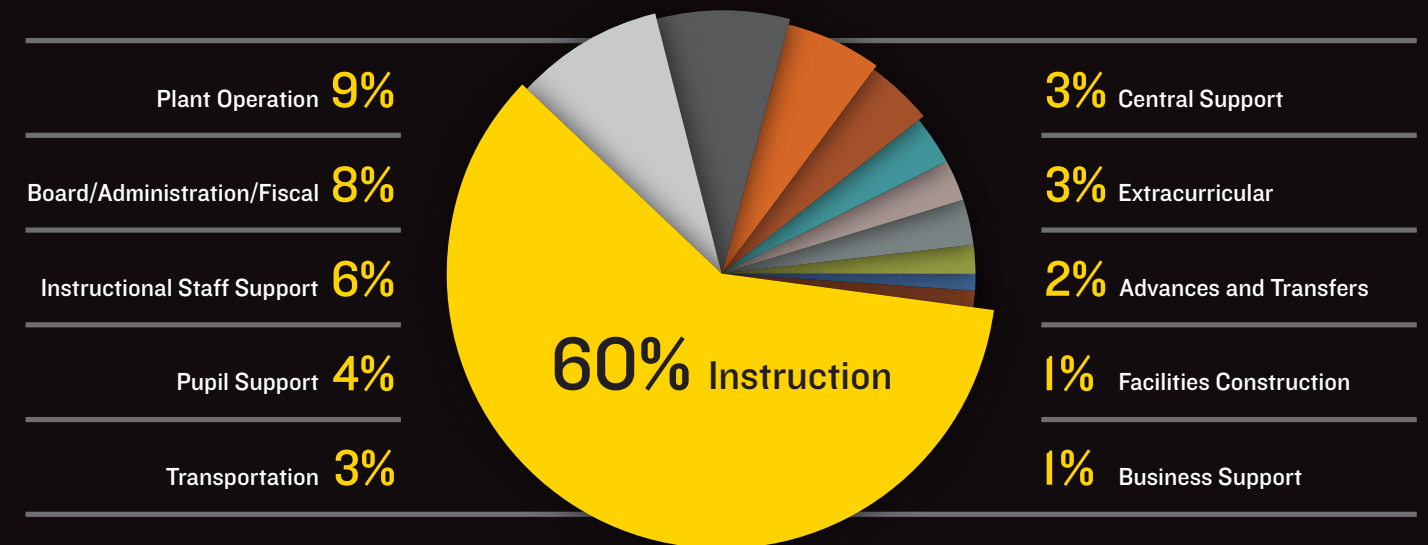
All Other Revenues
& Resources



GENERAL FUND DISBURSEMENTS AND SERVICES

The graph below displays the cash-based disbursements and services for the General Fund for fiscal year 2016

TOTAL DISBURSEMENTS & SERVICES **\$112,454** shown in thousands



DID YOU KNOW...

83%

Property tax revenue received by the Cleveland Heights – University Heights City School District is 83% residential. The District does not have a significant commercial/ industrial tax base to support public education.

35%

Homeowners pay property taxes on 35% of the market value of their home. If a home has a market value of \$100,000 the owner pays property taxes on \$35,000.

93%

Due to delinquencies and foreclosures, the District currently only collects 93% of the property taxes that are assessed.

\$7.6 million

The revenue the District receives from the state is reduced by voucher programs. The District will lose \$7.6 million during the 2016-2017 school year alone to charter schools and vouchers.

Our Disbursements and Services DEFINITIONS

INSTRUCTION is the largest disbursement category and relates to the direct instruction of our students. Students are directly impacted by expenditures from this category.

PLANT OPERATION disbursements relate to the safe and efficient environment of the school including building maintenance, grounds, and custodial services.

BOARD/ADMINISTRATION/FISCAL costs represent those of the administration and Board of Education's operation of the District. Also included in this category are school building secretarial support, financial services, payroll, accounts payable and receivable, auditing, budgeting and reporting, and fringe benefits administration.

INSTRUCTIONAL STAFF SUPPORT costs include library services, technology integration support, and literacy collaborative support.

PUPIL SUPPORT areas comprise all guidance services, speech, hearing, occupational therapy, physical therapy, and psychological services.

TRANSPORTATION disbursements relate to providing transportation (mostly by bus) to all students who live in the CH-UH City School District consistent with Board of Education policies and the laws of the State of Ohio.

CENTRAL SUPPORT disbursements include community relations and technology maintenance staff, computer network maintenance contracts, district-wide postage costs, and strategic planning type activities.

