

**BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2002



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Building
615 Superior Avenue, NW.
Twelfth Floor
Cleveland, Ohio 44113-1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED
BY GOVERNMENT AUDITING STANDARDS**

Board of Education
Beachwood City School District
Cuyahoga County
24601 Fairmount Boulevard
Beachwood, Ohio 44122-2298

We have audited the financial statements of the Beachwood City School District, Cuyahoga County, Ohio, (the District), as of and for the year ended June 30, 2002, and have issued our report thereon dated September 6, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated September 6, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated September 6, 2002.

Beachwood City School District
Cuyahoga County
Report on Compliance and on Internal Control Required
by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

September 6, 2002

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
BEACHWOOD CITY SCHOOL DISTRICT
for the
FISCAL YEAR ENDED JUNE 30, 2002



BEACHWOOD
SCHOOLS

the best place to learn

Prepared by Treasurer's Department

Michele E. Mills, Director of Finance/Treasurer
Linda Klitz, Assistant Treasurer
Karen Bencin, Payroll Coordinator
David Green, Financial Processing Coordinator

24601 Fairmount Boulevard
Beachwood, Ohio 44122-2298

BEACHWOOD CITY SCHOOL DISTRICT
Comprehensive Annual Financial Report
For the Year Ended June 30, 2002

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BEACHWOOD CITY SCHOOL DISTRICT BOARD OF EDUCATION

24601 FAIRMOUNT BLVD.
BEACHWOOD, OHIO 44122-2298
Phone: (216) 464-2600
FAX: (216) 292-2340



Office of the Treasurer

September 6, 2002

Board of Education
Beachwood City School District
24601 Fairmount Blvd.
Beachwood, Ohio 44122-2298

Dear Board Members:

The comprehensive annual financial report of the Beachwood City School District for the fiscal year ended June 30, 2002 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the 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 various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This report is divided into the following sections:

- o The Introductory Section, which includes this transmittal letter, a list of principal officials, the District's organizational chart and the GFOA certificate of achievement.
- o The Financial Section, which includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the report of independent accountants on the financial statements and schedules.
- o The Statistical Section, which includes related financial and demographic information, generally presented on a multi-year basis.

This report includes all funds and account groups of the District. The District provides a full range of primary and secondary educational services to the residents of the City of Beachwood, Ohio. However, the City of Beachwood, Ohio and the Beachwood Public Library have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

Beachwood City School District

The School District

The School District is located in a growing, prosperous suburban area east of Cleveland, Ohio. The community's tax base is evenly distributed between commercial and residential property.

The District was formed in 1915 and initially provided services only to children in grades one through eight. In 1917-18, the Board of Education entered into a contract with Shaker Heights Village, a neighboring district, for all high school students to attend Shaker School at \$1.50 per week. This arrangement continued until September 1957 at which time the high school students were provided classes within the District.

Major Initiatives

Mission and Vision

All of our efforts as educators in the Beachwood School District are driven by our mission statement: To develop intellectual entrepreneurs with a social conscience. The mission of the Beachwood City Schools is short in length and powerful in vision. We believe that we must develop adults who are seekers of knowledge, creative, flexible, and reflective. In other words, they have an intellectual capacity. These adults are risk takers, visionaries, brokers, passionate and committed to excellence. Beachwood students also enjoy experiences where they learn to be globally responsible, altruistic, environmentally, culturally and politically sensitive.

Board of Education Goals

The goals adopted last year by our Board of Education served as a framework for both our academic and administrative operations. These goals are compelling and focused. They were embraced by our entire staff and served as the basis for building and department strategies and tactics. And they resulted in a year of great synergy and growth.

Goal #1 - *Process Improvement*. Create and foster a culture that uses process improvement to achieve quality and excellence. Our thirty four member Professional Development Committee plans the staff development initiatives that further enhance teaching and learning throughout our district.

Goal #2 - *Accountability*. Requires that all members of the community, Board members, administrators, staff and students be accountable for their actions, with outcomes measured and evaluated against quality standards. The overall proficiency scores in every grade have increased over the past four years. These are significant gains. They reflect dynamic improvements to our curricula, in alignment with the third goal established by our Board.

Goal #3 - *Dynamic Improvements to the Curriculum*. As part of the SMART consortium – Science and Mathematics Achievement Required for Tomorrow – Beachwood is at the forefront of nationwide improvement in education. We are working to align math and science curricula with peak-performing

Beachwood City School District

countries, with the very best in the world. We're teaching our students problem-solving and analysis, advanced new math and science concepts that require the use of critical thinking skills. All so that our children will be able to compete in a global marketplace.

Goal #4 - Robust Communication. As a district, we are committed to broad, two-way communication with the constituencies we serve, our students, parents, staff and community leaders. We have improved system communications and delivery channels and expanded local media coverage.

Goal #5 - Enhanced Use of Technology. We have committed extensive resources toward the integration of technology at every level from our very youngest "techies" to our extensive technology-based high school curricula to sophisticated administrative functions. This has brought us recognition from the National School Boards Association Technology Network, placing us in the top half of one percent nationwide in the use of technology in the classroom.

Goal #6 - Safety. We realize that safety must be a paramount concern in today's environment. We have implemented advanced emergency communication and fire alarm systems, and are in the final stages of implementing a program to secure our elementary school entrances. We have enjoyed the support and collaboration of the City of Beachwood and its police and fire departments.

Major Initiatives and Accomplishments

The 2001-2002 school year marked a time of historic firsts for the Beachwood School District, a year of great challenge, great success and great growth:

A landslide 72 percent victory for our 9.8 mills continuing school levy and bond issue to build a new Middle School. This was an overwhelming vote of confidence by our community in our schools and our staff, and the result of a coordinated community-wide campaign that was strong, visible and focused. District staff and community volunteers donated hundreds of hours in a concerted team effort to ensure the future of our District. The ballot issue passed by the largest margin seen in the Beachwood community since 1969.

Two national awards of excellence:

Beachwood High School received a U.S. Department of Education **Blue Ribbon Award**. The 2002 Blue Ribbon Award was presented to 172 secondary schools nationwide that are models of excellence. Selection criteria included student focus and support; school organization and culture; challenging standards and curriculum; active teaching and learning; professional community; leadership and educational vitality; school, family and community partnerships; and indicators of success.

Fairmount Elementary School was named to the **Ohio Association of Elementary School Administrators 2002 Hall of Fame**. Fairmount was the only Northeast Ohio elementary school award recipient from 68 applicants statewide, selected on the basis of instructional systems, student achievement, student development, personnel, management and community support.

Elementary-level proficiency improvements that are a direct reflection of curriculum changes to meet international standards of excellence. Every 4th grade score increased from the previous year, with 4th grade science scores jumping from 70 to 92 percent.

Beachwood City School District

The Carolina Biological Science curriculum, recommended by the Third International Mathematics and Science Study (TIMSS) and the Science and Math Achievement Required for Tomorrow (SMART) consortiums, now has been expanded to include kindergarten. This curriculum focuses on hands-on conceptual teaching and learning.

2002 proficiency scores in 4th grade math (95 percent) and writing (100 percent) were the highest in Cuyahoga County. Writing scores for 6th grade (98 percent) also were the County's highest. These outstanding scores were the result of a team effort by our elementary staff to enhance our curriculum and achieve excellence in every area.

Our **inaugural Arts Festival**, a District-wide celebration of fine arts teaching and learning in the Beachwood Schools, featured 50 student performing groups, student art and architecture exhibits, and hands-on art projects for participants. More than 4,000 children, parents and grandparents attended the Festival.

The Beachwood School District earned a **Level 2 Commitment to Excellence Award, Malcolm Baldrige Ohio Award of Excellence**. The application process – an important step in our District's quality journey was an intensive District-wide effort to examine each of our initiatives and identify areas for improvement. The Level 2 Award is presented to organizations "that have demonstrated a serious commitment to excellence and a process for continuous improvement."

The 50-page comprehensive evaluation prepared by the Baldrige examiners will serve as a blueprint for our District as we move forward on our continuous improvement journey.

State of the District

A recent survey of new Beachwood residents proved that the number one reason people chose to make Beachwood their home is the quality of our schools. We plan to continue to live up to these highest of standards, continue to seek new thresholds of success, to grow and achieve and learn and continue to live up to our legend as *the best place to learn*.

Financial Information

Accounting and Budgetary Controls

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding:

- (1) the safeguarding of assets against loss from unauthorized use or disposition; and
- (2) the reliability of financial records for preparing financial statements and maintaining accountability for the assets.

The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management.

Beachwood City School District

All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Governmental and Fiduciary fund types are accounted for on the modified accrual basis of accounting. Governmental revenues are recognized when they become measurable and available to finance expenditures of the current period. Revenue items, which are susceptible to accrual, are recorded as receivables. Expenditures are recognized when the related fund liability is incurred, with the exception of accumulated unpaid employee compensation which is not payable from current expendable financial resources and accrued interest for general long-term obligations which is payable when due.

Proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned and expenses are recognized in the period incurred.

The District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District's governing body. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by individual fund.

The District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Open encumbrances are reviewed individually prior to year-end and a determination made whether or not to carry them forward to the following year. Encumbrances are therefore reported as a reservation of fund balance at year-end. Budgets are legally adopted and controlled on a cash basis (including encumbrances), therefore, the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgeting Basis) reports actual cash revenues and expenditures (including encumbrances) compared to budget amounts. Unencumbered appropriations terminate at year-end.

General Government Functions

The following schedule represents a summary of all governmental fund revenues for the fiscal year ended June 30, 2002 and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	6/30/02 Amount	Percent of Total	Increase/(Decrease) from 6/30/01	Percent of Inc/(Dec)
Taxes	\$24,352,420	83.58%	\$849,756	3.62%
Tuition and fees	568,401	1.95%	(121,171)	-17.57%
Interest	379,026	1.30%	(489,345)	-56.35%
Increase fair market value invest	23,225	0.08%	12,781	122.38%
Intergovernmental	3,661,088	12.56%	265,666	7.82%
Miscellaneous	153,875	0.53%	(126,202)	-45.06%
Total	29,138,035	100.00%	391,485	1.36%

Beachwood City School District

The most significant increase in revenue was in the area of property taxes. Collections were up over the previous fiscal year. Increases were due to the collection cut off date for real property taxes. The County had \$3.7 million vs. \$2.1 million in taxes collected on behalf of the District as of June 30, 2002 which were not yet disbursed to the District.

The tuition and fees decrease is due to a one time change in policy in billing out consortium programs run by the District which was implemented in fiscal year 2001. Historically the District billed for services six months in arrears. Due to cash flow considerations, the District changed its policy to bill an estimated annual amount for the entire school year beginning in fiscal year 2001.

Interest has decreased considerably due to much lower interest rates for fiscal year 2002.

Miscellaneous decreased due to a refund of Worker's Compensation expenditures in the amount of \$131,358 that was received in fiscal year 2001.

The following schedule represents a summary of all governmental fund expenditures for the fiscal year ended June 30, 2002, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	6/30/02 Amount	Percent of Total	Increase/(Decrease) from 6/30/01	Percent of Inc/(Dec)
Instruction	\$12,844,431	37.99%	\$239,327	1.90%
Support services:				
Pupil	1,636,458	4.84%	120,339	7.94%
Instructional staff	1,082,394	3.20%	21,140	1.99%
Board of Education	294,226	0.87%	(78,939)	-21.15%
Administration	2,235,020	6.61%	(95,867)	-4.11%
Fiscal	714,044	2.11%	40,779	6.06%
Business	634,439	1.88%	28,970	4.78%
Operation/maintenance	3,374,674	9.98%	(104,597)	-3.01%
Pupil transportation	1,525,891	4.51%	(68,020)	-4.27%
Central	748,401	2.21%	(208,059)	-21.75%
Non Instructional	179,397	0.53%	8,962	5.26%
Extracurricular activities	808,626	2.39%	163,826	25.41%
Capital Outlay	5,012,396	14.83%	4,134,978	471.27%
Debt service:				
Principal	2,084,000	6.17%	409,000	24.42%
Interest	634,072	1.88%	(87,868)	-12.17%
Total	\$33,808,469	100.00%	4,523,971	15.45%

Beachwood City School District

A significant expenditure increase was in the area of instruction. The District paid on average a 5.5% salary increase. Six classroom teachers retired in fiscal year 2001 and were replaced with less senior staff members.

Pupil support increased significantly due to the addition of several classroom aides for special education students.

Board of Education expenditures decreased due to a decrease in attorney's fees.

Administration expenditures decreased due to the December retirement of the Executive Director of Curriculum and an Elementary Principal in fiscal year 2001. An Asst. Superintendent was hired as of August 1, 2000 to replace the Executive Director. This created an overlap of positions (including salaries and benefits) for a period of five months. Severance for these two positions totaled \$83,723.

Fiscal expenditures increased primarily due to the increased cost of tax collections that were passed on to the District by the County Treasurer in the amount of \$39,506.

Pupil transportation expenditures decreased due to the retirement of the District's transportation director. The assistant transportation director was appointed transportation director at a lower salary and subsequently his job as assistant transportation director was not filled for a savings to the District of \$60,534.

Central expenditures decreased primarily due to less equipment purchased in fiscal year 2002.

Extracurricular increased because the District negotiated an increase in the supplemental pay for the coaches.

Capital outlay increased significantly due to the following additions and renovations: High school science rooms, lunch room addition and classroom renovation at Bryden elementary school and a new gymnasium, renovated lunch room and classroom and office space at Hilltop elementary school.

Enterprise Operations

The District operates five enterprise activities: Food Service, Uniform School Supplies, Adult Education, Recreation and Preschool. Their classification as Enterprise Funds is based on management's desire to measure profit and/or loss from these operations and, as a result, manage them similar to a private organization.

Currently the largest operation is the Food Service, which provides lunches and/or limited food-related items to the various pupils, teachers, and other employees of the District's Schools. Included in this operation is a limited service cafeteria.

In total, the Enterprise Funds experienced an operating loss before non-operating revenue and operating transfers of \$265,194. Management will continue evaluating the Food Service pricing issue. The District has also hired a new Food Service Supervisor who will monitor all cost associated with the District's food service program.

Beachwood City School District

Internal Service Operations

The Internal Service Funds account for activities of providing goods and/or services to other departments of the District or other districts on a cost reimbursement basis. Special education programs provided to students from various school districts in the areas of hearing impairment, multi-handicapped, and severe oral language impairment areas are included in the Internal Service Funds.

In total, the Internal Service Funds experienced an operating loss before non-operating revenue and operating transfers of \$706,679. This is primarily due to the nature of the special education programs. The State Department of Education provides funding through operating grants to support these programs. After considering operating grants for these programs, this fund experienced a net gain of \$6,994. And the Internal Service Funds overall experienced a net loss of \$14,263.

Trust and Agency Operations

The District functions as the agent for the scholarship fund and various student activity programs. For agency operations, available assets are totally offset by liabilities or amounts due to students, other or other governments.

Debt Administration

At June 30, 2002 the District had general obligation bond issues outstanding of \$3,859,000. The District participated in a bus financing pool to purchase three buses. The District's total debt for the bus financing pool is \$144,000. The bus financing pool debt is not counted toward the district's voted or un-voted debt limits. Refer to Note 11 of the Notes to the General Purpose Financial Statements. Under the current Ohio Revised Code, the District's general obligation bonded debt issuances are subject to a legal limitation on both voted and un-voted debt. The limitation is based on 9% and .1% respectively, of the total assessed value of real and personal property. At June 30, 2002, the District's voted general obligation bonded debt of \$19,465,000 was substantially below the legal limit of \$64,123,910 (voted). In addition, the District had no un-voted debt at June 30, 2002. The District has received an Aa2 rating confirmed from Moody's Investors' Service in June, 2001.

In May, 2002, the voters passed a 1.8 mill bond issue. The District issued bond anticipation notes in the amount of \$15,750,000 on June 27, 2002. The bond anticipation notes are recorded as a liability of the building fund. Refer to Note 8 in the Notes to the General Purpose Financial Statements.

The District has tax anticipation notes outstanding. The tax anticipation notes are recorded as a liability of the general long term debt account group. Total tax anticipation notes outstanding as of June 30, 2002 is \$5,955,000. Refer to Note 10 in the Notes to the General Purpose Financial Statements.

Cash Management

Cash not needed for immediate use during the year was invested in demand deposits, certificates of deposit, federal agency discount notes, treasury bills, Victory Money Market Funds, and the State Treasurer's Asset Reserve of Ohio program administered by the Office of the Treasury of the State of Ohio. This program is a statewide investment pool offered to political sub-divisions of the State of Ohio as a conservative means of investing in a portfolio of investment instruments. The portfolio consists of Government/Federal Agency securities, collateralized certificates of deposit, and repurchase agreements with eligible Ohio financial

Beachwood City School District

institutions. The total amount of interest earned during the year from all investments was \$379,240 of which \$264,216 was credited directly to the general fund as directed by statute and/or board resolution.

Risk Management

The District maintains third-party insurance coverage for claims arising from property damage, personal injury, and all other areas of risk. No future plans exist to internally assume these risks.

The District maintains a self insurance fund for the purpose of paying vision claims of District employees and their covered dependents.

Significant Local Economic Events

The District passed a combination levy of 8.0 operating mills and 1.8 mill bond issue. The voters passed the levy with an overwhelming 72% approval rate. Passage of this levy will allow the District to continue to provide its outstanding educational services to our students. The 1.8 mill bond issue will be used to build a state of the art Middle School.

The economic condition and outlook for the community is very positive. The growth in the tax duplicate has been primarily realized due to the continued development of both office and retail commercial property and residential development. The community's tax base is evenly distributed between commercial and residential property. Based on current projections, this trend is expected to continue through the 2000's.

The City of Beachwood has annexed 400 acres from a neighboring community in order to develop a proposed \$500 million, 633 acre Corporate Complex featuring office space, a retail mall and at least one hotel. The District signed an agreement with the Warrensville Heights School District to share in any future tax revenue. Beachwood Schools would receive 30% of the tax revenue from all future development. Originally, Warrensville Heights Schools District was the sole beneficiary of school tax revenues. The District considers the successful negotiation of tax sharing a major accomplishment which will enhance school revenues well into the future. Currently 2 properties, One Chagrin Highland and Two Chagrin Highland have been constructed on this property. One Chagrin Highland is between 80-90% occupied. Two Chagrin Highland was issued its certificate of occupancy six months ago. Future development is imminent.

The Beachwood Mall has expanded. Nordstrom's opened in the fall of 1997 while Dillard's and Saks Fifth Avenue expanded the size of their stores in order to remain competitive. The District has financially benefitted from the Mall expansion.

Prospects for The Future

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision 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 time line for

Beachwood City School District

distribution is not specified.

- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of September 6, 2002, the Ohio General Assembly is still analyzing the impact its Supreme Court decision will have on funding for individual school districts. Further, 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 retroactively to July 1, 2001.

On November 2, 2001, the Court granted permission for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration. As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

House Bill 920, which was enacted in 1976 by the Ohio legislature, has severely limited schools in their funding initiatives. This law prohibits school districts from realizing additional revenue from previously voted millage due to reappraisal of property values. Although the District's total operating millage is 63.8 mills, the effective millage levied and collected is 22.40 and 29.15 respectively, for residential and commercial property.

