

***Chagrin Falls Exempted Village
School District***

Chagrin Falls, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2004



**Auditor of State
Betty Montgomery**

Board of Education
Chagrin Falls Exempted Village School District
77 East Washington St.
Chagrin Falls, OH 44022

We have reviewed the Independent Auditor's Report of the Chagrin Falls Exempted Village School District, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 2, 2004

This Page is Intentionally Left Blank.

Chagrin Falls, Ohio Exempted Village School District

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2004

Prepared by

Treasurer's Office
Stephen L. Osborne
Treasurer

INTRODUCTORY SECTION

Chagrin Falls Exempted Village School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004
Table of Contents

I. Introductory Section	Page
Table of Contents	i
Letter of Transmittal	v
List of Public Officials.....	xiii
Organization Chart.....	xiv
GFOA Certificate of Achievement	xv
II. Financial Section	
Report of Independent Accountants.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	20
Statement of Net Assets – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	26
Statement of Fiduciary Assets and Liabilities – Agency Funds	28
Notes to the Basic Financial Statements	29

Chagrin Falls Exempted Village School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004
Table of Contents

Combining Statements and Individual Fund Schedules:

Combining Statements - Nonmajor Funds:

Description of Funds	57
Combining Balance Sheet – Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	61
Combining Balance Sheet – Nonmajor Special Revenue Funds	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	66
Combining Balance Sheet – Nonmajor Capital Projects Funds	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	71
Combining Statement of Changes in Assets and Liabilities – Agency Funds	72

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

General Fund	74
Special Trust Fund	78
Miscellaneous Grants	79
Public School Support Fund	80
Athletic/District Managed Fund	81
Auxiliary Services Fund	82
Professional Development Grant Fund	83
Educational Management Information Systems Fund	84
Entry Year Programs	85
Data Communication Funds	86
SchoolNet Professional Development	87
Interactive Video Distance Learning Fund	88
Ohio Reads Grant Fund	89
Miscellaneous State Grants Fund	90
Student Intervention	91
Title II Fund	92
Title VI-B Fund	93
Title VI	94
Drug Free Schools Fund	95
Preschool Handicapped Grant Fund	96

Chagrin Falls Exempted Village School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004
Table of Contents

Title II-A	97
Miscellaneous Federal Grants Fund	98
Bond Retirement Fund	99
Permanent Improvement Fund	100
SchoolNet Fund	101
Food Service Fund.....	102
Uniform School Supplies Fund	103
Adult Education Fund	104
Self Insurance Fund.....	105
III. Statistical Section	
General Governmental Revenues by Source and Expenditures by Function – Last Ten Fiscal Years	S-2
Property Tax Levies and Collections – Last Ten Calendar Years	S-4
Property Tax Rates-Direct and Overlapping Governments – Last Ten Calendar Years.....	S-5
Assessed Valuation and Estimated Actual Value of Taxable Property – Last Ten Collection Years	S-6
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita – Last Ten Calendar Years	S-7
Computation of Legal Debt Margin.....	S-8
Computation of Direct and Overlapping General Obligation Bonded Debt	S-9
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total Governmental Expenditures-- Last Ten Years.....	S-10
Demographic Statistics--Last Ten Years	S-11
Property Value, Financial Institution Deposits and Building Permits--Last Ten Years	S-12

Chagrin Falls Exempted Village School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004
Table of Contents

Principal Taxpayers:

Real Estate Tax.....	S-13
Tangible Personal Property Tax.....	S-14
Public Utilities Tax.....	S-15
Cost Per Pupil --Last Ten Fiscal Years.....	S-16
Teacher Education and Experience.....	S-17



Chagrin Falls Exempted Village Schools

77 EAST WASHINGTON STREET • CHAGRIN FALLS, OHIO 44022
PHONE (440) 247-4388 • FAX (440) 247-1415

DAVID E. AXNER, Ed.D.
Superintendent

SHARON M. KLIMM, Ph.D.
Assistant Superintendent

ANNETTE MORUD
Business Manager/Personnel

CHRISTINE A. JACKSON, Ph.D.
Director of Pupil Services

BOARD OF EDUCATION
PAUL M. KIFFNER
President
KAREN PENLER
Vice President
BETHANY HURTUK, Ph.D.
DONALD L. MOTTINGER
ANNE B. THOMAS, Ph.D.
STEPHEN OSBORNE
Treasurer

October 11, 2004

Board of Education Members and Residents of the Chagrin Falls Exempted Village School District

We are pleased to submit to you the Chagrin Falls Exempted Village School District's Comprehensive Annual Financial Report (CAFR). This report provides full disclosure of the financial operation of the School District for the fiscal year ended June 30, 2004. This CAFR includes an audit opinion from the independent accounting firm of Rea & Associates, Inc. and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the Chagrin Falls Exempted Village School District with comprehensive financial data in a format of which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the local villages and cities comprising the School District, the Cuyahoga and Geauga County Public Libraries, major taxpayers, financial rating services, and other interested parties.

The comprehensive annual financial report is presented in three sections as follows:

1. The Introductory Section, which contains a Table of Contents, Letter of Transmittal, List of Principal Officials, an Organization Chart of the School District and the Government Finance Officer's Association (GFOA) Certificate of Achievement.
2. The Financial Section, which begins with the Report of Independent Accountants and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section, which presents social and economic data, financial trends and the fiscal capacity of the Chagrin Falls Exempted Village School District.

The School District

The Chagrin Falls Exempted Village School District is located in both Cuyahoga and Geauga counties in northeastern Ohio, approximately thirteen miles east of the City of Cleveland. The School District's territory encompasses the entire territory of Chagrin Falls Township and the Villages of Chagrin Falls, Bentleyville, South Russell and a portion of the territories of the Village of Moreland Hills and the Townships of Bainbridge and Russell.

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide educational services authorized by charter and further mandated by State and/or Federal agencies.

The Reporting Entity

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

The Lake Geauga Computer Association (LGCA) and the Ohio Schools Council are jointly governed organizations whose relationship to the School District is described in Note 16 to the basic financial statements. The School District also participates in the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool that is described in Note 17 to the basic financial statements.

Major Initiatives

The 2003-2004 school year was another exceptional year for the Chagrin Falls Exempted Village School District. The Ohio Department of Education published its rating of school districts based upon academic performance. Once again, the School District maintained its *excellent* rating on the Ohio Department of Education Report Card. This acknowledgment is awarded to those districts meeting or exceeding 17 of the 18 performance standards determined by the State. The School District has earned an *Excellent* rating for the past six years

During the 2003-2004 school year, the school district reached out to all members of the community and worked closely with them to develop the district's five-year strategic plan. In August 2003, over forty participants consisting of community members, parents, students, staff and administration began the strategic planning process. Meetings continued throughout the year, culminating in the Board's approval of the strategic plan in June 2004. The new strategic plan will guide the district as it focuses on a shared vision, and assists all stakeholders in maintaining the district's reputation as one of the best school districts in Ohio.

Also during the 2003-2004 school year, professional development opportunities for all staff were taken to an all-time high level. Thanks in large part to a state waiver, four half days were designated for in-service for all certified and classified staff. Identified targets for the professional days included: understanding the State assessments, participating in leadership activities, developing the curriculum and improving the transition for students moving to the next building/grade level.

Gurney Elementary School continues to be the foundation for our students' base of learning. Gurney Elementary School was selected as one of only nine elementary schools in the State of Ohio to receive the Hall of Fame Award for 2004. The Ohio Association of Elementary School Administrators (OAESA) sponsors this recognition each year. Nominated elementary schools must submit written documentation substantiating the quality of their overall educational program: instruction, achievement, personnel, school management and community involvement, followed by a site visit of the evaluation committee.

The fourth and sixth grade students at the Intermediate School were proficient in all areas of the State proficiency tests. Integration of technology into the curriculum was a focus at the Intermediate School this past year. More projects were added to the curriculum to integrate technology, including collecting data and creating spreadsheets, using *Hyperstudio* (a multimedia program) to create presentations on the Civil War, and using *Inspiration*, a visual learning graphic organizer program which helps students strengthen critical thinking, organize ideas for research papers, and brainstorm projects. Foreign Language classes continue to differentiate our educational program at the elementary level. Students continued to have the opportunity to take classes in Spanish and French, and appreciate the many traditions and perspectives offered by those cultures.

The Middle School continued to provide an array of education opportunities to students through the offering of 45 class selections including computer science, modular technology, drama, foreign languages, music, and art and consumer science. An emphasis on high academic standards, exploratory courses, individualized instruction and small student-to-teacher ratios contributed to providing a challenging and rewarding environment. All seventh grade science students participated in "Operation Montserrat" – a distance learning simulation that provided a high tech experience with math and science. Students also participated in two nationwide programs for talented youth. The Joseph Baldwin Academy and the Midwest Talent Search are two summer programs designed to identify and provide enrichment programs for young scholars.

Chagrin Falls High School continues to be recognized as one of the top 100 high schools in the nation by Newsweek magazine. The rating is based on an exceptional Advanced Placement (AP) program and the offering of 20 AP classes. In addition, the High School was nominated for the National Blue Ribbon Award. A school-based committee completed an extensive application process that was reviewed by the U.S. Department of Education. *On September 23, 2004, Kristine Cohn from the U.S. Department of Education presented Chagrin Falls High School with the Blue Ribbon Award.* The commitment to academic excellence was maintained as highlighted with fourteen National Merit commended students, along with two finalists. Two hundred one (201) students took 464 AP exams. Over ninety percent (90%) of graduating seniors took part in the senior project, which provided them with an opportunity to experience on-the-job training in various career settings. All students had the opportunity to participate in various extra-curricular activities and student enrichment programs. The School is committed to the full development of its students through 24 varsity sports and an intramural program.

The Chagrin Falls Parent Teacher Organization (PTO), Dads' Club, the Chagrin Falls Education Foundation, Music Lovers, the Chagrin Falls Boosters, the Open Parent Education Network (OPEN), and the Parents' Club continue to be major support groups to the School District, contributing over \$600,000 in equipment and services this past year. Projects included funding for playground equipment, musical instruments, audio-visual equipment, classroom supplies, field trips, assemblies, and supplemental professional development opportunities for interested faculty members. The Foundation also provided several thousand dollars in grants for special projects for teachers. The Business Advisory Council continues to improve the mutual working relationship between the community and schools, where both parties gain additional information and skills.

Future Projects

Our primary focus continues to be on the educational program. This program serves our students, parents and community in an effort to continuously improve. This process involves assessing current programs, identifying areas to improve, developing options, selecting the most viable option and assessing the results.

As a result of the development of the strategic plan, a focus of the 2004-2005 school year will be the review of the facilities within the district. The Board of Education and Administration continue to review information obtained during the strategic planning process pertaining to the use of, construction of and/or refurbishing of the district's facilities. Specifically, the Board will continue to encourage community feedback concerning the need for a new auditorium, the upkeep and maintenance of the stadium/field, renovations to the High School kitchen, technology upgrades in the classrooms and general repairs to the district's buildings. A bond issue to fund these improvements has been discussed and is an option for the May 2005 primary election.

The district will also continue to focus on the integration of technology into the curriculum, and a review of the English/Language Arts curriculum will occur during the 2004-2005 school year. The professional day waivers that were utilized through a trial basis during the previous school year have been modified to occur during two full days (rather than four half-day sessions). The certified and classified staffs will continue to build upon the planning and training programs developed during the previous school year.

From a financial viewpoint, the School District will continue to monitor and impact, where possible, the Ohio Supreme Court's decisions regarding school funding and the legislative implementation of solutions. The district will continue efforts to seek alternative funding for educational programs – as specifically addressed in the strategic plan. The district will also monitor the upcoming recommendations of the Governor's Task Force to address the inequality and inadequacy of the funding of public schools in Ohio.

The School District will also seek the Certificate of Excellence in Financial Reporting for the School District's 2004 Comprehensive Annual Financial Report.

Economic Conditions and Outlook

The Chagrin Falls Exempted Village School District area is an affluent residential community encompassing 27.5 square miles. The School District is rich in heritage, while maintaining an "old time" atmosphere with specialty shopping. Approximately 85% of the area is residential and 15% of the area is business in valuation. Personal income levels average above \$120,000 based on the 2002 Ohio Department of Taxation records, which maintains the Chagrin Falls Exempted Village School District as seventh in the State among 611 school districts. The School District has been ranked among the top ten school districts for the past fifteen years.

Property values have continued to grow within the School District since 1980. The next reappraisals for Geauga and Cuyahoga County will be completed in 2005 and 2006, respectively. Economic conditions have continued to weaken during the past year, and a recovery will depend upon a number of events, both nationally and worldwide. Delinquency rates have increased substantially, and the closing of several retail outlets (the Gap, several jewelry stores) and manufacturing plants (IVEX) have minimized tax collection increases. In addition, legislative changes in the calculation of personal property taxes continue to affect the district through decreasing revenues. Enrollment has increased at a manageable rate to the School District. The 2002-03 enrollment of 1,959 students reflects a decrease of 29 students compared to the 2001-02 school year, and an increase of 467 students compared to the 1990-91 school year.

The School District's general area is served by diversified transportation facilities. School District residents have convenient access to four State and United States highways and two interstate highways. The School District is adjacent to areas served by Conrail, Amtrak and Norfolk and Western Railroads, and is served by passenger air service at Cleveland Hopkins International Airport. The City of Cleveland is easily accessible within a half-hour's drive of the School District.

The funding structure of public education in Ohio is such that school districts receive very little revenue growth as a result of inflationary increases in their tax base. As a result, school districts throughout Ohio must place funding issues on the ballot to receive significant revenue growth. Chagrin Falls Exempted Village School District garners excellent levy support from its constituents. Constituents of the School District have approved all operating levies that have been submitted to the voters, in advance of the School District experiencing financial shortcomings. The School District placed an operating levy on the May 2003 ballot that was overwhelmingly approved by the residents of the school district. It is anticipated that the proceeds from this operating levy will provide sufficient resources for the district through fiscal year 2007.

Financial Information

Internal Accounting and Budgetary Control

The School District's accounting system is organized on a "fund" basis. Each fund is a distinct self-balancing accounting entity. Reports for general governmental operations are presented on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Reports of the School District's proprietary operations are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.

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

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

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

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

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the object account level within a function and fund in the general and debt service funds and at the fund level for all other funds. All purchase order requests must be approved by the Building Principal and certified by the Treasurer; necessary funds are then encumbered and purchase

orders released to vendors. Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible.

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

Financial Condition

This is the fourth year the School District has prepared financial statements following GASB Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the School District's financial activities as follows:

Government-wide financial statements - These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

Statement of budgetary comparisons - These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion is presented after the Independent Public Accountant's report and provides an assessment of the School District's finances for 2004 and a discussion of current issues that affect the School District's outlook for the future. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

Financial Highlights - Internal Service Fund

At the conclusion of fiscal year 2004, the only internal service fund carried on the financial records related to self-insurance. This fund accounts for the revenues and expenses related to the provision of prescription drug benefits to the School District employees. The internal service fund had deficit net assets of (\$43,648) at June 30, 2004, compared with deficit net assets of (\$34,548) at June 30, 2003, reflecting a decrease in net assets of \$9,100. The Board has increased charged premiums in fiscal year 2004 to alleviate the deficit.

Financial Highlights -Fiduciary Fund

The School District functions as fiscal agent for student funds, representing a variety of student groups. The agency funds had assets totaling \$69,400 at fiscal year end.

Cash Management

The Board of Education has an active cash management program which consists of expediting the receipt of revenues and prudently depositing cash which is insured by the Federal Deposit Insurance Corporation as well as investing available cash in instruments issued by the United States Government. The total amount of interest earned by the School District's funds was \$16,082 for the year ended June 30, 2004; \$15,472 was directly credited to the general fund, the remainder of which was credited to the scholarship, building and food service funds. The program is beneficial because of access to daily balances, which enables the Board of Education to maintain minimum account balances and invest to the maximum extent.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105% of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Risk Management

All employees of the Chagrin Falls Exempted Village School District are covered by a blanket bond, while certain positions in decision/policy making roles are covered by separate, higher bond coverage.

The School District contracts for general liability insurance with a \$1,000 deductible and a 10% coinsurance. The School District also carries a single occurrence \$2,000,000 limit for professional liability with no deductible and automobile liability which has a \$2,000,000 combined single limit of liability. Property insurance has a \$1,000 deductible with a limit of \$44,424,580 and inland marine insurance has a deductible of \$250 with a limit of \$1,553,714.

The Chagrin Falls Exempted Village School District has insurance contracts for vehicle insurance, underground storage tanks, and crime protection. The School District participates in the Ohio School Board Association Workers' Compensation Group Rating Program.

Pension Plans

All School District employees are covered by the state-wide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. See Note 12 to the basic financial statements for complete details.

Independent Audit

State statutes require the School District to be subjected to an annual audit by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Rea & Associates, Inc. was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2004. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for the 1979 year.

Awards

Certificate of Achievement

The Government Finance Office Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chagrin Falls Exempted Village School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003.

The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

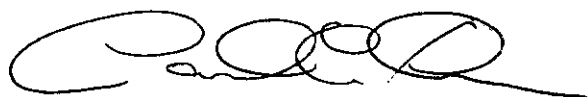
Acknowledgements

The publication of this report significantly increases the accountability of the School District to the taxpayers. This accomplishment would not have been possible without the support and efforts of the staff of the Treasurer's office, the District's Audit Committee, and various administrators and employees of the School District. Assistance of the Cuyahoga and Geauga County Auditors' office staffs and other outside agencies made possible the fair presentation of statistical data.

Special appreciation is expressed to Rea & Associates, Inc. for their assistance in planning, designing and reviewing this financial report.

Finally, sincere appreciation is extended to the Board of Education for its interest in and support of this project.