EXTRACURRICULAR disbursements account for the salaries and benefits of club advisors and athletic coaches.

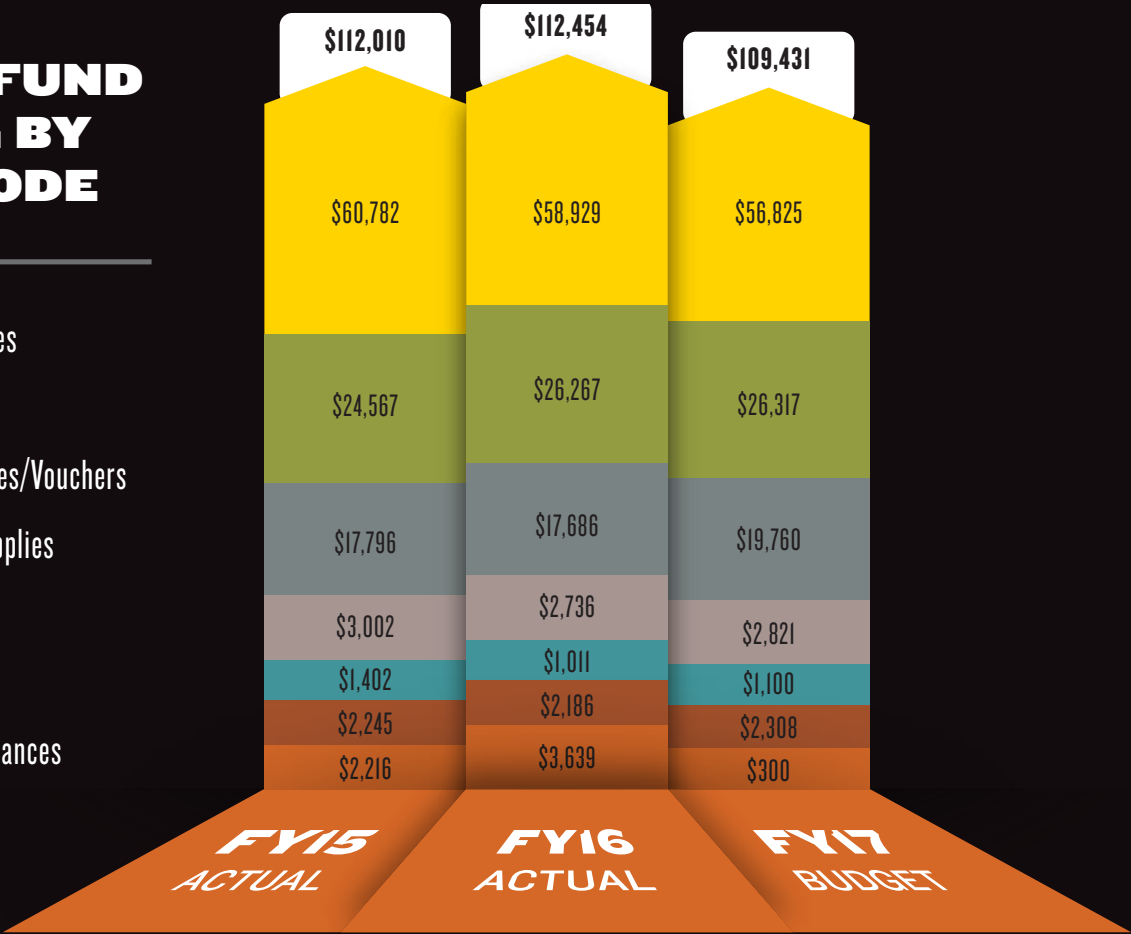
FACILITIES ACQUISITION AND CONSTRUCTION include disbursements for building improvements, site improvements, installing or extending service systems and other built-in equipment, and the acquisition of other capital assets.

BUSINESS SUPPORT costs include business services such as risk management, construction management, central warehousing, courier services, and copy disbursements.

GENERAL FUND
SPENDING BY
OBJECT CODE

shown in thousands

- Salaries and Wages
- Fringe Benefits
- Purchased Services/Vouchers
- Materials and Supplies
- Capital Outlay
- Fees/Other
- Transfers and Advances