The District convened a citizens' advisory committee to meet and review the District's finances and building improvement needs. The committee had made recommendations to the Board of Education to place an operating issue on the May, 2002 ballot and also a bond issue to replace the District's Middle School. Both issues passed overwhelming. The committee also identified *Phase I* capital projects that affect virtually every building in the district except the Middle School. Bryden Elementary is adding a lunch room and renovating classrooms. Hilltop Elementary is adding a gymnasium, classrooms and renovating the lunchroom. Beachwood High School has driveway repairs, renovations to the auditorium sound and lighting system and new windows. These projects are expected to be completed by Fall, 2002. All the buildings have also been equipped with new safety features.

Phase II projects have been identified which include renovating the wrestling room and adding new science rooms at the High School. The wrestling room project was completed in the spring of 2002. The new science rooms at the High School are expected to be completed by Fall, 2002.

Other Information

Independent Audit

The Ohio Revised Code requires an annual audit of the District's financial statements and its compliance with certain sections of the Ohio Revised Code. The Ohio Auditor of State conducted the District's 2002 fiscal year audit. The report of independent accountants on the general purpose financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report.

Beachwood City School District

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Beachwood City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001. (This was the 14th consecutive year that the Beachwood City School District achieved this prestigious award.) In order to be awarded a Certificate of Achievement, a governmental 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.

The Certificate of Achievement is valid for a period of one year. We believe that our current report continues to conform with the reporting standards required for the awarding of the Certificate of Achievement for Excellence in Financial Reporting from the GFOA.


Acknowledgments

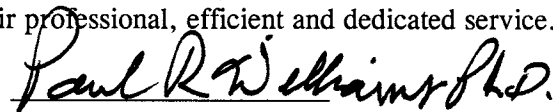
The publication of this report continues the School District's commitment toward professionalizing the financial reporting of the Beachwood City School District. It substantially increases the accountability of the District to the taxpayers.

Sincere appreciation is extended to the Board of Education, who continue to strive for excellence in the schools at all levels. The commitment to our students, staff and community begins with them. Without their support, this report would not be possible.

A special thanks to our art teacher, Chunny Hahn, for her inspiration to her students who contributed their art work for this publication. We appreciate their efforts.

Special recognition must be extended to the members of the Treasurer's Office; Linda Klitz, Assistant Treasurer, Karen Bencin, Payroll Coordinator and Dave Green, Financial Processing Coordinator, who assisted with the development of the Comprehensive Annual Financial Report and the annual audit. The department members have our sincere gratitude for their professional, efficient and dedicated service.


Michele E. Mills,
Finance Director/Treasurer


Paul R. Williams, Ph.D.
Superintendent of Schools

Beachwood City School District

Elected Officials

Board of Education

Mr. David Ostro President

Dr. Scott Peters Vice President

Mrs. Sylvia Aarons Member

Mr. Martin Horwitz Member

Mrs. Beth Rosenbaum Member

Appointed Officials

Director of Finance/Treasurer

Michele E. Mills

Administration

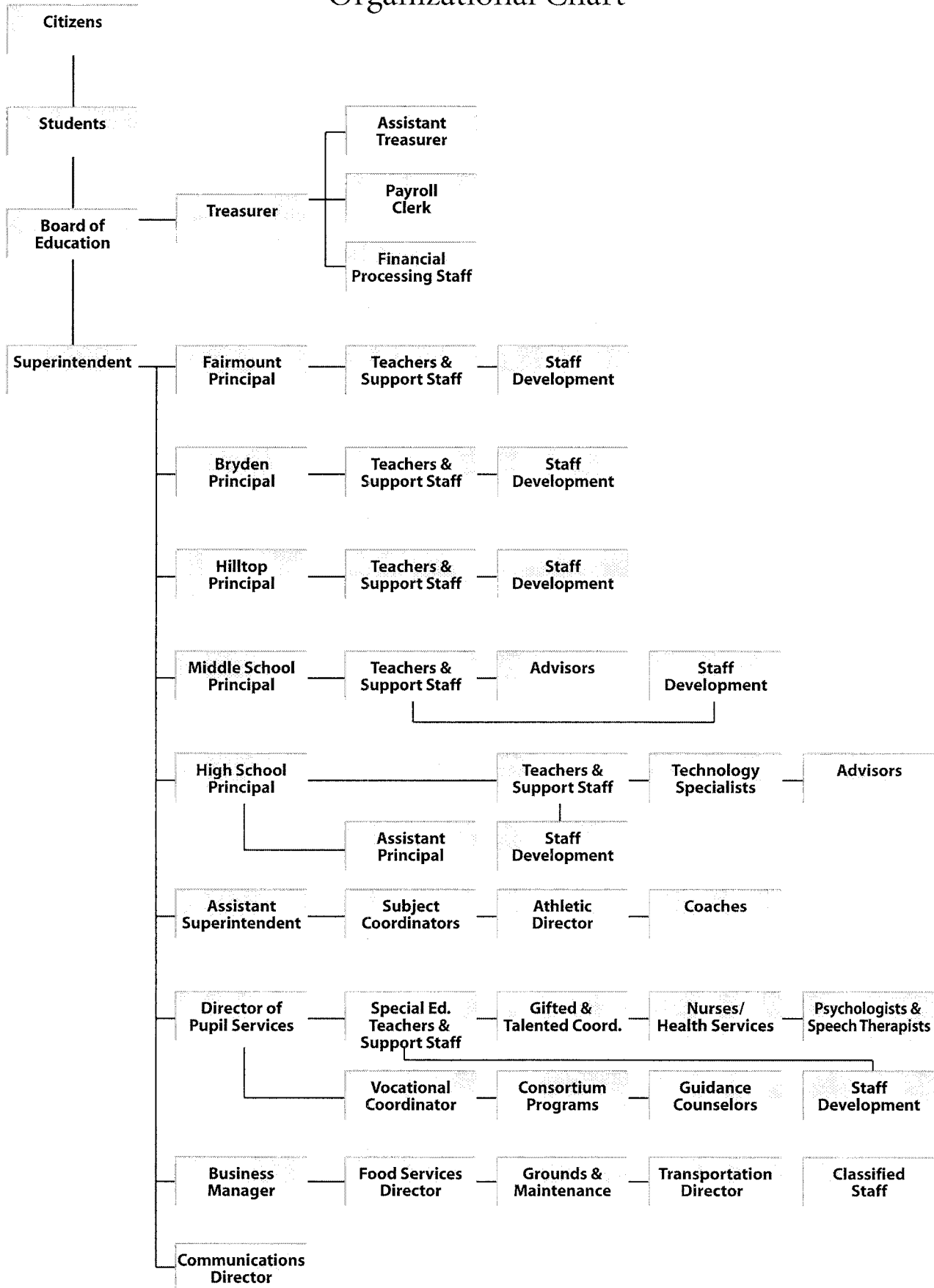
Dr. Paul R. Williams Superintendent

Mr. Randy Boroff Assistant Superintendent

Mr. Lawrence Tomec Business Manager

Mr. John Occhino Director of Pupil Services

Beachwood City Schools Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Beachwood City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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.



Thomas A. Arue
President

Jeffrey L. Esser
Executive Director



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Lausche Building
615 Superior Avenue, NW.
Twelfth Floor
Cleveland, Ohio 44113-1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Beachwood City School District
Cuyahoga County
24601 Fairmount Boulevard
Beachwood, Ohio 44122-2298

We have audited the accompanying general-purpose financial statements of the Beachwood City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Beachwood City School District, Cuyahoga County, Ohio, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

September 6, 2002

General Purpose Financial Statements

Beachwood City School District
Combined Balance Sheet
All Fund Types and Account Groups
For the Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
Assets				
Equity in pooled cash and cash equivalents (Note 3)	\$1,586,931	\$108,798	\$567,213	\$17,028,023
Restricted cash (Note 2)	199,057	0	0	0
Receivables (Note 6)				
Taxes -- current	22,928,046	0	2,639,545	296,847
Accounts	3,295	546	0	0
Accrued interest	3,771	0	0	13,759
Due from other funds (Note 5)	897,706	0	0	0
Due from other governments	0	0	0	0
Materials and supplies inventory	75,123	0	0	0
Prepays	109,312	0	0	0
Fixed assets, (net where applicable of accumulated depreciation) (Note 7)	0	0	0	0
Amount available in debt service fund	0	0	0	0
Amount to be provided for retirement of general long-term obligations	0	0	0	0
Total assets	<u>25,803,241</u>	<u>109,344</u>	<u>3,206,758</u>	<u>17,338,629</u>
Liabilities				
Accounts payable	20,029	5,410	0	560,810
Accrued wages and benefits (Note 11)	2,453,654	1,826	0	0
Due to other funds (Note 5)	0	0	0	0
Due to students	0	0	0	0
Due to other	0	0	0	0
Deferred revenue: taxes	19,491,084	0	2,164,667	228,906
Deferred revenue: other	0	0	0	0
Capital leases payable (Note 9)	0	0	0	0
Tax anticipation notes payable (Note 10)	0	0	0	0
Bond anticipation notes payable (Note 8)	0	0	0	15,750,000
General obligation bonds payable (Note 11)	0	0	86,363	0
Total liabilities	<u>21,964,767</u>	<u>7,236</u>	<u>2,251,030</u>	<u>16,539,716</u>
Fund equity and other credits				
Investment in general fixed assets	0	0	0	0
Contributed capital	0	0	0	0
Retained earnings (deficit): unreserved	0	0	0	0
Fund balances:				
Reserved for encumbrances	151,127	10,512	0	1,562,629
Reserved for inventory	75,123	0	0	0
Reserved for prepaids	109,312	0	0	0
Reserved for taxes	3,146,317	0	458,661	65,481
Reserved for budget stabilization	134,873	0	0	0
Unreserved:				
Designated for textbooks and materials	64,184			
Unreserved...undesignated	157,538	91,596	497,067	(829,197)
Total fund balances (deficit)	<u>3,838,474</u>	<u>102,108</u>	<u>955,728</u>	<u>798,913</u>
Total equity and other credits	<u>3,838,474</u>	<u>102,108</u>	<u>955,728</u>	<u>798,913</u>
Total liabilities, equity and other credits	<u>\$25,803,241</u>	<u>\$109,344</u>	<u>\$3,206,758</u>	<u>\$17,338,629</u>

See accompanying notes to general purpose financial statements.

Proprietary Fund Types		Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Expendable Trust and Agency	General Fixed Assets	General Long-Term Debt	2002	2001
\$148,899	\$1,727,467	\$569,790	\$0	\$0	\$21,737,121	\$11,524,807
0	0	0	0	0	199,057	153,006
0	0	0	0	0	25,864,438	22,024,689
45	3,411	0	0	0	7,297	52,318
0	0	0	0	0	17,530	84,461
0	0	0	0	0	897,706	584,846
4,093	173,080	0	0	0	177,173	101,302
8,323	0	0	0	0	83,446	77,033
0	0	0	0	0	109,312	0
27,175	76,960	0	31,466,238	0	31,570,373	26,574,613
0	0	0	0	955,728	955,728	1,039,085
0	0	0	0	12,617,353	12,617,353	14,075,570
<u>188,535</u>	<u>1,980,918</u>	<u>569,790</u>	<u>31,466,238</u>	<u>13,573,081</u>	<u>94,236,534</u>	<u>76,291,730</u>
2,169	549	0	0	0	588,967	228,656
121,719	777,866	502,623	0	3,370,642	7,228,330	6,957,899
40,000	857,706	0	0	0	897,706	584,846
0	0	49,400	0	0	49,400	51,661
0	0	9,630	0	0	9,630	10,936
0	0	0	0	0	21,884,657	19,382,936
439	0	0	0	0	439	421
0	17,021	0	0	388,439	405,460	0
0	0	0	0	5,955,000	5,955,000	7,340,000
0	0	0	0	0	15,750,000	0
0	0	0	0	3,859,000	3,945,363	4,644,363
<u>164,327</u>	<u>1,653,142</u>	<u>561,653</u>	<u>0</u>	<u>13,573,081</u>	<u>56,714,952</u>	<u>39,201,718</u>
0	0	0	31,466,238	0	31,466,238	26,516,647
35,200	1,905	0	0	0	37,105	37,105
(10,992)	325,871	0	0	0	314,879	291,000
0	0	0	0	0	1,724,268	1,715,970
0	0	0	0	0	75,123	73,877
0	0	0	0	0	109,312	0
0	0	0	0	0	3,670,459	2,121,478
0	0	0	0	0	134,873	134,873
0	0	8,137	0	0	64,184	18,133
0	0	8,137	0	0	(74,859)	6,180,929
24,208	327,776	8,137	31,466,238	0	5,703,360	10,245,260
<u>\$188,535</u>	<u>\$1,980,918</u>	<u>\$569,790</u>	<u>\$31,466,238</u>	<u>\$13,573,081</u>	<u>\$94,236,534</u>	<u>\$76,291,730</u>

Beachwood City School District
Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
All Governmental Fund Types and Expendable Trust Fund
For The Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Taxes	\$21,737,304	\$0
Tuition and fees	568,401	0
Interest	264,216	561
Increase in fair market value of investments	23,225	0
Intergovernmental	3,005,798	397,261
Miscellaneous revenue from local sources	63,691	82,024
Total revenues	25,662,635	479,846
Expenditures:		
Current:		
Instruction	12,444,438	389,993
Support services:		
Pupil	1,526,258	110,200
Instructional staff	1,071,638	10,756
Board of Education	294,226	0
Administration	2,200,992	34,028
Fiscal	714,044	0
Business	630,943	3,496
Operation and maintenance of plant	3,374,674	0
Pupil transportation	1,399,834	13,970
Central	705,474	27,200
Non Instructional	0	179,176
Extracurricular activities	560,197	164,430
Capital outlay	0	0
Debt service:		
Principal	0	0
Interest	0	0
Total expenditures	24,922,718	933,249
Excess (deficiency) of revenues over expenditures	739,917	(453,403)
Other financing sources (uses):		
Operating transfers in	0	270,400
Operating transfers out	(543,267)	0
Proceeds from sale of fixed assets	2,320	0
Inception of capital lease	35,175	0
Proceeds from sale of bonds & notes	0	0
Total other financing sources (uses)	(505,772)	270,400
Excess (deficiency) of revenues and other sources over expenditures and other uses	234,145	(183,003)
Fund balance at beginning of year	3,604,329	285,111
Fund balance at end of year	\$3,838,474	\$102,108

See accompanying notes to general purpose financial statements.

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
Debt Service	Capital Projects	Expendable Trust	2002	2001
\$2,395,863	\$219,253	\$0	\$24,352,420	\$23,502,664
0	0	0	568,401	689,572
0	114,249	116	379,142	868,698
0	0	0	23,225	10,444
235,922	22,107	0	3,661,088	3,395,422
2,930	5,230	265	154,140	280,266
<u>2,634,715</u>	<u>360,839</u>	<u>381</u>	<u>29,138,416</u>	<u>28,747,066</u>
0	10,000	0	12,844,431	12,605,104
0	0	1,475	1,637,933	1,517,444
0	0	0	1,082,394	1,061,254
0	0	0	294,226	373,165
0	0	0	2,235,020	2,330,887
0	0	0	714,044	673,265
0	0	0	634,439	605,469
0	0	0	3,374,674	3,479,271
0	112,087	0	1,525,891	1,593,911
0	15,727	0	748,401	956,460
0	221	0	179,397	170,435
0	83,999	0	808,626	644,800
0	5,012,396	0	5,012,396	877,418
2,084,000	0	0	2,084,000	1,675,000
634,072	0	0	634,072	721,940
<u>2,718,072</u>	<u>5,234,430</u>	<u>1,475</u>	<u>33,809,944</u>	<u>29,285,823</u>
<u>(83,357)</u>	<u>(4,873,591)</u>	<u>(1,094)</u>	<u>(4,671,528)</u>	<u>(538,757)</u>
0	0	0	270,400	180,000
0	0	0	(543,267)	(450,920)
0	0	0	2,320	3,140
0	365,000	0	400,175	0
0	0	0	0	0
<u>0</u>	<u>365,000</u>	<u>0</u>	<u>129,628</u>	<u>(267,780)</u>
(83,357)	(4,508,591)	(1,094)	(4,541,900)	(806,537)
<u>1,039,085</u>	<u>5,307,504</u>	<u>9,231</u>	<u>10,245,260</u>	<u>11,051,797</u>
<u>\$955,728</u>	<u>\$798,913</u>	<u>\$8,137</u>	<u>\$5,703,360</u>	<u>\$10,245,260</u>

Beachwood City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Expendable Trust Fund
For the Year Ended June 30, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$20,481,532	\$20,607,732	\$126,200
Tuition and fees	305,000	283,465	(21,535)
Interest	320,000	344,906	24,906
Intergovernmental	2,999,116	3,005,797	6,681
Miscellaneous revenue from local sources	63,000	61,759	(1,241)
Total revenues	24,168,648	24,303,659	135,011
Expenditures:			
Current:			
Instruction	12,872,808	12,643,872	228,936
Support services:			
Pupils	1,514,039	1,500,609	13,430
Instructional staff	1,090,512	1,071,702	18,810
Board of Education	315,971	310,788	5,183
Administration	2,299,894	2,282,994	16,900
Fiscal	730,022	712,787	17,235
Business	677,020	635,956	41,064
Operation and maintenance of plant	3,460,002	3,425,784	34,218
Pupil transportation	1,436,879	1,427,204	9,675
Central	760,748	734,419	26,329
Non instruction	0	0	0
Extracurricular activities	562,344	553,103	9,241
Capital outlay	0	0	0
Debt service:			
Principal	0	0	0
Interest	0	0	0
Other	0	0	0
Total expenditures	25,720,239	25,299,218	421,021
Excess (deficiency) of revenues over expenditures	(1,551,591)	(995,559)	556,032
Other financing sources (uses)			
Proceeds from sale of short term notes and inception of capital lease	0	0	0
Proceeds from sale of fixed assets	3,000	2,320	(680)
Refunds of prior year expenditures	1,000	1,224	224
Advances/transfers in	525,000	525,000	0
Advances/transfers out	(1,100,000)	(1,093,767)	6,233
Total other financing sources (uses)	(571,000)	(565,223)	5,777
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,122,591)	(1,560,782)	561,809
Fund balance at beginning of year	2,816,054	2,816,054	0
Expenditures against prior year's encumbrances	325,821	325,821	0
Fund balance at end of year	\$1,019,284	\$1,581,093	\$561,809
See accompanying notes to general purpose financial statements.			