Respectfully,



Mr. David E. Axner, Ed D
Superintendent



Mr. Stephen Osborne
Treasurer

*Chagrin Falls Exempted Village School District
Principal Officials
June 30, 2004*

Board of Education

Mr. Paul Kiffner	President
Ms. Karen Penler	Vice President
Ms. Bethany Hurtuk, Ph.D	Member
Mr. Donald Mottinger	Member
Ms. Anne Thomas, Ph.D	Member

Treasurer/CFO

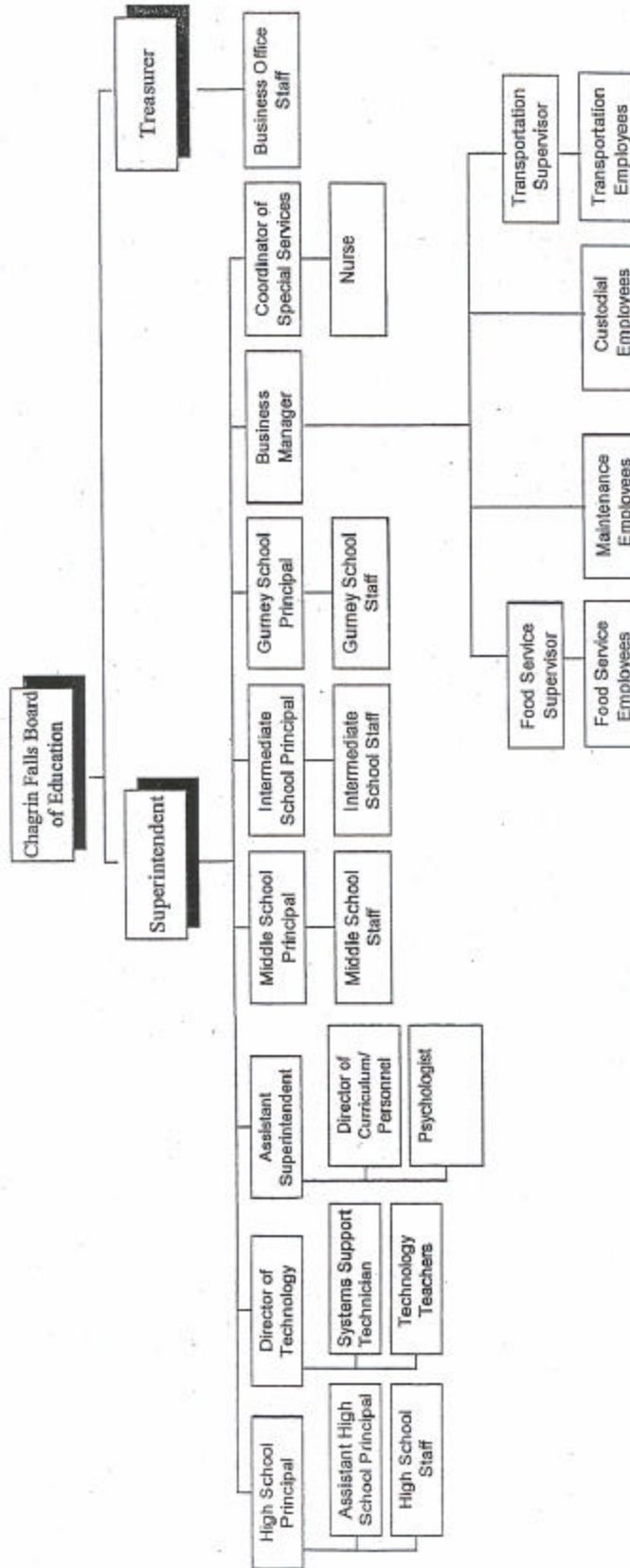
Mr. Stephen L. Osborne

Administration

Mr. David Axner, Ed D	Superintendent
Ms. Sharon Klimm, Ph.D	Assistant Superintendent

CHAGRIN FALLS EXEMPTED VILLAGE SCHOOL DISTRICT

ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chagrin Falls Exempted
Village School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



President

Executive Director

This page intentionally

Left blank

FINANCIAL SECTION

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

October 11, 2004

The Board of Education
Chagrin Falls Exempted Village School District
Chagrin Falls, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chagrin Falls Exempted Village School District, as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Governmental 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Chagrin Falls Exempted Village School District, as of June 30, 2004, and the changes in financial position and the cash flows of its business type activities 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 October 11, 2004 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 the report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Chagrin Falls Exempted Village School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all respects in relation to the basic financial statements taken as a whole.

Rea & Associates, Inc.

Chagrin Falls Exempted Village School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2004 Unaudited

The discussion and analysis of the Chagrin Falls Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2004 are as follows:

- ❑ General Revenues accounted for \$21.8 million in revenue or 92% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for approximately \$1.9 million or 9% of total revenues of \$23.7 million.
- ❑ Total program expenses were \$22.9 million, \$21.9 million in Governmental Activities, \$1 million in Business Type Activities.
- ❑ In total, net assets increased nearly \$794,000. Net assets of governmental activities increased \$818,000, which represents a 25% increase from 2003. Net assets of business-type activities decreased \$24,188 or 8% from 2003.
- ❑ Outstanding bonded debt decreased from \$22,310,000 to \$21,515,000 through the payment of bond principal.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Chagrin Falls Exempted Village School District as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2004?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis

Chagrin Falls Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❑ **Governmental Activities** - Most of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- ❑ **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District adult and community education programs, food service and uniform school supplies are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the debt service fund.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and permanent improvement capital projects fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

Chagrin Falls Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements begin on page 16.

Proprietary Funds - The School District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses enterprise funds to account for its food service, uniform supplies, and adult and community education programs. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its drug benefit program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements.

The proprietary fund financial statements begin on page 22.

Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used to proprietary funds.

The fiduciary fund financial statements begin on page 28.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 29.

Chagrin Falls Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2004 compared to 2003:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets						
Current and Other Assets	\$ 20,410,275	\$ 19,269,194	\$ 157,633	\$ 153,034	\$ 20,567,908	\$ 19,422,228
Capital Assets	23,097,773	23,895,615	187,256	196,624	23,285,029	24,092,239
Total Assets	43,508,048	43,164,809	344,889	349,658	43,852,937	43,514,467
Liabilities						
Long-Term Liabilities	(22,501,561)	(23,185,748)	(9,611)	(9,015)	(22,511,172)	(23,194,763)
Other Liabilities	(16,875,020)	(16,665,895)	(64,294)	(45,471)	(16,939,314)	(16,711,366)
Total Liabilities	(39,376,581)	(39,851,643)	(73,905)	(54,486)	(39,450,486)	(39,906,129)
Net Assets						
Invested in Capital Assets Net of Debt	1,567,981	1,544,335	187,256	196,624	1,755,237	1,740,959
Restricted	2,155,299	1,855,906	0	0	2,155,299	1,855,906
Unrestricted (Deficit)	408,187	(87,075)	83,728	98,548	491,915	11,473
Total Net Assets	\$ 4,131,467	\$ 3,313,166	\$ 270,984	\$ 295,172	\$ 4,402,451	\$ 3,608,338

Total assets increased by \$338,470 with governmental assets increasing \$343,239 and business-type assets decreasing \$4,769. A decrease of approximately \$807,210 in total capital assets reflects depreciation exceeding additional purchases. Total liabilities decreased by approximately \$456,000 with governmental liabilities comprising most of that amount. This decrease was partially due to the repayment of long-term liabilities (outstanding bond debt) of \$795,000.

The net assets of the School District business-type activities decreased by \$24,188 or 8%. This difference is in part a reflection of an increase in prepaid lunches in the food service program and also reflects the growing adult/community education program. The net assets of the School District governmental activities increased 25%. This difference is partially due to the repayment of outstanding debt as explained above and a decrease in deferred revenue from real estate taxes. See Note 3 for information about the restatement of liabilities.

Chagrin Falls Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Table 2 shows the changes in net assets for fiscal year 2004 compared to 2003.

(Table 2)
Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 410,606	\$ 421,324	\$ 907,487	\$ 859,240	\$ 1,318,093	\$ 1,280,564
Operating Grants	505,478	412,244	33,586	55,464	539,064	467,708
Capital Grants	0	30,718	0	0	0	30,718
<i>General Revenue:</i>						
Property Taxes	17,489,507	13,512,429	0	0	17,489,507	13,512,429
Grants and Entitlements	4,203,459	3,881,296	0	0	4,203,459	3,881,296
Other	103,988	149,561	610	3,226	104,598	152,787
Total Revenues	22,713,038	18,407,572	941,683	917,930	23,654,721	19,325,502
Program Expenses						
Instruction	11,499,640	10,595,202	0	0	11,499,640	10,595,202
Support Services	8,189,502	7,776,828	0	0	8,189,502	7,776,828
Operation of Non-Instructional	219,455	231,379	0	0	219,455	231,379
Extracurricular Activities	746,022	696,643	0	0	746,022	696,643
Interest and Fiscal Charges	1,240,118	1,283,851	0	0	1,240,118	1,283,851
Food Service	0	0	686,168	584,811	686,168	584,811
Uniform School Supplies	0	0	71,642	64,589	71,642	64,589
Adult Community Education	0	0	208,061	176,678	208,061	176,678
Windsor Educational	0	0	0	68,146	0	68,146
Total Expenses	21,894,737	20,583,903	965,871	894,224	22,860,608	21,478,127
Increase (Decrease) in Net Assets	\$ 818,301	\$ (2,176,331)	\$ (24,188)	\$ 23,706	\$ 794,113	\$ (2,152,625)

The vast majority of revenue supporting governmental activities is general revenue (property taxes). General revenue increased from \$17.5 million in 2003 to \$21.8 million in 2004 which is due in part to an increase in the property taxes available as an advance of \$1,600,000 (from the tax levy passed in May 2003). An increase in charges for services in the business-type activities reflects increases in the adult/community education and food service programs. Other general revenue shows a decrease in interest earnings caused by lower interest rates and decreased cash balances. Program expenses increased from \$20.6 million in 2003 to \$21.9 million in 2004. The increase in total program expenses reflects increases in salaries, fringe benefits (health insurance and retirement), purchased services (utilities and special education costs) and other expenditures (property/casualty/fleet insurance).

Chagrin Falls Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental funds had total revenues of \$22.7 million and expenditures of \$21.9 million.

(Table 3)
Governmental Activities

	2004		2003	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 11,499,640	\$ 11,328,945	\$ 10,595,202	\$ 10,420,352
Support Services:				
Pupil and Instructional Staff	2,258,690	1,817,187	2,042,518	1,674,436
Board of Education, Administration and Fiscal	2,333,953	2,309,323	2,243,781	2,216,990
Operation and Maintenance of Plant	2,499,738	2,499,738	2,427,389	2,427,389
Pupil Transportation	1,097,121	1,097,121	1,063,140	1,063,140
Operation of Non-Instructional	219,455	80,311	231,379	80,190
Extracurricular Activities	746,022	605,910	696,643	553,269
Interest and Fiscal Charges	1,240,118	1,240,118	1,283,851	1,283,851
Total Expenses	<u>\$ 21,894,737</u>	<u>\$ 20,978,653</u>	<u>\$ 20,583,903</u>	<u>\$ 19,719,617</u>

Total cost of service for 2004 increased 6% over 2003. Instruction and student support services comprise 63% of governmental program expenses. Interest/fiscal charges were 6%. Interest expense was attributable to the outstanding bonds, and fiscal expenses include payments to the County Auditors for administrative fees. Pupil transportation and the operation/maintenance of facilities accounts for 16% of governmental program expenses.

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for Chagrin Falls Exempted Village School District students.

Chagrin Falls Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Business-Type Activities

Business-type activities include the adult/community education programs, the food service operations, and the sale of uniform school supplies. These programs had revenues of \$941,683 and expenses of \$965,871 for fiscal year 2004. The adult/community education program continued to see an expanded schedule and an increase in course offerings. The food service department continued to operate with revenues greater than expenditures, and expanded services (to area parochial schools). Business activities receive no support from tax revenues.

General Fund Budgeting Highlights

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

During the course of fiscal year 2004, the School District did not modify its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis revenue of \$17.7 million, was under original budget estimates of \$18.0 million. Of this \$300,000 shortfall, most was attributable to decreased interest earnings (falling from 3% to 1% over the course of the year), and decreased property tax collections due to increased delinquency rates. Both of these reasons can be attributed to a weakened economy.

Final appropriations of \$18.3 million were \$100,000 greater than the \$18.2 million in the original budget. This net unfavorable variance resulted from increased insurance premiums (a large number of employees switched from single to family coverage) and additional special education tuition expenses. Budget reductions were implemented during the fiscal year to attempt to offset revenue collection deficits. Textbook purchases were postponed to the next fiscal year and offset the employee benefit (insurance) increases. Other expenditures (salaries/wages, capital equipment and other expenses) were very close to the estimate.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004, the School District had \$23.2 million invested in land, buildings, equipment and textbooks. A total of \$23.1 million of this was for governmental activities with the remainder attributable to business-type activities. Table 4 shows fiscal year 2004 balances compared with 2003.

Chagrin Falls Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

(Table 4)
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 1,386,635	\$ 1,386,635	\$ 0	\$ 0	\$ 1,386,635	\$ 1,386,635
Buildings and Improvements	20,080,533	20,731,716	0	0	20,080,533	20,731,716
Furniture and Equipment	971,899	1,016,138	187,256	196,624	1,159,155	1,212,762
Vehicles	525,688	565,588	0	0	525,688	565,588
Textbooks	133,018	195,538	0	0	133,018	195,538
Totals	<u>\$ 23,097,773</u>	<u>\$ 23,895,615</u>	<u>\$ 187,256</u>	<u>\$ 196,624</u>	<u>\$ 23,285,029</u>	<u>\$ 24,092,239</u>

The \$807,210 decrease in capital assets was attributable to depreciation expense exceeding additional purchases. Additional details of the capital assets can be found in note 9 to the basic financial statements.

A change in Ohio law required school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2004, this amounted to \$274,922 for each set aside. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvements. For the textbooks, the School District had a carryover balance from 2003 of \$50,780 and disbursed \$235,814, with the remainder scheduled to be carried forward into the 2005 fiscal year.

Debt

At June 30, 2004, the School District had \$21,515,000 in bonds outstanding with \$845,000 due within one year. During fiscal year 2004, \$795,000 of general obligation bonds were retired. Table 5 summarizes bonds outstanding.

(Table 5)
Outstanding Debt, at June 30

	Governmental Activities 2004	Governmental Activities 2003
General Obligation Bonds:		
1988 Additions/Facilities	\$ 2,170,000	\$ 2,395,000
1997 Renovations - Series 1	1,900,000	2,000,000
1997 Renovations - Series 2	17,445,000	17,915,000
Totals	<u>\$ 21,515,000</u>	<u>\$ 22,310,000</u>

Chagrin Falls Exempted Village School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2004 Unaudited

In 1988, the School District passed a bond issue providing \$4,250,000 for renovations to the four buildings in the District. In 1997, the School District passed a bond issue providing \$21,800,000 for the construction of a new Middle School, classroom additions at Gurney Elementary and the refurbishing of the former Middle School (now known as the Intermediate School). More information about the long-term obligations is in note 14 to the basic financial statements.

At June 30, 2004, the School District's overall bonded debt limit was \$40,258,131 and the unvoted debt margin was \$447,313. The School District maintains a AA3 bond rating from Moody's Rating Committee.

Current Issues

The Chagrin Falls Exempted Village School District continues to receive strong support from the residents of the school district. As the preceding information shows, the School District relies heavily on its local property taxpayers. The residents of the district passed an operating levy in May 2003 and the Board of Education anticipates that proceeds from this levy will sustain the district through fiscal year 2007.

Real estate tax collections have shown very small increases, and personal property tax collections have decreased. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills, and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 77% of revenues for governmental activities for the Chagrin Falls Schools in fiscal year 2004.

The district has continued to be affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management diligently planned expenses so that the last levy stretched for the four years as planned, and that remains the goal with the levy passed in May 2003. This goal continues to be increasingly difficult in light of additional mandates in gifted education, rising utility and gasoline costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth (which is unlike our District). It is still undetermined whether the State has met the standards of the Ohio Supreme Court. The Governor has appointed a Task Force to address the issues raised in the DeRolph Court Case, with recommendations expected in December 2004.

The Chagrin Falls Exempted Village School District has not anticipated any meaningful growth in State revenue. The concern is that, to meet the requirements of the Court, the State may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on the School District. Another School District concern will be the State Legislature's ability to fund the

Chagrin Falls Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2004

Unaudited

approved biennial budget that became effective on July 1, 2005. The state legislature enacted budget reductions during the final quarter of the 2003 fiscal year, reducing planned funding to the school district by \$45,000. How the legislature plans to fund education programs during a weakened economy remains a concern, especially if the 1% tax increase (used to fund the 2003/2004 biennial budget) is repealed during the next year.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

The Chagrin Falls Exempted Village Schools has committed itself to financial excellence for many years. The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Financial Reporting for five consecutive years.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Stephen Osborne, Treasurer of Chagrin Falls Exempted Village School District, 77 E. Washington Street, Chagrin Falls, Ohio 44022. Or e-mail at cf_Osborne@lgca.org.

Chagrin Falls Exempted Village School District

Statement of Net Assets

June 30, 2004

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,994,975	\$ 142,367	\$ 2,137,342
Receivables:			
Taxes	18,396,214	0	18,396,214
Accounts	0	2,607	2,607
Interfund	10,133	(10,133)	0
Inventory	8,953	22,792	31,745
Nondepreciable Capital Assets	1,386,635	0	1,386,635
Depreciable Capital Assets (Net)	21,711,138	187,256	21,898,394
<i>Total Assets</i>	<u>43,508,048</u>	<u>344,889</u>	<u>43,852,937</u>
Liabilities			
Accounts Payable	316,448	19,165	335,613
Accrued Wages and Benefits	1,676,124	30,720	1,706,844
Intergovernmental Payable	578,299	14,409	592,708
Deferred Revenue	14,293,788	0	14,293,788
Claims Payable	10,361	0	10,361
Long Term Liabilities:			
Due Within One Year	984,703	0	984,703
Due Within More Than One Year	21,516,858	9,611	21,526,469
<i>Total Liabilities</i>	<u>39,376,581</u>	<u>73,905</u>	<u>39,450,486</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,567,981	187,256	1,755,237
Restricted for:			
Capital Projects	167,365	0	167,365
Debt Service	1,877,007	0	1,877,007
Other Purposes	110,927	0	110,927
Unrestricted	408,187	83,728	491,915
<i>Total Net Assets</i>	<u>\$ 4,131,467</u>	<u>\$ 270,984</u>	<u>\$ 4,402,451</u>

See accompanying notes to the basic financial statements.

