

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

CUYAHOGA HEIGHTS, OHIO

LOCAL SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2004

PREPARED BY

TREASURER'S DEPARTMENT

CYNTHIA STRICKLAND, RSBFO, TREASURER

4820 E. 71ST ST., CUYAHOGA HEIGHTS, OHIO, 44125



**Auditor of State
Betty Montgomery**

Board of Education
Cuyahoga Heights Local School District
Cuyahoga Heights, Ohio

We have reviewed the Independent Auditor's Report of the Cuyahoga Heights Local School District, Cuyahoga County, prepared by Trimble, Julian & Grube, 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 Cuyahoga Heights Local School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 26, 2005

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Cuyahoga Heights Schools

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INTRODUCTORY SECTION

Cuyahoga Heights Schools

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**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Cuyahoga Heights Schools

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CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

4820 East 71st Street
Cuyahoga Heights, Ohio, 44125

Peter P. Guerrero, Superintendent
Telephone: 216-429-5700
Fax: 216-341-3737

C. H. Strickland, RSBFO, Treasurer
Telephone: 216-429-5800
Fax: 216-429-5804

December 31, 2004

Members of the Board of Education and Residents of the Cuyahoga Heights Local School District:

We are pleased to submit to you the Cuyahoga Heights Local School District's (the "District") fifth Comprehensive Annual Financial Report (CAFR). This report provides full disclosure of the financial operation of the District for the fiscal year ended June 30, 2004. This report, which includes an opinion from the Independent Public Accounting firm that performed the District's audit, conforms to accounting principles generally accepted in the United States of America (GAAP) 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 District. This report will provide the taxpayers of the District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be made available to the Chamber of Commerce, major taxpayers, the Cleveland Public Library, Cuyahoga County Colleges and Universities, financial rating services, and other interested parties.

The CAFR is presented in three sections:

1. The Introductory Section, which is unaudited, includes a table of contents, this letter of transmittal (which is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it), a list of principal officials, an organizational chart, the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the CAFR for the fiscal year ended June 30, 2003, and the Certificate of Excellence in Financial Reporting from the Association of School Business Officials for the CAFR for the fiscal year ended June 30, 2003.
2. The Financial Section, which includes the Independent Auditor's Report, management's discussion and analysis, the basic financial statements, the notes to the basic financial statements, the combining statements, and the individual fund schedules.
3. The Statistical Section, which is unaudited, includes statistical tables which reflect financial and demographic information, financial trends, and the fiscal capacity of the District.

SCHOOL DISTRICT ORGANIZATION

The Cuyahoga Heights Local School District is one of 613 public school districts in the State of Ohio and one of 42 school districts in Cuyahoga County. It provides education to approximately 869 students in grades K-12. A half-day class for pre-school children is also provided. The District is located in Cuyahoga County in northeastern Ohio, approximately five miles south of the downtown area of the City of Cleveland. The District's territory encompasses all the territory of the Villages of Cuyahoga Heights, Brooklyn Heights, and Valley View. The District was formed in 1938 and the first graduating class of the District was the class of 1939.

Statutorily, the District operates under standards prescribed by the Ohio State Board of Education as provided in Division (D) of Section 3301.47 and Section 110.01 of the Ohio Revised Code, to provide educational services authorized and mandated by State and/or Federal agencies.

A five member Board of Education serves as the taxing authority, contracting body and policy maker for the District. The Board adopts the annual operating budget and approves all expenditures of District monies. Two of the Board members have served thirteen years each, one Board member has served eleven years, one Board member has served seven years, and one Board member has served three years.

The superintendent is the chief administrative officer of the District, responsible for both education and support operations. The treasurer is the chief fiscal officer of the District, responsible for maintaining records of all financial matters, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds, and investing idle funds as specified by Ohio law.

THE REPORTING ENTITY

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

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

ECONOMIC OUTLOOK

The boundaries of the District limit opportunities for residential property growth. Industrial enterprises represent over 86 percent of the District's tax duplicate. The unemployment rate for Cuyahoga County was 6.8 percent for calendar year 2003. The unemployment rates during the same time period for the State of Ohio and the United States were 5.7 percent and 5.8 percent, respectively.

The District will benefit from additional enterprises within the three villages. Recently granted tax abatements to certain companies have resulted in revenue-sharing agreements with each of the three villages.

The District's financial condition continues to be an area of focus for the Board of Education and the administration. In litigation now referred to as the "DeRolph Case", the Perry County Court of Common Pleas in 1995 declared the State's method of funding school districts to be unconstitutional. On March 24, 1997, the Ohio Supreme Court upheld most of the Perry County ruling by declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined that they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Supreme Court. The Supreme Court ruled that the "school foundation program" would be legal if the parity aid portion of the formula were fully funded by July, 2002. The legislators filed a motion for "reconsideration" due to the additional expense to the State Budget and in light of the eroding economy.

On December 11, 2002, the Ohio Supreme Court again ruled that the State's "school foundation program" is unconstitutional. School districts will continue to operate under the laws that the Common Pleas Court declared unconstitutional.

As of the date of this report, the District is unable to determine what effect, if any, this ongoing litigation will have on its financial operations and on its future State funding under this program. See Note 15 of the notes to the basic financial statements for further detail on the State school funding decision.

LTV Steel and Wire Corporation operated under Chapter 11 between December, 2000 and February, 2002. The loss to the District has reached \$750,000, annually. The East Side plant, located within the District, was sold to I.S.G. [Independent Steel Group] for the galvanizing and manufacturing of coils. The company began limited production in June, 2002. It is not possible at this time, to calculate any gain to the District. The proceeds from the sale of the property will be used to partially pay the lien holders, but the value of the property as assigned by the bankruptcy judge has been appealed. It is not known at this time if any money will be reimbursed to the District.

Birmingham Steel and Wire [a.k.a. American Steel and Wire] was sold to Charter Steel and they began limited production in June, 2002. More than 25 U.S. Steel companies have declared bankruptcy since late 1997 as prices continue to plummet. In response, the U.S. International Trade Commission has ruled that imports have harmed domestic steel makers. The federal government is reviewing all legislation, rules, and regulations of imports.

MAJOR INITIATIVES

The mission statement of the District's Board of Education reads:

The mission of the Cuyahoga Heights Local School District is to develop life-long learners with a positive self-concept who see themselves as active participants in a global community and who are, therefore, economically productive, socially and environmentally responsible, and appreciative of the unique contributions of each culture that comprise that community.

The Board of Education also adopted seven Academic Strategic Plan Goals, which were developed by a collaborative effort of administrators, teachers, and community residents, and has become the blueprint for achieving academic excellence. The Academic Strategic Plan focuses on teaching strategies, curriculum and instruction and gives a clear vision and sense of the intended future and why.

1. To infuse technology in all areas of learning (K-12).
2. To raise expectations and achievement levels in all children.
3. To develop stronger communication between students, parents, and teachers in all personal and academic matters.
4. To develop a "blueprint of success" for all children.
5. To emphasize and incorporate basic skills through problem-solving and decision making.
6. To encourage more parent involvement in all phases of their child's development.
7. To assess or audit the curriculum more frequently.

A TOTAL QUALITY SCHOOL

With the implementation of the Academic Strategic Plan, the District is involved in a long-term, systematic transformation to raise achievement levels and to continuously improve. The Ohio School Boards Association selected the Cuyahoga Heights Schools to showcase its student achievements at their annual state conference attended by over 9,000 people for the sixth year in a row. Various members of the Board of Education received the "Award of Achievement", "Board Leadership Academy Award", and/or "Master Board Member Achievement Award" from the Ohio School Boards Association. These awards are based on the number of points earned through attendance at workshops and/or service in various capacities as a Board member.

PROFESSIONAL DEVELOPMENT

Staff development continues to be a critical component in the teaching and learning process. A committee of certified and classified staff developed a survey, which determined the direction of the 2003-2004 program. The focus was on differentiated instruction and meeting the needs of all ability levels of children, homework, curriculum mapping, and assessment, while integrating computer technology into all areas of the curriculum.

GUIDANCE PROGRAM

The District's extensive guidance program encompasses early childhood through grade 12. In addition to specific guidance programming, the overriding goal is to make sure that no student ever "falls through the cracks". At the elementary school, counselors provide special programs that concentrate on social skills, family change, self-esteem and decision-making. Additional programs are provided for dealing with conflict resolution, stress reduction, and career exploration. Support groups for parents meet weekly to provide additional assistance. At the middle school, small personal growth groups have been successful. At the high school level, group counseling focuses on test-taking skills, mentoring programs, career exploration, and academic long-term planning. Although counselors often meet with students in small groups, they also meet with students individually at all grade levels, from early childhood through grade 12.

CURRICULUM AND INSTRUCTION

The heart of an educational program is the curriculum or content that is provided to students on a daily basis. Teachers work with the Director of Curriculum and Technology, principals, and outside consultants to develop curriculum and programs that challenge students to reach higher standards. During the curriculum assessment phase, an in-depth study of recent trends in the subject area, a study of District test results, and other data that provide evidence of continual improvement and effectiveness of the curriculum were all incorporated in revisions made to the curriculum.

PRE-KINDERGARTEN PROGRAM

The philosophy and curriculum is based on the cognitive, emotional, physical, and social needs of young children. Furthermore, the course of study is carefully articulated with the Kindergarten and First grade curriculum. In addition, the teachers focus on assessment strategies and parent involvement.

GRADES ONE THROUGH FOUR

The “looping program” has now completed a full cycle in grades 1 and 2 and grades 3 and 4. The looping program provides that the teachers remain with students for two consecutive years. A gifted identification process has also been established.

TECHNOLOGY

- Exit profiles are required of all students in grades 5 and 8. Students in grade 5 complete their own web page. Students in grade 8 complete a personal and academic multimedia project.
- A network manager continues to ensure that all computer hardware, software, and technology systems are working as efficiently and effectively as possible.
- Computers are available in the elementary school computer labs and classroom areas. In the middle school and high school, students have access to computers throughout the day in computer labs and in the library media center. The computer labs are open before and after school for student use. There is one computer for every 1.5 students.
- The school libraries provide additional electronic resources for the students, including a wide variety of research information available on compact disc, and access to the internet.
- Interactive computer assessment software provides mathematics and reading assistance to students in grades 1-8.
- A staff development program encouraged staff to further integrate computer technology into their curriculum. Staff members created multimedia programs, initiated e-mail projects with corporations, began collaborative projects between elementary school and high school classes, and did extensive lesson planing research on the internet. They also participated in SchoolNet Tools training workshops: Information, Productivity, Multimedia, and Networking.
- A laptop computer cart provides 24 laptops for high school students to work in the classroom using the District network or the internet to complete projects. Students in Advanced Placement classes are provided with wireless laptop computers to use within the District and at home.
- In collaboration with 19 other districts, colleges and universities, a variety of courses are either offered or received from one site. Students at Cuyahoga Heights can participate interactively with teachers and students at three other schools.
- Computerized sewing machines in the Family and Consumer Sciences classes allow students to: 1) design their own graphics; 2) use the graphics files that came with their program, and; 3) copy royalty free graphics from the internet.

STUDENT ASSESSMENT

Student assessment is an ongoing process that occurs continually in the classroom. Standardized testing is just one form of assessment used by our staff to help children meet their fullest potential. The most familiar example of standardized tests are the State-mandated Ohio Proficiency Tests. Ohio is one of twenty-two states in the nation to use such tests to measure academic achievement (writing, reading, math, citizenship, and science). Children are given these statewide tests in grades 4, 6, 9, and 12. The 9th grade test is the only test that is required for graduation from high school. Shown below are the results from Proficiency Tests given during the 2003-2004 school year:

Percent of Students Passing
2003-2004 State Proficiency Exam

<u>Grade</u>	<u>Writing</u>	<u>Reading</u>	<u>Math</u>	<u>Citizenship</u>	<u>Science</u>
4	86	79	81	91	66
6	95	88	88	93	90
9	93	96	92	95	98
12	98	98	93	96	98

FINANCIAL INFORMATION

Internal Accounting and Budgetary Control. The District's accounting system is organized on a "fund" basis. Each fund is a distinct self-balancing accounting entity. Governmental funds 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. Proprietary and private-purpose trust funds are presented on the accrual basis, whereby revenues are recognized when earned and expenses when incurred.

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

At the beginning of each fiscal year, the 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, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year. Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates. All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the object account level within a function for the general fund and at the fund level for all other funds. All purchase order requests must be approved by the Superintendent and certified by the Treasurer before the necessary funds are 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 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.

As an additional safeguard, all employees are covered by a blanket bond, and certain individuals in policy-making roles are covered by a separate, higher-limit bond.

The basis of accounting and the various funds utilized by the District, as well as additional information on the District's budgetary accounting, are fully described in Note 2 of the notes to the basic financial statements.

Cash Management. The Board has an aggressive cash management program, which consists of expediting the receipt of revenues and prudently depositing cash, which is insured by the Federal Deposit Insurance Corporation or collateralized by a securities pool. The District invests available cash in the State Treasurer's Investment Pool (STAR Ohio) and other investments authorized by Chapter 135 of the Ohio Revised Code. Except for nonparticipating investment contracts such as certificates of deposit, investments at June 30, 2004 have been reported at fair value, which is based on quoted market prices. The total amount of interest earned during fiscal 2004 was \$144,631, of which \$123,457 was credited directly to the general fund. This cash management program is beneficial because of access to daily balances, which enables the Board to maintain minimum balance accounts and invest available cash to the maximum extent.

Protection of the 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 face value of the pooled collateral must equal at least 110 percent 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. The District operates and manages the dental and vision benefits for employees on a self-insured basis. A third party administrator processes and pays the claims. The total benefits liability is limited by re-insurance that caps the individual liability at \$35,000 per employee, and an aggregate liability, for all covered employees, of \$967,225 for fiscal year 2004. The advantages of the self-insurance arrangement include the retention of reserves by the District, as well as savings on administrative costs. The control of the plan rests with the District.

The District participates in the Suburban Health Consortium (SHC) in order to obtain employee health insurance coverage. The SHC is a shared risk pool formed by several school districts in northeast Ohio. The SHC was formed to attain reduced group rates for various insurances.

The District uses the State Worker's Compensation plan and pays the premium based on a rate per \$100 of salaries. The District has joined the Ohio School Boards Association group rating plan for workers' compensation insurance as a means of minimizing premiums. The District contracts with commercial carriers for general liability, property and casualty, and vehicle insurances. See Note 11 of the notes to the basic financial statements for additional risk management information.

FINANCIAL REPORTING

For the fiscal year ending June 30, 2004, the District's financial report is in accordance with the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". The basic financial statements for reporting on the District's financial activities are 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 business enterprises. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District does not have any business-type activities.

Fund financial statements: These statements present information for individual major funds rather than by fund type. Non-major 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.

As part of this reporting model, management is responsible for preparing a discussion and analysis of the District. This discussion appears after the Independent Auditor's Report in the financial section of this report. The management's discussion and analysis provides an assessment of the District's finances for fiscal year 2004.

USE OF THIS REPORT

This report is published to provide to the Board of Education, as well as our citizens and other interested persons, detailed information concerning the financial condition of the District, with particular emphasis placed on the utilization of resources during the past fiscal year. It is also intended that this report will serve as a guide in formulating policies and in conducting the District's future day-to-day activities. We believe the information, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included.

In today's bond market environment, it is increasingly important that public agencies prepare soundly compiled annual financial reports which are independently audited by a qualified firm or agency. It has become almost required practice that such reports be prepared in accordance with GAAP, and the major bond rating agencies review the data presented in such reports before determining a public agency's bond rating.

INDEPENDENT AUDIT

Provisions of State statute require the District's Basic Financial Statements to be subjected to an annual examination by an independent auditor. Those provisions have been satisfied and the opinion of the District's independent auditors is included herein.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with the issuance of its annual financial report for fiscal year 1979.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cuyahoga Heights Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and all applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR will again meet the Certificate of Achievement program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) has awarded a Certificate of Excellence in Financial Reporting to the Cuyahoga Heights Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. The award is granted only after an extensive review of the report by an expert panel of Certified Public Accountants and practicing school business officials. We believe that our current CAFR will again meet the Certificate of Excellence program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The publication of this report significantly increases the accountability of the District to the taxpayers. This accomplishment would not have been possible without the efforts of the staff of the Treasurer's office and various administrators and employees of the District. Assistance from the County Auditor's office and other outside agencies made possible the fair presentation of the statistical data.

Special appreciation is expressed to Mr. Alexander J. Fait, of Trimble, Julian & Grube, Inc., who compiled this report, to Mr. Brad Smith, of Trimble, Julian & Grube, Inc., who audited this report, and to Mr. Stephen Euse, who designed the report cover.