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,258,153	\$2,255,348	(\$2,805)
0	0	0	0	0	0
600	561	(39)	0	0	0
404,227	397,261	(6,966)	232,488	235,922	3,434
104,429	81,478	(22,951)	0	2,930	2,930
509,256	479,300	(29,956)	2,490,641	2,494,200	3,559
398,670	391,473	7,197	0	0	0
121,762	114,326	7,436	0	0	0
10,756	10,756	0	0	0	0
0	0	0	0	0	0
37,261	36,947	314	0	0	0
0	0	0	0	0	0
3,790	3,790	0	0	0	0
0	0	0	0	0	0
13,970	13,970	0	0	0	0
28,715	27,200	1,515	0	0	0
199,937	197,537	2,400	0	0	0
192,521	165,909	26,612	0	0	0
0	0	0	0	0	0
0	0	0	2,084,000	2,084,000	0
0	0	0	634,164	634,072	92
0	0	0	400	0	400
1,007,382	961,908	45,474	2,718,564	2,718,072	492
(498,126)	(482,608)	15,518	(227,923)	(223,872)	4,051
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
265,000	270,400	5,400	0	0	0
0	0	0	0	0	0
265,000	270,400	5,400	0	0	0
(233,126)	(212,208)	20,918	(227,923)	(223,872)	4,051
272,536	272,536	0	791,085	791,085	0
32,549	32,549	0	0	0	0
\$71,959	\$92,877	\$20,918	\$563,162	\$567,213	\$4,051

(continued)

Beachwood City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Expendable Trust Fund (continued)
For the Year Ended June 30, 2002

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$145,000	\$151,312	\$6,312
Tuition and fees	0	0	0
Interest	278,250	134,601	(143,649)
Intergovernmental	23,500	22,107	(1,393)
Miscellaneous revenue from local sources	5,500	5,230	(270)
Total revenues	452,250	313,250	(139,000)
Expenditures:			
Current:			
Instruction	30,000	28,517	1,483
Support services:			
Pupils	0	0	0
Instructional staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and maintenance of plant	0	0	0
Pupil transportation	126,109	112,087	14,022
Central	15,727	15,727	0
Non instruction	221	221	0
Extracurricular activities	85,140	83,999	1,141
Capital outlay	8,266,096	6,739,504	1,526,592
Debt service:			
Principal	0	0	0
Interest	0	0	0
Other	0	0	0
Total expenditures	8,523,293	6,980,055	1,543,238
Excess (deficiency) of revenues over expenditures	(8,071,043)	(6,666,805)	1,404,238
Other financing sources (uses):			
Proceeds from sale of short term notes and inception of capital lease	16,110,000	16,110,000	0
Proceeds from sale of fixed assets	0	0	0
Refunds of prior year expenditures	0	0	0
Advances/transfers in	500,000	500,000	0
Advances/transfers out	(500,000)	(500,000)	0
Total other financing sources (uses)	16,110,000	16,110,000	0
Excess (deficiency) of revenues and other sources over expenditures and other uses	8,038,957	9,443,195	1,404,238
Fund balance at beginning of year	3,851,443	3,851,443	0
Expenditures against prior year's encumbrances	1,609,945	1,609,945	0
Fund balance at end of year	\$13,500,345	\$14,904,583	\$1,404,238

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$22,884,685	\$23,014,392	\$129,707
0	0	0	305,000	283,465	(21,535)
150	116	(34)	599,000	480,184	(118,816)
0	0	0	3,659,331	3,661,087	1,756
750	1,491	741	173,679	152,888	(20,791)
900	1,607	707	27,621,695	27,592,016	(29,679)
0	0	0	13,301,478	13,063,862	237,616
1,625	1,475	150	1,637,426	1,616,410	21,016
0	0	0	1,101,268	1,082,458	18,810
0	0	0	315,971	310,788	5,183
0	0	0	2,337,155	2,319,941	17,214
3,275	2,532	743	733,297	715,319	17,978
0	0	0	680,810	639,746	41,064
0	0	0	3,460,002	3,425,784	34,218
0	0	0	1,576,958	1,553,261	23,697
0	0	0	805,190	777,346	27,844
0	0	0	200,158	197,758	2,400
0	0	0	840,005	803,011	36,994
0	0	0	8,266,096	6,739,504	1,526,592
0	0	0	2,084,000	2,084,000	0
0	0	0	634,164	634,072	92
0	0	0	400	0	400
4,900	4,007	893	37,974,378	35,963,260	2,011,118
(4,000)	(2,400)	1,600	(10,352,683)	(8,371,244)	1,981,439
0	0	0	16,110,000	16,110,000	0
0	0	0	3,000	2,320	(680)
0	0	0	1,000	1,224	224
0	0	0	1,290,000	1,295,400	5,400
0	0	0	(1,600,000)	(1,593,767)	6,233
0	0	0	15,804,000	15,815,177	11,177
(4,000)	(2,400)	1,600	5,451,317	7,443,933	1,992,616
20,167	20,167	0	7,751,285	7,751,285	0
0	0	0	1,968,315	1,968,315	0
<u>\$16,167</u>	<u>\$17,767</u>	<u>\$1,600</u>	<u>\$15,170,917</u>	<u>\$17,163,533</u>	<u>\$1,992,616</u>

Beachwood City School District
Combined Statement of Revenues, Expenses and Changes in Retained Earnings
All Proprietary Fund Types
For The Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Enterprise	Internal Services	Totals (Memorandum only)	
			2002	2001
Operating revenues:				
Tuition and fees	\$368,164	\$2,297,874	\$2,666,038	\$2,532,380
Sales	300,470	0	300,470	334,443
Charges for services	141,617	108,559	250,176	193,569
Other	0	229,267	229,267	214,656
Total operating revenues	810,251	2,635,700	3,445,951	3,275,048
Operating expenses:				
Salaries and wages	547,219	1,949,841	2,497,060	2,242,477
Fringe benefits	221,704	660,827	882,531	856,713
Contractual services	76,895	446,062	522,957	767,562
Materials and supplies	217,767	179,250	397,017	423,765
Other expenses	6,686	89,632	96,318	88,437
Depreciation expense	5,174	16,767	21,941	16,320
Total operating expenses	1,075,445	3,342,379	4,417,824	4,395,274
Operating loss	(265,194)	(706,679)	(971,873)	(1,120,226)
Non-operating revenues:				
Interest	98	0	98	656
Operating grants	30,371	692,416	722,787	892,686
Total non-operating revenues	30,469	692,416	722,885	893,342
Net income (loss) before operating transfers	(234,725)	(14,263)	(248,988)	(226,884)
Operating transfers in	240,000	32,867	272,867	270,920
Net operating transfers	240,000	32,867	272,867	270,920
Net income (loss)	5,275	18,604	23,879	44,036
Retained earnings (deficit) at beginning of year	(16,267)	307,267	291,000	246,964
Retained earnings (deficit) at end of year	(\$10,992)	\$325,871	\$314,879	\$291,000

See accompanying notes to general purpose financial statements.

Beachwood City School District
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Enterprise Funds	Internal Services	Totals (Memorandum only)	
			2002	2001
Cash flows from operating activities:				
Operating loss	(\$265,194)	(\$706,679)	(\$971,873)	(\$1,120,226)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	5,174	16,767	21,941	16,320
Change in assets and liabilities				
(Increase) decrease in accounts receivable	11,592	(2,807)	8,785	(10,788)
(Increase) decrease in due from other funds	0	956	956	248,656
(Increase) decrease in due from other governments	(4,093)	(71,778)	(75,871)	326,130
(Increase) decrease in inventory	(5,167)	0	(5,167)	1,645
Increase (decrease) in accounts payable	965	(348)	617	1,137
Increase (decrease) in accrued wages & benefits pay	799	68,570	69,369	(79,762)
Increase (decrease) in due to other funds	15,000	298,816	313,816	151,894
Increase (decrease) in deferred revenue	18	0	18	72
Increase (decrease) in capital leases payable	0	17,021	17,021	0
Total adjustments	24,288	327,197	351,485	655,304
Net cash used in operating activities	(240,906)	(379,482)	(620,388)	(464,922)
Cash flows provided by (used in) noncapital financing activities:				
Interest	98	0	98	656
Operating grants received	30,371	692,416	722,787	892,686
Operating transfers in	240,000	32,867	272,867	270,920
Net cash provided by noncapital financing activities	270,469	725,283	995,752	1,164,262
Cash flows used in capital and related financing activities:				
Acquisition and construction of capital assets	(15,130)	(52,980)	(68,110)	(34,470)
Net cash used in capital and related financing activities	(15,130)	(52,980)	(68,110)	(34,470)
Net increase (decrease) in cash and cash equivalents	14,433	292,821	307,254	664,870
Cash and cash equivalents at beginning of year	134,466	1,434,646	1,569,112	904,242
Cash and cash equivalents at end of year	\$148,899	\$1,727,467	\$1,876,366	\$1,569,112

See accompanying notes to general purpose financial statements.

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

(1.) Description of The School

The Beachwood City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the District.

The Board controls the District's five instructional facilities and one support facility staffed by 188 certificated teaching personnel, 209 non-certificated support personnel and 11 administrators.

The District is located east of Cleveland, Ohio, in a prosperous suburb consisting of residences and significant office and retail commercial development. The enrollment for the District during the 2002 fiscal year was 1,543. The District operates three elementary schools, a middle school, and a high school.

(2.) Description of Reporting Entity, Basis of Presentation and Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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 provided 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 District is associated with two jointly governed organizations; the Ohio Schools Council and the Lake Geauga Computer Association as outlined below.

Jointly governed organizations

Ohio Schools Council - The Ohio Schools' Council Association (Council) is a jointly governed

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

organization among eighty-two school districts. 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. In fiscal year 2002, the School District paid \$719,153 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's electricity purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to the participation to Energy Acquisition Corp.

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

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

Lake Geauga Computer Association - The Lake Geauga Computer Association ("LGCA") is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its 18 member school districts. Each of the districts supports LGCA based upon a per pupil charge. The School District contributed \$46,186 to LGCA during fiscal year 2002.

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained from the Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

B. Basis of Presentation

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to governments.

The financial transactions of the District are recorded in individual funds and account groups. The various funds and account groups are reported by type in the general purpose financial statements. Amounts in the "Totals (Memorandum Only)" columns in the general purpose financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented only for analytical purposes. The summation includes fund types and account groups that use different bases of accounting, interfund transactions that have not been eliminated, and the caption "amounts to be provided," which does not represent an asset. Consequently, amounts shown in the "Totals (Memorandum Only)" columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation and does not represent the total resources available or total revenues and expenditures/expenses of the District.

The District uses the following fund categories, fund types, and accounts groups:

Governmental Funds

Governmental Funds are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during a period.

General Fund - the general operating fund of the District; used to account for all revenues and expenditures except those required to be accounted for in another fund.

Special Revenue Funds - used to account for revenue from specific sources (other than major capital projects) which require separate accounting because of legal restrictions requiring that expenditures be for specified purposes.

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

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

Capital Projects Funds - used to account for revenue and expenditures related to the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Proprietary Funds

Proprietary Funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund measurement focus is upon determination of net income, financial position and cash flows.

Enterprise Funds - used to account for operations where the intention is to finance such operations primarily through user charges, or to where the district has decided that the periodic determination of revenues, expenses and net income is appropriate.

Internal Service Funds - used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary Funds are accounted for on a flow of current financial resources measurement focus and are accounted for on a modified accrual accounting basis.

Expendable Trust Fund - is used to account for assets held by a governmental unit in a trustee capacity as an agent for individuals, private organizations or other governmental units with specific trust agreements as to how the funds will be disbursed.

Agency Funds - used to account for assets held by the District as an agency for individuals, private organizations, other governments or other funds.

Account Groups

Account groups are used to establish accounting control and accountability for the District's general fixed assets and general long-term debt.

General Fixed Assets - used to account for capital assets used in general government operations with a useful life of greater than one year (other than those accounted for in the Proprietary Funds).

General Long-Term Debt - used to account for all long-term obligations of the District, except for those accounted for in the Proprietary Funds. These obligations are secured by the credit of the District as a whole and are payable from general government resources or assessments

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

against property owners.

C. Basis of Accounting

Governmental and Expendable Trust Fund types are accounted for on the modified accrual basis of accounting. Governmental revenues are recognized when they become measurable and available to finance expenditures of the current period. Revenue items, which are susceptible to accrual and therefore are recorded as receivables include investment income and reimbursable-type grants. Expenditures are recognized when the related fund liability is incurred, with the exception of accumulated unpaid employee compensation which is not payable from current expendable financial resources, and general long-term obligation principal and interest which is reported when due. The available period for the District is sixty days after year end.

Proprietary Funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary Funds' unbilled services receivable are recognized as revenue in the period when the service is provided.

With respect to proprietary activities, Beachwood City School District has adopted GASB 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units that Use Proprietary Fund Accounting. Beachwood City School District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board pronouncements and Accounting Principles Board Opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements.

D. Budgetary Accounting

An annual appropriations budget is adopted by the Board of Education each year for all Governmental Fund Types, Fiduciary Fund Types, and Proprietary Fund Types as is required by state statute. Modifications to the original budgets are approved by the Board of Education throughout the year. Budget amounts presented in the accompanying financial statements represent revised amounts which are not significantly different from the original budgets. The District maintains budgetary control by not permitting expenditures to exceed appropriations of an individual fund without the approval of the Board of Education (legal level of control). Unencumbered appropriations lapse at year end. Encumbrances are reported as an expenditure in the current budget presentation and are carried forward to the succeeding fiscal year and are re-appropriated.

The District's budget (budget basis) for all funds account for certain transactions on a basis which differs from generally accepted accounting principles (GAAP basis). The major differences between the budget basis and the GAAP basis are that:

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

- (1.) Revenues are recorded when received in cash for budget purposes as opposed to when susceptible to accrual or when services are provided for GAAP purposes.
- (2.) Expenditures and expenses are recorded when paid in cash or encumbered for budget purposes as opposed to when the liability is incurred for GAAP purposes.

An analysis of the difference in fund balance for all governmental fund types and the expendable trust fund at June 30, 2002 was determined under the GAAP basis and budget basis follows:

	<u>General Fund</u>	Special Revenue Funds	<u>Debt Service</u>	Capital Projects	Expendable Trust
GAAP basis fund balance	\$3,838,474	\$102,108	\$955,728	\$798,913	\$8,137
Adjustments for GAAP basis					
Accrued revenues at June 30, 2002	(\$24,017,253)	(\$546)	(\$2,639,545)	(\$310,606)	\$0
Accrued expenditures/deferred revenue at June 30, 2002	21,964,767	7,236	2,251,030	16,539,716	9,630
Adjusted fair market value of investments	(13,708)	0	0		0
Encumbrances outstanding at June 30, 2002 (budget basis)	(191,187)	(15,921)	0	(2,123,440)	0
Budget basis- fund balance	\$1,581,093	\$92,877	\$567,213	\$14,904,583	\$17,767

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding as of year-end are reported as a reservation of fund balances.

F. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

through District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During 2002, investments were limited to demand deposits, certificates of deposit, Victory Federal Money Market, federal agency discount notes, treasury bills and STAROhio. For purposes of the combined statement of cash flows - all proprietary fund types - the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents, such as certificates of deposit, discount notes, repurchase agreements and banker's acceptances. Any investments with a maturity of one year or less at the time of purchase is reported at amortized cost except investments in STAROhio and Mutual funds are valued at share price which is the market price the investment can be sold for. Investments with an original maturity of more than three months not purchased from the pool are reported as investments. Investments are reported at fair value which is based on quoted market prices. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$264,216 which included \$22,337 assigned from other funds.

G. Inventory

Inventories of governmental funds are stated at cost, while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out method (FIFO) and are determined by physical count. Inventory in Governmental Funds consists of expendable supplies held for consumption. The cost of inventory items is recognized as an expenditure when used (consumption method). Reported inventories in the general fund are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food and school supplies held for resale and are expensed when used.

H. Fixed Assets and Depreciation

(1.) General Fixed Assets Account Group

General Fixed Assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Contributed fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 with the exception of any items deemed by the Business Manager to be capitalized. No depreciation is recognized for assets in the General Fixed Assets Account Group. Interest is not capitalized for assets in the General Fixed Assets Account Group.

(2.) Proprietary Funds

Property, plant, and equipment reflected in the Proprietary Funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Contributed fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided on a straight-line basis

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

for all property, plant, and equipment based on estimated useful lives ranging from 5 to 15 years for equipment.

I. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. Operating subsidies are recorded as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is based on the intent of the District at the time of the transaction.

J. Fund Balance Reserves

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for specific use. Fund Balances are reserved for prepaid items, materials and supplies inventory, property taxes, budget stabilization and encumbrances. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

K. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to reflect restrictions on their use. By statute, money must be set aside to create a reserve for textbooks and instructional material and capital improvements. In addition, the Board had designated a portion of the fund balance for textbook and instructional material purchases. See Note 19 for the calculations of the year-end restricted asset balance and the corresponding fund balance reserves/designation.

L. Estimates

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

(3.) Equity in Pooled Cash and Cash Equivalents

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 the Board of Education has identified as not required for use

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

within the current two 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), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

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;
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. Bond 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) 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). 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 market price the investment could be sold for;
7. Certain Banker's acceptances for the period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time, and,

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

8. Under limited circumstances, 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 treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation or transfer from the custodian.

(a) Deposits

At year end, the District's petty cash equaled \$5,200 and the carrying amount of the District's deposits was \$17,819,137 and the bank balance was \$18,430,430. The bank balance is categorized as follows:

Amount insured by the FDIC or collateralized with securities held by the financial institution in the District's name	\$ 361,159
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Amount collateralized with securities held by our agent but not in the Districts name	\$18,069,271
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(b) Investments

Investments made by the District as of June 30, 2002 are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1	Insured or registered, or investments held by the District or its agents in the District's name.
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Category 2	Uninsured or unregistered, with investments held by the counterparty's trust department or agent in the District's name.
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Category 3	Uninsured and unregistered, with investments held by the counterparty, or by its trust department or agent but not in the District's name.
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Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

	<u>Risk Category 3</u>	<u>Reported Amount</u>	<u>Fair Market Value</u>
U.S. Government Agency, FNMA Int. 2.159% (2/5/02-12/13/02)	\$490,929	\$490,929	\$495,990
U.S. Government Agency, FHLMC Int 2.671% (3/28/02-1/30/03)	306,064	306,064	309,722
U.S. Government Agency, FNMA Int 2.719% (3/21/02-3/7/03)	487,179	487,179	493,602
U.S. Government Agency, FHLMC, Int 3.010% (12/6/01-9/15/03)	506,485	506,485	506,485
U.S. Government Agency, FHLB Int 3.224% (11/20/01-11/14/03)	<u>499,658</u>	<u>499,658</u>	<u>499,658</u>
Subtotal	<u>\$2,290,315</u>	<u>\$2,290,315</u>	<u>\$2,305,457</u>
Investment in Mutual Fund Sweep		141,993	141,993
Investment in STAR Ohio		<u>1,679,533</u>	<u>1,679,533</u>
Grand Total		<u>\$4,111,841</u>	<u>\$4,126,983</u>

Interest on pooled cash and investments is only allocated to governmental, enterprise and fiduciary fund types as is required by state statute.

The investments in STAR Ohio and Mutual Fund Sweep Account are unclassified since it is not evidenced by securities that exist in physical or book entry form.

(4.) Deficit Fund Equity/Retained Earnings

Fund equity/retained earnings at June 30, 2002 included the following individual fund deficits:

<u>Enterprise Funds:</u>		<u>Capital Projects Funds</u>	
Food Service	(\$31,490)	Building Fund	(\$794,973)
Preschool	(\$67,000)		

The deficit in the Preschool Fund is due to a decrease in enrollment last school year. The District has experienced increased enrollment during the current school year and expects this trend to continue well into the future which will eliminate the deficit over time.

The deficit in the Food Service fund is due in part to staffing issues. One full time member of the department retired in Spring, 2002. This staff member was replaced by a part time worker. A second staff member has transferred into another department beginning Fall, 2002. This staff member will also be replaced by a part time person. The District expects that some of the deficit will be eliminated through increased participation and the part time staff members, however, due to the number of students in the school, the District does not anticipate that the deficit will be completely eliminated.