Chagrin Falls Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
Current:			
Instruction:			
Regular	\$ 10,019,345	\$ 52,944	\$ 113,975
Special	1,350,026	0	3,776
Vocational	92,934	0	0
Other	37,335	0	0
Support Services:			
Pupils	1,098,885	200,094	33,527
Instructional Staff	1,159,805	0	207,882
Board of Education	79,892	0	0
Administration	1,610,209	0	7,174
Fiscal	643,052	17,456	0
Business	800	0	0
Operation and Maintenance of Plant	2,499,738	0	0
Pupil Transportation	1,097,121	0	0
Central	21,452	0	0
Operation of Non-Instructional Services	198,003	0	139,144
Extracurricular Activities	746,022	140,112	0
Interest and Fiscal Charges	1,240,118	0	0
<i>Total Governmental Activities</i>	<u>21,894,737</u>	<u>410,606</u>	<u>505,478</u>
Business-Type Activities			
Food Service	686,168	641,834	33,586
Uniform School Supplies	71,642	74,349	0
Adult Education	208,061	191,304	0
<i>Total Business-Type Activities</i>	<u>965,871</u>	<u>907,487</u>	<u>33,586</u>
<i>Totals</i>	<u>\$ 22,860,608</u>	<u>\$ 1,318,093</u>	<u>\$ 539,064</u>

General Revenues

Property Taxes Levied for:
General Purposes
Debt Service
Grants and Entitlements not Restricted
to Specific Programs
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (9,852,426)	\$ 0	\$ (9,852,426)
(1,346,250)	0	(1,346,250)
(92,934)	0	(92,934)
(37,335)	0	(37,335)
(865,264)	0	(865,264)
(951,923)	0	(951,923)
(79,892)	0	(79,892)
(1,603,035)	0	(1,603,035)
(625,596)	0	(625,596)
(800)	0	(800)
(2,499,738)	0	(2,499,738)
(1,097,121)	0	(1,097,121)
(21,452)	0	(21,452)
(58,859)	0	(58,859)
(605,910)	0	(605,910)
(1,240,118)	0	(1,240,118)
<u>(20,978,653)</u>	<u>0</u>	<u>(20,978,653)</u>
0	(10,748)	(10,748)
0	2,707	2,707
<u>0</u>	<u>(16,757)</u>	<u>(16,757)</u>
0	(24,798)	(24,798)
<u>(20,978,653)</u>	<u>(24,798)</u>	<u>(21,003,451)</u>
15,342,604	0	15,342,604
2,146,903	0	2,146,903
4,203,459	0	4,203,459
15,472	610	16,082
<u>88,516</u>	<u>0</u>	<u>88,516</u>
21,796,954	610	21,797,564
818,301	(24,188)	794,113
<u>3,313,166</u>	<u>295,172</u>	<u>3,608,338</u>
<u>\$ 4,131,467</u>	<u>\$ 270,984</u>	<u>\$ 4,402,451</u>

Chagrin Falls Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2004

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 93,208	\$ 1,400,736	\$ 500,991	\$ 1,994,935
Receivables:				
Taxes	16,295,032	2,101,182	0	18,396,214
Interfund	43,355	0	105	43,460
Inventory	8,953	0	0	8,953
<i>Total Assets</i>	<u>\$ 16,440,548</u>	<u>\$ 3,501,918</u>	<u>\$ 501,096</u>	<u>\$ 20,443,562</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 220,904	\$ 0	\$ 95,544	\$ 316,448
Accrued Wages and Benefits	1,652,875	0	23,249	1,676,124
Intergovernmental Payable	327,302	0	11,501	338,803
Deferred Revenue	13,626,424	1,747,261	0	15,373,685
<i>Total Liabilities</i>	15,827,505	1,747,261	130,294	17,705,060
Fund Balances				
Fund Balance:				
Reserved for Encumbrances	60,914	0	137,620	198,534
Reserved for Inventory	8,953	0	0	8,953
Reserved for Tax Revenue Unavailable for Appropriation	2,668,608	353,921	0	3,022,529
Unreserved:				
Undesignated, Unreserved Reported in:				
General Fund	(2,125,432)	0	0	(2,125,432)
Special Revenue Funds	0	0	192,206	192,206
Debt Service Fund	0	1,400,736	0	1,400,736
Capital Projects Funds	0	0	40,976	40,976
<i>Total Fund Balances</i>	<u>613,043</u>	<u>1,754,657</u>	<u>370,802</u>	<u>2,738,502</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 16,440,548</u>	<u>\$ 3,501,918</u>	<u>\$ 501,096</u>	<u>\$ 20,443,562</u>

See accompanying notes to the basic financial statements.

Chagrin Falls Exempted Village School District
Reconciliation of Total Governmental Fund Balances to
Net Assets Governmental Activities
June 30, 2004

Total Governmental Fund Balances \$ 2,738,502

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 23,097,773

Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.
 Delinquent Property and Personal Property Taxes 1,079,897 1,079,897

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. (43,648)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.
 General Obligation Bonds (21,515,000)
 Compensated Absences (971,769)
 Capital Lease Payable (14,792)
 Intergovernmental Payable (239,496) (22,741,057)

Net Assets of Governmental Activities \$ 4,131,467

Chagrin Falls Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 15,042,498	\$ 2,119,650	\$ 0	\$ 17,162,148
Intergovernmental	3,933,969	269,490	505,478	4,708,937
Investment Income	15,472	0	0	15,472
Tuition and Fees	37,648	0	11,413	49,061
Extracurricular Activities	0	0	329,479	329,479
Rentals	17,456	0	0	17,456
Charges for Services	14,610	0	0	14,610
Gifts and Donations	0	0	87,483	87,483
Miscellaneous	10,133	0	0	10,133
<i>Total Revenues</i>	19,071,786	2,389,140	933,853	22,394,779
Expenditures:				
Current:				
Instruction:				
Regular	9,001,100	0	173,455	9,174,555
Special	1,333,220	0	3,683	1,336,903
Vocational	92,934	0	0	92,934
Other	37,335	0	0	37,335
Support Services:				
Pupils	838,992	0	243,522	1,082,514
Instructional Staff	873,889	0	199,249	1,073,138
Board of Education	79,733	0	0	79,733
Administration	1,565,832	0	7,174	1,573,006
Fiscal	581,664	33,227	0	614,891
Business	800	0	0	800
Operation and Maintenance of Plant	2,230,874	0	74,378	2,305,252
Pupil Transportation	1,058,296	0	0	1,058,296
Central	21,452	0	0	21,452
Operation of Non-Instructional Services	13,756	0	167,420	181,176
Extracurricular Activities	532,715	0	194,452	727,167
Capital Outlay	0	0	251,793	251,793
Debt Service:				
Principal Retirement	26,488	795,000	0	821,488
Interest and Fiscal Charges	1,513	1,238,605	0	1,240,118
<i>Total Expenditures</i>	18,290,593	2,066,832	1,315,126	21,672,551
<i>Excess of Revenues Over (Under) Expenditures</i>	781,193	322,308	(381,273)	722,228
Other Financing Sources (Uses):				
Proceeds from Sales of Capital Assets	245	0	0	245
Transfers In	0	0	325,450	325,450
Transfers Out	(324,250)	0	(1,200)	(325,450)
<i>Total Financing Sources and (Uses)</i>	(324,005)	0	324,250	245
<i>Net Change in Fund Balance</i>	457,188	322,308	(57,023)	722,473
<i>Fund Balance (Deficit) at Beginning of Year</i>	155,855	1,432,349	427,825	2,016,029
<i>Fund Balance (Deficit) at End of Year</i>	\$ 613,043	\$ 1,754,657	\$ 370,802	\$ 2,738,502

See accompanying notes to the basic financial statements.

Chagrin Falls Exempted Village School District
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2004

Net Change in Fund Balances - Total Governmental Funds	\$	722,473
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures, However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	379,266	
Current Year Depreciation	<u>(1,172,241)</u>	(792,975)
Net effect of transactions involving sale of capital assets are not reflected in the funds.		(4,867)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property and Personal Property Taxes	<u>327,359</u>	327,359
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond Principal	795,000	
Capital Leases	<u>26,488</u>	821,488
Some expenses reported in the statement of net activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(137,301)	
Pension Obligation	<u>(108,776)</u>	(246,077)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.		
		<u>(9,100)</u>
Change in Net Assets of Governmental Activities	\$	<u>818,301</u>

Chagrin Falls Exempted Village School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 13,895,000	\$ 13,895,000	\$ 13,623,308	\$ (271,692)
Intergovernmental	3,899,500	3,899,500	3,933,969	34,469
Investment Income	125,000	125,000	28,939	(96,061)
Tuition and Fees	81,000	81,000	38,248	(42,752)
Rentals	25,000	25,000	18,057	(6,943)
Charges for Services	17,000	17,000	14,610	(2,390)
Gifts and Donations	2,000	2,000	0	(2,000)
Miscellaneous	15,000	15,000	10,496	(4,504)
<i>Total Revenues</i>	<u>18,059,500</u>	<u>18,059,500</u>	<u>17,667,627</u>	<u>(391,873)</u>
Expenditures:				
Current				
Instruction	10,406,406	10,339,212	10,334,075	(5,137)
Support Services				
Pupils	877,073	833,613	822,553	(11,060)
Instructional Staff	926,790	877,215	876,777	(438)
Board of Education	89,702	81,298	81,298	0
Administration	1,540,207	1,551,671	1,551,671	0
Fiscal	576,292	583,770	583,770	0
Business	800	800	800	0
Operation and Maintenance of Plant	2,314,808	2,319,875	2,319,690	(185)
Pupil Transportation	1,021,056	1,052,888	1,052,888	0
Central	22,000	21,452	21,452	0
Operation of Non-Instructional Services	11,980	13,756	13,756	0
Extracurricular	524,500	529,811	529,811	0
Debt Service				
Principal Retirement	26,488	26,488	26,488	0
Interest and Fiscal Charges	1,513	1,513	1,513	0
<i>Total Expenditures</i>	<u>18,339,615</u>	<u>18,233,362</u>	<u>18,216,542</u>	<u>(16,820)</u>
Excess of Revenues Over (Under) Expenditures	(280,115)	(173,862)	(548,915)	(375,053)
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	1,000	1,000	245	(755)
Refund of Prior Year Expenditures	0	500	0	(500)
Advances In	18,500	18,500	18,500	0
Advances Out	0	(25,900)	(25,900)	0
Transfers Out	(437,250)	(411,672)	(327,000)	84,672
<i>Total Other Financing Sources (Uses)</i>	<u>(417,750)</u>	<u>(417,572)</u>	<u>(334,155)</u>	<u>83,417</u>
<i>Net Change in Fund Balance</i>	(697,865)	(591,434)	(883,070)	(291,636)
<i>Fund Balance (Deficit) at Beginning of Year</i>	634,060	634,060	634,060	0
Prior Year Encumbrances Appropriated	261,686	261,686	261,686	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 197,881</u>	<u>\$ 304,312</u>	<u>\$ 12,676</u>	<u>\$ (291,636)</u>

See accompanying notes to the basic financial statements.

*This page intentionally
Left blank*

Chagrin Falls Exempted Village School District

Statement of Net Assets

Proprietary Funds

June 30, 2004

	Business-Type Activities - Enterprise Funds		
	Food Service	Uniform School Supplies	Adult Education
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 125,645	\$ 7,560	\$ 9,162
Receivables:			
Accounts	0	2,607	0
Interfund	1,204	0	0
Inventory	7,469	15,323	0
<i>Total Current Assets</i>	134,318	25,490	9,162
Non Current Assets:			
Depreciable Capital Assets (Net)	187,256	0	0
<i>Total Assets</i>	321,574	25,490	9,162
Liabilities			
Current Liabilities:			
Accounts Payable	2,195	631	16,339
Accrued Wages and Benefits	26,020	0	4,700
Interfund Payable	0	11,337	0
Intergovernmental Payable	13,178	0	1,231
Claims Payable	0	0	0
<i>Total Current Liabilities</i>	41,393	11,968	22,270
Long Term Liabilities:			
Compensated Absences	9,301	0	310
<i>Total Liabilities</i>	50,694	11,968	22,580
Net Assets			
Invested in Capital Assets, Net of Related Debt	187,256	0	0
Unrestricted	83,624	13,522	(13,418)
<i>Total Net Assets</i>	\$ 270,880	\$ 13,522	\$ (13,418)

See accompanying notes to the basic financial statements.

<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
\$ 142,367	\$ 40
2,607	0
1,204	0
22,792	0
168,970	40
187,256	0
356,226	40
19,165	0
30,720	0
11,337	33,327
14,409	0
0	10,361
75,631	43,688
9,611	0
85,242	43,688
187,256	0
83,728	(43,648)
<u>\$ 270,984</u>	<u>\$ (43,648)</u>

Chagrin Falls Exempted Village School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds		
	Food Service	Uniform School Supplies	Adult Education
Operating Revenues:			
Tuition	\$ 0	\$ 0	\$ 191,304
Sales	641,834	74,349	0
Charges for Services	0	0	0
<i>Total Operating Revenues</i>	<u>641,834</u>	<u>74,349</u>	<u>191,304</u>
Operating Expenses:			
Salaries	194,176	0	64,300
Fringe Benefits	83,506	0	10,756
Purchased Services	5,993	0	123,266
Materials and Supplies	384,792	71,642	5,466
Depreciation	16,871	0	0
Claims	830	0	4,273
<i>Total Operating Expenses</i>	<u>686,168</u>	<u>71,642</u>	<u>208,061</u>
Operating Income (Loss)	<u>(44,334)</u>	<u>2,707</u>	<u>(16,757)</u>
Non-Operating Revenues (Expenses):			
Federal Donated Commodities	16,362	0	0
Operating Grants	17,224	0	0
Interest	610	0	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>34,196</u>	<u>0</u>	<u>0</u>
<i>Change in Net Assets</i>	(10,138)	2,707	(16,757)
<i>Net Assets (Deficit) Beginning of Year</i>	<u>281,018</u>	<u>10,815</u>	<u>3,339</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$ 270,880</u>	<u>\$ 13,522</u>	<u>\$ (13,418)</u>

See accompanying notes to the basic financial statements.

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 191,304	\$ 0
716,183	0
0	273,026
907,487	273,026
258,476	0
94,262	0
129,259	0
461,900	0
16,871	0
5,103	282,126
965,871	282,126
(58,384)	(9,100)
16,362	0
17,224	0
610	0
34,196	0
(24,188)	(9,100)
295,172	(34,548)
\$ 270,984	\$ (43,648)

Chagrin Falls Exempted Village School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds		
	Food Service	Uniform School Supplies	Adult Education
Cash Flows From Operating Activities:			
Cash Received from Customers	\$ 645,134	\$ 71,771	\$ 191,304
Transactions with Other Funds	0	0	0
Cash Paid for Goods and Services	(369,800)	(71,011)	(116,286)
Cash Paid to Employees	(280,148)	0	(76,288)
Cash Paid for Claims	0	0	0
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(4,814)</u>	<u>760</u>	<u>(1,270)</u>
Cash Flows From Non-Capital Financing Activities:			
Grants	17,224	0	0
Loans from Other Funds	0	0	0
Repayment of Loans from Other Funds	0	0	0
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	<u>17,224</u>	<u>0</u>	<u>0</u>
Cash Flows From Investing Activities:			
Interest on Investments	610	0	0
<i>Net Cash Provided By (Used For) Investing Activities</i>	<u>610</u>	<u>0</u>	<u>0</u>
Cash Flows From Capital and Related Financing Activities:			
Payment for Capital Acquisitions	(7,503)	0	0
<i>Net Cash Provided By (Used For) Capital and Related Financing Activities</i>	<u>(7,503)</u>	<u>0</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	5,517	760	(1,270)
<i>Cash and Cash Equivalents at Beginning of Year</i>	120,128	6,800	10,432
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 125,645</u>	<u>\$ 7,560</u>	<u>\$ 9,162</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Operating Income (Loss)	\$ (44,334)	\$ 2,707	\$ (16,757)
Adjustments:			
Depreciation	16,871	0	0
Federal Donated Commodities	16,362	0	0
(Increase) Decrease Assets			
Due from Other Governments	3,150	0	0
Accounts Receivable	150	(2,578)	0
Inventory	(314)	0	0
Increase (Decrease) in Liabilities			
Accounts Payable	2,097	631	16,339
Accrued Wages and Benefits	(3,337)	0	(1,194)
Compensated Absences Payable	871	0	(38)
Due to Other Governments	3,670	0	380
Claims Payable	0	0	0
<i>Total Adjustments</i>	<u>39,520</u>	<u>(1,947)</u>	<u>15,487</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (4,814)</u>	<u>\$ 760</u>	<u>\$ (1,270)</u>

Noncash items:

The Food Service Fund received \$16,362 in Donated Commodities

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 908,209	\$ 0
0	273,026
(557,097)	0
(356,436)	0
0	(280,418)
<u>(5,324)</u>	<u>(7,392)</u>
17,224	0
0	33,327
0	(25,927)
<u>17,224</u>	<u>7,400</u>
<u>610</u>	<u>0</u>
<u>610</u>	<u>0</u>
<u>(7,503)</u>	<u>0</u>
<u>(7,503)</u>	<u>0</u>
5,007	8
<u>137,360</u>	<u>32</u>
<u>\$ 142,367</u>	<u>\$ 40</u>
\$ (58,384)	\$ (9,100)
16,871	0
16,362	0
3,150	0
(2,428)	0
(314)	0
19,067	0
(4,531)	0
833	0
4,050	0
0	1,708
<u>53,060</u>	<u>1,708</u>
<u>\$ (5,324)</u>	<u>\$ (7,392)</u>

Chagrin Falls Exempted Village School District

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2004

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 69,400</u>
Liabilities	
Undistributed Monies	\$ 4,817
Due to Students	<u>64,583</u>
<i>Total Liabilities</i>	<u>\$ 69,400</u>

See accompanying notes to the basic financial statements.

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 1 - Description of The School District

Chagrin Falls Exempted Village 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 School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies. Each member is elected to a four year term. The Board of Education controls the School District's four instructional support facilities staffed by 108 classified employees, 163 certified full-time teaching personnel and 13 administrators who provide services to 1,970 students and other community members.

The Chagrin Falls Exempted Village School District is located in both Cuyahoga and Geauga counties in northeastern Ohio. The District operates one elementary school (pre-school-3), one intermediate school (4-6), one middle school (7-8) and a high school (9-12).

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements of the School District are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Chagrin Falls Exempted Village School District, this includes general operations, food service 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 provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

The School District participates in two jointly governed organizations and one public entity risk pool. These organizations are the Lake Geauga Computer Association, the Ohio Schools Council, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its business-type activities

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

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

B. Fund Accounting

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

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

Debt Service Fund The debt service fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds used for the construction of a new middle school and additions to the intermediate school.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net asset, financial position and cash flows. The following are the School District's proprietary fund types:

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise funds are:

Food Service Fund This fund accounts for the financial transactions related to the food service operations of the School District.

Uniform School Supplies Fund This fund accounts for the purchase and sale of school supplies for use in the School District. Profits derived from such sales are used for school purposes or activities connected with the school.

Adult Education Fund This fund accounts for educational opportunities offered on a tuition basis to adults living within the community.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee prescription drug benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are agency funds. The School District's agency funds account for student advance placement testing and student activities.

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2004.

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

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2004, investments were limited to Commercial Paper, repurchase agreements, Victory Federal Mutual Funds, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Association Notes, U.S. Treasury Notes, STAROhio, (the State Treasurer's Investment Pool), and certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2004. Certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$15,472, which includes \$12,203 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

G. Inventory

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

On fund financial statements, inventories of governmental funds are stated at 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 basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set-aside for the purchase of textbooks and other instructional material and to create a reserve for budget stabilization. See Note 21 for additional information regarding set asides.

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land	N/A	N/A
Buildings and Improvements	10 - 40 Years	N/A
Furniture and Fixtures	5 - 20 Years	20 Years
Vehicles	13 Years	N/A
Textbooks	5 Years	N/A

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

M. Net Assets

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

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

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances, inventory of materials and supplies, property taxes, textbook purchases, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition for adult education classes, sales for food service and uniform school supplies, and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

P. Contributions of Capital

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

Q. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2004.