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

Respectfully,



Cynthia H. Strickland, RSBFO
Treasurer



Peter P. Guerrero
Superintendent

**CUYAHOGA HEIGHTS
LOCAL SCHOOL DISTRICT**

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2004

BOARD OF EDUCATION

Mr. Ronald Krzynowek.....President
Mr. Tom G. Thacker II.....Vice-President
Mr. Reno Contipelli.....Member
Dr. Stephen Kenzig.....Member
Mr. Kenneth Perk.....Member

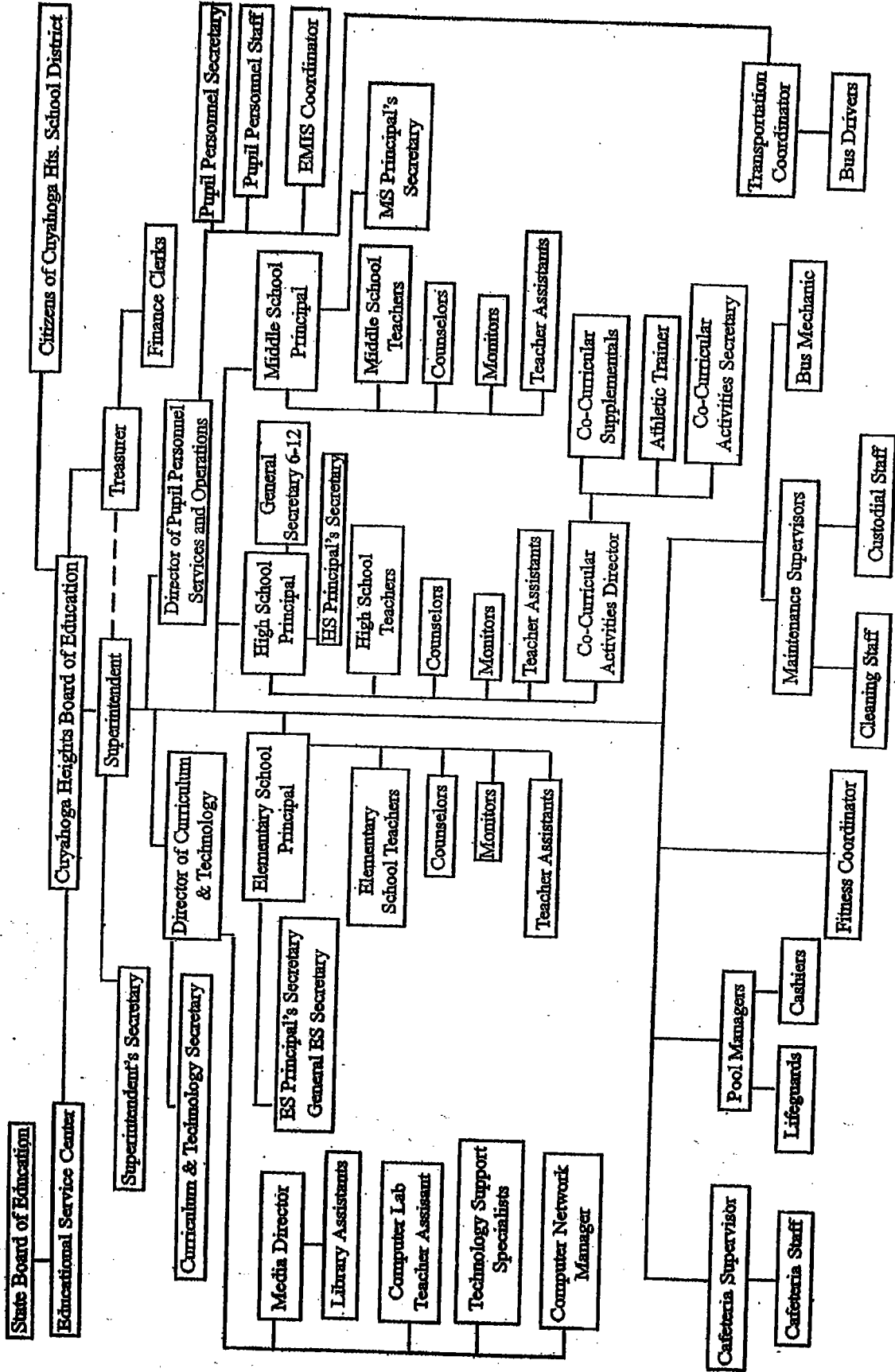
TREASURER

Ms. Cynthia H. Strickland, RSBFO

ADMINISTRATION

Mr. Peter P. Guerrero.....Superintendent
Mr. Allen Pavlish.....Director of Pupil Personnel and Operations
Mr. James Morrow.....Director of Curriculum and Technology

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cuyahoga Heights
Local School District,
Ohio

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



Nancy L. Zelle

President

Jeffrey R. Emery

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2003

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

William F. Hall
President

Emmie W. Keller
Executive Director

Cuyahoga Heights Schools

Excellence in Education

Since 1938

A Hall of Fame School

FINANCIAL SECTION

Cuyahoga Heights Schools

Excellence in Education

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, OH 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor’s Report

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

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Cuyahoga Heights Local School District, Cuyahoga County (the “District”) as of and for the fiscal year ended June 30, 2004, which collectively comprise the District’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cuyahoga Heights Local School District’s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Cuyahoga Heights Local School District, Cuyahoga County, Ohio, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the fiscal 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 December 16, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report
Cuyahoga Heights Local School District

The management's discussion and analysis on pages F 3 through F 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.



Trimble, Julian & Grube, Inc.
December 16, 2004

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

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

Financial Highlights

Key financial highlights for 2004 are as follows:

- In total, net assets of governmental activities decreased \$44,617 which represents a 0.29% decrease from 2003.
- General revenues accounted for \$14,427,793 in revenue or 95.85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$624,597 or 4.15% of total revenues of \$15,052,390.
- The District had \$15,097,007 in expenses related to governmental activities; only \$624,597 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$14,427,793 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$12,076,358 in revenues and other financing sources and \$12,787,339 in expenditures and other financing uses. During fiscal 2004, the general fund's fund balance decreased \$706,247 from \$5,072,110 to \$4,365,863.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the 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 District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

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

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

The District's statement of net assets and statement of activities can be found on pages F13-F14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page F9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages F15-F19 of this report.

Proprietary Funds

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for insurance benefits. The basic proprietary fund financial statements can be found on pages F20-F22 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages F23 and F24. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F25-F54 of this report.

The District as a Whole

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

The table below provides a summary of the District's net assets for 2004 and 2003.

	Net Assets	
	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>
<u>Assets</u>		
Current and other assets	\$ 27,019,544	\$ 25,798,413
Capital assets	<u>5,655,453</u>	<u>5,940,128</u>
Total assets	<u>32,674,997</u>	<u>31,738,541</u>
<u>Liabilities</u>		
Current liabilities	12,916,070	11,624,204
Long-term liabilities	<u>4,674,605</u>	<u>4,985,398</u>
Total liabilities	<u>17,590,675</u>	<u>16,609,602</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	2,413,155	2,294,417
Restricted	3,410,010	3,835,678
Unrestricted	<u>9,261,157</u>	<u>8,998,844</u>
Total net assets	<u>\$ 15,084,322</u>	<u>\$ 15,128,939</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2004, the District's assets exceeded liabilities by \$15,084,322. At year-end, unrestricted net assets were \$9,261,157.

At year-end, capital assets represented 17.31% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2004, were \$2,413,155. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

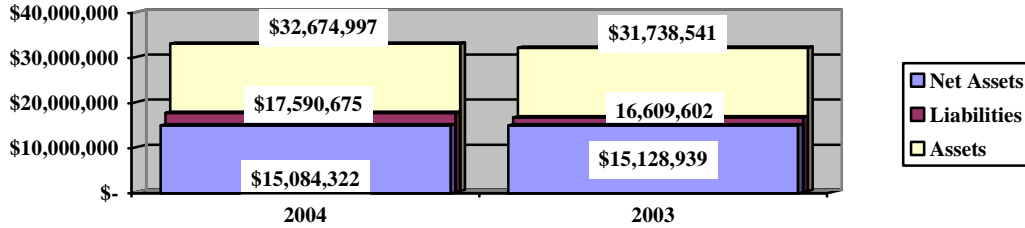
A portion of the District's net assets, \$3,410,010, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$9,261,157 may be used to meet the District's ongoing obligations to the students and creditors.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

The table below illustrates the District's assets, liabilities and net assets at June 30, 2004 and 2003:

Governmental Activities



The table below shows the change in net assets for fiscal year 2004 and 2003.

Change in Net Assets

	Governmental Activities 2004	Governmental Activities 2003
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 467,379	\$ 280,130
Operating grants and contributions	157,218	165,654
Capital grants and contributions	-	10,693
General revenues:		
Property taxes	12,572,014	11,188,044
Grants and entitlements	1,693,106	1,577,643
Investment earnings	99,268	226,552
Other	63,405	17,342
Total revenues	15,052,390	13,466,058

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Change in Net Assets

	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	5,869,465	5,447,311
Special	687,407	659,473
Other	170,213	167,038
Support services:		
Pupil	1,187,486	1,248,812
Instructional staff	794,617	633,995
Board of education	54,524	42,170
Administration	1,303,747	1,126,840
Fiscal	541,022	591,842
Business	137,322	94,061
Operations and maintenance	1,944,839	1,726,282
Pupil transportation	742,184	722,946
Central	44,575	58,479
Operations of non-instructional services	167,100	158,581
Extracurricular activities	888,586	710,221
Food service operations	322,173	258,752
Interest and fiscal charges	<u>241,747</u>	<u>207,727</u>
Total expenses	<u>15,097,007</u>	<u>13,854,530</u>
Change in net assets	(44,617)	(388,472)
Net assets at beginning of year	<u>15,128,939</u>	<u>15,517,411</u>
Net assets at end of year	<u>\$ 15,084,322</u>	<u>\$ 15,128,939</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$44,617. Total governmental expenses of \$15,097,007 were offset by program revenues of \$624,597 and general revenues of \$14,427,793. Program revenues supported 4.15% of the total governmental expenses.

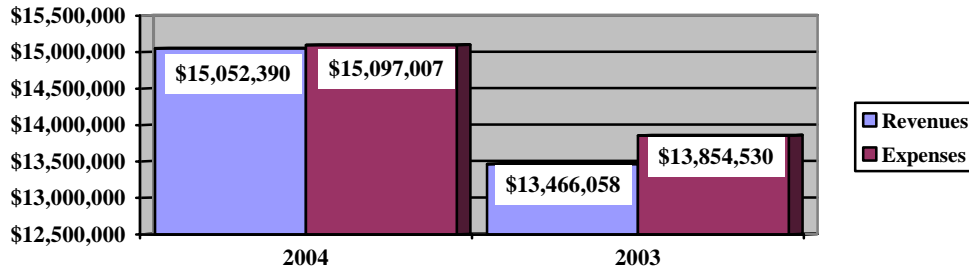
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 94.77% of total governmental revenue. Real estate property is reappraised every six years.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2004 and 2003.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Program expenses				
Instruction:				
Regular	\$ 5,869,465	\$ 5,706,378	\$ 5,447,311	\$ 5,404,478
Special	687,407	642,656	659,473	606,233
Other	170,213	169,173	167,038	167,038
Support services:				
Pupil	1,187,486	1,133,394	1,248,812	1,173,759
Instructional staff	794,617	752,601	633,995	617,813
Board of education	54,524	54,524	42,170	42,170
Administration	1,303,747	1,303,747	1,126,840	1,126,840
Fiscal	541,022	541,022	591,842	591,842
Business	137,322	137,322	94,061	94,061
Operations and maintenance	1,944,839	1,941,712	1,726,282	1,726,276
Pupil transportation	742,184	742,184	722,946	722,946
Central	44,575	30,575	58,479	42,979
Operations of non-instructional services	167,100	159,915	158,581	156,465
Extracurricular activities	888,586	807,227	710,221	648,445
Food service operations	322,173	108,233	258,752	68,981
Interest and fiscal charges	241,747	241,747	207,727	207,727
Total expenses	<u>\$ 15,097,007</u>	<u>\$ 14,472,410</u>	<u>\$ 13,854,530</u>	<u>\$ 13,398,053</u>

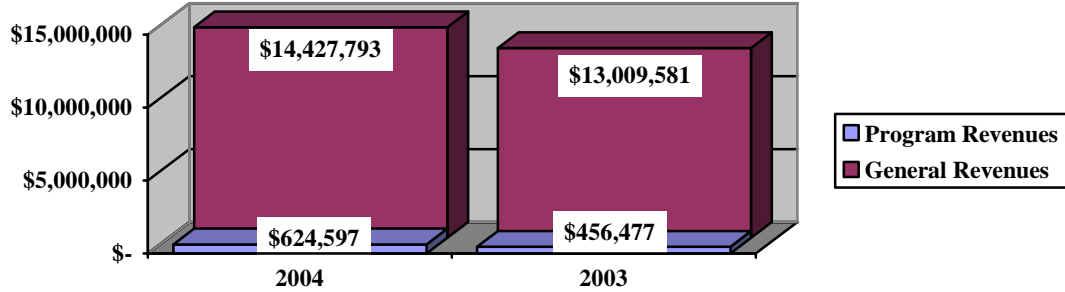
The dependence upon tax and other general revenues for governmental activities is apparent, 96.89% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 95.86%. The District's taxpayers, as a whole, are by far the primary support for District's students.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

The graph below presents the District's governmental activities revenue for fiscal year 2004.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page F15) reported a combined fund balance of \$7,522,060, which is lower than last year's total of \$7,917,269. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2004 and 2003.

	<u>Fund Balance</u> <u>June 30, 2004</u>	<u>Fund Balance</u> <u>June 30, 2003</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 4,365,863	\$ 5,072,110	\$ (706,247)
Other Governmental	<u>3,156,197</u>	<u>2,845,159</u>	<u>311,038</u>
Total	<u>\$ 7,522,060</u>	<u>\$ 7,917,269</u>	<u>\$ (395,209)</u>

General Fund

The District's general fund's fund balance decreased by \$706,247. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 10,088,392	\$ 8,811,931	14.49 %
Tuition	148,643	18,600	699.16 %
Earnings on investments	123,457	281,477	(56.14) %
Intergovernmental	1,663,961	1,559,389	6.71 %
Other revenues	<u>50,090</u>	<u>42,072</u>	19.06 %
Total	<u>\$ 12,074,543</u>	<u>\$ 10,713,469</u>	12.70 %
<u>Expenditures</u>			
Instruction	\$ 6,041,968	\$ 6,341,094	(4.72) %
Support services	5,720,414	5,774,494	(0.94) %
Operation of non-instructional services	111,044	125,147	(11.27) %
Extracurricular activities	659,876	549,398	20.11 %
Debt service	<u>7,128</u>	<u>9,891</u>	(27.93) %
Total	<u>\$ 12,540,430</u>	<u>\$ 12,800,024</u>	(2.03) %

General Fund Budgeting Highlights

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

During the course of fiscal 2004, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$12,310,712, which is higher than the original budgeted revenues estimate of \$11,614,298. Actual revenues and other financing sources for fiscal 2004 was \$11,994,165. This represents a \$316,547 decrease from final budgeted revenues. This decrease was predominantly the result of lesser amounts of actual tax receipts and actual intergovernmental receipts than the amounts that were finally budgeted for these revenue sources.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$14,241,458 were increased to \$14,273,841 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2004 totaled \$13,474,583, which was \$799,258 less than the final budgeted appropriations. This decrease was predominantly the result of lesser amounts of actual disbursements for regular instruction and instructional staff support services than the amounts that were finally budgeted for these expenditure functions.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004, the District had \$5,655,453 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2004 balances compared to 2003:

	Capital Assets at June 30	
	(Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Land	\$ 798,600	\$ 798,600
Land improvements	650,245	697,725
Building and improvements	2,908,323	3,111,943
Furniture and equipment	928,384	1,062,370
Vehicles	<u>369,901</u>	<u>269,490</u>
Total	<u>\$5,655,453</u>	<u>\$5,940,128</u>

Total additions to capital assets for 2004 were \$437,259 and total disposals were \$15,744 (net of accumulated depreciation). The overall decrease in capital assets of \$284,675 is primarily due to the recording of \$706,190 in depreciation expense for fiscal 2004.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2004, the District had \$3,373,860 in general obligation bonds, energy conservation bonds, and capital lease obligations outstanding. Of this total, \$519,907 is due within one year and \$2,853,953 is due in greater than one year. The following table summarizes the bonds and capital leases outstanding.

	Outstanding Debt, at Year End	
	Governmental	Governmental
	Activities	Activities
	<u>2004</u>	<u>2003</u>
General obligation bonds	\$ 3,036,562	\$ 3,145,000
Energy conservation bonds	337,298	493,660
Capital lease obligations	<u>-</u>	<u>7,051</u>
Total	<u>\$ 3,373,860</u>	<u>\$ 3,645,711</u>

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

Current Financial Related Activities

Overall the District is strong financially. The District faces many challenges in the future. As the preceding information shows, the District relies heavily on taxes. An increase in property tax revenue occurred in fiscal year 2004 due to the passage of a general operating levy in May, 2003. This additional tax revenue along with the District's cash balance, will provide the District with the necessary funds to meet its operating expenses through fiscal year 2006. However, the future financial stability of the District is not without challenges.

The first challenge is the reduction of revenue on personal property. The State of Ohio has reduced, through legislative action, the percent of inventory tangible valuation which is taxed. That percentage will decline 2% each year beginning in fiscal year 2005 until it is non-existent. Also, businesses are reducing their valuation due to economic stress.

Another challenge facing the District is the phase-out in fiscal year 2007 of the reimbursement from the State for electric deregulation.

Another challenge facing the districts is the future of state funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth towards school districts with little property tax wealth. 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. At this time, the District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

The District has not anticipated a significant growth in State revenue. The concern is that, to meet the requirements of the court, the State may require redistribution of commercial and industrial property tax. With 85% of taxes paid for the District coming from business or industry, this could have a significant impact on the District's residential taxpayers.

All of the District's financial abilities will be needed to meet the financial challenges of the future.

In conclusion, the District has committed itself to financial excellence for many years and the District's system of budgeting and internal controls are well regarded. The District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the last three consecutive years.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Cynthia Strickland, Treasurer, Cuyahoga Heights Local School District, 4820 E. 71st Street, Cleveland, Ohio 44125-1095.