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

The deficit in the Building Fund is due to the issuance of bond anticipation notes. The liability will be repaid by bond proceeds and/or tax revenues.

(5.) Interfund Transactions

Interfund balances at June 30, 2002 consist of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$897,706	
Enterprise Funds:		
Preschool		\$40,000
Internal Service Funds:		
Consortium Funds		857,706
Grand Total	\$897,706	\$897,706

A summary of interfund (operating) transfers made during 2002 by fund is as follows:

	<u>Transferred to:</u>	<u>Transferred from:</u>
General Fund		\$543,267
Special Revenue Funds:		
Miscellaneous Local Grants	\$4,500	
Termination Benefits	150,000	
Athletics	115,900	
Enterprise Funds:		
Food Service	240,000	
Internal Service Funds:		
Consortium Funds	32,867	
Total	\$543,267	

(6.) Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after April 1, on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property assessments are 25% of market value. The assessed value upon which the fiscal year 2002 taxes were collected was \$712,487,889. Agricultural/

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

Residential and Other Real Estate represented 86% (\$613,766,680), Public utility tangible 3% (\$21,361,060) and General tangible property 11% (\$77,360,149) of this total. The general tax rate for operations for the fiscal year ended June 30, 2002 was \$63.80 per \$1,000 of assessed valuation, 2.70 per \$1,000 for permanent improvements and \$1.40 per \$1,000 of assessed valuation for debt retirement.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20, with the remainder payable by June 20. Under certain circumstances, State statute permits earlier or later 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.

The Cuyahoga County Treasurer collects property taxes on behalf of the District. The County Auditor periodically remits to the District its portions of the taxes collected. These tax "advances" are based on three year historical cash flow collection rates and occur eight times annually.

Accrued taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for the portion not intended to finance current year operations. The amount available as an advance at June 30, 2002 was \$3,146,317 for the General Fund, \$458,661 in the Debt Service Fund, and \$65,481 in the Permanent Improvement Fund. Personal property taxes are measurable and available to finance current operations and a portion is therefore reported as current revenue.

(7.) Fixed Assets

Fixed Assets are reported as general fixed assets for all fund types except Enterprise Funds and Internal Service funds. The summary of the General Fixed Assets Account Group for 2002 is as follows:

	<u>Balance</u> <u>June 30, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
Land and Improvements	\$2,336,054	\$9,900	\$0	\$2,345,954
Buildings	19,305,573	4,642,594	0	23,948,167
Furniture & Equipment	3,217,944	486,243	(148,547)	3,555,640
Vehicles	1,657,076	127,109	(167,708)	1,616,477
Total	<u>\$26,516,647</u>	<u>\$5,265,846</u>	<u>(\$316,255)</u>	<u>\$31,466,238</u>

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

A summary of Enterprise and Internal Service Fund(s) property plant and equipment is as follows:

	<u>Furniture and Equipment</u>	<u>Less Accumulated Depreciation</u>	<u>Carrying Value</u>
Enterprise Funds:			
Food Service	\$84,243	(\$59,336)	\$24,907
Preschool	3,187	(1,361)	1,826
Recreation	563	(121)	442
Total	\$87,993	(\$60,818)	\$27,175
Internal Service Fund:			
Consortium Funds	\$228,492	(\$151,532)	\$76,960
Total	228,492	(151,532)	76,960
Total Enterprise and Internal Services Fund	\$316,485	(\$212,350)	\$104,135

(8.) Short-Term Bond Anticipation Notes Payable

The District passed a 1.8 mill bond issue in May, 2002 to build a new Middle School. The District issued short term notes payable as follows: The bond anticipation notes will mature on January 30, 2003.

	<u>Outstanding at 6/30/01</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding at 6/30/02</u>
Bond Anticipation Notes 2%	\$0	\$ 15,750,000	\$ 0	\$ 15,750,000
Total	<u>\$0</u>	<u>\$ 15,750,000</u>	<u>\$ 0</u>	<u>\$ 15,750,000</u>

(9.) Capital Leases

During Fiscal Year 2002, the District entered into a capital lease for various capital improvements in the amount of \$365,000, interest rate of 3.53% and a capital lease for computers in the amount of \$60,647 with an interest rate of 4.84%. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the general fixed assets account group and the internal service fund, respectively. The District paid \$21,443 during 2002 for the computer lease which included \$20,187 in principal.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2002, were as follows:

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

Fiscal Year Ending June 30	General Long Term Debt	Internal Service Consortium Fund
2003	\$25,297	\$9,030
2004	390,297	9,030
Total minimum lease payments	415,594	18,060
Less amount representing interest	27,155	1,039
Present value of lease payment	\$388,439	\$17,021

(10.) Long-Term Notes Payable

A summary of the note transactions for the year ended June 30, 2002 are as follows:

	Outstanding at 6/30/01	Issued	Retired	Outstanding at 6/30/02
Tax anticipation 4.81%	\$700,000	\$0	\$700,000	\$0
Tax anticipation 3.85%	640,000	0	320,000	320,000
Tax anticipation 4.8-5.3	<u>6,000,000</u>	<u>0</u>	<u>365,000</u>	<u>5,635,000</u>
Total	<u>\$7,340,000</u>	<u>\$0</u>	<u>\$1,385,000</u>	<u>\$5,955,000</u>

The payment schedule for tax anticipation notes, series 1997 with an interest rate of 4.81%, tax anticipation notes, series 1998 with an interest rate of 3.85%, tax anticipation notes, and series 2000 with various interest rates of 4.8%-5.30% is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2003	\$830,000	\$ 288,137	\$ 1,118,137
2004	535,000	250,081	785,081
2005	565,000	222,715	787,715
2006	590,000	193,693	783,693
2007	620,000	162,985	782,985
2008	650,000	130,438	780,438
2009	685,000	95,890	780,890
2010	720,000	59,180	779,180
2011	<u>760,000</u>	<u>20,140</u>	<u>780,140</u>
Total	<u>\$5,955,000</u>	<u>\$1,423,259</u>	<u>\$7,378,259</u>

(11.) Long-Term Debt

All bonds outstanding are general obligations of the District for which the full faith and credit of

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Debt Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund. The source of payment is derived from a current 1.40 mill bonded-debt tax levy.

The portion of general obligation bonds payable in the debt service fund is for unclaimed bearer bonds and coupons that are owed by the District.

A. Schedule of Bonds Outstanding

The following is a schedule of bonds outstanding as of June 30, 2002 for the Beachwood City Schools:

Purpose	Interest Rate	Issue Date	Maturity Date	Principal O/S Beginning Of the Year	New Issues	Principal Redemption During Year	Amount O/S- End of Period
Bus Financing Pool	5.0%-5.84%	06/26/97-00	04/15/05	\$ 238,000	\$ 0	\$ 94,000	\$ 144,000
School Improve.	4.8%-7.05%	05/01/91	12/01/06	<u>4,320,000</u>	<u>0</u>	<u>605,000</u>	<u>3,715,000</u>
Total				<u>\$4,558,000</u>	<u>\$ 0</u>	<u>\$699,000</u>	<u>\$3,859,000</u>

B. Future Debt Requirements

The District's future annual debt service requirements for bonded debt is as follows:

Year Ending June 30	Principal on General Obligation Bonds	Interest on General Obligation Bonds	Total
2003	\$719,000	\$231,580	\$950,580
2004	735,000	184,700	919,700
2005	770,000	135,400	905,400
2006	790,000	82,882	872,882
2007	845,000	28,307	873,307
Total	<u>\$3,859,000</u>	<u>\$ 662,869</u>	<u>\$ 4,521,869</u>

C. Compensated Absences and Judgments

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn up to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees as earned, and must be used within the next 24 months. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement at rates ranging from 30% to 36% depending on an employee's classification. Certain employees with sick leave balances exceeding 250 days shall receive 1/12 of the total accumulated days over 250 according to the negotiated agreement. The number of unused sick days which can accumulate is restricted for certain employees.

Accumulated vacation and sick leave of Governmental Fund type employees meeting the eligibility requirements have been recorded in the appropriate Governmental Funds as a current liability to the extent that the amounts are expected to be payable within the current period. The balance of the liability is recorded in the General Long-Term Debt Account Group. Vacation and sick leave for employees paid from the Proprietary Fund is recorded as an expense when earned. The District calculates sick and vacation leave using the vesting method based on accumulated benefits as of June 30, 2002.

Salary related benefits refer to unpaid contractually required pension obligation for classified employees.

Changes in long term portion of compensated absences in the General Long Term Debt Account Group are summarized below:

General Long Term Debt	Balance <u>06/30/01</u>	Increase (Decrease)	Balance <u>06/30/02</u>
Vacation	\$ 299,213	\$31,240	\$ 330,453
Sick Leave	2,718,708	115,189	2,833,897
Salary Related Benefits	<u>198,734</u>	<u>7,558</u>	<u>206,292</u>
Total	<u>\$3,216,655</u>	<u>\$ 153,987</u>	<u>\$3,370,642</u>

(12.) Segment Information for Enterprise Funds

The District maintains five enterprise funds to account for food service operations, uniform school supplies, adult education, recreation and preschool services. The more significant financial information for those funds is as follows:

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

	Food Service	Uniform School Supplies	Adult Education	Recreation	Preschool	Total Enterprise Funds
Operating revenues	\$300,470	\$0	\$3,115	\$136,381	\$370,285	\$810,251
Operating expenses						
before depreciation	549,674	0	4,977	123,477	392,143	1,070,271
Depreciation	4,782	0	0	85	307	5,174
Operating income/(loss)	(253,986)	0	(1,862)	12,819	(22,165)	(265,194)
Interest	98	0	0	0	0	98
Operating grants	30,371	0	0	0	0	30,371
Transfers in	240,000	0	0	0	0	240,000
Net income (loss)	16,483	0	(1,862)	12,819	(22,165)	5,275
PP&E Additions	14,940	0	0	190	0	15,130
Net working capital	(56,397)	1,493	4,510	116,253	(68,826)	(2,967)
Total assets	43,125	1,493	4,510	118,202	21,205	188,535
Total liabilities	74,615	0	0	1,507	88,205	164,327
Total Equity(deficit)	<u>(\$31,490)</u>	<u>\$1,493</u>	<u>\$4,510</u>	<u>\$116,695</u>	<u>\$(67,000)</u>	<u>\$24,208</u>

(13.) Segment Information - Internal Service Funds

The District maintains two Internal Service Funds. The first fund, Consortium Funds, is maintained to serve students from several districts for vocational training or special educational services for handicapped students. The second is a self insurance fund for vision claims. Segment information is as follows:

	<u>Consortium</u>	<u>Self Insurance</u>	<u>Total</u>
Operating Revenues	\$2,575,700	\$60,000	\$2,635,700
Operating Expenses before depreciation	3,244,355	81,257	3,325,612
Depreciation	16,767	0	16,767
Operating income (loss)	(685,422)	(21,257)	(706,679)
Operating grants	692,416	0	692,416
Transfers in	32,867	0	32,867
Net income (loss)	39,861	(21,257)	18,604
PP & E additions	52,978	0	52,978
Net working capital	87,559	171,768	259,327
Total assets	1,809,150	171,768	1,980,918
Total liabilities	1,653,142	0	1,653,142
Total equity	<u>\$156,008</u>	<u>\$171,768</u>	<u>\$327,776</u>

(14.) Defined Benefit Pension Plan

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, annual cost of living adjustments, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2001 (latest information available), 4.20 percent was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS's Retirement Board. The School District's pension contributions to SERS for the fiscal years ending June 30, 2002, 2001 and 2000 were 252,281, \$239,872 and \$295,337 respectively; Fifty four percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$74,203 which represents the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds or the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, annual cost of living adjustments, disability survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that included financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent for fiscal year 2001 (latest information available); 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ending June 30, 2002, 2001 and 2000 were \$1,160,750, \$1,118,272 and \$659,540 respectively; Eighty four percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$176,841 represents the unpaid contribution for fiscal year 2002 and is recorded as a liability within the respective funds.

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System of the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, two members of the Board of Education have selected Social Security. The Board's liability is 6.2 percent of wages paid.

(15.) Post-employment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the State 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the Fiscal Year ended June 30, 2001 (latest information available), the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$549,830 during the 2002 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,256 million at June 30, 2001 (the latest information available). For the year ended June 30, 2001, net health care costs paid by STRS were \$369,354,000 and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year 2001 (latest information available), employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and member's pay, pro-rated for partial service credit. For fiscal year 2001 (latest information available), the minimum pay has been established at \$12,400. 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 the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million.

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

At June 30, 2001 SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including surcharge, equaled \$620,474 during the 2002 fiscal year.

(16.) Contingent Liabilities

A. Grants

The School District receives financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the School District at June 30, 2002.

B. Litigation

The School District was named as a defendant in several court cases during the period ended June 30, 2002. Management does not believe that the ultimate resolution of those cases will have a material impact on the financial statements of the School District and further that the School District has adequate insurance coverage to protect itself against any material loss.

(17.) Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2002, the School District contracted with Nationwide and Crum & Foster for property, general liability insurance and boiler and machinery in the amounts of \$47,930,175, \$20,000,000 and \$30,000,000 respectively. The deductible varies from \$1,000 to \$25,000.

Employment practices and education liabilities are protected by Nationwide and Twin Cities Fire Insurance Companies with a \$2,000,000 and \$1,000,000 single occurrence limit, respectively, with a \$2,500 deductible. Vehicles are also covered by Nationwide Insurance and have a \$100 deductible for comprehensive collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years.

The School District contracted with Fidelity and Deposit Company for public employee dishonesty coverage, with a \$250,000 limit and a \$250 deductible. The School District provides employee medical, surgical and prescription drug coverage through Medical Mutual and dental coverage through Medical Benefits Mutual Life Insurance Company.

Beachwood City School District
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For the Year Ended June 30, 2002

Self Insurance Funds

The School District is self insured for vision claims of District employees and their covered dependents. Under the program, the School District is obligated for claim payments. During fiscal year 2002, total claims expense of \$81,258 was recognized, which represents actual claims processed and paid as of June 30, 2002. Individual funds are charged for medical expenses based on an estimate of total cost for the School District as prepared by the plan administrator, and are recorded as revenues of the Internal Service Fund. Changes for the aggregate liability for claims for the current and past fiscal years are as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Claims</u> <u>Incurred</u>	<u>Claims Paid</u>	<u>Ending</u> <u>Balance</u>
2000	\$0	\$69,766	\$69,766	\$0
2001	\$0	\$69,261	\$69,261	\$0
2002	\$0	\$81,258	\$81,258	\$0

OSBA Group Rating Program

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee of the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

(18.) School Funding

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision 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

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

changes must be retroactive to July 1, 2001, although a time line for distribution is not specified.

- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

In general, it is expected that the decision would result in an increase in State funding for most of Ohio school districts. However, as of September 6, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, 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.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

(19.) Set-Aside Requirements

The School District is required by State statute to annually set aside in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for capital improvements. Amounts not spent by year-end or offset by similarly restricted resources must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the changes in the fiscal year end set aside amounts for textbooks and instructional materials, capital improvements and budget stabilization from the end of the prior year to the end of the current year. Disclosure of this information is required by State statute.

Beachwood City School District
Notes to General Purpose Financial Statements
For the Year Ended June 30, 2002

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set aside Reserve Cash Balance at June 30, 2001	\$0	\$0	\$134,873
Set aside balance carried forward	(329,448)	0	0
Current Year Set-Aside requirement	195,259	195,259	0
Qualifying Disbursements	(632,875)	(4,072,555)	0
Total	<u>(\$767,064)</u>	<u>(\$3,877,296)</u>	<u>\$134,873</u>
Set aside balance carried forward to future fiscal years	<u>(\$767,064)</u>	<u>\$0</u>	<u>\$134,873</u>
Set aside reserve balance as of June 30, 2002	<u>\$0</u>	<u>\$0</u>	<u>\$134,873</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and/or capital improvements set-aside amounts below zero. The textbook negative amount may be used to reduce the set-aside requirements in future fiscal years. The Capital improvement negative amount may not be used to reduce the set aside requirement of future years and is, therefore, not presented as being carried forward to future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$134,873.

(20.) Contractual Commitments

The District had the following significant contractual commitments as of June 30, 2002:

Project	<u>Contract Amount</u>	<u>Contract Payments</u>	<u>Remaining</u>
Bryden Elementary Renovations	\$1,547,281	(\$963,268)	\$584,013
Middle School	856,501	(766,423)	90,078
High School Renovations	1,429,078	(834,172)	594,906
Hilltop Elementary Addition	<u>1,570,990</u>	<u>(960,064)</u>	610,926
Total	<u>\$5,403,850</u>	<u>(\$3,523,927)</u>	<u>\$1,879,923</u>



BEACHWOOD
SCHOOLS

the best place to learn

Beachwood City School District

SUPPLEMENTAL DATA

GENERAL FUND

The General Fund is used to account for all activities of the School District not included in other specified funds. This includes, but is not limited to, general instruction, pupil services, operation and maintenance of buildings and grounds, pupil transportation, and the administration of School District functions.