S. Estimates

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

Note 3 – Restatement of Net Assets

In 2003, an accrual for estimated termination benefits was recorded to the Windsor Educational enterprise fund. The fund was closed during 2003 and the potential liability no longer existed, therefore a restatement of the net assets is as follows:

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

	Windsor Education Fund	Business-Type Activities
Net Assets, June 30, 2003	\$ (237)	\$ 294,935
Remove Estimated Termination Liability	237	237
Restated Net Assets, June 30, 2003	\$ 0	\$ 295,172

Note 4 - Accountability

Auxiliary and miscellaneous federal grants special revenue funds had a deficit fund balance of \$23,978 and \$2,425, respectively, at June 30, 2004. The deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Net Change in Fund Balance

GAAP Basis	\$ 457,188
Net Adjustment for Revenue Accruals	(1,306,020)
Advance In	18,500
Fair Value Adjustment for Investments	(13,467)
Advance Out	(25,900)
Net Adjustment for Expenditure Accruals	82,671
Adjustment for Encumbrances	<u>(96,042)</u>
Budget Basis	<u>\$ (883,070)</u>

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use 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 or deposit accounts.

Protection of 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 monies deposited with the institution.

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

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At year end, the School District had \$3,750 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$450,700 and the bank balance was \$485,901. Of the bank balance:

1. \$268,107 of the bank balance was covered by depository insurance; and
2. \$217,794 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments GASB Statement No. 3 requires the School District's investments to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 2	Category 3	Carrying Value	Fair Value
Victory Federal Money Market Closed End	\$ 0	\$ 28	\$ 28	\$ 28
Federal Home Loan Bank Notes	641,921	0	641,921	633,518
Federal Farm Credit Bank Notes	102,164	0	102,164	101,063
Federal Home Loan Mortgage Corporation Notes	303,607	0	303,607	302,335
Federal National Mortgage Association Notes	359,744	0	359,744	354,750
Fifth Third US Treasury Money Market Fund	28,608	0	28,608	28,608
STAROhio	0	0	331,990	331,990
Totals	<u>\$ 1,436,044</u>	<u>\$ 28</u>	<u>\$ 1,768,062</u>	<u>\$ 1,752,292</u>

The classification of cash and cash equivalents, and investments on the combined basic financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$ 2,206,742	\$ 0
Cash on Hand	(3,750)	0
Investments which are part of a cash management pool:		
Victory Federal Money Market Closed End	(28)	28
Federal Home Loan Bank Notes	(633,518)	633,518
Federal Farm Credit Bank Notes	(101,063)	101,063
Federal Home Loan Mortgage Corporation Notes	(302,335)	302,335
Federal National Mortgage Association Notes	(354,750)	354,750
Fifth Third US Treasury Money Market Fund	(28,608)	28,608
STAROhio	(331,990)	331,990
	\$ 450,700	\$ 1,752,292
<i>GASB Statement No. 3</i>		

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2004 for real and public utility property taxes represents collections of calendar 2003 taxes. Property tax payments received during calendar 2004 for tangible personal property (other than public utility property) is for calendar 2004 taxes.

2004 real property taxes are levied after April 1, 2003, 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 tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after April 1, 2004 and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after April 1, 2003, on the value as of December 31, 2002. Collections are made in 2004. Tangible personal property assessments are 25% of true value.

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 402,220,570	96.08%	\$ 431,105,710	96.37%
Public Utility	5,679,920	1.36%	6,873,410	1.54%
Tangible Personal Property	10,705,461	2.56%	9,333,450	2.09%
	<u>\$ 418,605,951</u>	<u>100.00%</u>	<u>\$ 447,312,570</u>	<u>100.00%</u>
Tax rate per \$1,000 assessed valuation	\$ 92.20		\$ 99.80	

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits 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 semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. This year the June 2004 tangible personal property tax settlement (for Cuyahoga County) was not received until July of 2004.

The School District receives property taxes from Cuyahoga and Geauga Counties. The County Auditors periodically advance to the School District their portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The late settlement and the amount available as an advance at June 30 are recognized as revenue.

The amount available as an advance at June 30, 2004, was \$3,022,529 and is recognized as revenue. \$2,668,608 was available to the general fund and \$353,921 was available to the bond retirement debt service fund.

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 8 - Receivables

Receivables at June 30, 2004, consisted of taxes, accounts (rent and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Balance 6/30/03	Additions	Reductions	Balance 6/30/04
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,386,635	\$ 0	\$ 0	\$ 1,386,635
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	26,473,322	34,304	0	26,507,626
Furniture and Equipment	3,922,516	248,666	(33,741)	4,137,441
Vehicles	1,534,654	68,683	(110,609)	1,492,728
Textbooks	767,330	27,613	0	794,943
Total Capital Assets, being depreciated	32,697,822	379,266	(144,350)	32,932,738
Less Accumulated Depreciation:				
Buildings and Improvements	(5,741,606)	(685,487)	0	(6,427,093)
Furniture and Equipment	(2,906,378)	(288,038)	28,874	(3,165,542)
Vehicles	(969,066)	(108,583)	110,609	(967,040)
Textbooks	(571,792)	(90,133)	0	(661,925)
Total Accumulated Depreciation	(10,188,842)	(1,172,241)	139,483	(11,221,600)
Total Capital Assets being depreciated, net	22,508,980	(792,975)	(4,867)	21,711,138
Governmental Activities Capital Assets, Net	<u>\$ 23,895,615</u>	<u>\$ (792,975)</u>	<u>\$ (4,867)</u>	<u>\$ 23,097,773</u>
Business-Type Activities				
<i>Capital Assets being depreciated</i>				
Furniture and Equipment	\$ 357,676	\$ 7,503	\$ 0	\$ 365,179
Less Accumulated Depreciation	(161,052)	(16,871)	0	(177,923)
Business-Type Activities Capital Assets, Net	<u>\$ 196,624</u>	<u>\$ (9,368)</u>	<u>\$ 0</u>	<u>\$ 187,256</u>

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 865,696
Special	3,311
Support Services:	
Pupil	9,201
Instructional Staff	108,043
Board of Education	108
Administration	7,744
Fiscal	24,123
Operation and Maintenance of Plant	14,774
Pupil Transportaion	106,110
Operation of Non-Instructional Services	17,790
Extracurricular Activities	15,341
	<hr/>
Total Depreciation	<u><u>\$ 1,172,241</u></u>

Note 10 - Risk Management

A. Property and Liability

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 2004, the School District contracted with the following insurance companies:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage Amount</u>
Indiana Insurance	Property Coverage	
	Blanket Building and Contents	\$ 45,415,072
	Extra Expense	1,000,000
	Valuable Papers	100,000
	Inland Marine	1,589,050
	Automobile Liability	2,000,000
	Education Liability	1,000,000
	Personal/Advertising Injury	1,000,000
	School Leaders Ommission/Errors	1,000,000
	Products/Completed Aggregate	2,000,000
	General Aggregate	2,000,000
	Law Enforcement	1,000,000
	Sexual Misconduct/Molestation	1,000,000
	Employee Benefits	1,000,000
	- per loss	
	- Aggregate	3,000,000

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Company	Type of Coverage	Coverage Amount
Travelers Insurance	Boiler and Machinery	\$ 30,000,000
Ohio Casualty	Public Employee Dishonesty	250,000
	Money and Securities	5,000

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

B. Workers' Compensation

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). 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." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

C. Prescription Drug

The School District participates in a self-insurance program for prescription drug benefits. PCS Health Systems of Phoenix, Arizona, the third-party administrator of the program reviews and pays claims. The prescription drug plan utilizes a \$5/10/30 deductible per prescription. The School District pays \$144.38 for family coverage and \$58.13 for single coverage per month which represents 80% of the premium required for family coverage and 100% of the premium required for single coverage.

The claims liability of \$10,361 reported in the internal service fund at June 30, 2004, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount during fiscal 2003, and 2004 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2003	\$ 8,418	\$ 226,166	\$ 225,931	\$ 8,653
2004	8,653	282,126	280,418	10,361

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 11 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn fifteen to twenty-five days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 276 days. Upon retirement, employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 276 days.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Met Life Insurance Company, in the amount of \$75,000 for all certified and union exempt employees, all administrators, and treasurer; \$118,508 for the superintendent; and \$30,000 for non-certified employees.

All employees are offered a wellness program by the School District. This program provides preventive medical treatments and is entirely covered by the School District. The School District provides health insurance coverage through United Healthcare and is subject to certain deductibles, co-pays, and maximum benefits as outlined in the plan.

Dental coverage is provided through Met Life and is also subject to certain deductibles, co-pays and maximum benefits as outlined in the plan. Per negotiated agreement, the premium is paid based on full time equivalency. If an employee is not full time, the School District pays a pro-rated share of the premium for both single and family coverage.

Note 12 - Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System 300 East Broad Street, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$450,024, \$433,128, and, \$426,720, respectively; 59% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$184,495 represents the unpaid contribution for fiscal year 2004, and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

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

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 9.3% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,316,243, \$1,180,187, and, \$1,124,408, respectively; 83% has been contributed for fiscal year 2004 and 100% for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$26,872 made by the School District and \$50,801 made by the

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

plan members. \$230,268 represents the unpaid contribution for fiscal year 2004, and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2004, one member of the Board of Education has elected Social Security. The Board's liability is 6.2% of wages paid.

Note 13 - Postemployment 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 non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS 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 health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$94,220 during the 2004 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2003, (the latest information available) the balance in the Fund was \$2.8 billion. For the year ended June 30, 2003, the health care costs paid by STRS were \$352,301,000 and STRS had 108,294 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. 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% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2004, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$200,237.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 (the latest information available), were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003,

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

SERS had net assets available for payment of health care benefits of \$303.6 million. SERS had approximately 50,000 participants currently receiving health care benefits.

Note 14 - Long - Term Obligations

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 6/30/03	Additions	Reductions	Outstanding 6/30/04	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
1988 Additions/Facilities 7.50%	\$ 2,395,000	\$ 0	\$ 225,000	\$ 2,170,000	\$ 245,000
1997 Renovations 5.37%	2,000,000	0	100,000	1,900,000	100,000
1997 Renovations 5.39%	17,915,000	0	470,000	17,445,000	500,000
Total General Obligation Bonds	22,310,000	0	795,000	21,515,000	845,000
Compensated Absences	834,468	333,004	195,703	971,769	131,056
Capital Leases	41,280	0	26,488	14,792	8,647
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 23,185,748</u>	<u>\$ 333,004</u>	<u>\$ 1,017,191</u>	<u>\$ 22,501,561</u>	<u>\$ 984,703</u>
Business-Type Activities					
Compensated Absences	<u>\$ 9,015</u>	<u>\$ 3,807</u>	<u>\$ 3,211</u>	<u>\$ 9,611</u>	<u>\$ 0</u>

In 1988, the School District issued \$4,250,000 in general obligation bonds for renovations to four buildings in the district. The bonds mature in December 2010.

In 1997, the School District issued a combined total of \$21,800,000 in general obligation bonds for the construction of a new Middle School, classroom additions at Gurney Elementary and the refurbishing of the former Middle School. The bonds mature in December 2022.

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the general fund and auxiliary services and Title VI-B special revenue funds, and the food service and adult education enterprise funds. Capital lease obligations will be paid from the general fund.

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

The School District's overall debt margin was \$20,497,788 with an unvoted debt margin of \$447,313 at June 30, 2004. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2004 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2005	\$ 845,000	\$ 1,188,701	\$ 2,033,701
2006	895,000	1,131,301	2,026,301
2007	960,000	1,069,913	2,029,913
2008	1,020,000	1,004,013	2,024,013
2009	1,090,000	938,578	2,028,578
2010 - 2014	5,175,000	3,768,785	8,943,785
2015 - 2019	5,730,000	2,368,491	8,098,491
2019 - 2023	5,800,000	645,057	6,445,057
Total	<u>\$ 21,515,000</u>	<u>\$ 12,114,839</u>	<u>\$ 33,629,839</u>

Note 15 - Capitalized Leases

Capital lease obligations relate to copier equipment and a vehicle which are leased under long-term agreements. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". Capital lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2004.

Year	Amount
2005	\$ 9,540
2006	6,371
Total Minimum Lease Payments	15,911
Less Amount Representing Interest	1,119
Present Value of Minimum Lease Payments	<u>\$ 14,792</u>

The assets being acquired have been capitalized in the general fund in the amount of \$192,951, which is the present value of the minimum lease payments at the inception of each lease.

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 16 - Jointly Governed Organizations

A. 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 eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. 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. The School District paid \$51,187 to LGCA during fiscal year 2004. Financial information can be obtained from Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

B. Ohio Schools Council

The Ohio Schools Council Association (Council) is a jointly governed organization among eighty-three 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 2004, the School District paid \$800 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 electric purchase program which was implemented during fiscal year 1998 and the natural gas program which was implemented during fiscal year 2000.

The electric purchase 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 repurchase 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 their agreement, they are required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

The natural gas program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each November these estimates are compared to their actual usage for the year 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

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

Note 17 - Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan (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 OSBA. 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 to the GRP to cover the costs of administering the program.

Note 18 – Contingencies

The School District received financial assistance from federal and state 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 adverse effect on the overall financial position of the School District at June 30, 2004.

Note 19 - Interfund Transfers

Transfers made during fiscal year 2004 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 324,250
Public	1,200	0
Athletic	24,250	1,200
Permanent Improvement	300,000	0
Total	<u>\$ 325,450</u>	<u>\$ 325,450</u>

These transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 20 - Interfund Balances

Interfund balances at June 30, 2004 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 43,355	\$ 0
Nonmajor Governmental Funds	105	0
Food Service Enterprise Fund	1,204	0
Uniform Supplies Enterprise Fund	0	11,337
Internal Service Fund	0	33,327
	\$ 44,664	\$ 44,664

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2004, all interfund payables outstanding are anticipated to be repaid in fiscal year 2005.

Note 21 - Set-Asides

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 acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

Effective April 10, 2001, Senate Bill 345, eliminated the requirement that the School Districts' establish and maintain a budget stabilization reserve. By resolution, the Board can eliminate the reserve in accordance with the act.

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

Chagrin Falls Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

	Budget Stabilization Reserve	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
Set-Aside Cash Balance as of June 30, 2003	\$ 199,780	\$ 0	\$ 0	\$ 199,780
Set-Aside Carryover Balance as of June 30, 2003	0	0	(50,780)	(50,780)
Current Year Set-Aside Requirement	0	274,922	274,922	549,844
Returned to the General Fund	(199,780)	0	0	(199,780)
Qualifying Disbursements	0	(304,877)	(235,814)	(540,691)
Total	<u>\$ 0</u>	<u>\$ (29,955)</u>	<u>\$ (11,672)</u>	<u>\$ (41,627)</u>
Cash Balance Carried Forward FY 2005	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Amount to Restrict for Set-Asides				<u>\$ 0</u>
Total Restricted Assets				<u>\$ 0</u>

The School District had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides below zero. These extra amounts may only be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. Negatives are therefore not presented as being carried forward to the next fiscal year for the other set-asides. The total budget stabilization reserve balance for the set-asides was returned to the general fund.

Note 22 – State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State’s school funding plan. The decision reaffirmed earlier decisions that Ohio’s current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed “the Ohio General Assembly to enact a school funding scheme that is thorough and efficient”.

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

*Combining Statements and
Individual Fund Schedules*

Chagrin Falls Exempted Village School District

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. The special revenue funds are:

Special Trust Fund – This fund accounts for monies from local donations for the purpose of scholarships for students.

Miscellaneous Grants Fund – This fund accounts for specific grant monies, except for State and Federal grants that are legally restricted to expenditures for specified purposes.

Public School Support Fund – This fund accounts for school site sales revenue and expenditures for field trips, assemblies, and other activity costs.

Athletics/District Managed Fund – This fund accounts for gate receipts and other revenues from athletic events and all costs (except supplemental coaching contracts) of the School District's athletic program and transportation of the band to and from athletic events.

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

Professional Development Grant Fund – This fund accounts for State monies used to provide seminars and workshops for staff development.

Educational Management Information Systems Fund – This fund accounts for State monies which support the development of hardware and software or other costs associated with the requirements of the management information system.

Entry Year Programs – This fund accounts for State monies used to reimburse the School District for the expense of training and working with first year teachers, reimbursing shadow (experienced) teachers who meet with the new teachers on a regular basis throughout their first year.

Data Communications Fund – This fund accounts for monies appropriated for Ohio Educational Computer Network Connections.

SchoolNet Professional Development Fund – This fund accounts for State monies for staff development to support educational uses of technology in the classroom.

Interactive Video Distance Learning Fund – This fund is used to account for State money used to finance the interactive video distance learning project.

Chagrin Falls Exempted Village School District

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds (continued)

Ohio Reads Grant Fund – This fund accounts for State monies to improve reading outcomes, especially on fourth grade reading proficiency tests and for costs associated with volunteer coordinators who administer the program.

Student Intervention – This fund accounts for State monies used to fund reading and match intervention services to students throughout the school year in order to address deficiencies on standardized testing.

Miscellaneous State Grants Fund – This fund is used to account for various monies received from State agencies which are not classified elsewhere. A separate special cost center must be used for each grant and be approved by the auditor of State.

Title II Fund – This fund accounts for monies used to improve the skills of teachers and the quality of instruction in mathematics, science, foreign languages and computer learning, and to increase the access of all students to that instruction.

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

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

Drug Free Schools Fund – This fund accounts for Federal monies which support the implementation of programs for drug abuse education and prevention.

Preschool Handicapped Grant Fund – This fund accounts for improvement and expansion of services for handicapped children ages three through five.

Title II-A Fund – This fund is used to account for monies to hire additional classroom teachers in grades 1 through 3, so the that number of students per teacher will be reduced.

Miscellaneous Federal Grants – This fund accounts for Federal monies received to encourage and help fund smaller classroom size and additional staffing needs.

Chagrin Falls Exempted Village School District

Combining Statements – Nonmajor Funds

Nonmajor Capital Projects Funds

Capital projects funds account for the acquisition, construction or improvement of capital facilities other than those financed by proprietary funds.

Permanent Improvement Fund – This fund accounts for all transactions related to the acquisitions, construction, or improvements.