**BASIC
FINANCIAL STATEMENTS**

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 8,118,470
Cash with fiscal agent	11,628
Receivables:	
Taxes	18,686,014
Accounts	5,020
Intergovernmental.	7,678
Accrued interest.	21,604
Prepayments.	45,744
Materials and supplies inventory	63,010
Unamortized bond issuance costs	60,376
Capital assets:	
Land	798,600
Depreciable capital assets, net	4,856,853
Total capital assets, net.	<u>5,655,453</u>
 Total assets	 <u>32,674,997</u>
 Liabilities:	
Accounts payable	16,047
Contracts payable	11,628
Accrued wages and benefits.	1,249,757
Pension obligation payable	187,969
Intergovernmental payable	104,590
Deferred revenue	11,303,914
Claims payable	26,102
Accrued interest payable	16,063
Long-term liabilities:	
Due within one year	620,354
Due in more than one year.	4,054,251
 Total liabilities	 <u>17,590,675</u>
 Net Assets:	
Invested in capital assets, net of related debt	2,413,155
Restricted for:	
Other purposes.	67,172
Debt service	866,556
Capital projects	2,476,282
Unrestricted.	<u>9,261,157</u>
 Total net assets	 <u><u>\$ 15,084,322</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Expenses	Program Revenues		Net Expense and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 5,869,465	\$ 163,087	\$ -	\$ (5,706,378)
Special	687,407	-	44,751	(642,656)
Other	170,213	-	1,040	(169,173)
Support services:				
Pupil	1,187,486	37,448	16,644	(1,133,394)
Instructional staff	794,617	-	42,016	(752,601)
Board of education	54,524	-	-	(54,524)
Administration	1,303,747	-	-	(1,303,747)
Fiscal	541,022	-	-	(541,022)
Business	137,322	-	-	(137,322)
Operations and maintenance	1,944,839	3,127	-	(1,941,712)
Pupil transportation	742,184	-	-	(742,184)
Central	44,575	-	14,000	(30,575)
Operation of non-instructional services	167,100	7,185	-	(159,915)
Extracurricular activities	888,586	79,574	1,785	(807,227)
Food service operations	322,173	176,958	36,982	(108,233)
Interest and fiscal charges	241,747	-	-	(241,747)
Total governmental activities	\$ 15,097,007	\$ 467,379	\$ 157,218	(14,472,410)

General Revenues:

Property taxes levied for:	
General purposes	10,862,710
Debt service	408,992
Capital projects	1,300,312
Grants and entitlements not restricted to specific programs	1,693,106
Investment earnings	99,268
Miscellaneous	63,405
Total general revenues	14,427,793
Change in net assets	(44,617)
Net assets at beginning of year	15,128,939
Net assets at end of year	\$ 15,084,322

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 4,728,445	\$ 3,173,873	\$ 7,902,318
Cash with fiscal agent	11,628	-	11,628
Receivables:			
Taxes	17,973,692	712,322	18,686,014
Accounts	3,996	636	4,632
Intergovernmental.	-	7,678	7,678
Accrued interest.	21,604	-	21,604
Interfund loans	63,301	-	63,301
Prepayments	45,744	-	45,744
Materials and supplies inventory.	54,468	8,542	63,010
Restricted assets:			
Equity in pooled cash and cash equivalents.	60,193	-	60,193
Total assets.	<u>\$ 22,963,071</u>	<u>\$ 3,903,051</u>	<u>\$ 26,866,122</u>
Liabilities:			
Accounts payable.	\$ 15,139	\$ 908	\$ 16,047
Contracts payable.	11,628	-	11,628
Accrued wages and benefits	1,246,574	2,655	1,249,229
Pension obligation payable	154,812	228	155,040
Intergovernmental payable	103,095	1,495	104,590
Interfund loans payable.	-	63,301	63,301
Deferred revenue	17,065,960	678,267	17,744,227
Total liabilities	<u>18,597,208</u>	<u>746,854</u>	<u>19,344,062</u>
Fund Balances:			
Reserved for encumbrances	254,042	361,326	615,368
Reserved for prepayments	45,744	-	45,744
Reserved for materials and supplies inventory.	54,468	8,542	63,010
Reserved for debt service	-	601,153	601,153
Reserved for tax revenue unavailable for appropriation.	589,299	25,241	614,540
Reserved for BWC refunds	55,144	-	55,144
Reserved for school bus purchases	5,049	-	5,049
Unreserved, undesignated, reported in:			
General fund	3,362,117	-	3,362,117
Special revenue funds.	-	17,358	17,358
Capital projects funds.	-	2,142,577	2,142,577
Total fund balances	<u>4,365,863</u>	<u>3,156,197</u>	<u>7,522,060</u>
Total liabilities and fund balances	<u>\$ 22,963,071</u>	<u>\$ 3,903,051</u>	<u>\$ 26,866,122</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2004

Total governmental fund balances		\$	7,522,060
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			5,655,453
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	6,423,303	
Intergovernmental		3,908	
Accrued interest		14,440	
Total			6,441,651
An internal service fund is used by management to charge the costs of dental and vision insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities on the statement of net assets.			128,379
Unamortized premiums on bond issuances are not recognized in the funds.			(123,932)
Unamortized bond issuance costs are not recognized in the funds.			60,376
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		2,912,630	
Energy conservation bonds		337,298	
Compensated absences		1,300,745	
Pension benefit obligation		32,929	
Accrued interest payable		16,063	
Total			(4,599,665)
Net assets of governmental activities		\$	15,084,322

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 10,088,392	\$ 1,729,540	\$ 11,817,932
Tuition	148,643	1,144	149,787
Charges for services	-	176,958	176,958
Earnings on investments.	123,457	15,725	139,182
Extracurricular.	31,648	88,033	119,681
Classroom materials and fees	4,586	3,122	7,708
Other local revenues.	13,856	62,794	76,650
Intergovernmental - Intermediate.	46,584	-	46,584
Intergovernmental - State.	1,617,377	73,310	1,690,687
Intergovernmental - Federal	-	109,145	109,145
Total revenues.	<u>12,074,543</u>	<u>2,259,771</u>	<u>14,334,314</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,234,055	3,688	5,237,743
Special.	640,101	46,466	686,567
Other	167,812	2,401	170,213
Support Services:			
Pupil.	938,280	286,559	1,224,839
Instructional staff	629,570	124,074	753,644
Board of education	54,524	-	54,524
Administration	1,244,030	7,556	1,251,586
Fiscal	550,798	-	550,798
Business.	92,459	51,073	143,532
Operations and maintenance	1,482,091	516,720	1,998,811
Pupil transportation	713,115	126,775	839,890
Central.	15,547	28,879	44,426
Operation of non-instructional services.	111,044	2,255	113,299
Extracurricular activities	659,876	154,439	814,315
Facilities acquisition and construction	-	15,688	15,688
Food service operations.	-	249,257	249,257
Debt service:			
Principal retirement	7,051	396,362	403,413
Interest and fiscal charges	77	183,784	183,861
Bond issuance costs	-	67,923	67,923
Total expenditures	<u>12,540,430</u>	<u>2,263,899</u>	<u>14,804,329</u>
Excess of revenues under expenditures.	<u>(465,887)</u>	<u>(4,128)</u>	<u>(470,015)</u>
Other financing sources (uses):			
Transfers in	-	246,909	246,909
Transfers (out)	(246,909)	-	(246,909)
Proceeds from sale of bonds	-	2,905,000	2,905,000
Premium on bonds sold.	-	139,423	139,423
Payment to refunded bond escrow agent	-	(2,976,500)	(2,976,500)
Proceeds from sale of capital assets	1,815	-	1,815
Total other financing sources (uses).	<u>(245,094)</u>	<u>314,832</u>	<u>69,738</u>
Net change in fund balances.	(710,981)	310,704	(400,277)
Fund balances at beginning of year.	5,072,110	2,845,159	7,917,269
Increase in reserve for inventory	4,734	334	5,068
Fund balances at end of year	\$ 4,365,863	\$ 3,156,197	\$ 7,522,060

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Net change in fund balances - total governmental funds	\$	(400,277)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, on 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 expense (\$706,190) exceeds capital outlays (\$437,259) in the current period.		(268,931)
The net effect of various miscellaneous transactions involving capital assets (i.e.: disposals, sales, trade-ins and donations) is to decrease net assets.		(15,744)
Governmental funds report expenditures for inventory when purchased. However, on the statement of activities they are reported as an expense when consumed.		5,068
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		718,076
Proceeds of general obligation bonds are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase in liabilities on the statement of net assets.		(2,905,000)
Repayment of bond principal and lease obligation are expenditures in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets.		3,379,913
On the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(65,830)
Premiums on debt issuances are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		(123,932)
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		60,376
Some expenses reported on the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(421,878)
The internal service fund used by management to charge the costs of dental and vision insurance premiums to individual funds is not reported on the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		(6,458)
Change in net assets of governmental activities	\$	(44,617)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 9,673,311	\$ 10,253,341	\$ 9,989,695	\$ (263,646)
Tuition	137,036	145,253	141,518	(3,735)
Earnings on investments	115,968	122,922	119,761	(3,161)
Extracurricular	30,645	32,483	31,648	(835)
Classroom materials and fees	4,441	4,707	4,586	(121)
Other local revenues	13,093	13,878	13,521	(357)
Intergovernmental - Intermediate	45,108	47,813	46,584	(1,229)
Intergovernmental - State	1,566,154	1,660,063	1,617,377	(42,686)
Total revenues	<u>11,585,756</u>	<u>12,280,460</u>	<u>11,964,690</u>	<u>(315,770)</u>
Expenditures:				
Current:				
Instruction:				
Regular	6,018,237	5,861,173	5,523,523	337,650
Special	644,381	648,657	639,878	8,779
Other	293,768	261,717	261,717	-
Support Services:				
Pupil	1,197,643	1,165,863	1,076,938	88,925
Instructional staff	724,503	725,269	615,680	109,589
Board of education	81,902	78,436	64,688	13,748
Administration	1,271,068	1,271,122	1,229,935	41,187
Fiscal	577,528	599,166	574,298	24,868
Business	112,543	123,908	107,385	16,523
Operations and maintenance	1,610,014	1,665,048	1,600,718	64,330
Pupil transportation	702,388	762,971	735,424	27,547
Central	47,268	44,367	19,382	24,985
Operation of non-instructional services	105,773	124,202	116,616	7,586
Extracurricular activities	567,656	631,859	613,806	18,053
Total expenditures	<u>13,954,672</u>	<u>13,963,758</u>	<u>13,179,988</u>	<u>783,770</u>
Excess of revenues under expenditures	<u>(2,368,916)</u>	<u>(1,683,298)</u>	<u>(1,215,298)</u>	<u>468,000</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	1,758	1,863	1,815	(48)
Transfers (out)	(265,786)	(265,786)	(250,919)	14,867
Advances in	22,839	24,208	23,586	(622)
Advances (out)	(20,000)	(43,301)	(43,301)	-
Refund of prior year expenditures	3,353	3,554	3,463	(91)
Refund of prior year receipts	(1,000)	(1,000)	(375)	625
Miscellaneous	592	627	611	(16)
Total other financing sources (uses)	<u>(258,244)</u>	<u>(279,835)</u>	<u>(265,120)</u>	<u>14,715</u>
Net change in fund balance	(2,627,160)	(1,963,133)	(1,480,418)	482,715
Fund balance at beginning of year	5,679,922	5,679,922	5,679,922	-
Prior year encumbrances appropriated	316,549	316,549	316,549	-
Fund balance at end of year	<u>\$ 3,369,311</u>	<u>\$ 4,033,338</u>	<u>\$ 4,516,053</u>	<u>\$ 482,715</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2004

	Governmental Activities - Internal Service Fund
Assets:	
Current:	
Equity in pooled cash and cash equivalents	\$ 155,959
Receivables:	
Accounts	<u>388</u>
Total assets	<u>156,347</u>
Liabilities:	
Current:	
Accrued wages and benefits	528
Claims payable	26,102
Deferred revenue	<u>1,338</u>
Total liabilities	<u>27,968</u>
Net assets:	
Unrestricted	<u>128,379</u>
Total net assets	<u><u>\$ 128,379</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 164,344
Total operating revenues.	<u>164,344</u>
Operating expenses:	
Personal services.	528
Claims	<u>170,274</u>
Total operating expenses	<u>170,802</u>
Change in net assets.	(6,458)
Net assets at beginning of year	<u>134,837</u>
Net assets at end of year	<u><u>\$ 128,379</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	\$ 164,628
Cash payments for claims.	<u>(161,185)</u>
Net cash provided by operating activities	<u>3,443</u>
Net increase in cash and cash equivalents	3,443
Cash and cash equivalents at beginning of year.	152,516
Cash and cash equivalents at end of year	<u><u>\$ 155,959</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (6,458)
Changes in assets and liabilities:	
(Increase) in accounts receivable	(388)
Increase in accrued wages and benefits	528
Increase in claims payable	9,089
Increase in deferred revenue	<u>672</u>
Net cash provided by operating activities	<u><u>\$ 3,443</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents.	\$ 173,498	\$ 48,902
Receivables:		
Accounts	-	430
	173,498	49,332
Total assets	173,498	\$ 49,332
Liabilities:		
Accounts payable.	141	\$ 52
Intergovernmental payable	-	5,178
Due to students	-	44,102
	141	49,332
Total liabilities	141	\$ 49,332
Net Assets:		
Held in trust for scholarships.	173,357	
Total net assets	\$ 173,357	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 5,449
Contributions and gifts.	13,654
	19,103
Total additions.	19,103
Deductions:	
Scholarships awarded	6,856
	12,247
Change in net assets	12,247
Net assets at beginning of year	161,110
Net assets at end of year.	\$ 173,357

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

Cuyahoga Heights Schools

Excellence in Education

Since 1938

A Hall of Fame School

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District ranks as the 529th largest by enrollment among the 613 public school districts in the state. It currently operates 1 elementary school, 1 middle school and 1 comprehensive high school. The District employs 66 non-certified and 73 certified (including administrative) full-time and part-time employees to provide services to approximately 869 students from pre-school (age 4) to grade 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool and student related activities of the District.

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

JOINTLY GOVERNED ORGANIZATIONS

Ohio Schools' Council

The Ohio Schools' Council (the "Council") is a jointly governed organization among 83 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. Financial information can be obtained by contacting Dr. Kathleen Neal, the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Independence, Ohio 44131.

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

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

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

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

Cuyahoga Valley Career Center

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Lakeshore Northeast Ohio Computer Association

The Lakeshore Northeast Ohio Computer Association (LNOCA) is a jointly governed computer service bureau among eleven public school districts. The primary function of LNOCA is to provide data services to the eleven member districts. Major areas of service provided by LNOCA include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school is represented on the LNOCA Board of Directors by its superintendent. Each year, the Board of Directors elects a Chairman, a Vice Chairman and a Recording Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Cuyahoga County Educational Service Center serves as the fiscal agent of LNOCA. Each school district supports LNOCA based upon a per pupil charge, dependent upon the software packages used. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valley View, OH 44125.

PUBLIC ENTITY RISK POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

Suburban Health Consortium

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

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CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The officers of the Board of Directors shall consist of a Chairman, Vice-Chairman and Recording Secretary, who shall be elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium shall be exercised by or under the direction of the Board of Directors. The Board of Directors shall also set all premiums and other amounts to be paid by the Consortium Members, and the Board of Directors shall also have the authority to waive premiums and other payments. All members of the Board of Directors shall serve without compensation. The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Consortium (Lakewood City School District). The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Directors and carry out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member, and such contributions shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement.

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

Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from Richard Berdine, Treasurer of the Lakewood City School District (the "Fiscal Agent") at 1470 Warren Road, Lakewood, Ohio 44107.

B. Fund Accounting

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GOVERNMENTAL FUNDS

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

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

The other governmental funds of the District account for (a) financial resources to be used for the acquisition, construction or improvement of capital facilities other than those financed by proprietary and trust funds; (b) activity relating to the repayment of general long-term debt principal, interest and related costs; (c) for grants and other resources whose use is restricted to a particular purpose, and; (d) food service and uniform school supplies operations.

PROPRIETARY FUNDS

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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

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

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: 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 received during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgets

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

Tax Budget:

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

Estimated Resources:

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

F. Cash and Investments

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

During fiscal year 2004, investments were limited to nonnegotiable certificates of deposits and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2004.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$123,457, which includes \$34,683 assigned from other District funds.

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

An analysis of the Treasurer's investment account at fiscal year-end is provided in Note 4.

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 the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories for governmental funds are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide financial statements.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

H. Capital Assets

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

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2004, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepayments, materials and supplies inventory, debt service, tax revenue unavailable for appropriation, Bureau of Workers' Compensation (BWC) refunds, and school bus purchases. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under state statute.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Prepayments

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

O. Estimates

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

P. Restricted Assets

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

Q. Interfund Activity

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

Fund balances at June 30, 2004 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Funds</u>	
Food Service	\$11,930
Entry Year Programs	50
Alternative Schools	3,077
Title VI	13
Drug Free School Grant	309

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

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories.

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

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

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the finance 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not the exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instrument rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

Cash with Fiscal Agent: At fiscal year-end, \$11,628 was on deposit with the District’s fiscal agent for natural gas purchases and is included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as “Equity in Pooled Cash and Cash Equivalents”.

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

Deposits: At fiscal year-end, the carrying amount of the District’s deposits was \$2,787,930 and the bank balance was \$3,180,252. These balances included \$1,523,259 in nonnegotiable certificates of deposit. Of the bank balance:

1. \$319,000 was covered by federal depository insurance; and
2. \$2,861,252 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments: The District’s investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at fiscal year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the District’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District’s name. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Fair Value
Federal agency securities	\$ 3,477,875	\$ 3,477,875
Investments not subject to categorization:		
Investment in STAR Ohio	-	2,085,763
Total investments	\$ 3,477,875	\$ 5,563,638

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 8,340,870	\$ -
Investments of the cash management pool:		
Federal agency securities	(3,477,875)	3,477,875
Investment in STAR Ohio	(2,085,763)	2,085,763
Cash with fiscal agent	11,628	-
Cash on hand	<u>(930)</u>	<u>-</u>
GASB Statement No. 3	<u>\$ 2,787,930</u>	<u>\$ 5,563,638</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2004 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 63,301</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2004 are reported on the Statement of Net Assets.