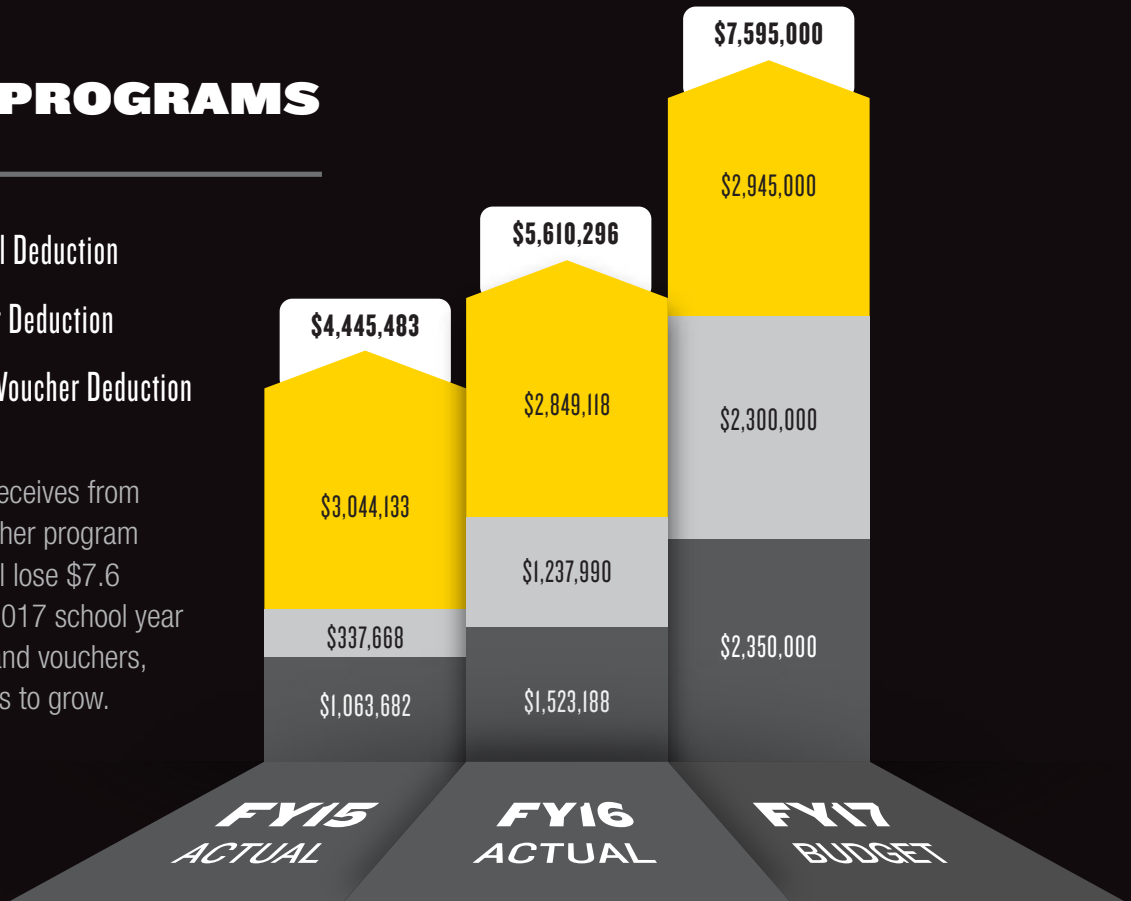


VOUCHER PROGRAMS

shown in thousands

- Community School Deduction
- EdChoice Voucher Deduction
- Peterson/Autism Voucher Deduction

The revenue the District receives from the state is offset by voucher program payments. The District will lose \$7.6 million during the 2016-2017 school year alone to charter schools and vouchers, and this number continues to grow.



COMMITMENT TO QUALITY
REPORTING AND TRANSPARENCY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

The District has prepared a Comprehensive Annual Financial Report (CAFR) for the past 16 years. The CAFR is a voluntary, expanded report prepared on a GAAP (Generally Accepted Accounting Principles) basis of accounting which provides detailed financial information and supplementary information. The CAFR can be viewed on the Finance and Development page of chuh.org.

FINANCE AWARDS AND RECOGNITION

The District has received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials for 16 straight years. This award is one of the highest forms of recognition in the area of governmental accounting and financial reporting.

The District has also been honored for each of the past 16 years with the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States for the CAFR.

The District is audited annually by Auditor of State Dave Yost, and again for the 2015-2016 school year received an unmodified (“clean”) audit opinion that the financial statements present fairly, in all material respects, the financial position of the District. This report can be found on ohioauditor.gov.

FIVE-YEAR FORECAST

The District also prepares a Five-Year Forecast, a cash-basis model providing an estimate of the financial condition of the District for long-term planning purposes and created using historical trends and conservative estimates based upon the most current data available at the time the forecast is prepared. This forecast is approved monthly by the Board of Education and submitted twice annually to the Ohio Department of Education, and can be viewed at education.ohio.gov or on chuh.org.