SchoolNet Fund – This fund accounts for State monies used to provide technology equipment to classrooms at the K-5 grade levels that support the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

Chagrin Falls Exempted Village School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 259,248	\$ 241,743	\$ 500,991
Interfund Receivables	105	0	105
<i>Total Assets</i>	<u>\$ 259,353</u>	<u>\$ 241,743</u>	<u>\$ 501,096</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 21,166	\$ 74,378	\$ 95,544
Accrued Wages and Benefits	23,249	0	23,249
Intergovernmental Payable	11,501	0	11,501
<i>Total Liabilities</i>	<u>55,916</u>	<u>74,378</u>	<u>130,294</u>
Fund Balances (Deficit)			
Fund Balance:			
Reserved for Encumbrances	11,231	126,389	137,620
Unreserved:			
Undesignated Reported In:			
Special Revenue Funds	192,206	0	192,206
Capital Projects Funds	0	40,976	40,976
<i>Total Fund Balances (Deficit)</i>	<u>203,437</u>	<u>167,365</u>	<u>370,802</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 259,353</u>	<u>\$ 241,743</u>	<u>\$ 501,096</u>

Chagrin Falls Exempted Village School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$ 505,478	\$ 0	\$ 505,478
Tuition and Fees	11,413	0	11,413
Extracurricular Activities	329,479	0	329,479
Gifts and Donations	87,483	0	87,483
<i>Total Revenues</i>	<u>933,853</u>	<u>0</u>	<u>933,853</u>
Expenditures:			
Current:			
Instruction:			
Regular	173,455	0	173,455
Special	3,683	0	3,683
Support Services:			
Pupils	243,522	0	243,522
Instructional Staff	199,249	0	199,249
Administration	7,174	0	7,174
Operation and Maintenance of Plant	0	74,378	74,378
Operation of Non-Instructional Services	167,420	0	167,420
Extracurricular Activities	194,452	0	194,452
Capital Outlay	0	251,793	251,793
<i>Total Expenditures</i>	<u>988,955</u>	<u>326,171</u>	<u>1,315,126</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(55,102)	(326,171)	(381,273)
Other Financing Sources (Uses):			
Transfers In	25,450	300,000	325,450
Transfers Out	(1,200)	0	(1,200)
<i>Total Other Financing Sources and (Uses)</i>	<u>24,250</u>	<u>300,000</u>	<u>324,250</u>
<i>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(30,852)	(26,171)	(57,023)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>234,289</u>	<u>193,536</u>	<u>427,825</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 203,437</u>	<u>\$ 167,365</u>	<u>\$ 370,802</u>

Chagrin Falls Exempted Village School District

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2004

	<u>Special Trust</u>	<u>Other Grant</u>	<u>Public School Support</u>	<u>Athletic/ District Managed</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 82,731	\$ 59	\$ 56,259	\$ 55,350
Interfund Receivables	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$ 82,731</u></u>	<u><u>\$ 59</u></u>	<u><u>\$ 56,259</u></u>	<u><u>\$ 55,350</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 0	\$ 0	\$ 1,104	\$ 1,343
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>1,104</u>	<u>1,343</u>
Fund Balances (Deficit)				
Fund Balance:				
Reserved for Encumbrances	0	0	3,837	2,974
Unreserved:				
Undesignated Reported in:				
Special Revenue Funds	82,731	59	51,318	51,033
<i>Total Fund Balances (Deficit)</i>	<u>82,731</u>	<u>59</u>	<u>55,155</u>	<u>54,007</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u><u>\$ 82,731</u></u>	<u><u>\$ 59</u></u>	<u><u>\$ 56,259</u></u>	<u><u>\$ 55,350</u></u>

Auxiliary Services	Professional Development Grant	Educational Management Information Systems	Entry Year	Data Communications	Schoolnet Professional Development	Interactive Video Distance Learning	Ohio Reads Grant
\$ 2,553 105	\$ 0 0	\$ 0 0	\$ 2,286 0	\$ 0 0	\$ 4,056 0	\$ 16,351 0	\$ 4,497 0
<u>\$ 2,658</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,286</u>	<u>\$ 0</u>	<u>\$ 4,056</u>	<u>\$ 16,351</u>	<u>\$ 4,497</u>
\$ 17,594 7,535 1,507	\$ 0 0 0	\$ 0 0 0	\$ 0 0 0	\$ 0 0 0	\$ 0 0 0	\$ 0 0 6,656	\$ 0 0 0
<u>26,636</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,656</u>	<u>0</u>
0	0	0	0	0	0	2,990	200
(23,978)	0	0	2,286	0	4,056	6,705	4,297
<u>(23,978)</u>	<u>0</u>	<u>0</u>	<u>2,286</u>	<u>0</u>	<u>4,056</u>	<u>9,695</u>	<u>4,497</u>
<u>\$ 2,658</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,286</u>	<u>\$ 0</u>	<u>\$ 4,056</u>	<u>\$ 16,351</u>	<u>\$ 4,497</u>

(continued)

Chagrin Falls Exempted Village School District

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2004

	<u>Student Intervention</u>	<u>Miscellaneous State Grants</u>	<u>Title II</u>	<u>Title VI-B</u>	<u>Title VI</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 17,869	\$ 6,277
Interfund Receivables	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 17,869</u></u>	<u><u>\$ 6,277</u></u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	0	13,714	0
Intergovernmental Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,913</u>	<u>0</u>
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,627</u>	<u>0</u>
Fund Balances (Deficit):					
Fund Balance:					
Reserved for Encumbrances	0	0	0	1,230	0
Unreserved:					
Undesignated					
Special Revenue Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>	<u>6,277</u>
<i>Total Fund Balances (Deficit)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,242</u>	<u>6,277</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 17,869</u></u>	<u><u>\$ 6,277</u></u>

Drug Free Schools	Preschool Handicapped	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 722	\$ 0	\$ 10,238	\$ 0	\$ 259,248
0	0	0	0	105
<u>\$ 722</u>	<u>\$ 0</u>	<u>\$ 10,238</u>	<u>\$ 0</u>	<u>\$ 259,353</u>
\$ 600	\$ 0	\$ 525	\$ 0	\$ 21,166
0	0	0	2,000	23,249
0	0	0	425	11,501
<u>600</u>	<u>0</u>	<u>525</u>	<u>2,425</u>	<u>55,916</u>
0	0	0	0	11,231
122	0	9,713	(2,425)	192,206
<u>122</u>	<u>0</u>	<u>9,713</u>	<u>(2,425)</u>	<u>203,437</u>
<u>\$ 722</u>	<u>\$ 0</u>	<u>\$ 10,238</u>	<u>\$ 0</u>	<u>\$ 259,353</u>

Chagrin Falls Exempted Village School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Special Trust	Other Grant	Public School Support	Athletic/ District Managed
Revenues:				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0
Tuition and Fees	0	0	0	11,413
Extracurricular Activities	0	0	200,780	128,699
Gifts and Donations	51,686	0	0	35,797
<i>Total Revenues</i>	<u>51,686</u>	<u>0</u>	<u>200,780</u>	<u>175,909</u>
Expenditures:				
Current:				
Instruction:				
Regular	13,300	576	639	0
Special	0	0	0	0
Support Services:				
Pupils	25,084	0	183,364	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	194,452
<i>Total Expenditures</i>	<u>38,384</u>	<u>576</u>	<u>184,003</u>	<u>194,452</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	13,302	(576)	16,777	(18,543)
Other Financing Sources (Uses):				
Transfers In	0	0	1,200	24,250
Transfers Out	0	0	0	(1,200)
<i>Total Other Financing Sources and (Uses)</i>	<u>0</u>	<u>0</u>	<u>1,200</u>	<u>23,050</u>
<i>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	13,302	(576)	17,977	4,507
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>69,429</u>	<u>635</u>	<u>37,178</u>	<u>49,500</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 82,731</u>	<u>\$ 59</u>	<u>\$ 55,155</u>	<u>\$ 54,007</u>

Auxiliary Services	Professional Development Grant	Educational Management Information Systems	Entry Year	Data Communications	Schoolnet Professional Development	Interactive Video Distance Learning	Ohio Reads Grant
\$ 138,058	\$ 0	\$ 7,174	\$ 3,300	\$ 12,000	\$ 4,140	\$ 0	\$ 10,500
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
138,058	0	7,174	3,300	12,000	4,140	0	10,500
0	1	0	1,014	12,000	4,484	18,729	13,181
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	7,174	0	0	0	0	0
161,535	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
161,535	1	7,174	1,014	12,000	4,484	18,729	13,181
(23,477)	(1)	0	2,286	0	(344)	(18,729)	(2,681)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(23,477)	(1)	0	2,286	0	(344)	(18,729)	(2,681)
(501)	1	0	0	0	4,400	28,424	7,178
\$ (23,978)	\$ 0	\$ 0	\$ 2,286	\$ 0	\$ 4,056	\$ 9,695	\$ 4,497

(continued)

Chagrin Falls Exempted Village School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Student Intervention	Miscellaneous State Grants	Title II	Title VI-B	Title VI
Revenues:					
Intergovernmental	\$ 31,057	\$ 1,854	\$ 0	\$ 241,323	\$ 11,754
Tuition and Fees	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Gifts and Donations	0	0	0	0	0
Total Revenues	31,057	1,854	0	241,323	11,754
Expenditures:					
Current:					
Instruction:					
Regular	31,057	8,368	3,472	0	21,553
Special	0	0	0	3,683	0
Support Services:					
Pupils	0	0	0	28,447	0
Instructional Staff	0	0	0	199,249	0
Administration	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	4,716	1,000
Extracurricular Activities	0	0	0	0	0
Total Expenditures	31,057	8,368	3,472	236,095	22,553
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(6,514)	(3,472)	5,228	(10,799)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources and (Uses)	0	0	0	0	0
<i>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	0	(6,514)	(3,472)	5,228	(10,799)
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	6,514	3,472	(3,986)	17,076
Fund Balance (Deficit) at End of Year	\$ 0	\$ 0	\$ 0	\$ 1,242	\$ 6,277

Drug Free Schools	Preschool Handicapped	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 4,389	\$ 9,401	\$ 30,528	\$ 0	\$ 505,478
0	0	0	0	11,413
0	0	0	0	329,479
0	0	0	0	87,483
4,389	9,401	30,528	0	933,853
42	9,401	31,436	4,202	173,455
0	0	0	0	3,683
6,627	0	0	0	243,522
0	0	0	0	199,249
0	0	0	0	7,174
0	0	169	0	167,420
0	0	0	0	194,452
6,669	9,401	31,605	4,202	988,955
(2,280)	0	(1,077)	(4,202)	(55,102)
0	0	0	0	25,450
0	0	0	0	(1,200)
0	0	0	0	24,250
(2,280)	0	(1,077)	(4,202)	(30,852)
2,402	0	10,790	1,777	234,289
\$ 122	\$ 0	\$ 9,713	\$ (2,425)	\$ 203,437

Chagrin Falls Exempted Village School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2004

	<u>Permanent Improvements</u>	<u>Schoolnet</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 229,743	\$ 12,000	\$ 241,743
<i>Total Assets</i>	<u>\$ 229,743</u>	<u>\$ 12,000</u>	<u>\$ 241,743</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 74,378	\$ 0	\$ 74,378
<i>Total Liabilities</i>	<u>74,378</u>	<u>0</u>	<u>74,378</u>
Fund Balances (Deficit)			
Fund Balance:			
Reserved for Encumbrances	126,389	0	126,389
Unreserved:			
Undesignated Reported in:			
Capital Projects Funds	<u>28,976</u>	<u>12,000</u>	<u>40,976</u>
<i>Total Fund Balances (Deficit)</i>	<u>155,365</u>	<u>12,000</u>	<u>167,365</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 229,743</u>	<u>\$ 12,000</u>	<u>\$ 241,743</u>

Chagrin Falls Exempted Village School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
June 30, 2004

	Permanent Improvements	Schoolnet	Total Nonmajor Capital Projects Funds
Revenues:	\$ 0	\$ 0	\$ 0
Expenditures:			
Support Services:			
Operation and Maintenance of Plant	74,378	0	74,378
Capital Outlay	251,793	0	251,793
<i>Total Expenditures</i>	<u>326,171</u>	<u>0</u>	<u>326,171</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(326,171)	0	(326,171)
Other Financing Sources (Uses):			
Transfers In	300,000	0	300,000
<i>Total Other Financing Sources and (Uses)</i>	<u>300,000</u>	<u>0</u>	<u>300,000</u>
<i>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(26,171)	0	(26,171)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>181,536</u>	<u>12,000</u>	<u>193,536</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 155,365</u>	<u>\$ 12,000</u>	<u>\$ 167,365</u>

Chagrin Falls Exempted Village School District
Combining Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2004

	<u>Beginning Balance 7/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 6/30/04</u>
Rotary				
Assets				
Equity in Pooled Cash and Investments:	\$ 4,713	\$ 40,722	\$ 40,618	\$ 4,817
Liabilities				
Undistributed Monies	\$ 4,713	\$ 40,722	\$ 40,618	\$ 4,817
Student Activities				
Assets				
Equity in Pooled Cash and Investments:	\$ 60,019	\$ 123,370	\$ 118,806	\$ 64,583
Liabilities				
Due to Students	\$ 60,019	\$ 123,370	\$ 118,806	\$ 64,583
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Investments:	\$ 64,732	\$ 164,092	\$ 159,424	\$ 69,400
Liabilities				
Undistributed Monies	\$ 4,713	\$ 40,722	\$ 40,618	\$ 4,817
Due to Students	60,019	123,370	118,806	64,583
<i>Total Liabilities</i>	<u>\$ 64,732</u>	<u>\$ 164,092</u>	<u>\$ 159,424</u>	<u>\$ 69,400</u>

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

Chagrin Falls Exempted Village School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Original	Final	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 13,895,000	\$ 13,895,000	\$ 13,623,308	\$ (271,692)
Intergovernmental	3,899,500	3,899,500	3,933,969	34,469
Investment Income	125,000	125,000	28,939	(96,061)
Tuition and Fees	81,000	81,000	38,248	(42,752)
Rentals	25,000	25,000	18,057	(6,943)
Charges for Services	17,000	17,000	14,610	(2,390)
Gifts and Donations	2,000	2,000	0	(2,000)
Miscellaneous	15,000	15,000	10,496	(4,504)
<i>Total Revenues</i>	<u>18,059,500</u>	<u>18,059,500</u>	<u>17,667,627</u>	<u>(391,873)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	6,678,292	6,656,129	6,656,129	0
Fringe Benefits	1,644,804	1,788,651	1,783,514	(5,137)
Purchased Services	55,403	73,775	73,775	0
Materials and Supplies	325,065	193,885	193,885	0
Capital Outlay - New	152,036	154,850	154,850	0
Capital Outlay - Replacement	1,812	1,806	1,806	0
Other	8,000	6,000	6,000	0
Total Regular	<u>8,865,412</u>	<u>8,875,096</u>	<u>8,869,959</u>	<u>(5,137)</u>
Special:				
Salaries and Wages	861,074	848,923	848,923	0
Fringe Benefits	220,742	205,757	205,757	0
Purchased Services	326,459	224,389	224,389	0
Materials and Supplies	10,980	9,989	9,989	0
Capital Outlay - New	9,055	8,254	8,254	0
Total Special	<u>1,428,310</u>	<u>1,297,312</u>	<u>1,297,312</u>	<u>0</u>
Vocational:				
Purchased Services	112,684	129,469	129,469	0
Total Vocational	<u>112,684</u>	<u>129,469</u>	<u>129,469</u>	<u>0</u>
Other:				
Purchased Services	0	37,335	37,335	0
Total Other	<u>0</u>	<u>37,335</u>	<u>37,335</u>	<u>0</u>
Total Instruction	<u>10,406,406</u>	<u>10,339,212</u>	<u>10,334,075</u>	<u>(5,137)</u>

(continued)

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2004*

	Original	Final	Actual	Variance Over (Under)
Support Services:				
Pupils:				
Salaries and Wages	557,655	557,245	557,245	0
Fringe Benefits	155,790	157,579	157,579	0
Purchased Services	111,340	87,978	76,918	(11,060)
Materials and Supplies	11,435	6,803	6,803	0
Capital Outlay - New	40,853	16,223	16,223	0
Capital Outlay - Replacement	0	7,785	7,785	0
Total Pupils	<u>877,073</u>	<u>833,613</u>	<u>822,553</u>	<u>(11,060)</u>
Instructional Staff:				
Salaries and Wages	605,937	586,815	586,377	(438)
Fringe Benefits	232,685	232,570	232,570	0
Purchased Services	48,408	32,693	32,693	0
Materials and Supplies	39,760	25,137	25,137	0
Total Instructional Staff	<u>926,790</u>	<u>877,215</u>	<u>876,777</u>	<u>(438)</u>
Board of Education:				
Salaries and Wages	6,600	6,490	6,490	0
Fringe Benefits	2,870	2,525	2,525	0
Purchased Services	50,632	30,706	30,706	0
Materials and Supplies	10,600	7,637	7,637	0
Other	19,000	33,940	33,940	0
Total Board of Education	<u>89,702</u>	<u>81,298</u>	<u>81,298</u>	<u>0</u>
Administration:				
Salaries and Wages	977,701	986,405	986,405	0
Fringe Benefits	365,060	380,665	380,665	0
Purchased Services	174,707	165,680	165,680	0
Materials and Supplies	17,850	13,910	13,910	0
Capital Outlay - New	4,639	5,011	5,011	0
Other	250	0	0	0
Total Administration	<u>1,540,207</u>	<u>1,551,671</u>	<u>1,551,671</u>	<u>0</u>
Fiscal:				
Salaries and Wages	204,417	208,081	208,081	0
Fringe Benefits	70,425	64,478	64,478	0
Purchased Services	40,700	59,675	59,675	0
Materials and Supplies	2,000	1,705	1,705	0
Other	258,750	249,831	249,831	0
Total Fiscal	<u>576,292</u>	<u>583,770</u>	<u>583,770</u>	<u>0</u>
Business:				
Purchased Services	800	800	800	0
Total Business	<u>800</u>	<u>800</u>	<u>800</u>	<u>0</u>

(continued)

Chagrin Falls Exempted Village School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Original	Final	Actual	Variance Over (Under)
Operation and Maintenance of Plant:				
Salaries and Wages	1,003,228	1,019,781	1,019,781	0
Fringe Benefits	375,500	368,426	368,426	0
Purchased Services	770,647	767,425	767,425	0
Materials and Supplies	129,837	129,225	129,225	0
Capital Outlay - New	27,295	27,133	27,133	0
Capital Outlay - Replacement	8,301	7,885	7,700	(185)
Total Operation and Maintenance of Plant	2,314,808	2,319,875	2,319,690	(185)
Pupil Transportation:				
Salaries and Wages	632,796	658,403	658,403	0
Fringe Benefits	197,406	195,435	195,435	0
Purchased Services	51,341	54,870	54,870	0
Materials and Supplies	69,933	75,497	75,497	0
Capital Outlay - New	850	0	0	0
Capital Outlay - Replacement	68,730	68,683	68,683	0
Total Pupil Transportation	1,021,056	1,052,888	1,052,888	0
Central:				
Purchased Services	22,000	21,452	21,452	0
Total Central	22,000	21,452	21,452	0
Total Support Services	7,368,728	7,322,582	7,310,899	11,683
Operation of Non-Instructional Services:				
Food Service Operations:				
Salaries and Wages	10,300	11,891	11,891	0
Fringe Benefits	1,680	1,865	1,865	0
Total Food Service Operations	11,980	13,756	13,756	0
Total Other Operation of Non-Instructional Services	11,980	13,756	13,756	0
Extracurricular Activities:				
Sports Oriented Activities:				
Salaries and Wages	439,000	445,463	445,463	0
Fringe Benefits	68,500	70,234	70,234	0
Purchased Services	9,000	9,114	9,114	0
Capital Outlay - New	8,000	5,000	5,000	0
Total Sports Oriented Activities	524,500	529,811	529,811	0
Total Extracurricular Activities	524,500	529,811	529,811	0