- B. Interfund transfers for the year ended June 30, 2004, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor Governmental Funds	<u>\$ 246,909</u>

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available as an advance at June 30, 2004 was \$589,299 in the general fund, and \$25,241 in the Bond Retirement debt service fund (a nonmajor governmental fund). These amounts are reported as revenue. The amount available for advance at June 30, 2003 was \$630,906 in the general fund, and \$31,524 in the Bond Retirement debt service fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary depending upon when the tax bills are sent by the County Auditor.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2003 Second		2004 First	
	Half Collections		Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real property	\$ 269,484,410	55.48	\$ 282,317,880	58.71
Public utility personal property	31,012,900	6.38	31,854,220	6.62
Tangible personal property	<u>185,285,290</u>	<u>38.14</u>	<u>166,742,233</u>	<u>34.67</u>
Total assessed valuation	<u>\$ 485,782,600</u>	<u>100.00</u>	<u>\$ 480,914,333</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$23.90		\$23.90	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2004 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

Governmental Activities:

Taxes	\$ 18,686,014
Accounts	5,020
Intergovernmental	7,678
Accrued interest	<u>21,604</u>
Total	<u>\$ 18,720,316</u>

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance 06/30/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/04</u>
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 798,600	\$ -	\$ -	\$ 798,600
<i>Capital assets, being depreciated:</i>				
Land improvements	949,602	-	-	949,602
Building and improvements	12,705,140	3,574	-	12,708,714
Furniture and equipment	3,367,437	281,491	(66,296)	3,582,632
Vehicles	897,744	152,194	(115,835)	934,103
Total capital assets, being depreciated	<u>17,919,923</u>	<u>437,259</u>	<u>(182,131)</u>	<u>18,175,051</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(251,877)	(47,480)	-	(299,357)
Building and improvements	(9,593,197)	(207,194)	-	(9,800,391)
Furniture and equipment	(2,305,067)	(402,325)	53,144	(2,654,248)
Vehicles	(628,254)	(49,191)	113,243	(564,202)
Total accumulated depreciation	<u>(12,778,395)</u>	<u>(706,190)</u>	<u>166,387</u>	<u>(13,318,198)</u>
Governmental activities capital assets, net	<u>\$ 5,940,128</u>	<u>\$ (268,931)</u>	<u>\$ (15,744)</u>	<u>\$ 5,655,453</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 372,391
Special	5,781

Support Services:

Pupil	10,645
Instructional Staff	30,485
Administration	20,367
Fiscal	3,875
Business	4,335
Operations and Maintenance	8,783
Pupil Transportation	48,161
Operation of Non-Instructional Services	58,932
Extracurricular Activities	80,678
Food Service Operations	<u>61,757</u>
Total depreciation expense	<u>\$ 706,190</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District entered into capitalized leases for the acquisition of copiers. These lease agreements met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copiers have been capitalized in the amount of \$171,000. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide financial statements. Principal payments in fiscal year 2004 totaled \$7,051 paid by the general fund. These principal payments retired the capital lease obligation in fiscal 2004.

The District has no future long-term minimum lease payments required under the capital lease obligation as of June 30, 2004.

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2004, the following changes occurred in governmental activities long-term obligations. Compensated absences will be paid from the fund in which the employee is paid.

	<u>Balance at</u> <u>07/01/03</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>06/30/04</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental Activities:					
<u>General Obligation Bonds:</u>					
Current interest					
construction bonds, series 1993	\$ 3,145,000	\$ -	\$ (3,145,000)	\$ -	\$ -
Current interest					
refunding bonds, series 2004	-	2,795,000	-	2,795,000	355,492
Capital appreciation					
refunding bonds, series 2004	-	110,000	-	110,000	-
Capital appreciation					
refunding bonds accreted interest	-	7,630	-	7,630	-
Energy conservation bonds	<u>493,660</u>	<u>-</u>	<u>(156,362)</u>	<u>337,298</u>	<u>164,415</u>
Total general obligation bonds	<u>3,638,660</u>	<u>2,912,630</u>	<u>(3,301,362)</u>	<u>3,249,928</u>	<u>519,907</u>
<u>Other Long-Term Obligations:</u>					
Capital lease obligation	7,051	-	(7,051)	-	-
Compensated absences	<u>1,339,687</u>	<u>451,029</u>	<u>(489,971)</u>	<u>1,300,745</u>	<u>100,447</u>
Total other long-term obligations	<u>1,346,738</u>	<u>451,029</u>	<u>(497,022)</u>	<u>1,300,745</u>	<u>100,447</u>
Total governmental activities	<u>\$ 4,985,398</u>	<u>\$ 3,363,659</u>	<u>\$ (3,798,384)</u>	<u>\$ 4,550,673</u>	<u>\$ 620,354</u>
Add: Unamortized premium on bonds				<u>123,932</u>	
Total on statement of net assets				<u>\$ 4,674,605</u>	

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

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

The refunding issue is comprised of both current interest bonds, par value \$2,795,000, and capital appreciation bonds, par value \$110,000. The interest rates on the current interest bonds range from 2.00% to 3.25%. The capital appreciation bonds mature on December 1, 2012 (effective interest rate of 4.15%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The present value (as of the issue date) reported on the statement of net assets at June 30, 2004 is \$110,000. Total accreted interest of \$7,630 has been included on the statement of net assets.

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

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

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

Energy conservation bonds, series 1996: The energy conservation bonds, series 1996, were issued on April 18, 1996, mature on December 1, 2005, and carry an interest rate of 5.15%. They have been issued in order to provide for energy improvements to District buildings. The unmatured obligation of the District is accounted for on the statement of net assets. Payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund. The source of payment is derived through the energy savings attained as a result of the energy improvements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2004, are as follows:

<u>Year Ended</u>	<u>Current Interest Bonds, Series 2004</u>			<u>Capital Appreciation Bonds, Series 2004</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 340,000	\$ 67,762	\$ 407,762	\$ -	\$ -	\$ -
2006	335,000	61,012	396,012	-	-	-
2007	340,000	54,262	394,262	-	-	-
2008	345,000	46,981	391,981	-	-	-
2009	350,000	38,288	388,288	-	-	-
2010 - 2013	<u>1,085,000</u>	<u>51,739</u>	<u>1,136,739</u>	<u>375,000</u>	<u>-</u>	<u>375,000</u>
Total	<u>\$ 2,795,000</u>	<u>\$ 320,044</u>	<u>\$ 3,115,044</u>	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ 375,000</u>

<u>Year Ended</u>	<u>Energy Conservation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 164,415	\$ 17,371	\$ 181,786
2006	<u>172,883</u>	<u>8,903</u>	<u>181,786</u>
Total	<u>\$ 337,298</u>	<u>\$ 26,274</u>	<u>\$ 363,572</u>

C. Legal Debt Margin

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

The effects of these debt limitations at June 30, 2004 are a voted debt margin of \$41,003,684 (including available funds of \$626,394), an unvoted debt margin of \$480,914, and an energy conservation debt margin of \$3,990,931.

NOTE 11 - RISK MANAGEMENT

A. Dental and Vision Insurance

The District has established a Self Insurance fund (an internal service fund) to account for and finance its uninsured risks of loss for dental and vision plans offered to employees. Under this program, the Self Insurance fund provides coverage for up to an annual maximum of \$35,000 for each claim, capped at \$967,225 annually for all claims. The plan is administered by Benefit Services, Inc.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 11 - RISK MANAGEMENT - (Continued)

All funds of the District participate in the program and make payments to the Self Insurance fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). Findley Davies, Inc., has actuarially determined that \$26,102 is a good and sufficient provision for all unmatured claim obligations (including both reported, but unpaid claims, and incurred, but not reported claims, as well as an allowance for claim settlement expenses on the estimated unpaid claims) as of June 30, 2004.

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

The claims liability of \$26,102 reported in the Fund at June 30, 2004, is based on the provisions of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in the fund's claims liability for the current and past fiscal year are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2004	\$17,013	\$170,274	\$(161,185)	\$26,102
2003	19,017	153,332	(155,336)	17,013

B. Employee Health Benefits

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

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 11 - RISK MANAGEMENT - (Continued)

C. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible (Per Occurrence)</u>	<u>Coverage Limitations</u>
Ohio Casualty Insurance Co.	Blanket bond	\$ 100	\$ 5,000 per employee
Crum & Forster	Commercial property	1,000	37,338,696
Travelers Insurance Co.	Boiler and machinery	1,000	30,000,000
Crum & Forster	Inland marine	250	Varies
Indiana Insurance Co.	Fleet	1,000	2,000,000
Nationwide Insurance Co.	General and public officials liability	0	2,000,000 per claim 5,000,000 annual aggregate
Crum & Forster	Crime	250	5,000
Ohio Casualty Insurance Co.	Treasurer's bond	0	50,000
Ohio Casualty Insurance Co.	Public employee dishonesty bond	1,000	250,000

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no reduction in amounts of insurance coverage from fiscal 2003.

D. Workers' Compensation

For fiscal year 2004, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The 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 State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. 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 are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$296,219, \$301,163, and \$244,131, respectively; 100% has been contributed for all three fiscal years.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 13% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$819,489, \$762,029, and \$679,711, respectively; 100% has been contributed for all three fiscal years.

C. Social Security System

Effective July 1, 1991, all members of the Board of Education not otherwise covered by the SERS or the STRS have an option to choose Social Security, the SERS, or the STRS. The District's liability is 6.2% of wages paid. As of June 30, 2004, no Board members have elected Social Security.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 13 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go-basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$58,535 during fiscal 2004.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$2.8 billion at June 30, 2003 (the latest information available). For the fiscal year ended June 30, 2003 (the latest information available), net health care costs paid by STRS were \$352.301 million and STRS had 108,294 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. 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.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 (the latest information available) were \$204.931 million and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$118,299 during the 2004 fiscal year.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ (1,480,418)
Net adjustment for revenue accruals	109,853
Net adjustment for expenditure accrals	370,377
Net adjustment for other financing sources/uses	20,026
Adjustment for encumbrances	269,181
GAAP basis	\$ (710,981)

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is a party to legal proceedings. The District management is of the opinion that disposition of these legal proceedings will not have a material effect, if any, on the financial position of the District.

C. 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.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 15 - CONTINGENCIES - (Continued)

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

NOTE 16 - LEASE AGREEMENT

During fiscal 1999, the Board of Education entered into a lease agreement with Eller Media. Eller Media is leasing land from the District for outdoor advertising. The total revenue to be received by the District is \$1.62 million dollars over fifteen years. The first payment of \$500,000 was received in July, 1999. The District will receive \$50,000 per year in years 6 through 13 of the lease. \$220,000 is due in year 14 and \$500,000 in year 15. The lease is cancelable by either party with a 30 day notice. Thus, no accrual has been recorded on the Statement of Net Assets.

NOTE 17 - SIGNIFICANT SUBSEQUENT EVENTS

On December 28, 2000, LTV Steel and Wire Corporation filed for Chapter 11 bankruptcy. The action was approved by a bankruptcy judge. In November 2001, LTV shut down operations. LTV was the 2nd highest taxpayer in the District. As a result, the District estimates that the loss of annual tax revenue could total \$1 million.

Cuyahoga Heights Local School District, Cleveland City School District, the City of Cleveland, and the Cuyahoga County Prosecutor filed a joint objection in the Bankruptcy Court as to the valuation of Cleveland Works for the distribution of the proceeds of the sale of all LTV assets. The Cleveland Works valuation was appraised at \$0 by the Blackstone Group. Hearings began in June, 2002 and have extended beyond the end of the District's fiscal year 2004. As of June 30, 2004 the District is unable to determine the effect, if any, that the outcome of these hearings will have on its financial operations.

NOTE 18 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2004, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2003	\$ (1,468,963)	\$ -	\$ 55,144
Current year set-aside requirement	109,680	109,680	-
Qualifying disbursements	<u>(426,585)</u>	<u>(944,486)</u>	<u>-</u>
Total	<u>\$ (1,785,868)</u>	<u>\$ (834,806)</u>	<u>\$ 55,144</u>
Balance carried forward to FY 2005	<u>\$ (1,785,868)</u>	<u>\$ -</u>	<u>\$ 55,144</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 18 - STATUTORY RESERVES - (Continued)

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

During fiscal year 2004, the District had qualifying disbursements for instructional materials and capital maintenance that reduced the set-aside amounts below zero. The instructional materials amount may be used to reduce the set-aside requirement of future years; however, the capital maintenance amount may not be carried forward.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases.

A schedule of the governmental fund restricted assets at June 30, 2004 follows:

Amount restricted for BWC refunds	\$ 55,144
Amount restricted for school bus purchases	<u>5,049</u>
Total restricted assets	<u>\$ 60,193</u>

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COMBINING STATEMENTS

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS

Nonmajor Special Revenue Funds

Special revenue funds are established to account for revenues from specific sources which are restricted, legally or otherwise, to expenditures for specific purposes. A description of the District's special revenue funds follows:

Food Service Fund Section 3313.81, Revised Code
A fund used to account for financial transactions related to food service operations.

Uniform School Supplies Fund Section 3313.81, Revised Code
A fund used to account for the purchase and sale of school supplies for use in the District. Profits derived from such sales are used for school purposes or activities connected with the school.

Adult Education Fund Section 5705.12, Revised Code
A fund used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students, and reimbursement from the Ohio Department of Education. Expenditures include supplies, salaries and textbooks.

Public School Support Fund Section 5705.12, Revised Code
A fund used to account for specific local revenue sources (i.e.: profits from vending machines, etc.), other than taxes or expendable trusts, that are restricted to expenditures for specified purposes approved by Board resolution. Such expenditures may include curricular and extracurricular related purchases.

Other Grants Fund Sections 5705.09 and 5705.13, Revised Code
A fund used to account for the proceeds of specific revenue sources (except for state and federal grants) that are restricted to expenditures for specified purposes.

District Managed Activity Fund Section 3313.062
A fund used to account for those student activity programs which have student participation in the activity but do not have student management of the programs. This fund usually includes athletic programs, but could also include band, cheerleader, flag corps, and other similar types of activities.

Management Information Systems Fund Am. Sub. H.B. 111
A fund used to account for monies associated with the state-wide requirements of the Education Management Information System (EMIS).

Entry Year Programs Fund Section 3317.024(T), Revised Code
A fund used to account for monies to implement entry-year programs.

Data Communication Fund Section 5705.09, Revised Code
A fund used to account for monies appropriated for Ohio Educational Computer Network Connections.

SchoolNet Professional Development Fund Section 5705.09, Revised Code
A fund used to account for revenues received to provide professional development programs related to technology.

Ohio Reads Fund State Line Item Appropriation GRF 200-455 and 200-566
A fund: 1) used to improve reading outcomes, especially on the fourth grade proficiency test, and; 2) used for volunteer coordinators in public schools, for educational service centers for costs associated with volunteer coordination, for background checks of volunteers, to evaluate the Ohio Reads program, and for operating expenses associated with administering the program.

Summer Intervention Fund Current Budget Bill Appropriation Line Item 200-513
A fund used to account for student intervention services.

Alternative Schools Fund State Line Item Appropriation GRF 200-520
A fund used to account for alternative educational programs for existing and new at-risk and delinquent youth.

Miscellaneous State Grants Fund Section 5705.12, Revised Code
A fund used to account for various monies received from state agencies which are not classified elsewhere.

**Education for Economic Security Act and
National Defense Education Act
(EESA/NDEA) Fund**

Public Law 98-377,
Catalog of Federal Domestic Assistance #84.281 or #13.483

A fund used to account for a provision of monies for strengthening instruction in science, mathematics, modern foreign languages, English, the arts, and computer learning.

Limited English Proficiency Fund

Catalog of Federal Domestic Assistance #84.365

A fund used to account for monies to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Title I Fund

Public Law 97-35; Title I EESA 1965

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

Title VI Fund

Public Law 97-35; EESA 1965

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

Drug Free School Grant Fund

Catalog of Federal Domestic Assistance #84-166

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

Miscellaneous Federal Grants Fund

Section 5705.12, Revised Code

A fund used to account for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere.

Nonmajor Debt Service Fund

Bond Retirement Fund

Section 5705.09, Revised Code

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

Nonmajor Capital Projects Fund

Capital projects funds account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds and trust funds). A description of the District's capital projects fund follows:

Permanent Improvement Fund

Section 5705.10, Revised Code

A fund used to account for all transactions related to the acquiring, constructing or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code. Since the District maintains only one capital projects fund, no combining statements are presented.

Nonmajor Internal Service Fund

Employee Benefits Self Insurance Fund

Section 5705.09, Revised Code

A fund used to account for monies received from other funds as payment for providing dental and vision employee benefits. The Employee Benefits Self Insurance Fund may make payments for services provided to employees, for reimbursements to employees who have paid providers, to third party administrators for claims payments or administration, for stop-loss coverage, or for any other re-insurance or other similar purpose.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents.	\$ 108,822	\$ 588,431	\$ 2,476,620	\$ 3,173,873
Receivables:				
Taxes.	-	712,322	-	712,322
Accounts.	636	-	-	636
Intergovernmental	7,678	-	-	7,678
Materials and supplies inventory	8,542	-	-	8,542
Total assets.	<u>\$ 125,678</u>	<u>\$ 1,300,753</u>	<u>\$ 2,476,620</u>	<u>\$ 3,903,051</u>
Liabilities:				
Accounts payable.	\$ 570	\$ -	\$ 338	\$ 908
Accrued wages and benefits	2,655	-	-	2,655
Pension obligation payable.	228	-	-	228
Intergovernmental payable	1,495	-	-	1,495
Interfund loans payable.	63,301	-	-	63,301
Deferred revenue	3,908	674,359	-	678,267
Total liabilities.	<u>72,157</u>	<u>674,359</u>	<u>338</u>	<u>746,854</u>
Fund Balances:				
Reserved for encumbrances.	27,621	-	333,705	361,326
Reserved for materials and supplies inventory	8,542	-	-	8,542
Reserved for debt service.	-	601,153	-	601,153
Reserved for tax revenue unavailable for appropriation	-	25,241	-	25,241
Unreserved, undesignated, reported in:				
Special revenue funds.	17,358	-	-	17,358
Capital projects funds.	-	-	2,142,577	2,142,577
Total fund balances.	<u>53,521</u>	<u>626,394</u>	<u>2,476,282</u>	<u>3,156,197</u>
Total liabilities and fund balances	<u>\$ 125,678</u>	<u>\$ 1,300,753</u>	<u>\$ 2,476,620</u>	<u>\$ 3,903,051</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ -	\$ 429,228	\$ 1,300,312	\$ 1,729,540
Tuition	1,144	-	-	1,144
Charges for services	176,958	-	-	176,958
Earnings on investments	214	593	14,918	15,725
Extracurricular	88,033	-	-	88,033
Classroom materials and fees	-	-	3,122	3,122
Other local revenues	56,970	-	5,824	62,794
Intergovernmental - State	44,165	29,145	-	73,310
Intergovernmental - Federal	109,145	-	-	109,145
Total revenues.	<u>476,629</u>	<u>458,966</u>	<u>1,324,176</u>	<u>2,259,771</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,688	-	-	3,688
Special	46,466	-	-	46,466
Other	2,401	-	-	2,401
Support services:				
Pupil	55,456	-	231,103	286,559
Instructional staff	39,394	-	84,680	124,074
Administration	-	-	7,556	7,556
Business	-	-	51,073	51,073
Operations and maintenance	-	-	516,720	516,720
Pupil transportation	-	-	126,775	126,775
Central	28,879	-	-	28,879
Operation of non-instructional services	-	-	2,255	2,255
Extracurricular activities	154,439	-	-	154,439
Facilities acquisition and construction	-	-	15,688	15,688
Food service operations	249,257	-	-	249,257
Debt service:				
Principal retirement	-	396,362	-	396,362
Interest and fiscal charges	-	183,784	-	183,784
Bond issuance costs	-	67,923	-	67,923
Total expenditures	<u>579,980</u>	<u>648,069</u>	<u>1,035,850</u>	<u>2,263,899</u>
Excess (deficiency) of revenues over (under) expenditures	(103,351)	(189,103)	288,326	(4,128)
Other financing sources (uses):				
Transfers in	65,123	181,786	-	246,909
Proceeds from sale of bonds	-	2,905,000	-	2,905,000
Premium on bonds sold	-	139,423	-	139,423
Payment to refunded bond escrow agent	-	(2,976,500)	-	(2,976,500)
Total other financing sources (uses).	<u>65,123</u>	<u>249,709</u>	<u>-</u>	<u>314,832</u>
Net change in fund balances.	(38,228)	60,606	288,326	310,704
Fund balances at beginning of year	91,415	565,788	2,187,956	2,845,159
Increase in reserve for inventory	334	-	-	334
Fund balances at end of year	<u>\$ 53,521</u>	<u>\$ 626,394</u>	<u>\$ 2,476,282</u>	<u>\$ 3,156,197</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2004