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$20,481,532	\$20,607,732	\$126,200
Tuition and fees	305,000	283,465	(21,535)
Interest	320,000	344,906	24,906
Intergovernmental	2,999,116	3,005,797	6,681
Miscellaneous revenue from local sources	63,000	61,759	(1,241)
Total revenues	24,168,648	24,303,659	135,011
Expenditures:			
Instruction			
Regular instruction:			
Salaries and wages	6,999,663	6,918,815	80,848
Fringe benefits	1,976,076	1,914,705	61,371
Contractual services	141,658	123,341	18,317
Supplies	272,479	264,872	7,607
Equipment	30,463	26,554	3,909
Other	560	560	0
Total regular instruction	9,420,899	9,248,847	172,052
Special instruction:			
Salaries and wages	1,827,565	1,816,657	10,908
Fringe benefits	652,792	652,199	593
Contractual services	767,530	734,044	33,486
Supplies	20,207	12,555	7,652
Equipment	2,204	505	1,699
Other	175	0	175
Total special instruction	3,270,473	3,215,960	54,513
Other instruction:			
Contractual services	180,647	178,325	2,322
Supplies	789	740	49
Total other instruction	181,436	179,065	2,371
Total instruction	12,872,808	12,643,872	228,936
Support services:			
Pupils:			
Salaries and wages	1,122,809	1,117,916	4,893
Fringe benefits	343,609	339,039	4,570
Contractual services	32,987	32,545	442
Supplies	12,314	9,951	2,363
Equipment	2,100	938	1,162
Other	220	220	0
Total pupils	\$1,514,039	\$1,500,609	\$13,430

(continued)

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Instructional staff:			
Salaries and wages	\$671,612	\$664,844	\$6,768
Fringe benefits	231,104	224,692	6,412
Contractual services	114,527	113,275	1,252
Supplies	67,680	63,476	4,204
Equipment	5,589	5,415	174
Total instructional staff	1,090,512	1,071,702	18,810
Board of Education:			
Salaries and wages	13,120	13,120	0
Fringe benefits	8,167	8,121	46
Contractual services	267,892	263,365	4,527
Supplies	2,211	1,639	572
Equipment	11,350	11,350	0
Other	13,231	13,193	38
Total Board of Education	315,971	310,788	5,183
Administration:			
Salaries and wages	1,563,218	1,561,035	2,183
Fringe benefits	459,083	456,967	2,116
Contractual services	194,175	187,063	7,112
Supplies	27,260	24,327	2,933
Equipment	4,330	1,950	2,380
Other	51,828	51,652	176
Total administration	2,299,894	2,282,994	16,900
Fiscal:			
Salaries and wages	222,259	216,989	5,270
Fringe benefits	57,520	52,013	5,507
Contractual services	12,551	11,360	1,191
Supplies	6,334	5,937	397
Other	431,358	426,488	4,870
Total fiscal	730,022	712,787	17,235
Business:			
Salaries and wages	332,496	330,417	2,079
Fringe benefits	115,418	114,478	940
Contractual services	197,800	171,085	26,715
Supplies	30,026	19,285	10,741
Equipment	80	80	0
Other	1,200	611	589
Total business	\$677,020	\$635,956	\$41,064

(continued)

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation and maintenance of plant:			
Salaries and wages	\$1,552,153	\$1,547,221	\$4,932
Fringe benefits	511,792	511,094	698
Contractual services	1,139,629	1,132,077	7,552
Supplies	233,657	224,197	9,460
Equipment	22,771	11,195	11,576
Total operation and maintenance of plant	3,460,002	3,425,784	34,218
Pupil transportation:			
Salaries and wages	823,281	816,664	6,617
Fringe benefits	328,721	327,878	843
Contractual services	155,365	154,909	456
Supplies	106,577	105,550	1,027
Equipment	22,915	22,183	732
Other	20	20	0
Total pupil transportation	1,436,879	1,427,204	9,675
Central:			
Salaries and wages	210,385	208,432	1,953
Fringe benefits	64,345	63,325	1,020
Contractual services	225,477	217,293	8,184
Supplies	63,106	59,566	3,540
Equipment	195,713	184,782	10,931
Other	1,722	1,021	701
Total central	760,748	734,419	26,329
Total support services	12,285,087	12,102,243	182,844
Extracurricular activities:			
Academic and subject oriented activities:			
Salaries and wages	484,170	476,478	7,692
Fringe benefits	78,174	76,625	1,549
Total academic and subject Oriented activities	562,344	553,103	9,241
Total expenditures	\$25,720,239	\$25,299,218	\$421,021

(continued)

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Excess of revenues over expenditures	(\$1,551,591)	(\$995,559)	\$556,032
Other financing sources (uses):			
Proceeds from sale of fixed assets	3,000	2,320	(680)
Refund of prior year expenditures	1,000	1,224	224
Advances/transfers in	525,000	525,000	0
Advances/transfers out	<u>(1,100,000)</u>	<u>(1,093,767)</u>	<u>6,233</u>
Total other financing sources (uses)	<u>(571,000)</u>	<u>(565,223)</u>	<u>5,777</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,122,591)	(1,560,782)	561,809
Fund balance at beginning of year	2,816,054	2,816,054	0
Expenditures against prior year's encumbrances	<u>325,821</u>	<u>325,821</u>	<u>0</u>
Fund balance at end of year	<u><u>\$1,019,284</u></u>	<u><u>\$1,581,093</u></u>	<u><u>\$561,809</u></u>

Beachwood City School District

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for revenues from specified sources which legally, or otherwise, are restricted to expenditures for specific purposes. A description of the School District's Special Revenue Funds are as follows:

Public School Support - this fund is used for the general support of the school building, staff, and students.

Miscellaneous Local Grants - these funds are used to develop a business/Education Partnership program to serve a consortium of eight suburban school districts, and to encourage students to become interested in the teaching profession funds provided by the Board of Education to develop a program for employees to improve the quality of work-life within the District.

Termination Benefits - used to account for sick time severance payments to retiring staff members.

Athletic - this fund accounts for revenues from athletic events and all costs (except supplemental coaching contracts) of the District's athletic program.

Auxiliary Services - this fund accounts for State funds for the purchase of science and math materials as well as psychological and other supplemental services at the private school (Agnon) within the District.

Professional Development - the purpose of this fund is to provide assistance to school districts for the development of in-service programs.

Management Information Systems - funds provided by the State of Ohio to be used solely for costs associated with the requirements of the education management information system required by Senate Bill 140.

Entry Year Teacher Grant - used to account for a state grant provided to Districts to implement an entry year teacher program.

One Net - used to account for money appropriated for Ohio Educational Computer Network Connections.

School Net Professional Development - to account for professional development subsidy grants.

Miscellaneous State Grants - these funds are used to implement "safe schools" concepts and for development of a school within a school concept for disengaged learners.

Title II - the purpose of this fund is to expand the awareness of elementary grade teachers in the area of science education through in-service training.

Title VI B - the purpose of this federal program is to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least-restrictive, alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Title VI - this fund accounts for Federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs, and in-service and staff development.

Emergency Immigrant Education Grant - to provide financial assistance for educational services and costs for eligible immigrant children enrolled in elementary and secondary public schools.

Beachwood City School District

SPECIAL REVENUE FUNDS - Cont'd.

Drug Free Education - this fund accounts for Federal revenues to implement programs to educate and encourage students to live lives free of drug dependency.

Preschool Handicapped - this fund accounts for the federal revenues which addresses the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

E-Rate Telecommunications Grant - used to account for a grant which is directly tied to the telecommunication service provider.

Local Professional Development Committee (LPDC) - used to account for support partnerships between school districts and colleges of education to improve teacher education and school instruction.

Title VI-R - used to account for federal revenues to reduce class size at the primary grade level.

Beachwood City School District
Combining Balance Sheet
All Special Revenue Funds
For the Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	<u>Public School Support</u>	<u>Miscellaneous Local Grants</u>	<u>Termination Benefits</u>	<u>Athletics</u>
Assets				
Equity in pooled cash and cash equivalents	\$20,281	\$15,930	\$33,839	\$9,828
Accounts receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>546</u>
Total assets	<u><u>20,281</u></u>	<u><u>15,930</u></u>	<u><u>33,839</u></u>	<u><u>10,374</u></u>
Liabilities				
Accounts payable	0	0	0	0
Accrued wages and benefits	0	0	0	0
Due to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances (deficit):				
Reserved for encumbrances	100	650	0	1,291
Unreserved...undesignated	<u>20,181</u>	<u>15,280</u>	<u>33,839</u>	<u>9,083</u>
Total fund balances (deficit)	<u>20,281</u>	<u>15,930</u>	<u>33,839</u>	<u>10,374</u>
Total liabilities and fund balances	<u><u>\$20,281</u></u>	<u><u>\$15,930</u></u>	<u><u>\$33,839</u></u>	<u><u>\$10,374</u></u>

<u>Auxiliary Services</u>	<u>Professional Development</u>	<u>Management Information Systems</u>	<u>Entry Year Teacher Grant</u>	<u>One Net</u>	<u>School Net Professional Dev</u>
\$8,723	\$0	\$0	\$13	\$0	\$4,964
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>8,723</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>4,964</u>
5,410	0	0	0	0	0
66	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>5,476</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2,716	0	0	0	0	0
<u>531</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>4,964</u>
<u>3,247</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>4,964</u>
<u>\$8,723</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13</u>	<u>\$0</u>	<u>\$4,964</u>

(continued)

Beachwood City School District
Combining Balance Sheet
All Special Revenue Funds
For the Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Miscellaneous State Grants	Title II	Title VI-B	Title VI
Assets				
Equity in pooled cash and cash equivalents	\$0	\$0	\$5,677	\$0
Accounts receivable	0	0	0	0
Total assets	<u>0</u>	<u>0</u>	<u>5,677</u>	<u>0</u>
Liabilities				
Accounts payable	0	0	0	0
Accrued wages and benefits	0	0	1,760	0
Due to other funds	0	0	0	0
Total liabilities	<u>0</u>	<u>0</u>	<u>1,760</u>	<u>0</u>
Fund balances (deficit):				
Reserved for encumbrances	0	0	5,677	0
Unreserved...undesignated	0	0	(1,760)	0
Total fund balances (deficit)	<u>0</u>	<u>0</u>	<u>3,917</u>	<u>0</u>
Total liabilities and fund balances	<u>\$0</u>	<u>\$0</u>	<u>\$5,677</u>	<u>\$0</u>
(continued)				

Immigrant Education	Drug Free Education	Preschool Handicapped	LPDC	Title VI -R	Totals	
					2002	2001
\$761	\$1,369	\$0	\$7,413	\$0	\$108,798	\$305,084
0	0	0	0	0	546	0
<u>761</u>	<u>1,369</u>	<u>0</u>	<u>7,413</u>	<u>0</u>	<u>109,344</u>	<u>305,084</u>
0	0	0	0	0	5,410	15,899
0	0	0	0	0	1,826	4,074
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,236</u>	<u>19,973</u>
78	0	0	0	0	10,512	13,520
<u>683</u>	<u>1,369</u>	<u>0</u>	<u>7,413</u>	<u>0</u>	<u>91,596</u>	<u>271,591</u>
<u>761</u>	<u>1,369</u>	<u>0</u>	<u>7,413</u>	<u>0</u>	<u>102,108</u>	<u>285,111</u>
<u>\$761</u>	<u>\$1,369</u>	<u>\$0</u>	<u>\$7,413</u>	<u>\$0</u>	<u>\$109,344</u>	<u>\$305,084</u>

Beachwood City School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Special Revenue Funds
For The Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Public School Support	Miscellaneous Local Grants	Termination Benefits	Athletics
Revenues:				
Intergovernmental	\$0	\$0	\$0	\$0
Interest	0	0	0	0
Miscellaneous revenue from local sources	18,235	5,500	0	55,167
Total revenues	18,235	5,500	0	55,167
Expenditures:				
Current:				
Instruction:	15,697	4,373	312,191	0
Support services:				
Pupil	0	0	0	0
Instructional staff	0	1,008	0	0
Administration	0	4,186	0	0
Business	0	0	0	0
Pupil transportation	0	0	13,970	0
Central	0	0	0	0
Non Instructional	0	0	0	0
Extracurricular activities	0	0	0	164,430
Total expenditures	15,697	9,567	326,161	164,430
Excess (deficiency) of revenues over expenditures	2,538	(4,067)	(326,161)	(109,263)
Other financing sources (uses):				
Operating transfers in	0	4,500	150,000	115,900
Total other financing sources (uses)	0	4,500	150,000	115,900
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,538	433	(176,161)	6,637
Fund balance/deficit beginning of year	17,743	15,497	210,000	3,737
Fund balance/deficit end of year	\$20,281	\$15,930	\$33,839	\$10,374

<u>Auxiliary Services</u>	<u>Professional Development</u>	<u>Magangement Information Systems</u>	<u>Entry Year Teacher Grant</u>	<u>One Net</u>	<u>School Net Professional Dev</u>
\$172,408	\$0	\$5,625	\$1,186	\$17,500	\$7,592
561	0	0	0	0	0
3,122	0	0	0	0	0
<u>176,091</u>	<u>0</u>	<u>5,625</u>	<u>1,186</u>	<u>17,500</u>	<u>7,592</u>
0	4,832	0	4,186	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	7,072	0	17,500	2,628
179,176	0	0	0	0	0
0	0	0	0	0	0
<u>179,176</u>	<u>4,832</u>	<u>7,072</u>	<u>4,186</u>	<u>17,500</u>	<u>2,628</u>
(3,085)	(4,832)	(1,447)	(3,000)	0	4,964
<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>
(3,085)	(4,832)	(1,447)	(3,000)	0	4,964
<u>6,332</u>	<u>4,832</u>	<u>1,447</u>	<u>3,013</u>	<u>0</u>	<u>0</u>
<u>\$3,247</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13</u>	<u>\$0</u>	<u>\$4,964</u>

(continued)

Beachwood City School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Special Revenue Funds
For The Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Miscellaneous State Grants	Title II	Title VI B	Title VI
Revenues:				
Intergovernmental	\$1,701	\$6,506	\$132,926	\$8,158
Interest	0	0	0	0
Miscellaneous revenue from local sources	0	0	0	0
Total revenues	1,701	6,506	132,926	8,158
Expenditures:				
Current:				
Instruction:	6,678	0	15,521	9,764
Support services:				
Pupil	0	0	101,237	0
Instructional staff	0	0	0	0
Administration	0	10,875	18,967	0
Business	3,496	0	0	0
Pupil transportation	0	0	0	0
Central	0	0	0	0
Non Instructional	0	0	0	0
Extracurricular activities	0	0	0	0
Total expenditures	10,174	10,875	135,725	9,764
Excess (deficiency) of revenues over expenditures	(8,473)	(4,369)	(2,799)	(1,606)
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Total other financing sources (uses)	0	0	0	0
Excess (deficiency) of revenues and other sources over expenditures and other uses	(8,473)	(4,369)	(2,799)	(1,606)
Fund balance/deficit beginning of year	8,473	4,369	6,716	1,606
Fund balance/deficit end of year	\$0	\$0	\$3,917	\$0

Immigrant Education	Drug Free Education	Preschool Handicapped	LPDC	Title VI-R	Totals	
					2002	2001
\$3,050	\$7,409	\$9,748	\$8,990	\$14,462	\$397,261	\$334,283
0	0	0	0	0	561	2,192
0	0	0	0	0	82,024	103,433
<u>3,050</u>	<u>7,409</u>	<u>9,748</u>	<u>8,990</u>	<u>14,462</u>	<u>479,846</u>	<u>439,908</u>
2,289	0	0	0	14,462	389,993	124,227
0	7,386	0	1,577	0	110,200	88,134
0	0	9,748	0	0	10,756	13,464
0	0	0	0	0	34,028	21,418
0	0	0	0	0	3,496	1,469
0	0	0	0	0	13,970	0
0	0	0	0	0	27,200	24,410
0	0	0	0	0	179,176	169,306
0	0	0	0	0	164,430	198,394
<u>2,289</u>	<u>7,386</u>	<u>9,748</u>	<u>1,577</u>	<u>14,462</u>	<u>933,249</u>	<u>640,822</u>
761	23	0	7,413	0	(453,403)	(200,914)
0	0	0	0	0	270,400	180,000
0	0	0	0	0	270,400	180,000
761	23	0	7,413	0	(183,003)	(20,914)
0	1,346	0	0	0	285,111	306,025
<u>\$761</u>	<u>\$1,369</u>	<u>\$0</u>	<u>\$7,413</u>	<u>\$0</u>	<u>\$102,108</u>	<u>\$285,111</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Public School Support Fund
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Miscellaneous revenue from local sources	\$16,829	\$18,235	\$1,406
Total revenues	16,829	18,235	1,406
Expenditures:			
Instruction:			
Contractual services	6,707	6,575	132
Supplies	5,869	1,957	3,912
Equipment	7,265	7,265	0
Total instruction	19,841	15,797	4,044
Total expenditures	19,841	15,797	4,044
Excess (deficiency) of revenues over expenditures	(3,012)	2,438	5,450
Fund balance at beginning of year	17,743	17,743	0
Fund balance at end of year	<u>\$14,731</u>	<u>\$20,181</u>	<u>\$5,450</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Miscellaneous Local Grants
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Miscellaneous revenue from local sources	\$5,500	\$5,500	\$0
Total revenues	5,500	5,500	0
Expenditures:			
Instruction:			
Contractual services	2,000	1,995	5
Supplies	4,500	2,633	1,867
Equipment	992	395	597
Total instruction	7,492	5,023	2,469
Support Services:			
Instructional staff			
Supplies	1,008	1,008	0
Total instructional staff	1,008	1,008	0
Administration			
Contractual services	4,500	4,186	314
Total administration	4,500	4,186	314
Total expenditures	13,000	10,217	2,783
Excess (deficiency) of revenues over expenditures	(7,500)	(4,717)	2,783
Other financing sources:			
Transfers in	4,500	4,500	0
Total other financing sources	4,500	4,500	0
Excess of revenue and other sources over expenditures and other uses	(3,000)	(217)	2,783
Fund balance at beginning of year	15,497	15,497	0
Fund balance at end of year	\$12,497	\$15,280	\$2,783

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Termination Benefits
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Instruction:			
Salaries and wages	\$308,198	\$308,198	\$0
Benefits	3,994	3,993	1
Total instruction	312,192	312,191	1
Support Services:			
Pupil transportation:			
Salaries and wages	13,832	13,832	0
Benefits	138	138	0
Total transportation	13,970	13,970	0
Total expenditures	326,162	326,161	1
Other financing sources:			
Transfers in	\$150,000	\$150,000	\$0
Total other financing sources	150,000	150,000	0
Excess of revenue and other sources over expenditures and other uses	(176,162)	(176,161)	(1)
Fund balance at beginning of year	210,000	210,000	0
Fund balance at end of year	\$33,838	\$33,839	\$1

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Athletic Fund
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Extracurricular activities:			
Miscellaneous revenue from local sources	\$79,000	\$54,621	(\$24,379)
Total revenues	79,000	54,621	(24,379)
Expenditures:			
Extracurricular activities:			
Contractual services	112,126	97,415	14,711
Supplies	74,216	62,638	11,578
Equipment	2,996	2,996	0
Other	3,183	2,860	323
Total extracurricular activities	192,521	165,909	26,612
Total expenditures	192,521	165,909	26,612
Excess (deficiency) of revenues over expenditures	(113,521)	(111,288)	2,233
Other financing sources:			
Transfers in	110,500	115,900	5,400
Total other financing sources	110,500	115,900	5,400
Excess (deficiency) of revenues and other sources over expenditures and other uses	(3,021)	4,612	7,633
Fund balance at beginning of year	3,068	3,068	0
Expenditures against prior year's encumbrances	857	857	0
Fund balance at end of year	<u>\$904</u>	<u>\$8,537</u>	<u>\$7,633</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Auxiliary Services
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$600	\$561	(\$39)
Intergovernmental	174,193	172,408	(1,785)
Miscellaneous revenue from local sources	3,100	3,122	22
Total revenues	177,893	176,091	(1,802)
Expenditures:			
Non-instructional services:			
Salaries and wages	3,493	3,493	0
Benefits	1,100	1,100	0
Contractual services	153,904	153,904	0
Supplies	21,189	18,790	2,399
Equipment	20,251	20,250	1
Total non-instructional services	199,937	197,537	2,400
Excess (deficiency) of revenues over expenditures	(22,044)	(21,446)	598
Fund balance at beginning of year	196	196	0
Expenditures against prior year's encumbrances	21,848	21,848	0
Fund balance at end of year	\$0	\$598	\$598

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Professional Development Grant
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total revenues	0	0	0
Expenditures:			
Instruction:			
Salaries	5,081	5,081	0
Benefits	131	131	0
Contractual services	272	272	0
Total instruction	5,484	5,484	0
Total expenditures	5,484	5,484	0
Excess (deficiency) of revenues over expenditures	(5,484)	(5,484)	0
Fund balance at beginning of year	5,484	5,484	0
Fund balance at end of year	\$0	\$0	\$0

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Management Information Systems
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$6,200	\$5,625	(\$575)
Total revenues	6,200	5,625	(575)
Expenditures:			
Support Services:			
Central			
Contractual services	7,073	7,072	1
Total central	7,073	7,072	1
Total expenditures	7,073	7,072	1
Excess (deficiency) of revenues over expenditures	(873)	(1,447)	(574)
Fund balance at beginning of year	1,447	1,447	0
Fund balance at end of year	\$574	\$0	(\$574)