(continued)

Chagrin Falls Exempted Village School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Original	Final	Actual	Variance Over (Under)
Debt Service:				
Principal Retirement	26,488	26,488	26,488	0
Interest and Fiscal Charges	1,513	1,513	1,513	0
Total Debt Service	28,001	28,001	28,001	0
<i>Total Expenditures</i>	18,339,615	18,233,362	18,216,542	(16,820)
<i>Excess of Revenues Over (Under) Expenditures</i>	(280,115)	(173,862)	(548,915)	(375,053)
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	1,000	1,000	245	(755)
Refund of Prior Year Expenditures	0	500	0	(500)
Advances In	18,500	18,500	18,500	0
Advances Out	0	(25,900)	(25,900)	0
Transfers Out	(437,250)	(411,672)	(327,000)	84,672
<i>Total Other Financing Sources (Uses)</i>	(417,750)	(417,572)	(334,155)	83,417
<i>Net Change in Fund Balance</i>	(697,865)	(591,434)	(883,070)	(291,636)
<i>Fund Balance (Deficit) at Beginning of Year</i>	634,060	634,060	634,060	0
Prior Year Encumbrances Appropriated	261,686	261,686	261,686	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 197,881	\$ 304,312	\$ 12,676	\$ (291,636)

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Special Trust
 For the Fiscal Year Ended June 30, 2004*

	Original	Final	Actual	Variance Over (Under)
Revenues:				
Gifts and Donations	\$ 42,000	\$ 42,000	\$ 51,724	\$ 9,724
<i>Total Revenues</i>	<u>42,000</u>	<u>42,000</u>	<u>51,724</u>	<u>9,724</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	0	1,320	1,320	0
Purchased Services	4,500	10,680	10,300	(380)
Materials and Supplies	500	3,000	3,000	0
Total Regular	<u>5,000</u>	<u>15,000</u>	<u>14,620</u>	<u>(380)</u>
Total Instruction	<u>5,000</u>	<u>15,000</u>	<u>14,620</u>	<u>(380)</u>
Support Services:				
Pupils:				
Other	49,500	40,000	25,084	(14,916)
Total Pupils	<u>49,500</u>	<u>40,000</u>	<u>25,084</u>	<u>(14,916)</u>
Total Support Services	<u>49,500</u>	<u>40,000</u>	<u>25,084</u>	<u>(14,916)</u>
<i>Total Expenditures</i>	<u>54,500</u>	<u>55,000</u>	<u>39,704</u>	<u>(15,296)</u>
<i>Net Change in Fund Balance</i>	(12,500)	(13,000)	12,020	25,020
<i>Fund Balance (Deficit) at Beginning of Year</i>	69,429	69,429	69,429	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 56,929</u>	<u>\$ 56,429</u>	<u>\$ 81,449</u>	<u>\$ 25,020</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Miscellaneous Grants
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
Instruction				
Regular:				
Purchased Services	100	59	0	(59)
Materials and Supplies	535	576	576	0
Total Regular	<u>635</u>	<u>635</u>	<u>576</u>	<u>(59)</u>
Total Instruction	<u>635</u>	<u>635</u>	<u>576</u>	<u>(59)</u>
Total Expenditures	<u>635</u>	<u>635</u>	<u>576</u>	<u>(59)</u>
Net Change in Fund Balance	<u>(635)</u>	<u>(635)</u>	<u>(576)</u>	<u>59</u>
Fund Balance (Deficit) at Beginning of Year	635	635	635	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 59</u>	<u>\$ 59</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
Budget (Non-GAAP Basis) and Actual
Public School Support
For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Extracurricular Activities	\$ 178,000	\$ 178,000	\$ 200,780	\$ 22,780
<i>Total Revenues</i>	<u>178,000</u>	<u>178,000</u>	<u>200,780</u>	<u>22,780</u>
Expenditures:				
Current:				
Instruction				
Regular:				
Salaries and Wages	1,300	1,300	550	(750)
Fringe Benefits	276	276	89	(187)
Total Regular	<u>1,576</u>	<u>1,576</u>	<u>639</u>	<u>(937)</u>
Total Instruction	<u>1,576</u>	<u>1,576</u>	<u>639</u>	<u>(937)</u>
Support Services:				
Pupils				
Salaries and Wages	12,800	11,952	11,952	0
Fringe Benefits	2,405	2,244	1,888	(356)
Purchased Services	129,995	131,302	130,414	(888)
Materials and Supplies	32,254	44,313	43,901	(412)
Other	400	841	841	0
Total Pupils	<u>177,854</u>	<u>190,652</u>	<u>188,996</u>	<u>(1,656)</u>
Total Support Services	<u>177,854</u>	<u>190,652</u>	<u>188,996</u>	<u>(1,656)</u>
<i>Total Expenditures</i>	<u>179,430</u>	<u>192,228</u>	<u>189,635</u>	<u>(2,593)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,430)</u>	<u>(14,228)</u>	<u>11,145</u>	<u>25,373</u>
Other Financing Sources (Uses):				
Refund of Prior Year Receipts	(10)	(10)	0	10
Transfers In	0	0	1,200	1,200
<i>Total Other Financing Sources (Uses)</i>	<u>(10)</u>	<u>(10)</u>	<u>1,200</u>	<u>1,210</u>
<i>Net Change in Fund Balance</i>	(1,440)	(14,238)	12,345	26,583
<i>Fund Balance (Deficit) at Beginning of Year</i>	34,491	34,491	34,491	0
Prior Year Encumbrances Appropriated	4,940	4,940	4,940	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 37,991</u>	<u>\$ 25,193</u>	<u>\$ 51,776</u>	<u>\$ 26,583</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
Budget (Non-GAAP Basis) and Actual
Athletic/District Managed Fund
For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Tuition and Fees	\$ 2,950	\$ 2,950	\$ 11,413	\$ 8,463
Extracurricular Activities	164,050	164,050	128,699	(35,351)
Gifts and Donations	43,000	43,000	35,797	(7,203)
<i>Total Revenues</i>	<u>210,000</u>	<u>210,000</u>	<u>175,909</u>	<u>(34,091)</u>
Expenditures:				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	0	1,400	1,400	0
Fringe Benefits	0	216	216	0
Purchased Services	27,100	28,178	25,520	(2,658)
Materials and Supplies	20,350	20,629	10,861	(9,768)
Total Academic and Subject Oriented Activities	<u>47,450</u>	<u>50,423</u>	<u>37,997</u>	<u>(12,426)</u>
Sports Oriented Activities:				
Salaries and Wages	0	3,015	3,015	0
Fringe Benefits	0	470	470	0
Purchased Services	77,035	67,420	65,877	(1,543)
Materials and Supplies	87,775	67,706	67,053	(653)
Total Sports Oriented Activities	<u>164,810</u>	<u>138,611</u>	<u>136,415</u>	<u>(2,196)</u>
School and Public Service Co-Curricular Activities:				
Purchased Services	200	3,187	3,094	(93)
Materials and Supplies	17,800	20,413	20,230	(183)
Total School and Public Service Co-Curricular Activities	<u>18,000</u>	<u>23,600</u>	<u>23,324</u>	<u>(276)</u>
Total Extracurricular Activities	<u>230,260</u>	<u>212,634</u>	<u>197,736</u>	<u>(14,898)</u>
<i>Total Expenditures</i>	<u>230,260</u>	<u>212,634</u>	<u>197,736</u>	<u>(14,898)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(20,260)</u>	<u>(2,634)</u>	<u>(21,827)</u>	<u>(19,193)</u>
Other Financing Sources (Uses):				
Transfers In	0	0	24,250	24,250
Transfers Out	0	(1,200)	(1,200)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(1,200)</u>	<u>23,050</u>	<u>24,250</u>
<i>Net Change in Fund Balance</i>	(20,260)	(3,834)	1,223	5,057
<i>Fund Balance (Deficit) at Beginning of Year</i>	49,500	49,500	49,500	0
Prior Year Encumbrances Appropriated	310	310	310	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 29,550</u>	<u>\$ 45,976</u>	<u>\$ 51,033</u>	<u>\$ 5,057</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Auxiliary Services
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 138,475	\$ 138,475	\$ 138,058	\$ (417)
Investment Income	1,525	1,525	0	(1,525)
<i>Total Revenues</i>	<u>140,000</u>	<u>140,000</u>	<u>138,058</u>	<u>(1,942)</u>
Expenditures:				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	48,559	57,661	57,661	0
Fringe Benefits	10,165	11,828	11,828	0
Purchased Services	46,107	37,786	37,719	(67)
Materials and Supplies	31,973	34,432	34,327	(105)
Capital Outlay - New	16,096	16,096	16,096	0
Other	5,800	5,800	5,522	(278)
Total Community Services	<u>158,700</u>	<u>163,603</u>	<u>163,153</u>	<u>(450)</u>
Total Other Operation of Non-Instructional Services	<u>158,700</u>	<u>163,603</u>	<u>163,153</u>	<u>(450)</u>
<i>Total Expenditures</i>	<u>158,700</u>	<u>163,603</u>	<u>163,153</u>	<u>(450)</u>
<i>Net Change in Fund Balance</i>	(18,700)	(23,603)	(25,095)	(1,492)
<i>Fund Balance (Deficit) at Beginning of Year</i>	1,971	1,971	1,971	0
Prior Year Encumbrances Appropriated	<u>23,134</u>	<u>23,134</u>	<u>23,134</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 6,405</u>	<u>\$ 1,502</u>	<u>\$ 10</u>	<u>\$ (1,492)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Professional Development Grant
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
Instruction				
Regular:				
Salaries and Wages	1	1	1	0
Expenditures:	1	1	1	0
<i>Net Change in Fund Balance</i>	(1)	(1)	(1)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	1	1	1	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Educational Management Information Systems
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 7,100	\$ 7,100	\$ 7,174	\$ 74
<i>Total Revenues</i>	<u>7,100</u>	<u>7,100</u>	<u>7,174</u>	<u>74</u>
Expenditures:				
Current:				
Support Services:				
Administration:				
Salaries and Wages	0	5,063	5,063	0
Purchased Services	7,100	2,137	2,111	(26)
Total Administration	<u>7,100</u>	<u>7,200</u>	<u>7,174</u>	<u>(26)</u>
Total Support Services	<u>7,100</u>	<u>7,200</u>	<u>7,174</u>	<u>(26)</u>
<i>Total Expenditures</i>	<u>7,100</u>	<u>7,200</u>	<u>7,174</u>	<u>(26)</u>
<i>Net Change in Fund Balance</i>	0	(100)	0	100
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ (100)</u>	<u>\$ 0</u>	<u>\$ 100</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Entry Year Programs
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 0	\$ 0	\$ 3,300	\$ 3,300
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>3,300</u>	<u>3,300</u>
Expenditures:				
Current:				
Instruction				
Regular:				
Salaries and Wages	0	353	267	(86)
Fringe Benefits	0	21	21	0
Materials and Supplies	0	739	726	(13)
Total Regular	<u>0</u>	<u>1,113</u>	<u>1,014</u>	<u>(99)</u>
Total Instruction	<u>0</u>	<u>1,113</u>	<u>1,014</u>	<u>(99)</u>
<i>Total Expenditures</i>	<u>0</u>	<u>1,113</u>	<u>1,014</u>	<u>(99)</u>
<i>Net Change in Fund Balance</i>	0	(1,113)	2,286	3,399
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ (1,113)</u>	<u>\$ 2,286</u>	<u>\$ 3,399</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Data Communications
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 14,000	\$ 14,000	\$ 12,000	\$ (2,000)
<i>Total Revenues</i>	<u>14,000</u>	<u>14,000</u>	<u>12,000</u>	<u>(2,000)</u>
Expenditures:				
Current:				
Instruction				
Regular:				
Purchased Services	14,000	12,000	12,000	0
Total Regular	<u>14,000</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
Total Instruction	<u>14,000</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
<i>Total Expenditures</i>	<u>14,000</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	2,000	0	(2,000)
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ 2,000</u>	<u>\$ 0</u>	<u>\$ (2,000)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 SchoolNet Professional Development
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 0	\$ 0	\$ 4,140	\$ 4,140
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>4,140</u>	<u>4,140</u>
Expenditures:				
Current:				
Instruction				
Regular:				
Purchased Services	4,600	4,700	4,684	(16)
Total Regular	<u>4,600</u>	<u>4,700</u>	<u>4,684</u>	<u>(16)</u>
Total Instruction	<u>4,600</u>	<u>4,700</u>	<u>4,684</u>	<u>(16)</u>
<i>Total Expenditures</i>	<u>4,600</u>	<u>4,700</u>	<u>4,684</u>	<u>(16)</u>
<i>Net Change in Fund Balance</i>	(4,600)	(4,700)	(544)	4,156
<i>Fund Balance (Deficit) at Beginning of Year</i>	4,400	4,400	4,400	0
Prior Year Encumbrances Appropriated	<u>200</u>	<u>200</u>	<u>200</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ (100)</u>	<u>\$ 4,056</u>	<u>\$ 4,156</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Interactive Video Distance Learning
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
Instruction				
Regular:				
Purchased Services	3,000	25,808	19,634	(6,174)
Materials and Supplies	0	2,085	2,085	0
Total Regular	<u>3,000</u>	<u>27,893</u>	<u>21,719</u>	<u>(6,174)</u>
Total Instruction	<u>3,000</u>	<u>27,893</u>	<u>21,719</u>	<u>(6,174)</u>
Total Expenditures	<u>3,000</u>	<u>27,893</u>	<u>21,719</u>	<u>(6,174)</u>
Net Change in Fund Balance	(3,000)	(27,893)	(21,719)	6,174
Fund Balance (Deficit) at Beginning of Year	28,424	28,424	28,424	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 25,424</u>	<u>\$ 531</u>	<u>\$ 6,705</u>	<u>\$ 6,174</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Ohio Reads Grant
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 3,500	\$ 3,500	\$ 10,500	\$ 7,000
<i>Total Revenues</i>	<u>3,500</u>	<u>3,500</u>	<u>10,500</u>	<u>7,000</u>
Expenditures:				
Current:				
Instruction				
Regular:				
Salaries and Wages	0	9,800	9,800	0
Fringe Benefits	0	49	49	0
Purchased Services	0	159	159	0
Materials and Supplies	7,177	3,717	3,373	(344)
Total Regular	<u>7,177</u>	<u>13,725</u>	<u>13,381</u>	<u>(344)</u>
Total Instruction	<u>7,177</u>	<u>13,725</u>	<u>13,381</u>	<u>(344)</u>
<i>Total Expenditures</i>	<u>7,177</u>	<u>13,725</u>	<u>13,381</u>	<u>(344)</u>
<i>Net Change in Fund Balance</i>	(3,677)	(10,225)	(2,881)	7,344
<i>Fund Balance (Deficit) at Beginning of Year</i>	7,178	7,178	7,178	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 3,501</u>	<u>\$ (3,047)</u>	<u>\$ 4,297</u>	<u>\$ 7,344</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Miscellaneous State Grants
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 1,950	\$ 1,950	\$ 1,854	\$ (96)
<i>Total Revenues</i>	<u>1,950</u>	<u>1,950</u>	<u>1,854</u>	<u>(96)</u>
Expenditures:				
Current:				
Instruction				
Regular:				
Purchased Services	1,700	2,000	1,936	(64)
Materials and Supplies	8,951	6,563	6,563	0
Total Regular	<u>10,651</u>	<u>8,563</u>	<u>8,499</u>	<u>(64)</u>
Total Instruction	<u>10,651</u>	<u>8,563</u>	<u>8,499</u>	<u>(64)</u>
<i>Total Expenditures</i>	<u>10,651</u>	<u>8,563</u>	<u>8,499</u>	<u>(64)</u>
<i>Net Change in Fund Balance</i>	(8,701)	(6,613)	(6,645)	(32)
<i>Fund Balance (Deficit) at Beginning of Year</i>	5,076	5,076	5,076	0
Prior Year Encumbrances Appropriated	<u>1,569</u>	<u>1,569</u>	<u>1,569</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ (2,056)</u>	<u>\$ 32</u>	<u>\$ 0</u>	<u>\$ (32)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Student Intervention
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 0	\$ 0	\$ 31,057	\$ 31,057
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>31,057</u>	<u>31,057</u>
Expenditures:				
Current:				
Instruction				
Regular:				
Salaries and Wages	0	19,961	19,961	0
Purchased Services	0	7,764	7,764	0
Materials and Supplies	0	3,332	3,332	0
Total Regular	<u>0</u>	<u>31,057</u>	<u>31,057</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>31,057</u>	<u>31,057</u>	<u>0</u>
<i>Total Expenditures</i>	<u>0</u>	<u>31,057</u>	<u>31,057</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(31,057)	0	31,057
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ (31,057)</u>	<u>\$ 0</u>	<u>\$ 31,057</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual*
 Title II
 For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
Instruction				
Regular:				
Salaries and Wages	3,167	2,646	2,646	0
Fringe Benefits	0	5	5	0
Purchased Services	1,720	2,151	2,151	0
Materials and Supplies	0	85	85	0
Total Regular	<u>4,887</u>	<u>4,887</u>	<u>4,887</u>	<u>0</u>
Total Instruction	<u>4,887</u>	<u>4,887</u>	<u>4,887</u>	<u>0</u>
Total Expenditures	<u>4,887</u>	<u>4,887</u>	<u>4,887</u>	<u>0</u>
Net Change in Fund Balance	(4,887)	(4,887)	(4,887)	0
Fund Balance (Deficit) at Beginning of Year	3,167	3,167	3,167	0
Prior Year Encumbrances Appropriated	<u>1,720</u>	<u>1,720</u>	<u>1,720</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual*
 Title VI-B
 For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 160,030	\$ 160,030	\$ 241,323	\$ 81,293
<i>Total Revenues</i>	<u>160,030</u>	<u>160,030</u>	<u>241,323</u>	<u>81,293</u>
Expenditures:				
Current:				
Instruction				
Special:				
Purchased Services	0	2,000	1,910	(90)
Materials and Supplies	0	10,000	1,240	(8,760)
Capital Outlay - New	0	1,763	1,763	0
Total Special	<u>0</u>	<u>13,763</u>	<u>4,913</u>	<u>(8,850)</u>
Total Instruction	<u>0</u>	<u>13,763</u>	<u>4,913</u>	<u>(8,850)</u>
Support Services:				
Pupils				
Salaries and Wages	68,053	20,000	20,000	0
Purchased Services	0	7,511	5,721	(1,790)
Capital Outlay - New	0	2,726	2,726	0
Total Pupils	<u>68,053</u>	<u>30,237</u>	<u>28,447</u>	<u>(1,790)</u>
Instructional Staff:				
Salaries and Wages	82,000	110,150	110,150	0
Fringe Benefits	0	44,424	44,424	0
Purchased Services	0	44,802	44,802	0
Total Instructional Staff	<u>82,000</u>	<u>199,376</u>	<u>199,376</u>	<u>0</u>
Total Support Services	<u>150,053</u>	<u>229,613</u>	<u>227,823</u>	<u>(1,790)</u>
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	4,716	4,716	4,716	0
Total Community Services	<u>4,716</u>	<u>4,716</u>	<u>4,716</u>	<u>0</u>
Total Other Operation of Non-Instructional Services	<u>4,716</u>	<u>4,716</u>	<u>4,716</u>	<u>0</u>
<i>Total Expenditures</i>	<u>154,769</u>	<u>248,092</u>	<u>237,452</u>	<u>(10,640)</u>
<i>Net Change in Fund Balance</i>	5,261	(88,062)	3,871	91,933
<i>Fund Balance (Deficit) at Beginning of Year</i>	12,768	12,768	12,768	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 18,029</u>	<u>\$ (75,294)</u>	<u>\$ 16,639</u>	<u>\$ 91,933</u>