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Public School Support</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 43,081	\$ 1,038	\$ 1,859	\$ 19,987
Receivables:				
Accounts.	79	-	-	-
Intergovernmental	3,770	-	-	-
Materials and supplies inventory	5,638	2,543	-	-
Total assets.	<u>\$ 52,568</u>	<u>\$ 3,581</u>	<u>\$ 1,859</u>	<u>\$ 19,987</u>
Liabilities:				
Accounts payable.	\$ 466	\$ -	\$ -	\$ 104
Accrued wages and benefits	2,655	-	-	-
Pension obligation payable.	228	-	-	-
Intergovernmental payable	1,149	-	-	-
Interfund loans payable.	60,000	-	-	-
Deferred revenue	-	-	-	-
Total liabilities.	<u>64,498</u>	<u>-</u>	<u>-</u>	<u>104</u>
Fund Balances:				
Reserved for encumbrances.	8,796	-	-	1,116
Reserved for materials and supplies inventory	5,638	2,543	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds.	(26,364)	1,038	1,859	18,767
Total fund balances (deficits).	<u>(11,930)</u>	<u>3,581</u>	<u>1,859</u>	<u>19,883</u>
Total liabilities and fund balances	<u>\$ 52,568</u>	<u>\$ 3,581</u>	<u>\$ 1,859</u>	<u>\$ 19,987</u>

Other Grants	District Managed Activity	Management Information Systems	Entry Year Programs	Data Communication	Ohio Reads
\$ 7,761	\$ 23,329	\$ 1,518	\$ -	\$ 4,924	\$ 32
-	557	-	-	-	-
-	-	-	-	-	-
-	361	-	-	-	-
<u>\$ 7,761</u>	<u>\$ 24,247</u>	<u>\$ 1,518</u>	<u>\$ -</u>	<u>\$ 4,924</u>	<u>\$ 32</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	198	50	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	198	50	-	-
-	17,709	-	-	-	-
-	361	-	-	-	-
7,761	6,177	1,320	(50)	4,924	32
7,761	24,247	1,320	(50)	4,924	32
<u>\$ 7,761</u>	<u>\$ 24,247</u>	<u>\$ 1,518</u>	<u>\$ -</u>	<u>\$ 4,924</u>	<u>\$ 32</u>

-continued

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2004

	Alternative Schools	EESA/ NDEA	Title VI	Drug Free School Grant
Assets:				
Equity in pooled cash and cash equivalents.	\$ -	\$ 5,058	\$ -	\$ -
Receivables:				
Accounts.	-	-	-	-
Intergovernmental	3,016	607	-	285
Materials and supplies inventory	-	-	-	-
	-	-	-	-
Total assets.	\$ 3,016	\$ 5,665	\$ -	\$ 285
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	-
Pension obligation payable.	-	-	-	-
Intergovernmental payable	61	-	13	24
Interfund loans payable.	3,016	-	-	285
Deferred revenue	3,016	607	-	285
	-	-	-	-
Total liabilities.	6,093	607	13	594
Fund Balances:				
Reserved for encumbrances.	-	-	-	-
Reserved for materials and supplies inventory	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds.	(3,077)	5,058	(13)	(309)
	-	-	-	-
Total fund balances (deficits).	(3,077)	5,058	(13)	(309)
Total liabilities and fund balances	\$ 3,016	\$ 5,665	\$ -	\$ 285

<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 235	\$ 108,822
-	636
-	7,678
-	8,542
<u>\$ 235</u>	<u>\$ 125,678</u>
-	\$ 570
-	2,655
-	228
-	1,495
-	63,301
-	3,908
<u>-</u>	<u>72,157</u>
-	27,621
-	8,542
<u>235</u>	<u>17,358</u>
<u>235</u>	<u>53,521</u>
<u>\$ 235</u>	<u>\$ 125,678</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Food Service	Uniform School Supplies	Adult Education	Public School Support
Revenues:				
From local sources:				
Tuition	\$ -	\$ -	\$ 1,144	\$ -
Charges for services	176,958	-	-	-
Earnings on investments	208	-	-	-
Extracurricular	-	2,659	-	37,448
Other local revenues	4,804	-	-	2,953
Intergovernmental - state	839	-	-	-
Intergovernmental - federal	36,143	-	-	-
Total revenues	<u>218,952</u>	<u>2,659</u>	<u>1,144</u>	<u>40,401</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	2,819	869	-
Special	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	-	-	32,029
Instructional staff	-	-	-	1,503
Central	-	-	-	-
Extracurricular activities	-	-	-	-
Food service operations	249,257	-	-	-
Total expenditures	<u>249,257</u>	<u>2,819</u>	<u>869</u>	<u>33,532</u>
Excess (deficiency) of revenues over (under) expenditures	(30,305)	(160)	275	6,869
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(30,305)	(160)	275	6,869
Fund balances (deficit) at beginning of year.	18,321	3,822	1,584	13,014
Increase (decrease) in reserve for inventory.	54	(81)	-	-
Fund balances (deficit) at end of year	<u>\$ (11,930)</u>	<u>\$ 3,581</u>	<u>\$ 1,859</u>	<u>\$ 19,883</u>

Other Grants	District Managed Activity	Management Information Systems	Entry Year Programs	Data Communication	SchoolNet Professional Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	6	-	-	-	-
-	47,926	-	-	-	-
2,846	46,367	-	-	-	-
-	-	5,000	3,300	9,000	2,925
-	1,785	-	-	-	-
<u>2,846</u>	<u>96,084</u>	<u>5,000</u>	<u>3,300</u>	<u>9,000</u>	<u>2,925</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,811
6,226	-	-	-	-	-
-	-	-	3,350	-	3,280
-	-	17,800	-	11,079	-
-	154,439	-	-	-	-
-	-	-	-	-	-
<u>6,226</u>	<u>154,439</u>	<u>17,800</u>	<u>3,350</u>	<u>11,079</u>	<u>5,091</u>
(3,380)	(58,355)	(12,800)	(50)	(2,079)	(2,166)
123	50,000	15,000	-	-	-
<u>123</u>	<u>50,000</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(3,257)	(8,355)	2,200	(50)	(2,079)	(2,166)
11,018	32,241	(880)	-	7,003	2,166
-	361	-	-	-	-
<u>\$ 7,761</u>	<u>\$ 24,247</u>	<u>\$ 1,320</u>	<u>\$ (50)</u>	<u>\$ 4,924</u>	<u>\$ -</u>

-continued

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Ohio Reads	Summer Intervention	Alternative Schools	Miscellaneous State Grants
Revenues:				
From local sources:				
Tuition	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Earnings on investments	-	-	-	-
Extracurricular	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	-	8,463	14,229	-
Intergovernmental - federal	-	-	-	-
Total revenues	<u>-</u>	<u>8,463</u>	<u>14,229</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	-	-
Special	-	-	18,960	-
Other	-	-	-	590
Support services:				
Pupil	-	8,463	-	-
Instructional staff	-	-	-	-
Central	-	-	-	-
Extracurricular activities	-	-	-	-
Food service operations	-	-	-	-
Total expenditures	<u>-</u>	<u>8,463</u>	<u>18,960</u>	<u>590</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(4,731)	(590)
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(4,731)	(590)
Fund balances (deficit) at beginning of year.	32	-	1,654	590
Increase (decrease) in reserve for inventory.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ (3,077)</u>	<u>\$ -</u>

EESA/ NDEA	Limited English Proficiency	Title I	Title VI	Drug Free School Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,144
-	-	-	-	-	-	176,958
-	-	-	-	-	-	214
-	-	-	-	-	-	88,033
-	-	-	-	-	-	56,970
-	-	-	-	-	409	44,165
36,224	1,218	27,506	4,165	2,104	-	109,145
<u>36,224</u>	<u>1,218</u>	<u>27,506</u>	<u>4,165</u>	<u>2,104</u>	<u>409</u>	<u>476,629</u>
-	-	-	-	-	-	3,688
-	-	27,506	-	-	-	46,466
-	-	-	-	-	-	2,401
-	1,218	-	4,143	2,877	500	55,456
31,261	-	-	-	-	-	39,394
-	-	-	-	-	-	28,879
-	-	-	-	-	-	154,439
-	-	-	-	-	-	249,257
<u>31,261</u>	<u>1,218</u>	<u>27,506</u>	<u>4,143</u>	<u>2,877</u>	<u>500</u>	<u>579,980</u>
4,963	-	-	22	(773)	(91)	(103,351)
-	-	-	-	-	-	65,123
-	-	-	-	-	-	65,123
4,963	-	-	22	(773)	(91)	(38,228)
95	-	-	(35)	464	326	91,415
-	-	-	-	-	-	334
<u>\$ 5,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13)</u>	<u>\$ (309)</u>	<u>\$ 235</u>	<u>\$ 53,521</u>

Cuyahoga Heights Schools

Excellence in Education

Since 1938

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**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

FIDUCIARY FUNDS

FUND DESCRIPTIONS

Private Purpose Trust Funds

Special Trust Fund

Section 5705.09, Revised Code

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

Endowment Fund

Section 5705.09, Revised Code

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

Agency Funds

District Agency Fund

Section 5705.12, Revised Code

A fund used to account for those assets held by a school district as an agent for individuals, private organizations, other governments, or other funds. In agency funds, assets equal liabilities and there is no fund equity.

Student Managed Activity Fund

Section 3313.062, Revised Code

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

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2004

	Special Trust	Endowment	Total Private-Purpose Trust	Agency
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,090	\$ 171,408	\$ 173,498	\$ 48,902
Receivables:				
Accounts	-	-	-	430
Total assets.	<u>\$ 2,090</u>	<u>\$ 171,408</u>	<u>\$ 173,498</u>	<u>\$ 49,332</u>
Liabilities:				
Accounts payable.	\$ -	\$ 141	\$ 141	\$ 52
Intergovernmental payable	-	-	-	5,178
Due to students	-	-	-	44,102
Total liabilities.	-	141	141	<u>\$ 49,332</u>
Net Assets:				
Held in trust for scholarships	2,090	171,267	173,357	
Total net assets	<u>\$ 2,090</u>	<u>\$ 171,267</u>	<u>\$ 173,357</u>	

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Special Trust	Endowment	Total Private-Purpose Trust
Additions:			
Interest	\$ 20	\$ 5,429	\$ 5,449
Contributions and gifts	425	13,229	13,654
Total additions	445	18,658	19,103
Deductions:			
Scholarships awarded.	450	6,406	6,856
Total deductions	450	6,406	6,856
Change in net assets.	(5)	12,252	12,247
Net assets at beginning of year	2,095	159,015	161,110
Net assets at end of year	\$ 2,090	\$ 171,267	\$ 173,357

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2004

	<u>Beginning Balance July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2004</u>
<u>District Agency Fund</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 4,777	\$ 3,148	\$ (2,747)	\$ 5,178
Total assets	<u>\$ 4,777</u>	<u>\$ 3,148</u>	<u>\$ (2,747)</u>	<u>\$ 5,178</u>
Liabilities:				
Due to other governments	\$ 4,777	\$ 3,148	\$ (2,747)	\$ 5,178
Total liabilities	<u>\$ 4,777</u>	<u>\$ 3,148</u>	<u>\$ (2,747)</u>	<u>\$ 5,178</u>
 <u>Student Managed Activity Fund</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 43,934	\$ 45,791	\$ (46,001)	\$ 43,724
Receivables Accounts	-	430	-	430
Total assets	<u>\$ 43,934</u>	<u>\$ 46,221</u>	<u>\$ (46,001)</u>	<u>\$ 44,154</u>
Liabilities:				
Accounts payable	\$ 2,891	\$ 52	\$ (2,891)	\$ 52
Due to students	41,043	44,102	(41,043)	44,102
Total liabilities	<u>\$ 43,934</u>	<u>\$ 44,154</u>	<u>\$ (43,934)</u>	<u>\$ 44,154</u>
 <u>Total Agency Funds</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 48,711	\$ 48,939	\$ (48,748)	\$ 48,902
Receivables Accounts	-	430	-	430
Total assets	<u>\$ 48,711</u>	<u>\$ 49,369</u>	<u>\$ (48,748)</u>	<u>\$ 49,332</u>
Liabilities:				
Accounts payable	\$ 2,891	\$ 52	\$ (2,891)	\$ 52
Due to other governments	4,777	3,148	(2,747)	5,178
Due to students	41,043	44,102	(41,043)	44,102
Total liabilities	<u>\$ 48,711</u>	<u>\$ 47,302</u>	<u>\$ (46,681)</u>	<u>\$ 49,332</u>

**SCHEDULES OF REVENUES,
EXPENDITURES/EXPENSES AND
CHANGES IN FUND BALANCE/FUND EQUITY-
BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)**

Cuyahoga Heights Schools

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**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Taxes	\$ 9,673,311	\$ 10,253,341	\$ 9,989,695	\$ (263,646)
Tuition	137,036	145,253	141,518	(3,735)
Earnings on investments	115,968	122,922	119,761	(3,161)
Extracurricular	30,645	32,483	31,648	(835)
Classroom materials and fees	4,441	4,707	4,586	(121)
Other local revenues	13,093	13,878	13,521	(357)
Intergovernmental-intermediate	45,108	47,813	46,584	(1,229)
Intergovernmental-state	1,566,154	1,660,063	1,617,377	(42,686)
Total revenues	<u>11,585,756</u>	<u>12,280,460</u>	<u>11,964,690</u>	<u>(315,770)</u>
Expenditures:				
Current:				
Instruction-regular				
Salaries and wages	4,448,221	4,369,811	4,206,257	163,554
Fringe benefits	1,324,462	1,254,039	1,142,532	111,507
Purchased services	22,341	25,441	11,778	13,663
Supplies	192,697	187,404	145,281	42,123
Capital outlay	28,397	21,859	16,159	5,700
Other	2,119	2,619	1,516	1,103
Total instruction-regular	<u>6,018,237</u>	<u>5,861,173</u>	<u>5,523,523</u>	<u>337,650</u>
Instruction-special				
Salaries and wages	-	1,000	1,000	-
Fringe benefits	-	155	155	-
Purchased services	634,890	637,198	632,259	4,939
Supplies	9,091	9,904	6,464	3,440
Capital outlay	400	400	-	400
Total instruction-special	<u>644,381</u>	<u>648,657</u>	<u>639,878</u>	<u>8,779</u>
Instruction-other				
Purchased services	<u>293,768</u>	<u>261,717</u>	<u>261,717</u>	<u>-</u>
Total instruction-other	<u>293,768</u>	<u>261,717</u>	<u>261,717</u>	<u>-</u>
Support services-pupil				
Salaries and wages	799,486	750,542	721,360	29,182
Fringe benefits	226,564	216,815	191,684	25,131
Purchased services	142,488	155,015	131,791	23,224
Supplies	17,353	16,992	8,050	8,942
Capital outlay	1,810	2,860	2,076	784
Other	9,942	23,639	21,977	1,662
Total support services-pupil	<u>1,197,643</u>	<u>1,165,863</u>	<u>1,076,938</u>	<u>88,925</u>
Support services-instructional staff				
Salaries and wages	455,927	468,524	426,073	42,451
Fringe benefits	187,092	199,570	155,988	43,582
Purchased services	56,080	34,821	17,831	16,990
Supplies	21,737	18,077	12,650	5,427
Capital outlay	2,487	3,436	2,969	467
Other	1,180	841	169	672
Total support services-instructional staff	<u>724,503</u>	<u>725,269</u>	<u>615,680</u>	<u>109,589</u>

-continued

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support services-board of education				
Salaries and wages	\$ 14,400	\$ 15,645	\$ 15,645	\$ -
Fringe benefits	2,340	2,479	2,479	-
Purchased services	47,555	42,555	33,723	8,832
Supplies	5,100	5,100	594	4,506
Other	12,507	12,657	12,247	410
Total support services-board of education	81,902	78,436	64,688	13,748
Support services-administration				
Salaries and wages	767,624	774,688	756,656	18,032
Fringe benefits	301,754	319,966	314,678	5,288
Purchased services	152,165	129,843	119,877	9,966
Supplies	17,697	19,302	17,116	2,186
Capital outlay	10,717	10,502	9,492	1,010
Other	21,111	16,821	12,116	4,705
Total support services-administration	1,271,068	1,271,122	1,229,935	41,187
Support services-fiscal				
Salaries and wages	205,000	213,719	213,719	-
Fringe benefits	96,381	96,381	87,190	9,191
Purchased services	32,940	43,859	43,798	61
Supplies	13,975	13,975	11,370	2,605
Capital outlay	500	500	-	500
Other	228,732	230,732	218,221	12,511
Total support services-fiscal	577,528	599,166	574,298	24,868
Support services-business				
Purchased services	77,161	84,677	74,163	10,514
Supplies	21,732	25,581	25,180	401
Other	13,650	13,650	8,042	5,608
Total support services-business	112,543	123,908	107,385	16,523
Support services-operations and maintenance				
Salaries and wages	673,713	633,812	633,812	-
Fringe benefits	283,101	249,873	229,879	19,994
Purchased services	513,315	614,323	613,779	544
Supplies	121,418	121,418	93,452	27,966
Capital outlay	18,467	45,622	29,796	15,826
Total support services-operations and maintenance	1,610,014	1,665,048	1,600,718	64,330
Support services-pupil transportation				
Salaries and wages	376,731	428,474	428,474	-
Fringe benefits	161,355	161,121	155,036	6,085
Purchased services	75,868	79,468	64,913	14,555
Supplies	63,627	66,406	59,947	6,459
Capital outlay	24,807	27,502	27,054	448
Total support services-pupil transportation	702,388	762,971	735,424	27,547