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Entry Year Teacher Grant
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$4,186	\$1,186	(\$3,000)
Total revenues	4,186	1,186	(3,000)
Expenditures:			
Regular Instruction:			
Salaries and wages	2,365	2,365	0
Benefits	344	344	0
Purchase services	300	300	0
Supplies	1,177	1,177	0
Total regular instruction	4,186	4,186	0
Total expenditures	4,186	4,186	0
Excess of revenues over expenditures	0	(3,000)	(3,000)
Fund balance at beginning of year	3,013	3,013	0
Fund balance at end of year	\$3,013	\$13	(\$3,000)

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
One Net
For the Year Ended June 30, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	<u>\$17,500</u>	<u>\$17,500</u>	<u>\$0</u>
Total revenues	<u>17,500</u>	<u>17,500</u>	<u>0</u>
Expenditures:			
Support services:			
Central:			
Purchased services	<u>17,500</u>	<u>17,500</u>	<u>0</u>
Total expenditures	<u>17,500</u>	<u>17,500</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance (deficit) at end of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
School Net Professional Development
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$7,592	\$7,592	\$0
Total revenues	7,592	7,592	0
Expenditures:			
Support services:			
Central			
Purchased services	4,142	2,628	1,514
Total central	4,142	2,628	1,514
Excess (deficiency) of revenues over expenditures	3,450	4,964	1,514
Fund balance at beginning of year	0	0	0
Fund balance at end of year	\$3,450	\$4,964	\$1,514

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Miscellaneous State Grants
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$1,701	\$1,701	\$0
Total revenues	1,701	1,701	0
Expenditures:			
Instruction:			
Salaries	6,678	6,678	0
Total instruction	6,678	6,678	0
Support services:			
Business			
Purchased services	3,790	3,790	0
Total business	3,790	3,790	0
Total expenditures	10,468	10,468	0
Excess (deficiency) of revenues over expenditures	(8,767)	(8,767)	0
Fund balance at beginning of year	8,767	8,767	0
Fund balance at end of year	\$0	\$0	\$0

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Title II
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$6,506	\$6,506	\$0
Total revenues	6,506	6,506	0
Expenditures:			
Support services:			
Administration			
Salaries and wages	10,875	10,875	0
Total administration	10,875	10,875	0
Total expenditures	10,875	10,875	0
Excess (deficiency) of revenues over expenditures	(4,369)	(4,369)	0
Fund balance at beginning of year	4,369	4,369	0
Fund balance at end of year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Title VI B
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$132,926	\$132,926	\$0
Total revenues	132,926	132,926	0
Expenditures:			
Special Instruction:			
Contractual services	15,521	15,521	0
Total special instruction	15,521	15,521	0
Support Services:			
Pupils:			
Salaries and wages	77,462	77,462	0
Benefits	11,063	11,063	0
Contractual services	14,751	14,751	0
Supplies	2,087	2,087	0
Total pupils	105,363	105,363	0
Administration:			
Salaries & wages	15,125	15,125	0
Benefits	6,761	6,761	0
Total administration	21,886	21,886	0
Total expenditures	142,770	142,770	0
Excess (deficiency) of revenues over expenditures	(9,844)	(9,844)	0
Fund balance at beginning of year	0	0	0
Expenditures against prior year's encumbrances	9,844	9,844	0
Fund balance at end of year	\$0	\$0	\$0

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Title VI
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$9,764	\$8,158	(\$1,606)
Total revenues	9,764	8,158	(1,606)
Expenditures:			
Instruction:			
Salaries and wages	9,764	9,764	0
Total instruction	9,764	9,764	0
Total expenditures	9,764	9,764	0
Excess (deficiency) of revenues over expenditures	0	(1,606)	(1,606)
Fund balance at beginning of year	1,606	1,606	0
Fund balance at end of year	<u>\$1,606</u>	<u>\$0</u>	<u>(\$1,606)</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Immigrant Education Program
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$3,050	\$3,050	\$0
Total revenues	3,050	3,050	0
Expenditures:			
Instruction:			
Purchased services	800	178	622
Supplies	750	689	61
Equipment	1,500	1,500	0
Total instruction	3,050	2,367	683
Excess (deficiency) of revenues over expenditures	0	683	683
Fund balance at beginning of year	0	0	0
Fund balance at end of year	\$0	\$683	\$683

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Drug Free Education
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$7,409	\$7,409	\$0
Total revenues	7,409	7,409	0
Expenditures:			
Support services:			
Pupils:			
Salaries & Wages	2,542	2,542	0
Benefits	1,344	1,344	0
Contractual services	1,523	1,500	23
Supplies	2,000	2,000	0
Total pupils	7,409	7,386	23
Total support services	7,409	7,386	23
Excess (deficiency) of revenues over expenditures	0	23	23
Fund balance at beginning of year	1,346	1,346	0
Fund balance at end of year	\$1,346	\$1,369	\$23

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Preschool Handicapped Grant
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$9,748	\$9,748	\$0
Total revenues	9,748	9,748	0
Expenditures:			
Support Services:			
Instructional staff			
Salaries and wages	9,748	9,748	0
Total instructional staff	9,748	9,748	0
Total expenditures	9,748	9,748	0
Excess (deficiency) of revenues over expenditures	0	0	0
Fund balance at beginning of year	0	0	0
Fund balance at end of year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Local Professional Development Committee
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$8,990	\$8,990	\$0
Total revenues	8,990	8,990	0
Expenditures:			
Support Services:			
Pupils:			
Purchased services	7,990	1,556	6,434
Supplies	1,000	21	979
Total pupils	8,990	1,577	7,413
Excess (deficiency) of revenues over expenditures	0	7,413	7,413
Fund balance at beginning of year	0	0	0
Fund balance at end of year	\$0	\$7,413	\$7,413

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Title VI-R
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$14,462	\$14,462	\$0
Total revenues	14,462	14,462	0
Expenditures:			
Instruction:			
Salaries and wages	14,462	14,462	0
Total instruction	14,462	14,462	0
Excess (deficiency) of revenues over expenditures	0	0	0
Fund balance at beginning of year	0	0	0
Fund balance at end of year	\$0	\$0	\$0

Beachwood City School District

CAPITAL PROJECTS FUNDS

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

Permanent Improvement Fund - to account for all transactions related to the acquiring, constructing, or improving facilities.

Building Fund - to account for the receipts and expenditures related to all special bond funds in the district.

Vocational Equipment Grant - to account for all transactions related to the replacement or updating of equipment essential for the instruction of students in jobs skills.

School Net Plus - a fund to account for monies received by the State of Ohio for the purpose of purchasing computers for k-4 grades.

Beachwood City School District
Combining Balance Sheet
All Capital Projects Funds
For the Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	<u>Permanent Improvement Fund</u>	<u>Building Fund</u>	<u>Vocational Education Equipment Grant</u>
Assets			
Equity in pooled cash and cash equivalents	\$2,039,086	\$14,988,937	\$0
Receivables:			
Taxes	296,847	0	0
Accrued interest	<u>13,759</u>	<u>0</u>	<u>0</u>
 Total assets	 <u>2,349,692</u>	 <u>14,988,937</u>	 <u>0</u>
Liabilities			
Accounts payable	526,900	33,910	0
Deferred revenue: taxes	228,906	0	0
Bond anticipation notes payable	<u>0</u>	<u>15,750,000</u>	<u>0</u>
 Total liabilities	 <u>755,806</u>	 <u>15,783,910</u>	 <u>0</u>
 Fund balances:			
Reserved for encumbrances	1,506,461	56,168	0
Reserved for taxes	65,481	0	0
Unreserved...undesignated	<u>21,944</u>	<u>(851,141)</u>	<u>0</u>
 Total fund balances	 <u>1,593,886</u>	 <u>(794,973)</u>	 <u>0</u>
 Total liabilities and fund balances	 <u>\$2,349,692</u>	 <u>\$14,988,937</u>	 <u>\$0</u>

School Net Plus	Totals	
	2002	2001
\$0	\$17,028,023	\$5,461,389
0	296,847	0
0	13,759	34,111
<u>0</u>	<u>17,338,629</u>	<u>5,495,500</u>
0	560,810	187,996
0	228,906	0
0	15,750,000	0
<u>0</u>	<u>16,539,716</u>	<u>187,996</u>
0	1,562,629	1,421,949
0	65,481	0
0	(829,197)	3,885,555
<u>0</u>	<u>798,913</u>	<u>5,307,504</u>
<u>\$0</u>	<u>\$17,338,629</u>	<u>\$5,495,500</u>

Beachwood City School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Capital Projects Funds
For The Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Permanent Improvement Fund	Building Fund	Vocational Education Grant	School Net Plus
Revenues:				
Taxes	\$219,253	\$0	\$0	\$0
Interest	114,075	174	0	0
Intergovernmental	22,107	0	0	0
Miscellaneous revenue from local sources	5,230	0	0	0
Total revenues	360,665	174	0	0
Expenditures:				
Current:				
Instruction:	10,000	0	0	0
Support services:				
Operation and maintenance of plant	0	0	0	0
Pupil transportation	112,087	0	0	0
Central	0	0	0	15,727
Non-instructional	0	0	221	0
Extracurricular activities	83,999	0	0	0
Capital Outlay	4,210,373	802,023	0	0
Total expenditures	4,416,459	802,023	221	15,727
Excess (deficiency) of revenues over expenditures	(4,055,794)	(801,849)	(221)	(15,727)
Other financing sources (uses):				
Inception capital lease	365,000	0	0	0
Total other financing sources (uses)	365,000	0	0	0
Excess (deficiency) of revenues and other sources over expenditures and other uses	(3,690,794)	(801,849)	(221)	(15,727)
Fund balance / deficit beginning of year	5,284,680	6,876	221	15,727
Fund balance / deficit end of year	\$1,593,886	(\$794,973)	\$0	\$0

(continued)

Totals	
2002	2001
\$219,253	\$0
114,249	334,900
22,107	124,863
5,230	0
360,839	459,763
10,000	0
0	0
112,087	125,596
15,727	90,756
221	1,129
83,999	7,260
5,012,396	877,418
5,234,430	1,102,159
(4,873,591)	(642,396)
365,000	0
365,000	0
(4,508,591)	(642,396)
5,307,504	5,949,900
<u>\$798,913</u>	<u>\$5,307,504</u> (continued)

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	145,000	151,312	6,312
Interest	278,000	134,427	(143,573)
Intergovernmental	23,500	22,107	(1,393)
Miscellaneous revenue from local sources	5,500	5,230	(270)
Total revenue	<u>452,000</u>	<u>313,076</u>	<u>(138,924)</u>
Expenditures:			
Instruction:			
Equipment	30,000	28,517	1,483
Total instruction	<u>30,000</u>	<u>28,517</u>	<u>1,483</u>
Support Services:			
Pupil transportation:			
Equipment	126,109	112,087	14,022
Total pupil transportation	<u>126,109</u>	<u>112,087</u>	<u>14,022</u>
Extra-Curricular			
Equipment	85,140	83,999	1,141
Total extra-curricular	<u>85,140</u>	<u>83,999</u>	<u>1,141</u>
Total support services	<u>211,249</u>	<u>196,086</u>	<u>15,163</u>
Capital outlay:			
Purchased services	6,746	6,726	20
Equipment	6,002,420	5,874,587	127,833
Total capital outlay	<u>6,009,166</u>	<u>5,881,313</u>	<u>127,853</u>
Total expenditures	<u>6,250,415</u>	<u>6,105,916</u>	<u>144,499</u>
Excess (deficiency) of revenues over expenditures	(5,798,415)	(5,792,840)	5,575
Other financing sources:			
Proceeds from inception of capital lease	360,000	360,000	0
Total other financing sources (uses)	<u>360,000</u>	<u>360,000</u>	<u>0</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(5,438,415)	(5,432,840)	5,575
Fund balance at beginning of year	3,828,619	3,828,619	0
Expenditures against prior year's encumbrances	<u>1,609,945</u>	<u>1,609,945</u>	<u>0</u>
Fund balance at end of year	<u>\$149</u>	<u>\$5,724</u>	<u>\$5,575</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Building Fund
For the Year Ended June 30, 2002

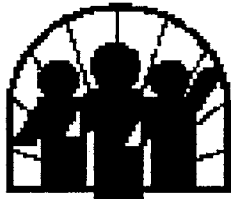
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$250	\$174	(\$76)
Total revenue	250	174	(76)
Expenditures:			
Capital outlay:			
Purchased services	21,000	20,885	115
Equipment	2,235,930	837,306	1,398,624
Total capital outlay	2,256,930	858,191	1,398,739
Total expenditures	2,256,930	858,191	1,398,739
Excess (deficiency) of revenues over expenditures	(2,256,680)	(858,017)	1,398,663
Other financing sources (uses):			
Proceeds from sale of short term notes	15,750,000	15,750,000	0
Advances in	500,000	500,000	0
Advances out	(500,000)	(500,000)	0
Total other financing sources (uses)	15,750,000	15,750,000	0
Excess (deficiency) of revenues and other sources over expenditures and other uses	13,493,320	14,891,983	1,398,663
Fund balance at beginning of year	6,876	6,876	0
Fund balance at end of year	<u>\$13,500,196</u>	<u>\$14,898,859</u>	<u>\$1,398,663</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Vocational Equipment Grant
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Non-instructional services:			
Equipment	221	221	0
Total non-instructional services	221	221	0
Total expenditures	221	221	0
Excess (deficiency) of revenues over expenditures	(221)	(221)	0
Other financing sources (uses):			
Advances/transfers in	0	0	0
Advances/transfers out	0	0	0
Total other financing sources (uses)	0	0	0
Excess (deficiency) of revenues and other sources over expenditures and other uses	(221)	(221)	0
Fund balance at beginning of year	221	221	0
Fund balance at end of year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
School Net Plus
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total revenue	0	0	0
Expenditures:			
Central:			
Salaries and wages	295	295	0
Contractual services	240	240	0
Supplies	2,065	2,065	0
Equipment	13,127	13,127	0
Total central	15,727	15,727	0
Total expenditures	15,727	15,727	0
Excess (deficiency) of revenues over expenditures	(15,727)	(15,727)	0
Fund balance at beginning of year	15,727	15,727	0
Fund balance at end of year	\$0	\$0	\$0



BEACHWOOD
SCHOOLS

the best place to learn

Beachwood City School District

ENTERPRISE FUNDS

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private sector businesses where the intent is that the expense (including depreciation) of providing goods or services to the general public is financed or recovered primarily through user charges.

Food Service - this fund accounts for the provision of food service to the District.

Uniform School Supplies - this fund accounts for the purchase of necessary supplies, materials or other school related items above those items provided for general instruction, paid for by students.

Adult Education - this fund accounts for the provision of adult education classes to the District.

Recreation - this fund accounts for monies received and expended in connection with a community recreation program.

Preschool - this fund accounts for the provision of full and half-day services to children ages 3-5.

Beachwood City School District
Combining Balance Sheet
All Enterprise Funds
For the Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Food Service	Uniform School Supplies	Adult Education	Recreation
Assets				
Current assets:				
Equity in pooled cash and cash equivalents	\$5,757	\$1,493	\$4,510	\$117,760
Receivables - accounts	45	0	0	0
Due from other governments	4,093	0	0	0
Material and supplies inventory	8,323	0	0	0
Total current assets	<u>18,218</u>	<u>1,493</u>	<u>4,510</u>	<u>117,760</u>
Fixed assets (net of accumulated depreciation)	<u>24,907</u>	<u>0</u>	<u>0</u>	<u>442</u>
Total assets	<u><u>43,125</u></u>	<u><u>1,493</u></u>	<u><u>4,510</u></u>	<u><u>118,202</u></u>
Liabilities				
Liabilities:				
Accounts payable	0	0	0	1,507
Accrued wages and benefits	74,176	0	0	0
Due to other funds	0	0	0	0
Deferred revenue: other	439	0	0	0
Total liabilities	<u>74,615</u>	<u>0</u>	<u>0</u>	<u>1,507</u>
Fund equity (deficit)				
Contributed capital	35,200	0	0	0
Retained earnings (deficit):				
Unreserved	<u>(66,690)</u>	<u>1,493</u>	<u>4,510</u>	<u>116,695</u>
Total fund equity (deficit)	<u>(31,490)</u>	<u>1,493</u>	<u>4,510</u>	<u>116,695</u>
Total liabilities and fund equity	<u><u>\$43,125</u></u>	<u><u>\$1,493</u></u>	<u><u>\$4,510</u></u>	<u><u>\$118,202</u></u>

<u>Preschool</u>	<u>Totals</u>	
	<u>2002</u>	<u>2001</u>
\$19,379	\$148,899	\$134,466
0	45	11,637
0	4,093	0
0	8,323	3,156
<u>19,379</u>	<u>161,360</u>	<u>149,259</u>
<u>1,826</u>	<u>27,175</u>	<u>17,219</u>
<u>21,205</u>	<u>188,535</u>	<u>166,478</u>
662	2,169	1,204
47,543	121,719	120,920
40,000	40,000	25,000
0	439	421
<u>88,205</u>	<u>164,327</u>	<u>147,545</u>
0	35,200	35,200
<u>(67,000)</u>	<u>(10,992)</u>	<u>(16,267)</u>
<u>(67,000)</u>	<u>24,208</u>	<u>18,933</u>
<u>\$21,205</u>	<u>\$188,535</u>	<u>\$166,478</u>

Beachwood City School District
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
All Enterprise Funds
For The Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Food Service	Uniform School Supplies	Adult Education	Recreation
Operating revenues:				
Tuition and fees	\$0	\$0	\$0	\$0
Sales	300,470	0	0	0
Charges for services	0	0	3,115	136,381
Other	0	0	0	0
Total operating revenues	<u>300,470</u>	<u>0</u>	<u>3,115</u>	<u>136,381</u>
Operating expenses:				
Salaries and wages	227,977	0	0	77,384
Fringe benefits	107,739	0	0	10,503
Contractual services	16,577	0	3,994	25,978
Materials and supplies	193,357	0	983	7,642
Other expenses	4,024	0	0	1,970
Depreciation expense	4,782	0	0	85
Total operating expenses	<u>554,456</u>	<u>0</u>	<u>4,977</u>	<u>123,562</u>
Operating income (loss)	(253,986)	0	(1,862)	12,819
Non-operating revenues:				
Interest	98	0	0	0
Operating grants	30,371	0	0	0
Total non-operating revenues	<u>30,469</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net income (loss) before operating transfers	(223,517)	0	(1,862)	12,819
Operating transfers in	240,000	0	0	0
Net operating transfers	240,000	0	0	0
Net income (loss)	16,483	0	(1,862)	12,819
Retained earnings (deficit) at beginning of year	<u>(83,173)</u>	<u>1,493</u>	<u>6,372</u>	<u>103,876</u>
Retained earnings (deficit) at end of year	<u>(\$66,690)</u>	<u>\$1,493</u>	<u>\$4,510</u>	<u>\$116,695</u>