Chagrin Falls Exempted Village School District

Schedule of Revenues, Expenditures, and

Budget (Non-GAAP Basis) and Actual

Title VI

For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 11,524	\$ 11,524	\$ 11,754	\$ 230
<i>Total Revenues</i>	<u>11,524</u>	<u>11,524</u>	<u>11,754</u>	<u>230</u>
Expenditures:				
Current:				
Instruction				
Regular:				
Salaries and Wages	17,076	9,240	6,071	(3,169)
Fringe Benefits	0	15	15	0
Purchased Services	5,524	13,248	13,248	0
Materials and Supplies	6,000	5,097	2,219	(2,878)
Total Regular	<u>28,600</u>	<u>27,600</u>	<u>21,553</u>	<u>(6,047)</u>
Total Instruction	<u>28,600</u>	<u>27,600</u>	<u>21,553</u>	<u>(6,047)</u>
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	0	1,000	1,000	0
Total Community Services	<u>0</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Total Other Operation of Non-Instructional Services	<u>0</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
<i>Total Expenditures</i>	<u>28,600</u>	<u>28,600</u>	<u>22,553</u>	<u>(6,047)</u>
<i>Net Change in Fund Balance</i>	(17,076)	(17,076)	(10,799)	6,277
<i>Fund Balance (Deficit) at Beginning of Year</i>	17,076	17,076	17,076	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,277</u>	<u>\$ 6,277</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Drug Free Schools
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 5,318	\$ 5,318	\$ 4,389	\$ (929)
<i>Total Revenues</i>	<u>5,318</u>	<u>5,318</u>	<u>4,389</u>	<u>(929)</u>
Expenditures:				
Current:				
Instruction				
Regular:				
Materials and Supplies	3,902	1,093	42	(1,051)
Total Regular	<u>3,902</u>	<u>1,093</u>	<u>42</u>	<u>(1,051)</u>
Total Instruction	<u>3,902</u>	<u>1,093</u>	<u>42</u>	<u>(1,051)</u>
Support Services:				
Pupils				
Purchased Services	2,318	2,000	2,000	0
Materials and Supplies	1,500	4,627	4,627	0
Total Pupils	<u>3,818</u>	<u>6,627</u>	<u>6,627</u>	<u>0</u>
Total Support Services	<u>3,818</u>	<u>6,627</u>	<u>6,627</u>	<u>0</u>
<i>Total Expenditures</i>	<u>7,720</u>	<u>7,720</u>	<u>6,669</u>	<u>(1,051)</u>
<i>Net Change in Fund Balance</i>	(2,402)	(2,402)	(2,280)	122
<i>Fund Balance (Deficit) at Beginning of Year</i>	2,402	2,402	2,402	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 122</u>	<u>\$ 122</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Preschool Handicapped Grant
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 9,378	\$ 9,378	\$ 9,401	\$ 23
<i>Total Revenues</i>	<u>9,378</u>	<u>9,378</u>	<u>9,401</u>	<u>23</u>
Expenditures:				
Current:				
Instruction				
Regular:				
Salaries and Wages	9,378	9,401	9,401	0
Total Regular	<u>9,378</u>	<u>9,401</u>	<u>9,401</u>	<u>0</u>
Total Instruction	<u>9,378</u>	<u>9,401</u>	<u>9,401</u>	<u>0</u>
<i>Total Expenditures</i>	<u>9,378</u>	<u>9,401</u>	<u>9,401</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(23)	0	23
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ (23)</u>	<u>\$ 0</u>	<u>\$ 23</u>

Chagrin Falls Exempted Village School District

Schedule of Revenues, Expenditures, and

Budget (Non-GAAP Basis) and Actual

Title II-A

For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 29,000	\$ 29,000	\$ 30,528	\$ 1,528
<i>Total Revenues</i>	<u>29,000</u>	<u>29,000</u>	<u>30,528</u>	<u>1,528</u>
Expenditures:				
Current:				
Instruction				
Regular:				
Salaries and Wages	32,596	20,293	19,301	(992)
Fringe Benefits	0	257	257	0
Purchased Services	0	10,235	10,235	0
Materials and Supplies	0	1,643	1,643	0
Total Regular	<u>32,596</u>	<u>32,428</u>	<u>31,436</u>	<u>(992)</u>
Total Instruction	<u>32,596</u>	<u>32,428</u>	<u>31,436</u>	<u>(992)</u>
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	0	169	169	0
Total Community Services	<u>0</u>	<u>169</u>	<u>169</u>	<u>0</u>
Total Other Operation of Non-Instructional Services	<u>0</u>	<u>169</u>	<u>169</u>	<u>0</u>
<i>Total Expenditures</i>	<u>32,596</u>	<u>32,597</u>	<u>31,605</u>	<u>(992)</u>
<i>Net Change in Fund Balance</i>	(3,596)	(3,597)	(1,077)	2,520
<i>Fund Balance (Deficit) at Beginning of Year</i>	10,790	10,790	10,790	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 7,194</u>	<u>\$ 7,193</u>	<u>\$ 9,713</u>	<u>\$ 2,520</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Miscellaneous Federal Grants
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
Instruction				
Regular:				
Materials and Supplies	4,015	4,015	4,015	0
Total Regular	4,015	4,015	4,015	0
Total Instruction	4,015	4,015	4,015	0
<i>Total Expenditures</i>	4,015	4,015	4,015	0
<i>Net Change in Fund Balance</i>	(4,015)	(4,015)	(4,015)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	4,015	4,015	4,015	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Bond Retirement
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 1,960,829	\$ 1,960,829	\$ 1,946,453	\$ (14,376)
Intergovernmental	260,000	260,000	269,490	9,490
<i>Total Revenues</i>	<u>2,220,829</u>	<u>2,220,829</u>	<u>2,215,943</u>	<u>(4,886)</u>
Expenditures:				
Current:				
Instruction				
Fiscal:				
Other	12,850	33,248	33,227	(21)
Total Fiscal	<u>12,850</u>	<u>33,248</u>	<u>33,227</u>	<u>(21)</u>
Total Support Services	<u>12,850</u>	<u>33,248</u>	<u>33,227</u>	<u>(21)</u>
Debt Service:				
Principal Retirement	1,247,150	1,241,752	1,238,605	(3,147)
Interest and Fiscal Charges	<u>770,000</u>	<u>795,000</u>	<u>795,000</u>	<u>0</u>
				0
Total Debt Service	<u>2,017,150</u>	<u>2,036,752</u>	<u>2,033,605</u>	<u>(3,147)</u>
<i>Total Expenditures</i>	<u>2,030,000</u>	<u>2,070,000</u>	<u>2,066,832</u>	<u>(3,168)</u>
<i>Net Change in Fund Balance</i>	190,829	150,829	149,111	(1,718)
<i>Fund Balance (Deficit) at Beginning of Year</i>	1,251,625	1,251,625	1,251,625	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,442,454</u>	<u>\$ 1,402,454</u>	<u>\$ 1,400,736</u>	<u>\$ (1,718)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Permanent Improvement
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
Capital Outlay:				
Purchased Services	0	12,771	12,771	0
Total Architecture and Engineering Services	0	12,771	12,771	0
Building Acquisitions and Construction Services:				
Capital Outlay - New	269,200	163,716	26,234	(137,482)
Capital Outlay - Replacement	358,706	454,594	454,594	0
Total Building Acquisitions and Construction Services	627,906	618,310	480,828	(137,482)
Building Improvement Services:				
Capital Outlay - New	14,400	11,225	11,225	0
Total Building Improvement Services	14,400	11,225	11,225	0
Other Facilities Acquisition and Construction Services:				
Capital Outlay - New	1,319	1,319	819	(500)
Total Other Facilities Acquisitions and Construction Service	1,319	1,319	819	(500)
Total Capital Outlay	643,625	643,625	505,643	(137,982)
<i>Total Expenditures</i>	643,625	643,625	505,643	(137,982)
<i>Excess of Revenues Over (Under) Expenditures</i>	(643,625)	(643,625)	(505,643)	137,982
Other Financing Sources (Uses):				
Transfers In	410,000	410,000	300,000	(110,000)
Total Other Financing Sources (Uses)	410,000	410,000	300,000	(110,000)
<i>Net Change in Fund Balance</i>	(233,625)	(233,625)	(205,643)	27,982
<i>Fund Balance (Deficit) at Beginning of Year</i>	56,595	56,595	56,595	0
Prior Year Encumbrances Appropriated	178,025	178,025	178,025	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 995	\$ 995	\$ 28,977	\$ 27,982

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 SchoolNet
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	12,000	11,900	0	(11,900)
Total Instructional Staff	12,000	11,900	0	(11,900)
Total Support Services	12,000	11,900	0	(11,900)
<i>Total Expenditures</i>	12,000	11,900	0	(11,900)
<i>Net Change in Fund Balance</i>	(12,000)	(11,900)	0	11,900
<i>Fund Balance (Deficit) at Beginning of Year</i>	12,000	12,000	12,000	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ 100</u>	<u>\$ 12,000</u>	<u>\$ 11,900</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenses, and
 Budget (Non-GAAP Basis) and Actual
 Food Service
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Sales	\$ 469,350	\$ 469,350	\$ 641,984	\$ 172,634
<i>Total Revenues</i>	<u>469,350</u>	<u>469,350</u>	<u>641,984</u>	<u>172,634</u>
Expenses:				
Salaries	173,135	196,085	196,085	0
Fringe Benefits	54,575	80,393	80,393	0
Purchased Services	10,850	10,850	7,243	3,607
Materials and Supplies	320,194	367,794	366,371	1,423
Capital Outlay - New	3,000	7,335	7,335	0
Capital Outlay - Replacement	0	1,713	1,713	0
Other	746	830	830	0
<i>Total Expenses</i>	<u>562,500</u>	<u>665,000</u>	<u>659,970</u>	<u>(5,030)</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(93,150)	(195,650)	(17,986)	177,664
Non-Operating Revenues (Expenses):				
Operating Grants	22,250	22,250	20,374	(1,876)
Interest Income	3,400	3,400	610	(2,790)
Total Non-Operating Revenues (Expenses)	<u>25,650</u>	<u>25,650</u>	<u>20,984</u>	<u>(4,666)</u>
<i>Net Change in Fund Equity</i>	(67,500)	(170,000)	2,998	172,998
<i>Fund Equity (Deficit) at Beginning of Year</i>	120,128	120,128	120,128	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity (Deficit) at End of Year</i>	<u>\$ 52,628</u>	<u>\$ (49,872)</u>	<u>\$ 123,126</u>	<u>\$ 172,998</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenses, and
 Budget (Non-GAAP Basis) and Actual
 Uniform Supplies
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Sales	\$ 75,000	\$ 75,000	\$ 71,771	\$ (3,229)
<i>Total Revenues</i>	<u>75,000</u>	<u>75,000</u>	<u>71,771</u>	<u>(3,229)</u>
Expenses:				
Materials and Supplies	70,035	79,035	71,031	8,004
<i>Total Expenses</i>	<u>70,035</u>	<u>79,035</u>	<u>71,031</u>	<u>(8,004)</u>
<i>Net Change in Fund Equity</i>	4,965	(4,035)	740	4,775
<i>Fund Equity (Deficit) at Beginning of Year</i>	6,765	6,765	6,765	0
<i>Prior Year Encumbrances Appropriated</i>	<u>35</u>	<u>35</u>	<u>35</u>	<u>0</u>
<i>Fund Equity (Deficit) at End of Year</i>	<u>\$ 11,765</u>	<u>\$ 2,765</u>	<u>\$ 7,540</u>	<u>\$ 4,775</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenses, and
 Budget (Non-GAAP Basis) and Actual
 Adult Education
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Tuition	\$ 200,000	\$ 200,000	\$ 191,304	\$ (8,696)
<i>Total Revenues</i>	<u>200,000</u>	<u>200,000</u>	<u>191,304</u>	<u>(8,696)</u>
Expenses:				
Salaries	71,577	71,786	74,507	2,721
Fringe Benefits	10,290	12,335	10,414	(1,921)
Purchased Services	116,853	115,940	115,940	0
Materials and Supplies	7,080	5,466	5,466	0
Other	4,000	4,273	4,273	0
<i>Total Expenses</i>	<u>209,800</u>	<u>209,800</u>	<u>210,600</u>	<u>800</u>
<i>Net Change in Fund Equity</i>	(9,800)	(9,800)	(19,296)	(9,496)
<i>Fund Equity (Deficit) at Beginning of Year</i>	6,632	6,632	6,632	0
<i>Prior Year Encumbrances Appropriated</i>	<u>3,800</u>	<u>3,800</u>	<u>3,800</u>	<u>0</u>
<i>Fund Equity (Deficit) at End of Year</i>	<u>\$ 632</u>	<u>\$ 632</u>	<u>\$ (8,864)</u>	<u>\$ (9,496)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenses, and
 Budget (Non-GAAP Basis) and Actual
 Self Insurance
 For the Fiscal Year Ended June 30, 2004*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Charges for Services	\$ 250,000	\$ 250,000	\$ 273,026	\$ 23,026
<i>Total Revenues</i>	<u>250,000</u>	<u>250,000</u>	<u>273,026</u>	<u>23,026</u>
Expenses:				
Fringe Benefits	250,000	281,500	280,418	1,082
Total Other	250,000	281,500	280,418	1,082
<i>Total Expenses</i>	<u>250,000</u>	<u>281,500</u>	<u>280,418</u>	<u>(1,082)</u>
<i>Income (Loss) Before Operating Transfers</i>	0	(31,500)	(7,392)	24,108
Advances In	0	0	25,900	25,900
Advances Out	<u>0</u>	<u>(18,500)</u>	<u>(18,500)</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	0	(50,000)	8	50,008
<i>Fund Equity (Deficit) at Beginning of Year</i>	(24,968)	(24,968)	(24,968)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity (Deficit) at End of Year</i>	<u>\$ (24,968)</u>	<u>\$ (74,968)</u>	<u>\$ (24,960)</u>	<u>\$ 50,008</u>

**STATISTICAL
SECTION**

*This page intentionally
Left blank*

Chagrin Falls Exempted Village School District
General Governmental Revenues by Source and Expenditures by Function (1)
Last Ten Fiscal Years

	2004		2003		2002	
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual
Program Revenues						
Charges for Services	\$ 410,606	N/A	\$ 421,324	N/A	\$ 542,802	N/A
Operating Grants and Contributions	505,478	N/A	412,244	N/A	335,671	N/A
Capital Grants and Contributions	0	N/A	30,718	N/A	14,000	N/A
General Revenues						
Taxes	17,489,507	\$ 17,162,148	13,512,429	\$ 13,302,500	14,878,900	\$ 14,855,371
Intergovernmental	4,203,459	4,708,937	3,881,296	4,324,258	3,820,383	4,189,224
Interest	15,472	15,472	47,382	47,382	225,968	227,195
Tuition and Fees	0	49,061	0	80,678	0	218,409
Extracurricular Activities	0	329,479	0	320,931	0	306,534
Rentals	0	17,456	0	19,715	0	17,859
Charges for Services	0	14,610	0	0	0	0
Contributions and Donations	0	87,483	0	80,252	0	0
Miscellaneous	88,516	10,133	102,179	33,738	23,724	74,718
Total Revenues	\$ 22,713,038	\$ 22,394,779	\$ 18,407,572	\$ 18,209,454	\$ 19,841,448	\$ 19,889,310
Expenditures:						
Current:						
Instruction:						
Regular	\$ 10,019,345	\$ 9,174,555	\$ 9,291,338	\$ 8,467,549	\$ 9,002,902	\$ 8,125,303
Special	1,350,026	1,336,903	1,189,814	1,175,284	1,348,927	1,335,649
Vocational	92,934	92,934	108,138	108,138	101,713	101,713
Adult/Continuing	0	0	0	0	0	0
Other	37,335	37,335	5,912	5,912	18,144	18,144
Support Services:						
Pupils	1,098,885	1,082,514	1,055,832	1,066,929	966,542	969,626
Instructional Staff	1,159,805	1,073,138	986,686	981,533	1,065,858	944,988
Board of Education	79,892	79,733	63,685	63,569	66,055	65,947
Administration	1,610,209	1,573,006	1,510,595	1,475,971	1,349,681	1,383,754
Fiscal	643,052	614,891	668,701	640,565	598,479	547,204
Business	800	800	800	800	750	750
Operation and Maintenance of Plant	2,499,738	2,305,252	2,427,389	2,152,062	2,242,666	2,114,661
Pupil Transportation	1,097,121	1,058,296	1,063,140	1,066,596	946,889	988,953
Central	21,452	21,452	21,381	21,381	21,729	21,729
Operation of Non-Instructional						
Services	198,003	181,176	209,998	193,699	129,891	131,840
Extracurricular	746,022	727,167	696,643	726,783	688,806	690,347
Capital Outlay	0	251,793	0	281,643	0	248,154
Debt Service	1,240,118	2,061,606	1,283,851	2,098,803	1,237,510	2,116,988
Total Expenditures	\$ 21,894,737	\$ 21,672,551	\$ 20,583,903	\$ 20,527,217	\$ 19,786,542	\$ 19,805,750

Source: 2000 - 2004 School District Financial Records, 1995-1999 School District Audit Reports

Note: General Governmental includes all governmental funds and expendable trust funds.