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support services-central				
Salaries and wages	\$ -	\$ 2,200	\$ 2,116	\$ 84
Fringe benefits	650	650	424	226
Purchased services	46,618	41,517	16,842	24,675
Total support services-central	47,268	44,367	19,382	24,985
Community Services				
Salaries and wages	61,053	79,916	79,916	-
Fringe benefits	17,274	19,921	19,374	547
Purchased services	18,418	18,418	12,989	5,429
Supplies	3,465	4,184	3,957	227
Capital outlay	5,563	1,763	380	1,383
Total operation of non-instructional services	105,773	124,202	116,616	7,586
Extracurricular activities				
Salaries and wages	431,478	459,487	454,974	4,513
Fringe benefits	71,578	87,259	82,277	4,982
Purchased services	51,780	70,729	64,999	5,730
Supplies	3,450	5,695	4,902	793
Other	9,370	8,689	6,654	2,035
Total extracurricular activities.	567,656	631,859	613,806	18,053
Total expenditures	13,954,672	13,963,758	13,179,988	783,770
Excess of revenues over (under) expenditures	(2,368,916)	(1,683,298)	(1,215,298)	468,000
Other financing sources (uses):				
Proceeds from sale of capital assets.	1,758	1,863	1,815	(48)
Transfers (out)	(265,786)	(265,786)	(250,919)	14,867
Advances in.	22,839	24,208	23,586	(622)
Advances (out)	(20,000)	(43,301)	(43,301)	-
Refund of prior year's expenditures	3,353	3,554	3,463	(91)
Refund of prior year's (receipts)	(1,000)	(1,000)	(375)	625
Miscellaneous.	592	627	611	(16)
Total other financing sources (uses)	(258,244)	(279,835)	(265,120)	14,715
Net change in fund balance	(2,627,160)	(1,963,133)	(1,480,418)	482,715
Fund balance at beginning of year	5,679,922	5,679,922	5,679,922	-
Prior year encumbrances appropriated	316,549	316,549	316,549	-
Fund balance at end of year.	<u>\$ 3,369,311</u>	<u>\$ 4,033,338</u>	<u>\$ 4,516,053</u>	<u>\$ 482,715</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Earnings on investments	\$ 213	\$ 208	\$ 208	\$ -
Sales/charges for services	181,331	177,227	176,958	(269)
Other operating revenues	4,893	4,782	4,775	(7)
Total operating revenues	<u>186,437</u>	<u>182,217</u>	<u>181,941</u>	<u>(276)</u>
Operating expenses:				
Salaries and wages	114,799	116,184	116,084	100
Fringe benefits	28,426	28,769	28,769	-
Purchased services	7,572	7,663	7,663	-
Materials and supplies	94,565	95,706	95,705	1
Capital outlay	9	9	9	-
Total operating expenses	<u>245,371</u>	<u>248,331</u>	<u>248,230</u>	<u>101</u>
Operating loss	<u>(58,934)</u>	<u>(66,114)</u>	<u>(66,289)</u>	<u>(175)</u>
Nonoperating revenues:				
Operating grants	22,946	22,427	22,393	(34)
Advances in	40,988	40,061	40,000	(61)
Total nonoperating revenues	<u>63,934</u>	<u>62,488</u>	<u>62,393</u>	<u>(95)</u>
Net change in fund balance	5,000	(3,626)	(3,896)	(270)
Fund balance at beginning of year	37,344	37,344	37,344	-
Prior year encumbrances appropriated	371	371	371	-
Fund balance at end of year	<u>\$ 42,715</u>	<u>\$ 34,089</u>	<u>\$ 33,819</u>	<u>\$ (270)</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
UNIFORM SCHOOL SUPPLIES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Sales/charges for services	\$ 2,500	\$ 2,659	\$ 2,659	\$ -
Total operating revenues	<u>2,500</u>	<u>2,659</u>	<u>2,659</u>	<u>-</u>
Operating expenses:				
Materials and supplies	<u>4,121</u>	<u>4,032</u>	<u>2,819</u>	<u>1,213</u>
Total operating expenses	<u>4,121</u>	<u>4,032</u>	<u>2,819</u>	<u>1,213</u>
Net change in fund balance	(1,621)	(1,373)	(160)	1,213
Fund balance at beginning of year	<u>1,198</u>	<u>1,198</u>	<u>1,198</u>	<u>-</u>
Fund balance at end of year	<u>\$ (423)</u>	<u>\$ (175)</u>	<u>\$ 1,038</u>	<u>\$ 1,213</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Other operating revenues	\$ -	\$ 1,145	\$ 1,144	\$ (1)
Total operating revenues	-	1,145	1,144	(1)
Operating expenses:				
Salaries and wages	750	750	750	-
Fringe benefits	250	250	119	131
Materials and supplies	500	500	-	500
Total operating expenses	1,500	1,500	869	631
Net change in fund balance	(1,500)	(355)	275	630
Fund balance at beginning of year	<u>1,584</u>	<u>1,584</u>	<u>1,584</u>	<u>-</u>
Fund balance at end of year	<u>\$ 84</u>	<u>\$ 1,229</u>	<u>\$ 1,859</u>	<u>\$ 630</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC SCHOOL SUPPORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Extracurricular	\$ 57,679	\$ 40,439	\$ 37,448	\$ (2,991)
Other local revenues	4,548	3,189	2,953	(236)
Total revenues	<u>62,227</u>	<u>43,628</u>	<u>40,401</u>	<u>(3,227)</u>
Expenditures:				
Current:				
Support services-pupil				
Purchased services	38,038	34,947	29,303	5,644
Supplies	4,478	4,114	1,872	2,242
Capital outlay	5,442	5,000	-	5,000
Other	7,000	6,431	4,219	2,212
Total support services-pupil	<u>54,958</u>	<u>50,492</u>	<u>35,394</u>	<u>15,098</u>
Support services-instructional staff				
Fringe benefits	5,630	5,172	1,504	3,668
Total support services-instructional staff	<u>5,630</u>	<u>5,172</u>	<u>1,504</u>	<u>3,668</u>
Total expenditures	<u>60,588</u>	<u>55,664</u>	<u>36,898</u>	<u>18,766</u>
Net change in fund balance	1,639	(12,036)	3,503	15,539
Fund balance at beginning of year	12,036	12,036	12,036	-
Prior year encumbrances appropriated	<u>3,228</u>	<u>3,228</u>	<u>3,228</u>	<u>-</u>
Fund balance at end of year	<u>\$ 16,903</u>	<u>\$ 3,228</u>	<u>\$ 18,767</u>	<u>\$ 15,539</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS),
OTHER GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Other local revenues	\$ 2,948	\$ 4,356	\$ 2,846	\$ (1,510)
Total revenues	<u>2,948</u>	<u>4,356</u>	<u>2,846</u>	<u>(1,510)</u>
Expenditures:				
Current:				
Support services-pupil				
Purchased services	10,447	9,575	5,910	3,665
Supplies	<u>6,328</u>	<u>5,800</u>	<u>317</u>	<u>5,483</u>
Total support services-pupil	<u>16,775</u>	<u>15,375</u>	<u>6,227</u>	<u>9,148</u>
Total expenditures	<u>16,775</u>	<u>15,375</u>	<u>6,227</u>	<u>9,148</u>
Excess of revenues over (under) expenditures	<u>(13,827)</u>	<u>(11,019)</u>	<u>(3,381)</u>	<u>7,638</u>
Other financing sources (uses):				
Transfers in	<u>127</u>	<u>188</u>	<u>123</u>	<u>(65)</u>
Total other financing sources (uses)	<u>127</u>	<u>188</u>	<u>123</u>	<u>(65)</u>
Net change in fund balance	(13,700)	(10,831)	(3,258)	7,573
Fund balance at beginning of year	9,443	9,443	9,443	-
Prior year encumbrances appropriated	<u>1,576</u>	<u>1,576</u>	<u>1,576</u>	<u>-</u>
Fund balance at end of year	<u>\$ (2,681)</u>	<u>\$ 188</u>	<u>\$ 7,761</u>	<u>\$ 7,573</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DISTRICT MANAGED ACTIVITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Earnings on investments	\$ 5	\$ 7	\$ 6	\$ (1)
Extracurricular	37,015	52,194	47,369	(4,825)
Other local revenues	36,233	51,090	46,367	(4,723)
Total revenues	<u>73,253</u>	<u>103,291</u>	<u>93,742</u>	<u>(9,549)</u>
Expenditures:				
Extracurricular activities				
Purchased services	73,687	97,011	96,845	166
Supplies	27,774	36,565	36,565	-
Capital outlay	11,997	15,795	15,793	2
Other	17,558	23,115	23,115	-
Total extracurricular activities	<u>131,016</u>	<u>172,486</u>	<u>172,318</u>	<u>168</u>
Facilities acquisition and construction				
Capital outlay	444	585	-	585
Total facilities acquisition and construction	<u>444</u>	<u>585</u>	<u>-</u>	<u>585</u>
Total expenditures	<u>131,460</u>	<u>173,071</u>	<u>172,318</u>	<u>753</u>
Excess of revenues over (under) expenditures	<u>(58,207)</u>	<u>(69,780)</u>	<u>(78,576)</u>	<u>(8,796)</u>
Other financing sources (uses):				
Refund of prior year's expenditures	365	515	467	(48)
Transfers in	39,072	55,093	50,000	(5,093)
Total other financing sources (uses)	<u>39,437</u>	<u>55,608</u>	<u>50,467</u>	<u>(5,141)</u>
Net change in fund balance	(18,770)	(14,172)	(28,109)	(13,937)
Fund balance at beginning of year	19,039	19,039	19,039	-
Prior year encumbrances appropriated	14,690	14,690	14,690	-
Fund balance at end of year	<u>\$ 14,959</u>	<u>\$ 19,557</u>	<u>\$ 5,620</u>	<u>\$ (13,937)</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MANAGEMENT INFORMATION SYSTEMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Intergovernmental-state	\$ 10,000	\$ 5,000	\$ 5,000	\$ -
Total revenues	<u>10,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Expenditures:				
Current:				
Support services-central				
Salaries and wages	24,750	16,500	15,570	930
Fringe benefits	<u>5,250</u>	<u>3,500</u>	<u>2,912</u>	<u>588</u>
Total support services-central	<u>30,000</u>	<u>20,000</u>	<u>18,482</u>	<u>1,518</u>
Total expenditures	<u>30,000</u>	<u>20,000</u>	<u>18,482</u>	<u>1,518</u>
Excess of revenues over (under) expenditures	<u>(20,000)</u>	<u>(15,000)</u>	<u>(13,482)</u>	<u>1,518</u>
Other financing sources (uses):				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	(5,000)	-	1,518	1,518
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ (5,000)</u>	<u>\$ -</u>	<u>\$ 1,518</u>	<u>\$ 1,518</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTRY YEAR PROGRAMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Intergovernmental-state	\$ -	\$ 3,300	\$ 3,300	\$ -
Total revenues.	<u>-</u>	<u>3,300</u>	<u>3,300</u>	<u>-</u>
Expenditures:				
Current:				
Support services-instructional staff				
Salaries and wages	-	2,842	2,842	-
Fringe benefits	-	458	458	-
Total support services-instructional staff	<u>-</u>	<u>3,300</u>	<u>3,300</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>3,300</u>	<u>3,300</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DATA COMMUNICATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Intergovernmental-state	\$ 2,079	\$ 11,079	\$ 9,000	\$ (2,079)
Total revenues	<u>2,079</u>	<u>11,079</u>	<u>9,000</u>	<u>(2,079)</u>
Expenditures:				
Current:				
Support services-instructional staff				
Purchased services	2,154	2,740	-	2,740
Total support services-instructional staff	<u>2,154</u>	<u>2,740</u>	<u>-</u>	<u>2,740</u>
Support services-central				
Purchased services	10,425	13,263	11,079	2,184
Total support services-central	<u>10,425</u>	<u>13,263</u>	<u>11,079</u>	<u>2,184</u>
Total expenditures	<u>12,579</u>	<u>16,003</u>	<u>11,079</u>	<u>4,924</u>
Net change in fund balance	(10,500)	(4,924)	(2,079)	2,845
Fund balance at beginning of year	4,924	4,924	4,924	-
Prior year encumbrances appropriated . .	<u>2,079</u>	<u>2,079</u>	<u>2,079</u>	<u>-</u>
Fund balance at end of year	<u>\$ (3,497)</u>	<u>\$ 2,079</u>	<u>\$ 4,924</u>	<u>\$ 2,845</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOLNET PROFESSIONAL DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Intergovernmental-state	\$ -	\$ 2,925	\$ 2,925	\$ -
Total revenues	<u>-</u>	<u>2,925</u>	<u>2,925</u>	<u>-</u>
Expenditures:				
Current:				
Support services-instructional staff				
Purchased services	1,297	3,280	3,280	-
Total support services-instructional staff	<u>1,297</u>	<u>3,280</u>	<u>3,280</u>	<u>-</u>
Total expenditures	<u>1,297</u>	<u>3,280</u>	<u>3,280</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(1,297)</u>	<u>(355)</u>	<u>(355)</u>	<u>-</u>
Other financing sources (uses):				
Refund of prior year receipts	(1,811)	(1,811)	(1,811)	-
Total other financing sources (uses)	<u>(1,811)</u>	<u>(1,811)</u>	<u>(1,811)</u>	<u>-</u>
Net change in fund balance	(3,108)	(2,166)	(2,166)	-
Fund balance at beginning of year	<u>2,166</u>	<u>2,166</u>	<u>2,166</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ (942)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OHIO READS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Support services-instructional staff				
Supplies	\$ 2,058	\$ 32	\$ -	\$ 32
Total support services-instructional staff	2,058	32	-	32
Total expenditures	2,058	32	-	32
Net change in fund balance	(2,058)	(32)	-	32
Fund balance at beginning of year	32	32	32	-
Fund balance at end of year.	<u>\$ (2,026)</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 32</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SUMMER INTERVENTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Intergovernmental-state	\$ -	\$ 8,463	\$ 8,463	\$ -
Total revenues.	-	8,463	8,463	-
Expenditures:				
Current:				
Support services-pupil				
Purchased services	-	8,463	8,463	-
Total support services-pupil.	-	8,463	8,463	-
Total expenditures	-	8,463	8,463	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year.	\$ -	\$ -	\$ -	\$ -