Preschool	Totals	
	2002	2001
\$368,164	\$368,164	\$366,868
0	300,470	334,443
2,121	141,617	122,932
0	0	7,500
<u>370,285</u>	<u>810,251</u>	<u>831,743</u>
241,858	547,219	496,470
103,462	221,704	207,069
30,346	76,895	90,372
15,785	217,767	240,123
692	6,686	3,916
307	5,174	3,682
<u>392,450</u>	<u>1,075,445</u>	<u>1,041,632</u>
(22,165)	(265,194)	(209,889)
0	98	656
0	30,371	25,746
<u>0</u>	<u>30,469</u>	<u>26,402</u>
(22,165)	(234,725)	(183,487)
0	240,000	215,000
0	240,000	215,000
(22,165)	5,275	31,513
<u>(44,835)</u>	<u>(16,267)</u>	<u>(47,780)</u>
<u>(\$67,000)</u>	<u>(\$10,992)</u>	<u>(\$16,267)</u>

Beachwood City School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Food Service	Uniform School Supplies	Adult Education	Recreation
Cash flows from operating activities:				
Operating Income (loss)	(\$253,986)	\$0	(\$1,862)	\$12,819
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	4,782	0	0	85
Change in assets and liabilities				
(Increase) Decrease in accounts receivable	3,875	0	0	7,500
(Increase) Decrease in due from other governments	(4,093)	0	0	0
(Increase) Decrease in inventory	(5,167)	0	0	0
Increase (Decrease) in accounts payable	(496)	0	0	825
Increase (Decrease) in accrued wages & benefits pay	(3,971)	0	0	0
Increase (Decrease) in due to other funds	0	0	0	0
Increase (Decrease) in deferred revenue	18	0	0	0
Total adjustments	(5,052)	0	0	8,410
Net cash provided by (used in) operating activities	(259,038)	0	(1,862)	21,229
Cash flows provided by noncapital financing activities:				
Interest	98	0	0	0
Operating grants received	30,371	0	0	0
Operating transfers in	240,000	0	0	0
Net cash provided by noncapital financing activities	270,469	0	0	0
Cash flows used in capital and related financing activities:				
Acquisition and construction of capital assets	(14,940)	0	0	(190)
Net cash used in capital and related financing activities	(14,940)	0	0	(190)
Net increase in cash and cash equivalents	(3,509)	0	(1,862)	21,039
Cash and cash equivalents at beginning of year	9,266	1,493	6,372	96,721
Cash and cash equivalents at end of year	\$5,757	\$1,493	\$4,510	\$117,760

<u>Preschool</u>	<u>Totals</u>	
	<u>2002</u>	<u>2001</u>
(\$22,165)	(\$265,194)	(\$209,889)
307	5,174	3,682
217	11,592	(11,637)
0	(4,093)	0
0	(5,167)	1,645
636	965	657
4,770	799	(13,922)
15,000	15,000	20,380
0	18	72
<u>20,930</u>	<u>24,288</u>	<u>877</u>
<u>(1,235)</u>	<u>(240,906)</u>	<u>(209,012)</u>
0	98	656
0	30,371	25,746
0	240,000	215,000
<u>0</u>	<u>270,469</u>	<u>241,402</u>
<u>0</u>	<u>(15,130)</u>	<u>(11,883)</u>
<u>0</u>	<u>(15,130)</u>	<u>(11,883)</u>
<u>(1,235)</u>	<u>14,433</u>	<u>20,507</u>
<u>20,614</u>	<u>134,466</u>	<u>113,959</u>
<u>\$19,379</u>	<u>\$148,899</u>	<u>\$134,466</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Food Service
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Sales	\$301,030	\$304,345	\$3,315
Total operating revenues	301,030	304,345	3,315
Operating expenses:			
Food service operations			
Salaries and wages	230,250	230,150	100
Benefits	109,541	109,537	4
Contractual services	19,558	16,755	2,803
Supplies	200,069	200,066	3
Equipment	18,964	18,964	0
Total food service operations	578,382	575,472	2,910
Total operating expenses	578,382	575,472	2,910
Operating income (loss)	(277,352)	(271,127)	6,225
Non-operating revenues :			
Interest	200	98	(102)
Federal and state subsidies	28,600	26,278	(2,322)
Total non-operating revenues	28,800	26,376	(2,424)
Excess of revenue and other financing sources over (under) expenses and other financing uses	(248,552)	(244,751)	3,801
Operating transfers in	240,000	240,000	0
Total operating transfers	240,000	240,000	0
Excess of revenue over (under) expenses, advances and transfers	(8,552)	(4,751)	3,801
Fund equity at beginning of year	9,170	9,170	0
Prior year encumbrances appropriated	95	95	0
Fund equity at end of year	<u>\$713</u>	<u>\$4,514</u>	<u>\$3,801</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Uniform School Supplies
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Sales	\$0	\$0	\$0
Total operating revenues	0	0	0
Operating expenses:			
Salaries and wages			
Fringe benefits	0	0	0
Total operating expenses	0	0	0
Excess of revenue and other financing sources over (under) expenses and other financing uses	0	0	0
Fund equity at beginning of year	1,492	1,492	0
Fund equity at end of year	\$1,492	\$1,492	\$0

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Adult Education
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$5,000	\$3,115	(\$1,885)
Total operating revenues	5,000	3,115	(1,885)
Operating expenditures:			
Contractual services	8,000	3,994	4,006
Supplies	2,750	984	1,766
Equipment	500	0	500
Total operating expenses	11,250	4,978	6,272
Operating income (loss)	(6,250)	(1,863)	4,387
Fund equity at beginning of year	6,205	6,205	0
Prior year encumbrances appropriated	167	167	0
Fund equity at end of year	\$122	\$4,509	\$4,387

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Recreation
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$117,800	\$143,881	\$26,081
Total operating revenues	117,800	143,881	26,081
Operating expenditures:			
Salaries and wages	85,555	77,383	8,172
Fringe Benefits	12,448	10,503	1,945
Contractual services	32,620	25,219	7,401
Supplies	11,648	8,522	3,126
Other	2,775	2,160	615
Total operating expenditures	145,046	123,787	21,259
Excess (deficiency) of revenues over expenditures	(27,246)	20,094	47,340
Non-operating revenues :			
Transfers in	4,000	0	(4,000)
Total non-operating revenues	4,000	0	(4,000)
Excess of revenues and other over expenses and other	(23,246)	20,094	43,340
Fund equity at beginning of year	95,116	95,116	0
Prior year encumbrances appropriated	1,604	1,604	0
Fund equity at end of year	<u>\$73,474</u>	<u>\$116,814</u>	<u>\$43,340</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Preschool
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Tuition & fees	\$386,208	\$370,502	(\$15,706)
Total operating revenues	386,208	370,502	(15,706)
Operating expenses:			
Instruction:			
Salaries and wages	243,945	240,462	3,483
Benefits	100,884	100,088	796
Contractual services	31,845	30,735	1,110
Supplies	24,669	17,402	7,267
Equipment	2,305	691	1,614
Total instruction	403,648	389,378	14,270
Total expenditures	403,648	389,378	14,270
Operating income (loss)	(17,440)	(18,876)	(1,436)
Non-operating revenues:			
Advances in	40,000	40,000	0
Advances out	(25,000)	(25,000)	0
Total advances in/out	15,000	15,000	0
Excess of revenue over (under) expenses, advances and transfers	(2,440)	(3,876)	(1,436)
Fund equity at beginning of year	17,879	17,879	0
Prior year encumbrances appropriated	2,735	2,735	0
Fund equity at end of year	\$18,174	\$16,738	(\$1,436)

Beachwood City School District

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of services provided by one department to other departments of the government or to other Districts on a cost reimbursement basis.

Consortium Funds - to account for services to other Districts for vocational training programs, programs for the multi-handicapped and educating deaf and hearing-impaired children.

Self Insurance Fund - to account for receipt and expenditure of funds for vision claims for employees.

Beachwood City School District
Combining Balance Sheet
All Internal Services Funds
For the Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Consortium Funds	Self Insurance Fund	Totals	
			2002	2001
Assets				
Current assets:				
Equity in pooled cash and cash equivalents	\$1,555,699	\$171,768	\$1,727,467	\$1,434,646
Accounts receivable	3,411	0	3,411	604
Due from other funds	0	0	0	956
Due from other governments	173,080	0	173,080	101,302
Total current assets	1,732,190	171,768	1,903,958	1,537,508
Fixed assets, (net of accumulated depreciation)	76,960	0	76,960	40,747
Total assets	1,809,150	171,768	1,980,918	1,578,255
Liabilities				
Liabilities:				
Accounts payable	549	0	549	897
Accrued wages and benefits	777,866	0	777,866	709,296
Due to other funds	857,706	0	857,706	558,890
Due to other governments	0	0	0	0
Capital leases payable	17,021	0	17,021	0
Total liabilities	1,653,142	0	1,653,142	1,269,083
Fund equity				
Contributed capital	1,905	0	1,905	1,905
Retained earnings: unreserved	154,103	171,768	325,871	307,267
Total fund equity	156,008	171,768	327,776	309,172
Total liabilities and fund equity	\$1,809,150	\$171,768	\$1,980,918	\$1,578,255

Beachwood City School District
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
All Internal Service Funds
For The Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Consortium Funds	Self Insurance Fund	Totals	
			2002	2001
Operating revenues:				
Tuition and fees	\$2,297,874	\$0	\$2,297,874	\$2,165,512
Charges for services	108,559	0	108,559	70,637
Other	169,267	60,000	229,267	207,156
Total operating revenues	2,575,700	60,000	2,635,700	2,443,305
Operating expenses:				
Salaries and wages	1,949,841	0	1,949,841	1,746,007
Fringe benefits	660,827	0	660,827	649,644
Contractual services	446,062	0	446,062	677,190
Materials and supplies	179,250	0	179,250	183,642
Other expenses	8,375	81,257	89,632	84,521
Depreciation expenses	16,767	0	16,767	12,638
Total operating expenses	3,261,122	81,257	3,342,379	3,353,642
Operating loss	(685,422)	(21,257)	(706,679)	(910,337)
Non-operating revenues:				
Operating grants	692,416	0	692,416	866,940
Total non-operating revenues	692,416	0	692,416	866,940
Net income (loss) before operating transfers	6,994	(21,257)	(14,263)	(43,397)
Operating transfers in	32,867	0	32,867	55,920
Net operating transfers	32,867	0	32,867	55,920
Net income (loss)	39,861	(21,257)	18,604	12,523
Retained earnings/deficit at beginning of year	114,242	193,025	307,267	294,744
Retained earnings at end of year	\$154,103	\$171,768	\$325,871	\$307,267

Beachwood City School District
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Consortium Funds	Self Insurance Fund	Totals	
			2002	2001
Cash flows from operating activities:				
Operating income (loss)	(\$685,422)	(\$21,257)	(\$706,679)	(\$910,337)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	16,767	0	16,767	12,638
Change in assets and liabilities				
(Increase) decrease in accounts receivable	(2,807)	0	(2,807)	849
(Increase) decrease in due from other funds	956	0	956	248,656
(Increase) decrease in due from other governments	(71,778)	0	(71,778)	326,130
Increase (decrease) in accounts payable	(348)	0	(348)	480
Increase (decrease) in accrued wages & benefits pay	68,570	0	68,570	(65,840)
Increase (decrease) in due to other funds	298,816	0	298,816	131,514
Increase (decrease) in capital leases payable	17,021	0	17,021	0
Total adjustments	<u>327,197</u>	<u>0</u>	<u>327,197</u>	<u>654,427</u>
Net cash provided by (used in) operating activities	<u>(358,225)</u>	<u>(21,257)</u>	<u>(379,482)</u>	<u>(255,910)</u>
Cash flows provided by (used in) noncapital financing activities:				
Operating grants received	692,416	0	692,416	866,940
Operating transfers in	32,867	0	32,867	55,920
Net cash provided by (used in)noncapital financing	<u>725,283</u>	<u>0</u>	<u>725,283</u>	<u>922,860</u>
Cash flows used in capital and related financing activities:				
Acquisition and construction of capital assets	(52,980)	0	(52,980)	(22,587)
Net cash used in capital and related financing activities	<u>(52,980)</u>	<u>0</u>	<u>(52,980)</u>	<u>(22,587)</u>
Net increase (decrease) in cash and cash equivalents	314,078	(21,257)	292,821	644,363
Cash and cash equivalents at beginning of year	<u>1,241,621</u>	<u>193,025</u>	<u>1,434,646</u>	<u>790,283</u>
Cash and cash equivalents at end of year	<u>\$1,555,699</u>	<u>\$171,768</u>	<u>\$1,727,467</u>	<u>\$1,434,646</u>

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Consortium Funds
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tuition	\$2,131,189	\$2,227,054	\$95,865
Charges for services	140,500	145,205	4,705
Miscellaneous revenue from local sources	123,890	129,813	5,923
Total revenues	2,395,579	2,502,072	106,493
Operating expenses:			
Special Instruction:			
Salaries and wages	1,907,502	1,887,186	20,316
Benefits	665,187	654,918	10,269
Contractual services services	239,736	185,402	54,334
Supplies	209,910	181,098	28,812
Equipment	37,936	31,875	6,061
Other	5,750	3,957	1,793
Total instruction	3,066,021	2,944,436	121,585
Total operating expenses	3,066,021	2,944,436	121,585
Operating income (loss)	(670,442)	(442,364)	228,078
Non-operating revenues and expenses			
Federal and state subsidies	726,409	692,416	(33,993)
Total non-operating revenues and expenses	726,409	692,416	(33,993)
Excess of revenues and other over expenses and other	55,967	250,052	194,085
Operating transfers in	46,021	32,867	(13,154)
Advances in	10,000	10,000	0
Total transfers/advances	56,021	42,867	(13,154)
Excess of revenue over (under) expenses, advances and transfers	111,988	292,919	180,931
Fund equity at beginning of year	1,237,798	1,237,798	0
Prior year encumbrances appropriated	3,825	3,825	0
Fund balance at end of year	\$1,353,611	\$1,534,542	\$180,931

Beachwood City School District
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Miscellaneous revenue from local sources	\$60,000	\$60,000	\$0
Total operating revenues	60,000	60,000	0
Operating expenses:			
Fiscal:			
Other	92,000	\$81,258	10,742
Total fiscal	92,000	81,258	10,742
Total operating expenses	92,000	81,258	10,742
Excess of revenue over (under) expenses, advances and transfers	(32,000)	(21,258)	10,742
Fund equity at beginning of year	193,026	193,026	0
Fund equity at end of year	\$161,026	\$171,768	\$10,742

Beachwood City School District

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets when a governmental unit is functioning either as a trustee or an agent for another party. Because the governmental unit is functioning in a fiduciary capacity, the authority to employ, dispose of, or otherwise use the assets is determined not by a legislative body or oversight board but by the public laws and private agreements that create the trustee or agency relationship.

Expendable Trust Fund:

Scholarship/Unclaimed Funds - this fund is used to account for assets held by a governmental unit in a trustee capacity as an agent for individuals, private organizations or other governmental units with specific trust agreements as to how the fund will be disbursed.

Agency Funds:

Student Activities - this fund accounts for resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

Retirement - this fund accounts for the difference between retirement paid to the state retirement systems and the actual amount due to the retirement system. This fund also accounts for any provisions of an early retirement incentive.

Beachwood City School District
Combining Balance Sheet
All Expendable Trust and Agency Funds
For the Year Ended June 30, 2002
(With comparative totals for June 30, 2001)

	Expendable Trust	Agency	
		Student Activities	Retirement
Assets			
Equity in pooled cash and cash equivalents	<u>\$17,767</u>	<u>\$49,400</u>	<u>\$502,623</u>
Total assets	<u>17,767</u>	<u>49,400</u>	<u>502,623</u>
Liabilities			
Accrued wages and benefits	0	0	502,623
Due to students	0	49,400	0
Due to other	<u>9,630</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>9,630</u>	<u>49,400</u>	<u>502,623</u>
Fund equity			
Fund balances:			
Unreserved...undesignated	<u>8,137</u>	<u>0</u>	<u>0</u>
Total fund equity	<u>8,137</u>	<u>0</u>	<u>0</u>
Total liabilities and fund equity	<u>\$17,767</u>	<u>\$49,400</u>	<u>\$502,623</u>

Totals	
2002	2001
<u>\$569,790</u>	<u>\$418,785</u>
<u>569,790</u>	<u>418,785</u>
502,623	346,957
49,400	51,661
<u>9,630</u>	<u>10,936</u>
<u>561,653</u>	<u>409,554</u>
<u>8,137</u>	<u>9,231</u>
<u>8,137</u>	<u>9,231</u>
<u>\$569,790</u>	<u>\$418,785</u>

Beachwood City School District
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2002

	Begin Balance July 1, 2001	Additions	Deductions	Ending Balance June 30, 2002
Student Activities Fund				
Assets				
Equity in pooled cash and cash equivalents	\$51,661	\$76,952	\$79,213	\$49,400
Total assets	<u>51,661</u>	<u>76,952</u>	<u>79,213</u>	<u>49,400</u>
Liabilities				
Due to students	51,661	76,952	79,213	49,400
Total liabilities	<u>\$51,661</u>	<u>\$76,952</u>	<u>\$79,213</u>	<u>\$49,400</u>
Retirement Fund				
Assets				
Equity in pooled cash and cash equivalents	\$346,957	\$2,737,243	\$2,581,577	\$502,623
Total assets	<u>346,957</u>	<u>2,737,243</u>	<u>2,581,577</u>	<u>502,623</u>
Liabilities				
Accrued wages/benefits	346,957	2,737,243	2,581,577	502,623
Total liabilities	<u>\$346,957</u>	<u>\$2,737,243</u>	<u>\$2,581,577</u>	<u>\$502,623</u>

Beachwood City School District
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2002

	Beginning Balance <u>July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2002</u>
<hr/> Total Agency Funds <hr/>				
Assets				
Equity in pooled cash and cash equivalents	<u>\$398,618</u>	<u>\$2,814,195</u>	<u>\$2,660,790</u>	<u>\$552,023</u>
Total assets	<u><u>398,618</u></u>	<u><u>2,814,195</u></u>	<u><u>2,660,790</u></u>	<u><u>552,023</u></u>
Liabilities				
Accrued wages and benefits	346,957	2,737,243	2,581,577	502,623
Due to students	<u>51,661</u>	<u>76,952</u>	<u>79,213</u>	<u>49,400</u>
Total liabilities	<u><u>\$398,618</u></u>	<u><u>\$2,814,195</u></u>	<u><u>\$2,660,790</u></u>	<u><u>\$552,023</u></u>

Beachwood City School District

GENERAL FIXED ASSETS ACCOUNT GROUP

The group of accounts is used to account for all sites, buildings, equipment and vehicles not used in the operation of the Proprietary Funds.