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds for modified accrual and all governmental activities for full accrual

2001		2000	1999	1998	1997	1996	1995
Full Accrual	Modified Accrual						
\$ 382,113	N/A	N/A	N/A	N/A	N/A	N/A	N/A
469,647	N/A	N/A	N/A	N/A	N/A	N/A	N/A
65,926	N/A	N/A	N/A	N/A	N/A	N/A	N/A
13,555,239	\$ 11,631,985	\$ 11,260,565	\$ 10,783,859	\$ 10,312,668	\$ 10,449,962	\$ 9,947,077	\$ 9,066,734
3,655,753	3,442,985	3,395,414	3,109,998	3,116,380	2,857,207	2,830,496	2,647,737
345,430	298,393	312,237	273,696	787,077	181,674	171,130	137,254
0	48,658	139,810	16,012	86,350	87,737	50,560	44,248
0	0	0	0	0	0	0	0
0	14,020	15,781	10,029	7,303	15,549	72,679	62,235
0	0	0	0	0	0	0	0
0	0	7,750	0	0	0	0	0
28,824	9,674	10,977	29,831	224,310	6,798	40,298	19,927
<u>\$ 18,502,932</u>	<u>\$ 15,445,715</u>	<u>\$ 15,142,534</u>	<u>\$ 14,223,425</u>	<u>\$ 14,534,088</u>	<u>\$ 13,598,927</u>	<u>\$ 13,112,240</u>	<u>\$ 11,978,135</u>
\$ 9,432,792	\$ 8,223,487	\$ 7,504,857	\$ 7,293,985	\$ 7,041,780	\$ 6,863,809	\$ 6,475,586	\$ 6,526,293
1,155,300	1,162,013	935,067	730,823	665,632	571,148	495,444	448,942
55,069	55,069	93,237	50,860	83,922	66,769	76,827	38,188
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
927,785	710,585	638,631	523,662	543,151	525,571	502,942	489,727
754,176	669,023	717,882	604,530	550,762	528,501	435,512	519,137
57,583	57,571	69,321	73,104	60,420	72,577	61,296	44,058
1,309,319	1,237,048	1,443,945	1,195,752	1,025,296	1,174,410	1,119,112	994,615
414,824	418,715	426,562	449,769	410,866	364,143	352,413	369,486
0	0	17,726	700	1,250	0	810	810
2,094,832	2,046,261	1,924,526	1,650,103	1,687,855	1,671,468	1,617,632	1,633,306
827,971	762,138	942,333	858,975	758,032	753,677	643,026	579,790
0	0	20,571	18,913	16,962	17,958	17,749	29,299
185,448	0	9,753	8,129	7,362	7,392	7,371	6,440
392,947	436,710	440,744	383,500	399,816	333,179	316,742	328,113
0	31,426	0	0	110,836	0	18,000	0
1,358,729	69,316	52,557	31,774	53,987	35,725	34,825	32,125
<u>\$ 18,966,775</u>	<u>\$ 15,879,362</u>	<u>\$ 15,237,712</u>	<u>\$ 13,874,579</u>	<u>\$ 13,417,929</u>	<u>\$ 12,986,327</u>	<u>\$ 12,175,287</u>	<u>\$ 12,040,329</u>

Chagrin Falls Exempted Village School District
Property Tax Levies and Collections, Real, Public Utility Tax and Tangible Personal Property (1)
Last Ten Calendar Years

Year (2)	Total Tax Levy	Current Collections	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection As A Percent Of Current Levy	Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes to Tax Levy
2003	\$ 17,181,312	\$ 15,408,518	89.68%	\$ 566,722	\$ 15,975,240	92.98%	\$ 1,249,800	7.27%
2002	16,715,910	15,247,743	91.22%	469,969	15,717,712	94.03%	1,033,274	6.18%
2001	16,632,773	15,487,332	93.11%	129,365	15,616,697	93.89%	536,097	3.22%
2000	16,316,023	15,384,560	94.29%	357,567	15,742,127	96.48%	431,303	2.64%
1999	14,530,724	13,543,133	93.20%	475,513	14,018,646	96.48%	230,751	1.59%
1998	14,083,263	13,235,117	93.98%	247,088	13,482,205	95.73%	417,960	2.97%
1997	11,772,598	11,509,984	97.77%	311,206	11,821,190	100.41%	371,035	3.15%
1996	12,110,986	11,386,529	94.02%	230,583	11,617,112	95.92%	422,468	3.49%
1995	11,982,218	11,127,650	92.87%	239,555	11,367,205	94.87%	454,208	3.79%
1994	9,492,731	9,017,577	94.99%	131,505	9,149,082	96.38%	329,004	3.47%

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2004 information cannot be presented because all collections have not been made by June 30.
- (3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

Chagrin Falls Exempted Village School District
Property Rates - All Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Calendar Years

Collection Year	School Levy	Cuyahoga County Levy	Geauga County Levy	City Levy	Total Levy	Debt Service Included in Total Levy			
						School	County	City	Total
2004	99.80	19.40	15.10	10.40	144.70	5.15	0.91	3.20	9.26
2003	92.20	17.60	14.60	10.40	134.80	5.45	0.91	2.10	8.46
2002	92.10	17.60	14.40	10.40	134.50	5.35	0.86	2.10	8.31
2001	92.30	17.60	14.40	10.50	134.80	5.55	0.79	2.20	8.54
2000	92.80	16.70	13.65	10.60	133.75	6.05	0.85	2.30	9.20
1999	88.00	16.70	13.45	10.70	128.85	5.45	0.72	2.40	8.57
1998	88.90	18.00	13.45	10.70	131.05	5.75	0.60	0.00	6.35
1997	83.90	18.00	13.45	6.50	121.85	1.35	0.90	0.00	2.25
1996	83.90	18.00	13.85	3.30	119.05	1.35	0.87	0.00	2.22
1995	83.90	18.20	11.85	3.30	117.25	1.35	0.76	0.00	2.11

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

Chagrin Falls Exempted Village School District
Assessed Valuation and Estimated Actual Value of Taxable Property
Last Ten Collection Years

<u>Collection Year</u>	<u>Real Property (1)</u>		<u>Public Utility (2)</u>		<u>Tangible Personal Property (3)</u>		<u>Total</u>		<u>Ratio</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
2004	\$ 431,105,710	\$ 1,231,730,600	\$ 6,873,410	\$ 7,810,693	\$ 9,333,450	\$ 40,580,217	\$ 447,312,570	\$ 1,280,121,510	35%
2003	402,220,270	1,149,200,771	6,465,970	7,347,693	10,781,967	43,127,874	419,468,207	1,199,676,338	35%
2002	387,295,710	1,106,559,171	7,051,550	8,013,125	10,129,867	40,519,468	404,477,127	1,155,091,764	35%
2001	382,568,900	1,093,054,000	8,017,290	9,110,557	9,737,879	38,951,516	400,324,069	1,141,116,073	35%
2000	345,547,240	987,277,829	8,504,240	9,663,909	10,445,953	41,783,812	364,497,433	1,038,725,550	35%
1999	322,021,960	920,062,743	8,789,110	9,987,625	9,536,826	38,147,304	340,347,896	968,197,672	35%
1998	317,890,080	908,257,371	9,112,050	10,354,602	9,021,757	36,087,028	336,023,887	954,699,001	35%
1997	299,079,840	854,513,829	8,507,228	9,667,305	9,403,380	37,613,520	316,990,448	901,794,654	35%
1996	287,391,730	821,119,229	9,253,200	10,515,000	8,899,606	35,598,424	305,544,536	867,232,653	35%
1995	271,717,070	776,334,486	10,179,100	11,567,159	7,792,312	31,169,248	289,688,482	819,070,893	35%

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

- (1) Real estate value is assessed at 35% of actual value.
- (2) Public utility personal is assessed at 88% of actual value.
- (3) Tangible personal property is assessed at 23% of actual value.

Chagrin Falls Exempted Village School District
Ratio of Net General Obligation Bonded Debt to Assessed Value
and Net General Obligation Bonded Debt Per Capita
Last Ten Calendar Years

Collection Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2004	\$ 19,760,343	\$ 447,312,570	14,481	4.42%	\$ 1,364.57
2003	20,877,651	419,468,207	14,481	4.98%	1,441.73
2002	21,665,845	404,477,127	14,481	5.36%	1,496.16
2001	22,606,103	400,324,069	14,481	5.65%	1,561.09
2000	23,363,631	364,497,433	12,552	6.41%	1,861.35
1999	24,001,369	340,347,896	12,096	7.05%	1,984.24
1998	24,504,199	336,023,887	11,938	7.29%	2,052.62
1997	3,095,299	316,990,448	11,938	0.98%	259.28
1996	3,258,434	305,544,536	11,938	1.07%	272.95
1995	3,386,786	289,688,482	11,938	1.17%	283.70

Source:

- (1) School District Financial Records
- (2) Cuyahoga County Auditor.
- (3) U.S. Census of Population, 2000 Federal Census.

Chagrin Falls Exempted Village School District
Computation of Legal Debt Margin
June 30, 2004

Assessed Valuation	\$	<u>447,312,570</u>
Bonded Debt Limit - 9% of Assessed Value (1)	\$	40,258,131
Outstanding debt:		
General Obligation Bonds		21,515,000
Amount Available in Debt Service Fund		<u>(1,754,657)</u>
Amount of Debt Subject to Debt Limit:		<u>19,760,343</u>
Overall Debt Margin	\$	<u>20,497,788</u>
Bonded Debt Limit - .1% of Assessed Value (1)		447,313
Amount of Debt Applicable		<u>-</u>
Unvoted Debt Margin	\$	<u>447,313</u>

Source: Cuyahoga County Auditor and School District Financial Records

(1) Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.
 All School District debt subject to the limitation is voted.

Chagrin Falls Exempted Village School District
Computation of Direct & Overlapping General Obligation Bonded Debt
 December 31, 2003

	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Application to School District
Direct:			
Chagrin Falls Exempted Village	\$ 21,515,000	100.00%	\$ 21,515,000
Overlapping:			
Cuyahoga County	183,239,636	1.06%	1,942,340
Regional Transit Authority	100,885,000	1.06%	1,069,381
Bentleyville Village	950,000	100.00%	950,000
Chagrin Falls Village	5,000,000	100.00%	5,000,000
Moreland Hills village	1,470,000	15.76%	231,672
Total Overlapping	291,544,636		9,193,393
Total	\$ 313,059,636		\$ 30,708,393

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis (Including School District) because that is the manner in which information is maintained by the County Auditor.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2003 collection year.

Chagrin Falls Exempted Village School District
*Ratio of Annual Debt Service Expenditures for
 General Obligation Bonded Debt to Total Governmental Expenditures
 Last Ten Years*

Year	Principal	Interest	Total Debt Service	Total Governmental Fund Expenditures	Ratio of Debt Service to Governmental Fund Expenditures (Percentage)
2004	\$ 795,000	\$ 1,238,605	\$ 2,033,605	\$ 21,894,737	9.29%
2003	770,000	1,281,773	2,051,773	20,583,903	9.97%
2002	695,000	1,321,968	2,016,968	19,786,542	10.19%
2001	675,000	1,359,690	2,034,690	15,879,362	12.81%
2000	390,000	1,400,967	1,790,967	15,237,712	11.75%
1999	255,000	1,445,037	1,700,037	13,874,579	12.25%
1998	140,000	1,007,582	1,147,582	13,417,929	8.55%
1997	130,000	265,811	395,811	12,986,327	3.05%
1996	125,000	272,063	397,063	12,175,287	3.26%
1995	110,000	280,875	390,875	12,040,329	3.25%

Source: School District Financial Records

Chagrin Falls Exempted Village School District
Demographic Statistics
Last Ten Years

Year	Cuyahoga County Population (1)	Geauga County Population (1)	Bentleyville Village Population (2)	Chagrin Falls Village Population (2)	Moreland Hills Village Population (2)	South Russell Township Population (2)	School Enrollment (3)	Cuyahoga County Unemployment Rate (4)	Geauga County Unemployment Rate (4)
2004	1,386,096	90,895	900	4,652	3,400	5,560	1,970	4.8	3.2
2003	1,386,096	90,895	900	4,652	3,400	5,560	1,967	4.8	3.2
2002	1,386,096	90,895	900	4,652	3,400	5,560	1,914	4.8	3.2
2001	1,386,096	90,895	900	4,652	3,400	5,529	1,919	4.6	3.0
2000	1,386,096	89,598	900	4,652	3,400	3,600	1,935	4.6	2.8
1999	1,386,096	87,913	900	4,652	3,400	3,600	1,866	4.5	3.0
1998	1,397,694	86,054	1,017	4,146	3,354	3,579	1,901	4.0	3.5
1997	1,398,169	86,054	1,017	3,993	3,349	3,579	1,855	5.0	3.6
1996	1,398,169	84,260	1,017	3,993	3,349	3,579	1,864	4.7	3.8
1995	1,403,239	83,400	1,017	3,993	3,349	3,579	1,752	5.8	3.8

- (1) Cleveland Plain Dealer Newspaper.
- (2) U.S. Census of Population, Alta Vista.
- (3) School District Records.
- (4) Department of Job and Family Services.

Chagrin Falls Exempted Village School District
*Property Values, Financial Institution Deposits
and Building Permits
Last Ten Years*

Year	Property Value (1) (Real Estate Only)	Cuyahoga County Financial Institution Deposits (000's)	Geauga County Financial Institution Deposits (000's)	Value of Building Permits Issued
2003	\$ 431,105,710	N/A	N/A	N/A
2002	402,220,270	\$ 95,760,917	\$ 288,126	N/A
2001	387,295,710	63,893,769	255,569	N/A
2000	345,547,240	61,942,764	222,519	N/A
1999	322,021,960	57,021,360	249,478	\$ 5,653,800
1998	317,890,080	56,770,353	254,641	3,411,210
1997	317,890,080	53,941,971	222,203	2,708,780
1996	299,079,840	27,068,211	212,614	4,011,177
1995	287,391,730	22,458,573	194,409	2,296,200
1994	271,717,070	20,885,453	188,020	3,868,000
1993	255,326,570	21,009,421	184,462	3,653,000

Sources:

- (1) Total Assessed Value - Cuyahoga County Auditor
- Financing Institution Deposits - Federal Reserve Board - Cleveland
- Building Permits - Geauga County Building Department and Akron Board of Review

N/A Information not available at the time this was prepared.

Chagrin Falls Exempted Village School District
Principal Taxpayers
Real Estate Tax
December 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Assessed Value</u>
Emcore Retirement Partners	\$ 4,167,070	1.09%
Western Reserve Company	1,855,710	0.49%
Chagrin Falls Shopping	1,606,500	0.42%
Harris Realty Co.	1,562,260	0.41%
Cleveland Electric Illuminating Company	1,448,340	0.38%
Ohio Bell Telephone Company	1,038,040	0.27%
River Street Partners LLC.	884,660	0.23%
JPJ Properties LLC.	739,710	0.19%
BHC Windsor Hospital, Inc.	593,710	0.16%
Step North Equities, LTD.	<u>540,830</u>	<u>0.14%</u>
Total	<u>\$ 14,436,830</u>	<u>3.78%</u>
<i>Total Real Assessed Value</i>	<u>\$ 382,568,900</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2004 collection year.

Chagrin Falls Exempted Village School District
Principal Taxpayers
Tangible Personal Property Tax
December 31, 2003

Name of Taxpayer	Assessed Value (1)	Percent of Real Assessed Value
Alcoa, Inc.	\$ 1,271,940	11.80%
Nalco Company	348,470	3.23%
Adelphia of the Midwest, Inc.	206,570	1.92%
Riser Foods Company	203,950	1.89%
CVS Discount Drug	198,530	1.84%
Chagrin Pet and Garden Supply	198,480	1.84%
Cuffs Clothing	171,440	1.59%
American Teleradiology	138,230	1.28%
Lyon Financial Services	123,130	1.14%
Cleveland Plumbing Supply Co.	114,780	1.06%
Total	\$ 2,975,520	27.59%
<i>Total Real Assessed Value</i>	<u><u>\$ 10,781,967</u></u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2004 collection year.

Chagrin Falls Exempted Village School District
Principal Taxpayers
Public Utilities Tax
December 31, 2003

Name of Taxpayer	Assessed Value (1)	Percent of Real Assessed Value
Cleveland Electric Illuminating Company	\$ 1,459,330	18.20%
Ohio Bell Telephone	847,850	10.58%
American Wireless Transmission	170,840	2.13%
Norfolk Southern Combined	153,520	1.91%
Ameritech	61,040	0.76%
Total	\$ 2,692,580	33.58%
<i>Total Real Assessed Value</i>	<i>\$ 8,017,290</i>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2004 collection year.

Chagrin Falls Exempted Village School District
Cost Per Pupil
Last Ten Fiscal Years

Year	General Fund Expenditures	Average Daily Student Enrollment	Cost Per Pupil
2004	\$ 21,894,737	1,970	\$ 11,114
2003	20,583,903	1,967	10,465
2002	19,786,542	1,914	10,338
2001	15,879,362	1,919	8,275
2000	15,237,712	1,935	7,875
1999	13,874,579	1,866	7,435
1998	13,417,929	1,901	7,058
1997	12,986,327	1,855	7,001
1996	12,175,287	1,864	6,532
1995	12,040,329	1,752	6,872
1994	12,212,137	1,683	7,256

Source: School District Financial Records

Chagrin Falls Exempted Village School District
Teacher Education and Experience
 June 30, 2004

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	21	13.74%
Bachelor + 10	9	5.88%
Bachelor + 20	15	9.80%
Bachelor + 30	17	11.11%
Master's Degree	40	26.14%
Master's + 10	26	16.99%
Master's + 20	14	9.15%
Master's + 30	10	6.54%
Phd	1	0.65%
Total	153	100.00%

Years of Experience	Number of Teachers		Percentage of Total	
	Chagrin Falls EVSD Experience	Total Experience	Chagrin Falls EVSD Experience	Total Experience
0-5	66	36	43.14%	23.53%
6-10	30	37	19.61%	24.18%
11 and over	57	80	37.25%	52.29%
	153	153	100.00%	100.00%

Source: School District Personnel Records.

CHAGRIN FALLS EXEMPTED VILLAGE SCHOOL DISTRICT

REPORT LETTER

JUNE 30, 2004

TABLE OF CONTENTS

	PAGE
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	1

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

October 11, 2004

The Board of Education
Chagrin Falls Exempted Village School District
Chagrin Falls, Ohio 44022

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chagrin Falls Exempted Village School District as of and for the year ended June 30, 2004, which collectively comprise Chagrin Falls Exempted Village School District's basic financial statements and have issued our report thereon dated October 11, 2004. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Chagrin Falls Exempted Village School District's basic 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chagrin Falls Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic 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 basic 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 we have reported to management of Chagrin Falls Exempted Village School District in a separate letter dated October 11, 2004.

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

Rea & Associates, Inc.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**CHAGRIN FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
CUYAHOGA COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 16, 2004**