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ALTERNATIVE SCHOOLS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Intergovernmental-state	\$ 957	\$ 15,772	\$ 14,229	\$ (1,543)
Total revenues	<u>957</u>	<u>15,772</u>	<u>14,229</u>	<u>(1,543)</u>
Expenditures:				
Current:				
Instruction-special				
Salaries and wages	-	3,446	3,446	-
Fringe benefits	-	562	550	12
Purchased services	957	3,961	3,833	128
Supplies	-	5,907	5,461	446
Capital outlay	-	4,939	4,939	-
Dues and fees	-	693	693	-
Total instruction-special	<u>957</u>	<u>19,508</u>	<u>18,922</u>	<u>586</u>
Total expenditures	<u>957</u>	<u>19,508</u>	<u>18,922</u>	<u>586</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(3,736)</u>	<u>(4,693)</u>	<u>(957)</u>
Other financing sources (uses):				
Advances in	-	3,016	3,016	-
Total other financing sources (uses)	<u>-</u>	<u>3,016</u>	<u>3,016</u>	<u>-</u>
Net change in fund balance	-	(720)	(1,677)	(957)
Fund balance at beginning of year	720	720	720	-
Prior year encumbrances appropriated	<u>957</u>	<u>957</u>	<u>957</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,677</u>	<u>\$ 957</u>	<u>\$ -</u>	<u>\$ (957)</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS STATE GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Refund of prior year's (receipts)	\$ -	\$ (608)	\$ (608)	\$ -
Total other financing sources (uses)	<u>-</u>	<u>(608)</u>	<u>(608)</u>	<u>-</u>
Net change in fund balance	-	(608)	(608)	-
Fund balance at beginning of year	<u>608</u>	<u>608</u>	<u>608</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EESA/NDEA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-federal	\$ -	\$ 38,414	\$ 38,413	\$ (1)
Total revenues.	-	38,414	38,413	(1)
Expenditures:				
Support services-instructional staff				
Purchased services	20,582	35,368	30,309	5,059
Supplies	986	1,694	952	742
Total support services-instructional staff	21,568	37,062	31,261	5,801
Total expenditures	21,568	37,062	31,261	5,801
Excess of revenues over (under) expenditures	(21,568)	1,352	7,152	5,800
Other financing sources (uses):				
Advances (out)	-	(14,825)	(14,825)	-
Total other financing sources (uses)	-	(14,825)	(14,825)	-
Net change in fund balance	(21,568)	(13,473)	(7,673)	5,800
Fund balance at beginning of year	12,731	12,731	12,731	-
Fund balance at end of year	<u>\$ (8,837)</u>	<u>\$ (742)</u>	<u>\$ 5,058</u>	<u>\$ 5,800</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LIMITED ENGLISH PROFICIENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-federal	\$ -	\$ 1,218	\$ 1,218	\$ -
Total revenues	-	1,218	1,218	-
Expenditures:				
Current:				
Support services-pupil				
Supplies	-	1,218	1,218	-
Total support services-pupil	-	1,218	1,218	-
Total expenditures	-	1,218	1,218	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE I FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-federal	\$ -	\$ 35,506	\$ 35,506	\$ -
Total revenues	-	35,506	35,506	-
Expenditures:				
Current:				
Instruction-special				
Purchased services	69,472	27,453	27,453	-
Supplies	134	53	53	-
Total instruction-special	69,606	27,506	27,506	-
Total expenditures	69,606	27,506	27,506	-
Excess of revenues over (under) expenditures	(69,606)	8,000	8,000	-
Other financing sources (uses):				
Advances (out)	-	(8,000)	(8,000)	-
Total other financing sources (uses)	-	(8,000)	(8,000)	-
Net change in fund balance	(69,606)	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ (69,606)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE VI FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-federal	\$ -	\$ 4,165	\$ 4,165	\$ -
Total revenues	-	4,165	4,165	-
Expenditures:				
Support services-pupil				
Salaries and wages	7,796	3,698	3,698	-
Fringe benefits	985	467	467	-
Total support services-pupil	8,781	4,165	4,165	-
Total expenditures	8,781	4,165	4,165	-
Net change in fund balance	(8,781)	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ (8,781)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG FREE SCHOOL GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-federal	\$ -	\$ 2,104	\$ 2,104	\$ -
Total revenues	-	2,104	2,104	-
Expenditures:				
Current:				
Support services-pupil				
Salaries and wages	1,414	1,342	1,342	-
Fringe benefits	410	389	389	-
Supplies	1,200	1,140	1,140	-
Total support services-pupil	3,024	2,871	2,871	-
Total expenditures	3,024	2,871	2,871	-
Excess of revenues over (under) expenditures	(3,024)	(767)	(767)	-
Other financing sources (uses):				
Advances in	-	285	285	-
Total other financing sources (uses)	-	285	285	-
Net change in fund balance	(3,024)	(482)	(482)	-
Fund balance at beginning of year	482	482	482	-
Fund balance at end of year	<u>\$ (2,542)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS FEDERAL GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Intergovernmental-state	\$ 1,087	\$ 1,496	\$ 409	\$ (1,087)
Total revenues.	<u>1,087</u>	<u>1,496</u>	<u>409</u>	<u>(1,087)</u>
Expenditures:				
Current:				
Support services-pupil				
Purchased services	3,024	1,822	500	1,322
Total support services-pupil.	<u>3,024</u>	<u>1,822</u>	<u>500</u>	<u>1,322</u>
Total expenditures	<u>3,024</u>	<u>1,822</u>	<u>500</u>	<u>1,322</u>
Excess of revenues over (under) expenditures	<u>(1,937)</u>	<u>(326)</u>	<u>(91)</u>	<u>235</u>
Other financing sources (uses):				
Advances (out)	-	(761)	(761)	-
Total other financing sources (uses)	<u>-</u>	<u>(761)</u>	<u>(761)</u>	<u>-</u>
Net change in fund balance	(1,937)	(1,087)	(852)	235
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	<u>1,087</u>	<u>1,087</u>	<u>1,087</u>	<u>-</u>
Fund balance at end of year.	<u>\$ (850)</u>	<u>\$ -</u>	<u>\$ 235</u>	<u>\$ 235</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS),
BOND RETIREMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Taxes	\$ 348,151	\$ 431,196	\$ 431,196	\$ -
Earnings on investments	479	593	593	-
Intergovernmental-state	23,532	29,145	29,145	-
Total revenues	<u>372,162</u>	<u>460,934</u>	<u>460,934</u>	<u>-</u>
Expenditures:				
Current:				
Debt service:				
Principal retirement	396,362	396,362	396,362	-
Interest and fiscal charges	193,638	193,638	183,784	9,854
Total debt service	<u>590,000</u>	<u>590,000</u>	<u>580,146</u>	<u>9,854</u>
Total expenditures	<u>590,000</u>	<u>590,000</u>	<u>580,146</u>	<u>9,854</u>
Excess of revenues over (under) expenditures	<u>(217,838)</u>	<u>(129,066)</u>	<u>(119,212)</u>	<u>9,854</u>
Other financing sources (uses):				
Transfers in	146,776	181,786	181,786	-
Total other financing sources (uses)	<u>146,776</u>	<u>181,786</u>	<u>181,786</u>	<u>-</u>
Net change in fund balance	(71,062)	52,720	62,574	9,854
Fund balance at beginning of year	<u>525,857</u>	<u>525,857</u>	<u>525,857</u>	<u>-</u>
Fund balance at end of year	<u>\$ 454,795</u>	<u>\$ 578,577</u>	<u>\$ 588,431</u>	<u>\$ 9,854</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMANENT IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Taxes	\$ 1,072,391	\$ 1,390,726	\$ 1,300,312	\$ (90,414)
Earnings on investments	12,303	15,955	14,918	(1,037)
Other local revenues	7,378	9,568	8,946	(622)
Total revenues	<u>1,092,072</u>	<u>1,416,249</u>	<u>1,324,176</u>	<u>(92,073)</u>
Expenditures:				
Current:				
Support services-pupil				
Purchased services	13,312	15,421	15,384	37
Supplies	80,833	93,636	54,748	38,888
Capital outlay	<u>165,249</u>	<u>191,423</u>	<u>191,070</u>	<u>353</u>
Total support services-pupil	<u>259,394</u>	<u>300,480</u>	<u>261,202</u>	<u>39,278</u>
Support services-instructional staff				
Purchased services	15,612	18,085	17,720	365
Supplies	54,245	62,837	62,837	-
Capital outlay	<u>5,180</u>	<u>6,000</u>	<u>5,938</u>	<u>62</u>
Total support services-instructional staff	<u>75,037</u>	<u>86,922</u>	<u>86,495</u>	<u>427</u>
Support services-administration				
Purchased services	<u>9,182</u>	<u>10,636</u>	<u>10,636</u>	<u>-</u>
Total support services-administration	<u>9,182</u>	<u>10,636</u>	<u>10,636</u>	<u>-</u>
Support services-business				
Capital outlay	<u>44,780</u>	<u>51,873</u>	<u>51,873</u>	<u>-</u>
Total support services-business	<u>44,780</u>	<u>51,873</u>	<u>51,873</u>	<u>-</u>
Support services-operations and maintenance				
Purchased services	674,834	781,724	781,723	1
Supplies	7,769	9,000	8,918	82
Capital outlay	<u>40,119</u>	<u>46,474</u>	<u>46,338</u>	<u>136</u>
Total support services-operations and maintenance	<u>722,722</u>	<u>837,198</u>	<u>836,979</u>	<u>219</u>
Support services-pupil transportation				
Capital outlay	<u>109,807</u>	<u>127,200</u>	<u>127,188</u>	<u>12</u>
Total support services-pupil transportation	<u>109,807</u>	<u>127,200</u>	<u>127,188</u>	<u>12</u>
Operation of non-instructional services				
Purchased services	<u>7,597</u>	<u>8,800</u>	<u>8,689</u>	<u>111</u>
Total operation of non-instructional services	<u>7,597</u>	<u>8,800</u>	<u>8,689</u>	<u>111</u>
Facilities acquisition and construction				
Purchased services	<u>13,553</u>	<u>15,700</u>	<u>15,688</u>	<u>12</u>
Total facilities acquisition and construction	<u>13,553</u>	<u>15,700</u>	<u>15,688</u>	<u>12</u>
Total expenditures	<u>1,242,072</u>	<u>1,438,809</u>	<u>1,398,750</u>	<u>40,059</u>
Net change in fund balance	(150,000)	(22,560)	(74,574)	(52,014)
Fund balance at beginning of year	2,125,079	2,125,079	2,125,079	-
Prior year encumbrances appropriated	<u>92,072</u>	<u>92,072</u>	<u>92,072</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,067,151</u>	<u>\$ 2,194,591</u>	<u>\$ 2,142,577</u>	<u>\$ (52,014)</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMPLOYEE BENEFITS SELF INSURANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Sales/charges for services	\$ 166,000	\$ 165,628	\$ 164,628	\$ (1,000)
Total operating revenues	<u>166,000</u>	<u>165,628</u>	<u>164,628</u>	<u>(1,000)</u>
Operating expenses:				
Claims expense	301,000	179,272	161,185	18,087
Total operating expenses	<u>301,000</u>	<u>179,272</u>	<u>161,185</u>	<u>18,087</u>
Net income (loss)	<u>(135,000)</u>	<u>(13,644)</u>	<u>3,443</u>	<u>17,087</u>
Fund balance at beginning of year	151,516	151,516	151,516	-
Prior year encumbrances appropriated	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ 17,516</u>	<u>\$ 138,872</u>	<u>\$ 155,959</u>	<u>\$ 17,087</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS),
SPECIAL TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Earnings on investments	\$ 31	\$ 20	\$ 20	\$ -
Other local revenues	669	425	425	-
Total revenues	<u>700</u>	<u>445</u>	<u>445</u>	<u>-</u>
Expenditures:				
Current:				
Community services				
Other	<u>2,508</u>	<u>2,000</u>	<u>450</u>	<u>1,550</u>
Total operation of non-instructional services	<u>2,508</u>	<u>2,000</u>	<u>450</u>	<u>1,550</u>
Total expenditures	<u>2,508</u>	<u>2,000</u>	<u>450</u>	<u>1,550</u>
Net change in fund balance	(1,808)	(1,555)	(5)	1,550
Fund balance at beginning of year	<u>2,095</u>	<u>2,095</u>	<u>2,095</u>	<u>-</u>
Fund balance at end of year	<u>\$ 287</u>	<u>\$ 540</u>	<u>\$ 2,090</u>	<u>\$ 1,550</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENDOWMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Earnings on investments	\$ 6,403	\$ 5,430	\$ 5,430	\$ -
Gifts and contributions	15,597	13,228	13,228	-
Total revenues.	<u>22,000</u>	<u>18,658</u>	<u>18,658</u>	<u>-</u>
Expenditures:				
Current:				
Support services-pupil				
Other	5,219	2,023	-	2,023
Total support services-pupil.	<u>5,219</u>	<u>2,023</u>	<u>-</u>	<u>2,023</u>
Support services-instructional staff				
Other	459	178	141	37
Total support services-instructional staff.	<u>459</u>	<u>178</u>	<u>141</u>	<u>37</u>
Operation of non-instructional services				
Other	123,322	47,799	6,265	41,534
Total operation of non-instructional services.	<u>123,322</u>	<u>47,799</u>	<u>6,265</u>	<u>41,534</u>
Total expenditures	<u>129,000</u>	<u>50,000</u>	<u>6,406</u>	<u>43,594</u>
Net change in fund balance	(107,000)	(31,342)	12,252	43,594
Fund balance at beginning of year	<u>159,015</u>	<u>159,015</u>	<u>159,015</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 52,015</u>	<u>\$ 127,673</u>	<u>\$ 171,267</u>	<u>\$ 43,594</u>

STATISTICAL SECTION

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

GOVERNMENTAL ACTIVITIES EXPENSES BY PROGRAM
AND GENERAL FUND EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

	2004		2003		2002
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Modified Accrual
Instruction:					
Regular	\$ 5,869,465	\$ 5,237,743	\$ 5,447,311	\$ 5,586,900	\$ 5,122,299
Special	687,407	686,567	659,473	652,574	555,138
Other	170,213	170,213	167,038	167,038	110,803
Support services:					
Pupil	1,187,486	1,224,839	1,248,812	1,363,757	883,433
Instructional staff	794,617	753,644	633,995	617,924	731,670
Board of Education	54,524	54,524	42,170	42,170	241,064
Administration	1,303,747	1,251,586	1,126,840	1,120,305	1,115,409
Fiscal	541,022	550,798	591,842	590,258	456,560
Business	137,322	143,532	94,061	91,526	74,441
Operations and maintenance	1,944,839	1,998,811	1,726,282	1,700,371	1,394,249
Pupil transportation	742,184	839,890	722,946	701,773	723,219
Central	44,575	44,426	58,479	58,744	44,168
Operation of non-instructional services	167,100	113,299	158,581	125,147	98,606
Extracurricular activities	888,586	814,315	710,221	654,604	527,816
Food service operations	322,173	249,257	258,752	213,073	-
Facilities acquisition and construction	-	15,688	-	21,894	-
Capital outlay	-	-	-	-	-
Debt service	241,747	655,197	207,727	596,472	27,362
Total	<u>\$ 15,097,007</u>	<u>\$ 14,804,329</u>	<u>\$ 13,854,530</u>	<u>\$ 14,304,530</u>	<u>\$ 12,106,237</u>

Source: School District Financial Records.

Note: Data from fiscal years 2003-2004 represent governmental activities expenditures. Data from fiscal years 1995-2002 represent general fund expenditures.

	2001	2000	1999	1998	1997	1996	1995
	Modified Accrual	Modified Accrual	Modified Accrual	Modified Accrual	Modified Accrual	Modified Accrual	Modified Accrual
\$	4,893,119	\$ 4,604,228	\$ 4,593,099	\$ 4,082,113	\$ 3,949,883	\$ 4,400,373	\$ 4,112,231
	409,784	378,425	355,993	157,260	153,877	148,095	144,717
	195,940	163,353	109,406	172,621	93,374	78,555	58,514
	861,292	777,287	829,054	706,822	593,534	618,866	593,263
	675,335	587,517	499,811	498,905	417,926	437,669	395,582
	62,251	38,889	45,722	37,640	27,973	40,592	30,781
	1,069,044	969,105	776,680	487,518	642,371	1,106,895	935,301
	514,475	440,326	488,215	401,531	410,106	442,048	413,378
	49,187	87,403	85,112	73,413	52,730	66,412	59,973
	1,405,558	1,260,194	1,301,003	1,182,946	1,147,083	1,311,873	1,343,936
	686,819	575,051	546,238	431,048	398,426	421,049	421,159
	31,712	25,653	29,692	31,216	48,270	47,707	51,165
	110,421	74,520	69,409	39,545	10,454	34,992	49,127
	430,768	376,700	427,571	339,571	288,774	286,731	281,504
	-	-	-	-	-	-	-
	75,326	313,177	228,671	236,752	-	15,890	11,094
	27,395	-	-	140,562	113,890	-	-
	45,034	44,665	44,666	132,733	18,519	20,201	20,201
\$	<u>11,543,460</u>	<u>\$ 10,716,493</u>	<u>\$ 10,430,342</u>	<u>\$ 9,152,196</u>	<u>\$ 8,367,190</u>	<u>\$ 9,477,948</u>	<u>\$ 8,921,926</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

GOVERNMENTAL ACTIVITIES REVENUES BY SOURCE
AND GENERAL FUND REVENUES BY SOURCE

LAST TEN FISCAL YEARS

	2004		2003		2002
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Modified Accrual
Program revenues:					
Charges for services and sales	\$ 467,379	n/a	\$ 280,130	n/a	n/a
Operating grants and contributions	157,218	n/a	165,654	n/a	n/a
Capital grants and contributions	-	n/a	10,693	n/a	n/a
General revenues:					
Taxes	12,572,014	\$ 11,817,932	11,188,044	\$ 10,187,458	\$ 10,701,194
Earnings on investments	99,268	139,182	226,552	311,553	327,672
Charges for services	-	176,958	-	157,991	-
Tuition	-	149,787	-	18,600	15,392
Extracurricular	-	119,681	-	87,960	-
Classroom materials and fees	-	7,708	-	-	-
Other local revenues	63,405	76,650	17,342	66,135	24,382
Intergovernmental-intermediate	46,584	46,584	8,507	8,507	118,162
Intergovernmental-state	1,536,485	1,690,687	1,469,185	1,628,101	1,324,906
Intergovernmental-federal	110,037	109,145	99,951	99,951	-
Total	\$ 15,052,390	\$ 14,334,314	\$ 13,466,058	\$ 12,566,256	\$ 12,511,708

Source: School District Financial Records.

Note: Data from fiscal years 2003-2004 represent governmental activities revenues. Data from fiscal years 1995-2002 represent general fund revenues.

2001	2000	1999	1998	1997	1996	1995
Modified Accrual	Modified Accrual	Modified Accrual	Modified Accrual	Modified Accrual	Modified Accrual	Modified Accrual
n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
\$ 10,759,249	\$ 10,537,052	\$ 11,344,659	\$ 9,256,357	\$ 8,030,003	\$ 7,981,911	\$ 7,354,976
785,466	345,136	279,751	256,303	238,452	248,548	362,711
-	-	-	-	-	-	-
34,855	48,789	3,650	4,030	2,275	8,943	10,857
-	-	-	-	-	-	-
-	-	-	-	-	-	-
32,208	37,342	35,489	82,820	33,200	11,615	34,222
105,780	86,196	81,367	108,987	-	13,123	62,912
989,221	1,040,656	952,063	749,174	727,364	562,731	495,254
-	-	-	-	-	-	-
<u>\$ 12,706,779</u>	<u>\$ 12,095,171</u>	<u>\$ 12,696,979</u>	<u>\$ 10,457,671</u>	<u>\$ 9,031,294</u>	<u>\$ 8,826,871</u>	<u>\$ 8,320,932</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS - REAL AND PUBLIC UTILITY REAL PROPERTY TAXES (a)

LAST TEN CALENDAR YEARS

Calendar Year (b)	Current Taxes Levied	Delinquent Taxes Levied (c)	Total Taxes Levied	Current Taxes Collected	Percent of Current Tax Levy Collected	Delinquent Taxes Collected	Total Taxes Collected	Total Taxes Collected as a Percent of Total Tax Levy
2003	\$ 6,138,098	\$ 435,098	\$ 6,573,196	\$ 6,063,551	98.79%	\$ 320,949	\$ 6,384,500	97.13%
2002	5,511,204	491,590	6,002,794	5,459,517	99.06%	238,251	5,697,768	94.92%
2001	6,259,705	480,587	6,740,292	6,364,499	101.67%	474,916	6,839,415	98.82%
2000	6,643,384	333,118	6,976,502	6,366,637	95.83%	249,680	6,616,317	94.84%
1999	6,536,875	145,980	6,682,855	6,337,307	96.95%	102,201	6,439,508	96.36%
1998	6,407,914	174,617	6,582,531	6,279,194	97.99%	109,320	6,388,514	97.05%
1997	4,879,747	82,711	4,962,458	4,722,461	96.78%	40,479	4,762,940	95.98%
1996	4,878,788	224,266	5,103,054	4,817,664	98.75%	151,323	4,968,987	97.37%
1995	4,849,757	220,002	5,069,759	4,552,148	93.86%	110,335	4,662,483	91.97%
1994	4,670,452	202,805	4,873,257	4,584,216	98.15%	82,026	4,666,242	95.75%

Source: Cuyahoga County Auditor. Data is presented on a calendar year basis because the tax levy year and the tax collection year are on a calendar year basis.