**Beachwood City School District
Schedule of General Fixed Assets
By Function and Type
As of Ended June 30, 2002**

Function	Total	Land and Improvements	Buildings	Furniture and Equipment	Vehicles
Instruction	\$27,637,433	\$2,116,515	\$22,771,708	\$2,749,210	\$0
Support Services:					
Administration/Fiscal	640,869	125,384	217,836	297,649	0
Operation and Maintenance of Plant Services	897,712	21,308	383,787	301,441	191,176
Pupil Transportation	1,688,581	0	248,372	38,240	1,401,969
Extracurricular Activities	601,643	82,747	326,464	169,100	23,332
Total General Fixed Assets	<u>\$31,466,238</u>	<u>\$2,345,954</u>	<u>\$23,948,167</u>	<u>\$3,555,640</u>	<u>\$1,616,477</u>

Beachwood City School District
Schedule of Changes in General Fixed Assets
By Function
For the Year Ended June 30, 2002

<u>Function</u>	<u>General Fixed Assets For the Fiscal Year Ended June 30, 2001</u>	<u>Increases</u>	<u>Decreases</u>	<u>General Fixed Assets For the Fiscal Year Ended June 30, 2002</u>
Instruction	\$22,695,093	\$5,040,355	(\$98,015)	\$27,637,433
Support Services:				
Administration/Fiscal	661,157	30,044	(50,332)	640,869
Operation and Maintenance of Plant Services	895,537	14,964	(12,789)	897,712
Pupil Transportation	1,711,618	132,082	(155,119)	1,688,581
Extracurricular Activities	<u>553,242</u>	<u>48,401</u>	<u>0</u>	<u>601,643</u>
Total General Fixed Assets	<u>\$26,516,647</u>	<u>\$5,265,846</u>	<u>(\$316,255)</u>	<u>\$31,466,238</u>

**Beachwood City School District
Schedule of General Fixed Assets
By Source
As of June 30, 2002**

General Fixed Assets:

Land and Improvements	\$2,345,954
Buildings	23,948,167
Furniture and Equipment	3,555,640
Vehicles	1,616,477

Total General Fixed Assets	\$31,466,238

Investments in General Fixed Assets from
Acquisitions/Adjustments since July 1, 1992

General Fund	\$1,471,209
Capital Projects Fund	19,307,713
Special Revenue Funds	267,742

	21,046,664
Acquisitions Prior to July 1, 1992	10,419,574
Total Investment in General Fixed Assets	\$31,466,238

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Beachwood City School District
General Fund - Expenditures and Other Financing Uses by Function
Last Ten Years

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Instruction	\$12,444,438	\$12,480,877	\$11,028,622	\$10,302,192	\$9,794,051	\$9,114,562	\$8,548,145	\$8,275,956	\$8,589,274	\$7,843,353
Support Services:										
Pupil	1,526,258	1,427,985	1,256,974	1,230,135	1,330,343	1,329,622	1,293,108	1,217,709	1,100,746	1,041,070
Instructional Staff	1,071,638	1,047,790	978,753	854,324	850,369	837,004	855,671	910,788	872,694	797,387
Board of Education	294,226	373,165	592,182	286,573	231,410	223,210	185,688	180,974	191,282	128,037
Administration	2,200,992	2,309,469	2,009,038	2,020,920	1,772,108	1,655,143	1,803,786	1,584,261	1,693,882	1,465,961
Fiscal	714,044	673,265	703,634	654,159	598,323	608,885	577,656	526,617	572,621	478,522
Business	630,943	604,000	595,903	470,691	490,540	451,768	467,578	412,006	402,815	387,269
Operation and										
Maintenance of Plant	3,374,674	3,479,271	3,141,249	2,861,431	2,549,054	2,583,308	2,583,644	2,540,382	2,635,284	2,310,350
Pupil Transportation	1,399,834	1,468,315	1,203,800	1,185,776	1,123,682	1,134,748	1,162,692	1,116,312	1,082,296	981,066
Central	705,474	841,294	726,553	499,374	389,466	348,814	383,737	288,622	179,310	154,128
Non-instructional	0	0	0	0	7,847	0	6,317	6,154	4,416	4,253
Extracurricular Activities	560,197	439,146	360,081	322,261	313,744	279,267	262,049	249,025	244,101	210,727
Capital Outlay	0	0	0	0	0	0	0	0	0	0
Non-Programmed Charges	0	0	0	0	0	0	0	0	0	0
Expenditures and Other Uses (1)	543,267	450,920	331,371	282,773	198,600	188,578	379,208	473,756	452,831	329,397
Total	\$25,465,985	\$25,595,497	\$22,928,160	\$20,970,609	\$19,649,537	\$18,754,909	\$18,509,279	\$17,782,762	\$18,021,552	\$16,131,520

Source: School District Financial Records

(1) General Fund sums transferred to Capital Projects Fund: 1996, \$200,000; 1995, \$250,000; 1994, \$250,000.

Beachwood City School District
General Fund - Revenues and Other Financing Sources by Source
Last Ten Years

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Taxes	\$21,737,304	\$20,975,640	\$18,784,502	\$18,579,347	\$17,540,448	\$16,809,907	\$16,175,106	\$15,183,032	\$16,209,847	\$13,831,557
Tuition and Fees	568,401	689,572	184,932	119,779	271,174	319,637	110,543	165,486	40,176	48,631
Interest	264,216	530,938	485,893	450,823	431,244	291,216	255,758	232,090	100,508	112,301
Inc/(Dec) in fair market value of investments	23,225	10,444	(5,892)	(16,489)	2,420	0	0	0	0	0
Intergovernmental	3,005,798	2,766,640	2,609,534	2,450,867	2,360,848	2,274,894	2,162,270	2,098,907	2,221,280	2,033,864
Extracurricular Activities	0	0	0	0	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0	0	0	0	0
Rentals	0	0	0	0	0	0	0	0	0	0
Miscellaneous Revenue from Local Sources	63,691	176,644	58,766	62,476	91,398	269,038	87,607	200,496	102,446	90,518
Revenues and Other Financing Sources	37,495	3,140	2,203	50,535	145,878	0	0	7,251	0	0
Total	\$25,700,130	\$25,153,018	\$22,119,938	\$21,697,338	\$20,843,410	\$19,964,692	\$18,791,284	\$17,887,262	\$18,674,257	\$16,116,871

Source: School District Financial Records

**Beachwood City School District
Property Tax Levies and Collections
Real and Personal Property Taxes (1)
Last Ten Calendar Years**

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of		Delinquent Collection	Total Collection	Total Collected As a Percent of Current Levy
					Current Levy Collected	Delinquent Collection			
2001/2002	\$25,229,116	\$2,485,421	\$27,714,537	\$23,490,605	93.11%	\$1,334,269	\$24,824,874	98.4%	
2000/2001	24,043,459	1,313,444	25,356,903	22,496,799	93.57%	1,468,741	23,965,540	99.7%	
1999/2000	23,369,923	1,153,949	24,523,872	22,756,093	97.37%	662,490	23,418,583	100.2%	
1998/1999	22,044,802	1,163,401	23,208,203	21,118,474	95.80%	752,386	21,870,860	99.2%	
1997/1998	20,900,491	1,244,733	22,145,224	19,998,904	95.69%	599,164	20,598,068	98.6%	
1996/1997	18,596,070	1,236,807	19,832,877	18,100,987	97.3%	643,217	18,744,204	100.8%	
1995/1996	18,267,474	1,140,768	19,408,242	17,099,591	93.6%	390,735	17,490,326	95.7%	
1994/1995	18,149,911	2,792,237	20,942,148	17,211,067	94.8%	1,681,481	18,892,548	104.1%	
1992/1993	18,006,639	2,070,850	20,077,489	16,672,050	92.6%	609,010	17,281,060	96.0%	
1991/1992	14,594,314	1,644,135	16,238,449	14,056,328	96.3%	322,501	14,378,829	98.5%	

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.

(1) Includes Homestead/Rollback taxes assessed locally but distributed through the State and reported as intergovernmental revenue.

Beachwood City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Calendar Years

Tax Year/ Collection Year	Agricultural And Residential	Other	Public	Tangible	Total	Estimated	Ratio
	Real Estate	Real Estate	Utility Personal	Personal	Assessed Valuation	Actual Value	
2001/2002	\$288,676,070	\$325,090,610	\$21,361,060	\$77,360,149	\$712,487,889	\$2,087,333,614	34%
2000/2001	287,492,690	322,746,760	14,601,620	73,392,504	698,233,574	2,053,704,052	34%
1999/2000	263,927,060	275,087,650	18,279,300	68,012,471	625,306,481	1,832,863,845	34%
1998/1999	261,109,480	265,821,240	20,322,810	64,860,358	612,113,888	1,788,051,877	34%
1997/1998	259,144,980	247,799,030	18,944,410	53,657,332	579,545,752	1,684,568,605	34%
1996/1997	242,577,970	225,986,570	20,025,830	48,897,801	537,488,171	1,557,103,600	35%
1995/1996	242,188,780	213,121,340	18,884,910	43,496,246	517,691,276	1,479,117,931	35%
1994/1995	243,276,140	210,328,890	20,133,470	43,939,322	517,677,822	1,479,079,491	35%
1993/1994	212,269,710	209,013,530	19,562,430	43,053,298	483,898,968	1,382,568,480	35%
1992/1993	210,664,810	211,296,390	17,290,890	39,862,696	479,114,786	1,384,702,951	35%

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.

**Beachwood City School District
Property Tax Rates - Direct and Overlapping
(per \$1,000 Assessed Valuation)
Last Ten Calendar Years**

Tax Year/ Collection Year	School Levy	County Levy	City Levy	Total Levy	Debt Service Included in Total Levy		
					School	County	Total
2001/2002	67.90	17.60	4.00	89.50	1.40	0.86	2.26
2000/2001	67.90	17.60	4.00	89.50	1.40	0.79	2.19
1999/2000	68.00	16.70	4.00	88.70	1.50	0.85	2.35
1998/1999	68.10	16.70	4.00	88.80	1.60	0.72	2.32
1997/1998	67.50	18.00	4.00	89.50	1.00	0.60	1.60
1996/1997	67.80	18.00	4.00	89.80	1.30	0.90	2.20
1995/1996	65.10	18.00	4.00	87.10	1.30	0.87	2.17
1994/1995	65.30	18.20	4.00	87.50	1.50	0.76	2.26
1993/1994	65.40	17.80	3.40	86.60	1.60	0.68	2.28
1992/1993	65.40	17.80	3.40	86.60	1.60	0.71	2.31

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis
consistent with the County Auditor's method of maintaining the information.

Beachwood City School District
Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Years

Year	Gross General Bonded Debt	Less Debt Service Fund	Net General Bonded Debt	Assessed Value	Population (1)	Ratio of Net Debt to Assessed Value	Net General Bonded Debt Per Capita
2002	\$3,859,000	\$955,728	\$2,903,272	\$712,487,889	12,000	0.41%	\$242
2001	4,558,000	1,039,085	3,518,915	698,233,574	12,000	0.50%	293
2000	5,213,000	739,024	4,473,976	625,306,481	12,000	0.72%	373
1999	5,672,000	662,489	5,009,511	612,113,888	12,000	0.82%	417
1998	5,941,000	521,562	5,419,438	579,545,772	12,000	0.94%	452
1997	5,980,000	90,045	5,889,955	537,488,171	12,000	1.10%	491
1996	6,200,000	97,258	6,102,742	517,691,276	12,000	1.18%	509
1995	6,551,406	155,094	6,396,312	517,677,822	12,000	1.24%	533
1994	6,897,812	220,791	6,677,021	483,898,968	12,000	1.38%	556
1993	7,244,219	271,925	6,972,294	479,114,786	12,000	1.46%	581

(1) Source: Estimates provided by City of Beachwood.

**Beachwood City School District
Computation of Legal Debt Margin
June 30, 2002**

Assessed Valuation (2001)	<u>\$712,487,889</u>
Bonded Debt Limit - 9% of Assessed Value (1)	\$64,123,910
Amount of Debt Applicable to Debt Limit: Bonded Debt	19,465,000
Voted Debt Margin	<u>\$44,658,910</u>
Bonded Debt Limit - .1% of Assessed Value (1)	\$712,488
Amount of Debt Applicable	0
Unvoted Debt Margin	<u>\$712,488</u>

(1) Bond Law by Ohio Revised Code sets a limit of 9% for voted debt margin and .1% for unvoted debt.

**Beachwood City School District
 Computation of Direct and Overlapping Debt
 General Obligation
 As of December 31, 2001**

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
<i>Direct Debt:</i>			
Beachwood City School District	\$3,715,000	100.00%	\$3,715,000
<i>Overlapping Debt:</i>			
Cuyahoga County	216,544,636	2.48%	5,370,307
Regional Transit Authority	123,915,000	2.48%	3,073,092
City of Pepper Pike	6,271,572	2.11%	132,330
 Total	 <u>\$350,446,208</u>		 <u>\$12,290,729</u>

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision by the total assessed valuation, which includes all overlapping valuation. The valuations used were for the 2001 collection year.

Beachwood City School District
Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Fund Expenditures
Last Ten Calendar Years

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures (1)	Ratio of Debt Service to General Fund Expenditures (Percentage)
2002	\$699,000	\$278,690	\$977,690	\$25,465,985	3.84%
2001	655,000	323,701	978,701	25,595,497	3.82%
2000	586,000	357,995	943,995	22,928,160	4.12%
1999	362,400	384,503	746,903	20,970,609	3.56%
1998	267,200	539,841	807,041	19,649,537	4.11%
1997	220,200	409,640	629,840	18,761,617	3.36%
1996	351,406	428,920	780,326	18,509,279	4.22%
1995	346,406	452,678	799,084	17,782,762	4.49%
1994	346,406	476,420	822,826	18,021,552	4.57%
1993	346,406	499,793	846,199	16,131,520	5.25%

Source: School District Financial Records

(1) Includes other financing uses.

**Beachwood City School District
Building Permits
Last Ten Calendar Years**

<u>Year</u>	<u>Value of Building Permits Issued</u>
2001	\$45,900,000
2000	15,517,000
1999	17,815,775
1998	16,505,000
1997	41,487,800
1996	41,110,000
1995	12,649,092
1994	47,843,501
1993	33,203,341

Source: City of Beachwood Building Department

Beachwood City School District
Property Value, Construction and Bank Deposits
Last Ten Calendar Years

Calendar Year	Number of		Construction Value (a)	Number of Residential Units	Cuyahoga County Bank Deposits (b) (in \$000's)	Tax Valuation		Total Assessed
	Commercial Units	Construction Value (a)				Residential	Other(c)	
2001	4	\$45,250,000	\$650,000	4	\$63,893,769	\$288,676,070	\$325,090,610	\$712,487,889
2000	4	13,835,000	1,682,000	4	61,942,764	287,492,690	322,746,760	698,233,574
1999	4	15,615,775	2,200,000	4	57,021,360	263,927,060	275,087,650	625,306,481
1998	3	14,750,000	1,755,000	4	56,770,353	261,109,480	265,821,240	612,113,888
1997	3	37,300,000	4,187,800	13	53,941,971 (d)	259,144,980	247,799,030	579,545,772
1996	3	35,320,000	5,790,000	13	27,068,211	242,577,970	225,986,570	537,488,171
1995	2	66,000	2,740,000	9	22,458,673	242,188,780	213,121,340	517,691,276
1994	2	38,000	1,315,000	4	20,885,453	243,276,140	210,328,890	517,677,822
1993	7	17,105,360	700,000	2	21,009,421	212,269,710	209,013,530	483,898,968
1992	3	13,989,000	15,035,000	376	19,379,303	210,664,810	268,449,976	479,114,786

Source: a) Beachwood City Building Department
b) Federal Reserve Bank of Cleveland (total demand, time and savings deposits) for Cuyahoga County, Ohio Banks
c) Cuyahoga County Auditor
d) Large increase in deposits due to Key Bank becoming a single charter in 1997

**Beachwood City School District
Principal Property Taxpayers
Real Estate Tax
December 31, 2001**

Name of Taxpayer	Nature of Business	Assessed Valuation	% of Total Assessed Valuation (1)
Beachwood Place Limited	Mall	\$30,157,650	4.23%
MBNA	Banking	24,302,050	3.41%
Hamptons Apartment	Apartments	13,811,180	1.94%
Doublewood Corp.	Hotel	10,770,100	1.51%
Village Green of Beachwood	Condominiums	10,391,080	1.46%
The Cleveland Clinic	Health Care	10,271,800	1.44%
Dillard's	Retail	7,272,760	1.02%
Beachwood Place	Retail	7,055,860	0.99%
Embassy Equity Development	Hotel	6,475,630	0.91%
HHC Beachwood, Inc.	Hotel	5,835,060	0.82%
		<u>\$126,343,170</u>	<u>17.73%</u>

Source: Cuyahoga County Auditor

(1) Total Assessed Valuation \$712,487,889

**Beachwood City School District
Principal Property Taxpayers
Tangible Personal Property Tax
December 31, 2001**

Name of Taxpayer	Nature of Business	Assessed Valuation	% of Total Assessed Valuation (1)
MBNA Ohio Properties, Inc.	Banking	\$5,343,440	0.75%
The Higbee Company	Retail sales	5,300,410	0.74%
Tremco	Roofing	4,281,840	0.60%
Nordstrom Inc.	Retail sales	3,922,510	0.55%
Saks Fifth Avenue	Retail sales	2,429,350	0.34%
Penske Logisitics Inc	Truck leasing	1,984,830	0.28%
Hilton Hotels Corp.	Hotels	1,970,040	0.28%
MBT Services Inc	Unknown	1,728,920	0.24%
Developers Diversified	Development	1,686,510	0.24%
Crestmont Cadillac	Car dealership	1,473,770	0.21%
		<u>\$30,121,620</u>	<u>4.23%</u>

Source: Cuyahoga County Auditor

(1) Total Assessed valuation \$712,487,889.

**Beachwood City School District
Cost to Educate a 2001 Graduate**

<u>Year</u>	<u>Grade</u>	<u>Annual Cost Per Pupil</u>
2002	12	\$16,632
2001	11	15,445
2000	10	14,356
1999	9	13,356
1998	8	12,730
1997	7	12,596
1996	6	12,209
1995	5	12,224
1994	4	12,531
1993	3	11,247
1992	2	10,549
1991	1	10,854
1990	K	<u>11,665</u>
		<u><u>\$166,394</u></u>

Source: School District Records

**Beachwood City School District
Enrollment Statistics
Last Ten Years**

<u>Year</u>	<u>General Fund Expenditures (1)</u>	<u>Average Daily Membership (2)</u>	<u>Per Pupil Cost</u>
2002	\$24,922,718	1,521	\$16,386
2001	25,144,577	1,628	15,445
2000	22,596,789	1,574	14,356
1999	20,687,836	1,549	13,356
1998	19,450,937	1,528	12,730
1997	18,566,331	1,474	12,596
1996	18,130,071	1,485	12,209
1995	17,309,006	1,416	12,224
1994	17,568,721	1,402	12,531
1993	15,802,123	1,405	11,247

Source: School District Financial Records

(1) Excludes other financing sources

(2) Excludes preschool enrollment

**Beachwood City School District
Student Demographic Information
For the Year Ended June 30, 2002**

<u>Grade</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Pre	18	4	22
K	50	23	73
1	36	27	63
2	44	44	88
3	53	51	104
4	60	34	94
5	51	53	104
6	57	56	113
7	60	62	122
8	67	62	129
9	74	61	135
10	79	61	140
11	93	76	169
12	109	78	187
	<u>851</u>	<u>692</u>	<u>1,543</u>

<u>Ethnic</u>	<u>Total</u>	<u>Percent</u>
Caucasian American	1,238	80.23%
African American	196	12.70%
Asian American	71	4.60%
Hispanic American	12	0.78%
Multi-Racial	26	1.69%



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BEACHWOOD CITY 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
OCTOBER 3, 2002**