- (a) Includes state-mandated tax-reduction amounts, which are reimbursed to the District by the State and reported as intergovernmental revenue.
- (b) Represents the collection year. Year 2004 information cannot be presented because all collections have not been made as of the District's fiscal year-end.
- (c) This amount cannot be calculated from other data in this table because of retroactive additions and deletions.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN CALENDAR YEARS

Tax Collection Year	Agricultural and Residential Real Estate	Other Real Estate	General Tangible Personal Property	Public Utility Tangible Personal Property	Total Assessed Value	Estimated Actual Value (a)	Assessed Value as a Percent of Actual Value
2004	\$ 85,497,880	\$ 196,820,000	\$ 166,742,233	\$ 31,854,220	\$ 480,914,333	\$ 1,509,789,424	31.85%
2003	81,611,360	187,873,050	185,285,290	31,012,900	485,782,600	1,546,338,549	31.42%
2002	81,271,550	188,458,070	217,514,923	34,947,430	522,191,973	1,680,428,738	31.07%
2001	80,632,990	183,759,740	227,216,434	48,671,460	540,280,624	1,719,582,013	31.42%
2000	72,320,520	167,184,270	225,461,771	45,215,580	510,182,141	1,637,527,825	31.16%
1999	71,785,000	157,393,180	217,943,263	49,539,070	496,660,513	1,582,862,250	31.38%
1998	71,589,200	154,789,810	208,115,925	48,201,880	482,696,815	1,534,035,735	31.47%
1997	65,200,600	144,988,870	188,469,099	47,373,720	446,032,289	1,408,251,512	31.67%
1996	64,709,840	144,785,120	181,935,118	47,352,670	438,782,748	1,380,107,353	31.79%
1995	63,428,830	144,013,740	185,673,212	47,735,500	440,851,282	1,389,630,792	31.72%

Source: Cuyahoga County Auditor. Data is presented on a calendar year basis because the tax levy year and the tax collection year are on a calendar year basis.

- (a) This amount is calculated based on the following percentages for tax year 2003:
 Real property is assessed at 35 percent of actual value.
 General tangible personal property is assessed at 25 percent of actual value.
 Public utility tangible personal property is assessed at 88 percent of actual value.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)**

LAST TEN CALENDAR YEARS

Calendar Year	Government	School Levy	Cuyahoga Valley JVS	County Levy	Village Levies	Total Levy	Amount of Debt Service Included in Total Levy			
							School	County	Villages	Total
2003	Village of Brooklyn Hts.	\$ 23.90	\$ 2.00	\$ 17.60	\$ 4.40	\$ 47.90	\$ 1.00	\$ 0.27	\$ -	\$ 1.27
	Village of Cuyahoga Hts.	23.90	2.00	17.60	4.40	47.90	1.00	0.27	-	1.27
	Village of Valley View	23.90	2.00	17.60	7.10	50.60	1.00	0.27	-	1.27
2002	Village of Brooklyn Hts.	23.90	2.00	17.60	4.40	47.90	1.00	0.27	-	1.27
	Village of Cuyahoga Hts.	23.90	2.00	17.60	4.40	47.90	1.00	0.27	-	1.27
	Village of Valley View	23.90	2.00	17.60	7.10	50.60	1.00	0.27	-	1.27
2001	Village of Brooklyn Hts.	23.80	2.00	17.60	4.40	47.80	0.90	0.27	-	1.17
	Village of Cuyahoga Hts.	23.80	2.00	17.60	4.40	47.80	0.90	0.27	-	1.17
	Village of Valley View	23.80	2.00	17.60	7.10	50.50	0.90	0.27	-	1.17
2000	Village of Brooklyn Hts.	23.80	2.00	17.60	4.40	47.80	0.90	0.27	-	1.17
	Village of Cuyahoga Hts.	23.80	2.00	17.60	4.40	47.80	0.90	0.27	-	1.17
	Village of Valley View	23.80	2.00	17.60	7.10	50.50	0.90	0.27	-	1.17
1999	Village of Brooklyn Hts.	23.90	2.00	16.70	4.40	47.00	1.00	0.27	-	1.27
	Village of Cuyahoga Hts.	23.90	2.00	16.70	4.40	47.00	1.00	0.27	-	1.27
	Village of Valley View	23.90	2.00	16.70	7.10	49.70	1.00	0.27	-	1.27
1998	Village of Brooklyn Hts.	23.90	2.00	18.00	4.40	48.30	1.00	0.27	-	1.27
	Village of Cuyahoga Hts.	23.90	2.00	18.00	4.40	48.30	1.00	0.27	-	1.27
	Village of Valley View	23.90	2.00	18.00	7.10	51.00	1.00	0.27	-	1.27
1997	Village of Brooklyn Hts.	19.00	2.00	18.00	4.40	43.40	-	0.27	-	0.27
	Village of Cuyahoga Hts.	19.00	2.00	18.00	4.40	43.40	-	0.27	-	0.27
	Village of Valley View	19.00	2.00	18.00	7.10	46.10	-	0.27	-	0.27
1996	Village of Brooklyn Hts.	19.00	2.00	18.00	4.40	43.40	-	0.27	-	0.27
	Village of Cuyahoga Hts.	19.00	2.00	18.00	4.40	43.40	-	0.27	-	0.27
	Village of Valley View	19.00	2.00	18.00	7.10	46.10	-	0.27	-	0.27
1995	Village of Brooklyn Hts.	19.00	2.00	18.20	4.40	43.60	-	0.27	-	0.27
	Village of Cuyahoga Hts.	19.00	2.00	18.20	4.40	43.60	-	0.27	-	0.27
	Village of Valley View	19.00	2.00	18.20	7.10	46.30	-	0.27	-	0.27
1994	Village of Brooklyn Hts.	19.00	2.00	17.80	4.40	43.20	-	0.27	-	0.27
	Village of Cuyahoga Hts.	19.00	2.00	17.80	4.40	43.20	-	0.27	-	0.27
	Village of Valley View	19.00	2.00	17.80	7.10	45.90	-	0.27	-	0.27

Source: Cuyahoga County Auditor. Data is presented on a calendar year basis because the tax levy year and the tax collection year are on a calendar year basis.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year	Net General Obligation Bonded Debt	Assessed Value	Population (a)	Ratio of Net General Obligation Bonded Debt to Assessed Value	Net General Obligation Bonded Debt Per Capita
2004	\$ 2,905,000	\$ 480,914,333	4,440	0.60%	\$ 654
2003	3,145,000	485,782,600	4,380	0.65%	718
2002	3,456,475	522,191,973	4,320	0.66%	800
2001	3,884,210	540,280,624	4,799	0.72%	809
2000	4,308,617	510,182,141	4,585	0.84%	940
1999	4,697,198	496,660,513	4,212	0.95%	1,115
1998	5,091,823	482,696,815	4,281	1.05%	1,189
1997	5,433,661	446,032,289	4,337	1.22%	1,253
1996	4,359,761	438,782,748	4,333	0.99%	1,006
1995	4,560,321	440,851,282	4,381	1.03%	1,041

Source: Cuyahoga County Auditor; School District Financial Records.

(a) Year 2000 is actual population per U.S. Census Bureau, all other years are estimates by the Villages of Cuyahoga Heights, Brooklyn Heights, and Valley View.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2004

	Total Voted Debt Margin (a)	Total Unvoted Debt Margin (b)	Total Energy Conservation Debt Margin (c)
Assessed Valuation: Collection Year 2003	\$ 480,914,333	\$ 480,914,333	\$ 480,914,333
Debt Limitation	43,282,290	480,914	4,328,229
Outstanding Debt:			
General Obligation Bonds	2,905,000	2,905,000	2,905,000
Energy Conservation Loan	337,298	337,298	337,298
Total Outstanding Debt	3,242,298	3,242,298	3,242,298
Exemptions:			
General Obligation Bonds	-	(2,905,000)	(2,905,000)
Energy Conservation Loan	(337,298)	(337,298)	-
Total Exemptions	(337,298)	(3,242,298)	(2,905,000)
Less: Amount Available in Debt Service Fund	(626,394)	-	-
Net Debt Subject to Debt Limitation	2,278,606	-	337,298
Total Legal Debt Margin (Debt Limitation Less Net Debt Subject to Debt Limitation)	\$ 41,003,684	\$ 480,914	\$ 3,990,931

Source: School District Financial Records.

- (a) The legal voted debt margin for school districts in Ohio is 9 percent of the assessed valuation.
- (b) The legal unvoted debt margin for school districts in Ohio is 0.1 percent of the assessed valuation.
The District has no unvoted debt subject to the legal unvoted debt margin.
- (c) The legal energy conservation debt margin for school districts in Ohio is 0.9 percent of the assessed valuation.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT

DECEMBER 31, 2003

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to the District (a)	Amount Applicable to the District
Direct:			
Cuyahoga Heights Local School District	\$ 2,905,000	100.00%	\$ 2,905,000
Total Direct	<u>2,905,000</u>		<u>2,905,000</u>
Overlapping:			
Cuyahoga Heights Village	-	-	-
Brooklyn Heights Village	670,000	19.80%	132,660
Valley View Village	5,592,000	34.90%	1,951,608
Cuyahoga County	172,250,000	1.89%	3,255,525
RTA (b)	119,236,701	1.89%	2,253,574
Total Overlapping	<u>297,748,701</u>		<u>7,593,367</u>
Total Direct and Overlapping	<u>\$ 300,653,701</u>		<u>\$ 10,498,367</u>

Source: Cuyahoga County Auditor. Cuyahoga Heights Village has no general obligation debt outstanding.

(a) 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 political subdivision. The valuations used were for the 2003 tax collection year.

(b) Regional Transit Authority of Cuyahoga County.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES

LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Fund Expenditures	Debt Service Expenditures as a Percent of General Fund Expenditures
2004	\$ 396,362	\$ 183,784	\$ 580,146	\$ 12,540,430	4.63%
2003	373,704	212,877	586,581	12,800,024	4.58%
2002	356,421	230,613	587,034	12,106,237	4.85%
2001	339,495	251,816	591,311	11,543,460	5.12%
2000	322,907	278,695	601,602	10,716,493	5.61%
1999	306,642	299,818	606,460	10,430,342	5.81%
1998	295,685	313,079	608,764	9,152,196	6.65%
1997	306,486	298,933	605,419	8,367,190	7.24%
1996	165,000	259,500	424,500	9,477,948	4.48%
1995	160,000	264,543	424,543	8,921,926	4.76%

Source: School District Financial Records.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

DEMOGRAPHIC STATISTICS

LAST TEN CALENDAR YEARS

Calendar Year	Population (a)				Value of New Building Permits			Median Income (b)	
	Cuyahoga County	Village of Brooklyn Heights	Village of Cuyahoga Heights	Village of Valley View	Village of Brooklyn Heights	Village of Cuyahoga Heights	Village of Valley View	District	State
	2003	1,383,329	1,590	600	2,179	\$ 3,055,680	\$ 1,396,000	\$ 5,592,000	\$ 33,062
2002	1,387,200	1,580	600	2,200	4,667,401	2,887,700	4,879,900	32,602	27,767
2001	1,380,421	1,558	603	2,159	6,760,848	623,577	9,094,897	33,215	28,289
2000	1,393,978	1,800	599	2,400	2,357,993	1,025,665	14,981,900	33,215	28,821
1999	1,371,717	1,600	585	2,400	4,756,972	4,354,400	4,094,378	33,215	29,363
1998	1,380,696	1,445	626	2,141	3,432,178	10,271,000	16,834,200	31,097	27,310
1997	1,399,272	1,482	648	2,151	3,294,184	19,133,290	7,993,733	27,061	24,431
1996	1,399,272	1,482	648	2,207	5,832,330	6,550,200	9,305,722	27,061	24,588
1995	1,413,348	1,459	667	2,207	6,888,674	4,324,600	5,666,539	24,373	23,478
1994	1,413,348	1,459	667	2,255	2,733,776	2,098,987	3,283,272	24,905	23,361

Source: Villages of Brooklyn Heights, Cuyahoga Heights, and Valley View; Ohio Department of Development-Office of Strategic Research.

(a) Year 2000 is actual population per U.S. Census Bureau, all other years are estimates.

(b) State of Ohio Department of Taxation.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

PROPERTY VALUE, COUNTY UNEMPLOYMENT RATE, AND FINANCIAL INSTITUTION DEPOSITS

LAST TEN CALENDAR YEARS

Calendar Year (a)	Estimated Actual Property Value (Real Property Only)	Cuyahoga County Unemployment Rate	Financial Institution Deposits
2003	\$ 806,622,514	6.8%	\$ 93,879,318
2002	769,955,457	6.7%	65,906,231
2001	770,656,057	4.6%	63,893,769
2000	755,407,800	4.6%	61,942,764
1999	684,299,400	4.6%	60,198,073
1998	654,794,800	4.5%	58,904,596
1997	646,797,171	4.9%	53,941,971
1996	600,541,343	4.7%	27,068,211
1995	598,557,029	4.9%	22,694,304
1994	592,693,057	5.3%	21,101,872

Source: Cuyahoga County Auditor; Ohio Department of Development; Federal Reserve Bank of Cleveland.

(a) Data is presented on a calendar tax levy year basis in order to correspond to the County's fiscal year.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

PRINCIPAL TAXPAYERS

DECEMBER 31, 2003

Name of Taxpayer	Assessed Valuation (a)		Combined Real Estate and Tangible Property Assessed Valuation	Assessed Valuation as a Percent of Total Assessed Valuation
	Real Estate	Tangible Property		
LTV Steel Co.	\$ 11,931,220	\$ 30,730,990	\$ 42,662,210	9.11%
Alcoa, Inc.	-	27,194,110	27,194,110	5.81%
American Steel & Wire Corp.	4,193,210	17,436,560	21,629,770	4.62%
Cleveland Electric Illuminating Co.	19,769,910	-	19,769,910	4.22%
Gibraltar Strip Steel, Inc.	1,044,160	10,135,710	11,179,870	2.39%
American Transmission Systems, Inc.	10,225,350	-	10,225,350	2.18%
CA II, LLC	8,238,030	-	8,238,030	1.76%
North American Mfg.	2,159,990	4,858,400	7,018,390	1.50%
Ferro Corp.	1,032,990	5,145,640	6,178,630	1.32%
MRN Investments Limited	5,925,050	-	5,925,050	1.27%
Aluminum Co. of America	5,086,250	-	5,086,250	1.09%
Freeway Corp.	2,286,700	1,674,670	3,961,370	0.85%
Valley Ford Truck Sales, Inc.	-	3,744,270	3,744,270	0.80%
Park Ohio Holdings	-	3,716,270	3,716,270	0.79%
Fogg Brooklyn Hts., LLC	3,571,760	-	3,571,760	0.76%
Total assessed valuation of principal taxpayers	<u>\$ 75,464,620</u>	<u>\$ 104,636,620</u>	<u>\$ 180,101,240</u>	<u>38.48%</u>
Total assessed valuation of the District	<u>\$ 269,484,410</u>	<u>\$ 198,596,453</u>	<u>\$ 468,080,863</u>	

Source: Cuyahoga County Auditor.

(a) Assessed values are for 2003.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

ENROLLMENT STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	General Fund Expenditures	Average Daily Membership	Per Pupil Cost
2004	\$ 12,540,430	869	\$ 14,431
2003	12,800,024	828	15,459
2002	12,106,237	830	14,586
2001	11,543,460	839	13,759
2000	10,716,493	833	12,865
1999	10,430,341	840	12,417
1998	9,152,196	835	10,961
1997	8,367,190	836	10,009
1996	9,477,948	833	11,378
1995	8,921,926	836	10,672

Source: School District Financial Records.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

TEACHER EDUCATION AND EXPERIENCE

JUNE 30, 2004

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total Teachers</u>
Bachelor's Degree	4	6.15%
Bachelor's Degree plus 18 hours	17	26.15%
Bachelor's Degree plus 30 hours	1	1.54%
Master's Degree	22	33.85%
Master's Degree plus 18 hours	20	30.77%
Ed. D.	<u>1</u>	<u>1.54%</u>
Total Number of Teachers	<u><u>65</u></u>	<u><u>100.00%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total Teachers</u>
0 to 5	12	18.46%
6 to 10	9	13.85%
11 to 20	17	26.15%
21 and over	<u>27</u>	<u>41.54%</u>
Total Number of Teachers	<u><u>65</u></u>	<u><u>100.00%</u></u>

Source: School District Personnel Records.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

AVERAGE ACT SCORES

LAST TEN FISCAL YEARS

Fiscal Year	School District English	School District Reading	School District Math	School District Science	School District Composite	School District Number Tested	State of Ohio Average	National Average
2004	21.7	22.7	22.6	22.3	22.4	55	21.4	20.9
2003	21.8	22.9	22.4	22.5	22.4	61	21.3	20.9
2002	21.0	21.8	22.4	21.6	21.8	62	21.4	20.8
2001	22.4	23.4	22.9	22.9	23.1	52	21.4	21.0
2000	22.0	23.4	22.0	22.9	22.8	44	21.4	21.0
1999	21.0	24.5	24.3	24.3	24.2	45	21.4	21.0
1998	21.0	22.5	22.2	21.9	22.1	58	21.4	21.0
1997	21.0	20.9	20.8	21.1	20.7	64	21.3	21.0
1996	20.9	21.6	22.6	21.7	21.8	50	21.3	20.9
1995	20.8	22.0	21.5	n/a	21.8	59	21.2	20.8

Source: School District Records and American College Testing Program.

**CUYAHOGA HEIGHTS LOCAL
SCHOOL DISTRICT**

SUPPLEMENTAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2004

CYNTHIA STRICKLAND, TREASURER

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Education
Cuyahoga Heights Local School District
4820 E. 71ST Street
Cleveland, Ohio 44125-1095

We have audited the financial statements of the governmental activities, its major fund, and the remaining aggregate fund information of the Cuyahoga Heights Local School District (the “District”), as of and for the fiscal year ended June 30, 2004, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of Cuyahoga Heights Local School District in a separate letter dated December 16, 2004.

Board of Education
Cuyahoga Heights Local School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Trimble, Julian & Grube, Inc.".

Trimble, Julian & Grube, Inc.
December 16, 2004



**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

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 10, 2005**