



**PARMA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2005



**Auditor of State
Betty Montgomery**

PARMA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

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**PARMA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$275,904	\$0	\$275,904
National School Breakfast	044636-05PU-2004	10.553	1,926	0	1,926	0
	044636-05PU-2005		5,225	0	5,225	0
Total CFDA			7,151	0	7,151	0
National School Lunch Program	044636-LLP4-2004	10.555	268,033	0	268,033	0
	044636-LLP4-2005		685,165	0	685,165	0
Total CFDA			953,198	0	953,198	0
Total U.S. Department of Agriculture - Nutrition Cluster			960,349	275,904	960,349	275,904
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	044636-6BPB-2004	84.027	0	0	15,509	0
	044636-6BSF-2004		182,117	0	259,500	0
	044636-6BSF-2005		3,353,355	0	2,907,713	0
Total CFDA			3,535,472	0	3,182,722	0
Special Education - Preschool Grant	044636-PGS1-2004	84.173	27,492	0	31,831	0
	044636-PGS1-2005		103,747	0	85,386	0
Total CFDA			131,239	0	117,217	0
Total Special Education Cluster			3,666,711	0	3,299,939	0
Adult Education- State Grant Program	044636-ABS1-2004	84.002	3,255	0	2,819	0
	044636-ABS1-2005		150,628	0	160,342	0
Total CFDA			153,883	0	163,161	0
Grants to Local Educational Agencies (ESEA Title I)	044636-C1S1-2004	84.010	144,004	0	210,762	0
	044636-C1S1-2005		1,485,287	0	1,199,567	0
Total CFDA			1,629,291	0	1,410,329	0
Education Technology State Grants	044636-TJS1-2003	84.318	42,462	0	47,358	0
	044636-TJS1-2004		3,719	0	2,432	0
Total CFDA			46,181	0	49,790	0
Innovative Educational Program Strategies	044636-C2S1-2004	84.298	12,827	0	20,600	0
	044636-C2S1-2005		92,814	0	79,563	0
Total CFDA			105,641	0	100,163	0
Drug-Free Schools Grant	044636-DRS1-2004	84.186	0	0	1,449	0
	044636-DRS1-2005		49,704	0	61,927	0
Total CFDA			49,704	0	63,376	0
Vocational Education - Basic Grants to States	044636-20C1-2004	84.048	0	0	96,255	0
	044636-20C1-2005		196,244	0	97,189	0
Total CFDA			196,244	0	193,444	0
English Language Acquisition Grant	044636 T3S1-2004	84.365	12,226	0	5,969	0
	044636 T3S2-2004		4,746	0	4,246	0
	044636 T3S1-2005		86,085	0	96,383	0
	044636 T3S2-2005		24,656	0	33,820	0
Total CFDA			127,713	0	140,418	0
Title II-A - Improving Teacher Quality	044636 TR-S1-2004	84.367	47,100	0	54,606	0
	044636 TR-S1-2005		320,502	0	327,775	0
Total CFDA			367,602	0	382,381	0
Total U.S. Department of Education			6,342,970	0	5,803,001	0
U.S. DEPARTMENT OF HUMAN SERVICES						
<i>Passed Through Ohio Department of Education:</i>						
Refugee and Entrant Assistance	RIS1-2002	93.576	0	0	546	0
	RIS1-2004		0	0	18,171	0
	RIS1-2004		8,950	0	(22)	0
Total CFDA			8,950	0	18,695	0
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Medical Assistance/ Medicaid Title XIX	N/A	93.778	1,150,902	0	1,150,902	0
Total CFDA			1,150,902	0	1,150,902	0
State Children's Health Insurance Program	N/A	93.767	94,190	0	94,190	0
Total CFDA			94,190	0	94,190	0
Total U.S. Department of Human Services			1,254,042	0	1,263,787	0

PARMA CITY SCHOOL DISTRICT
 CUYAHOGA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2005
 (CONTINUED)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Learn and Service America	044636-SVS1-2005	94.004	4,435	0	1,718	0
	Total CFDA		4,435	0	1,718	0
Total Corporation for National and Community Service			4,435	0	1,718	0
Totals			<u>\$8,561,796</u>	<u>\$275,904</u>	<u>\$8,028,855</u>	<u>\$275,904</u>

The accompanying notes to this schedule are an integral part of this schedule.

**PARMA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2005**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B –FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Values may change from month to month and are entirely subjective. At June 30, 2005, the District had no significant food commodities in inventory.

NOTE C – NATIONAL SCHOOL LUNCH PROGRAM

Cash receipts from the U.S. Department of Agriculture are co-mingled with State grants and local monies. It is assumed federal monies are expended first.

CFDA – Catalog of Federal Domestic Assistance.

N/A – Not applicable.

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**Auditor of State
Betty Montgomery**

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

Parma City School District
Cuyahoga County
6726 Ridge Road
Parma, Ohio 44129

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Parma City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated November 28, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated November 28, 2005, we reported other matters related to noncompliance we deemed immaterial.

Parma City School District
Cuyahoga County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 28, 2005



Auditor of State Betty Montgomery

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

Board of Education
Parma City School District
Cuyahoga County
6726 Ridge Road
Parma, Ohio 44129

Compliance

We have audited the compliance of the Parma City School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Federal Awards Expenditure Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Parma City School District as of and for the year ended June 30, 2005, and have issued our report thereon dated November 28, 2005. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

November 28, 2005

**PARMA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	<p>Child Nutrition Cluster: Gov. Donated Foods – CFDA #10.550, National School Breakfast – CFDA #10.553, and National School Lunch – CFDA #10.555</p> <p>Title I Grants to Local Educational Agencies – CFDA #84.010</p>
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**PARMA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2005
(CONTINUED)**

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

Parma City School District, Ohio

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2005

Prepared by:

Chief Financial Officer/Budget Director

Bruce Basalla

Parma City School District, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005
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Comprehensive Annual Financial Report
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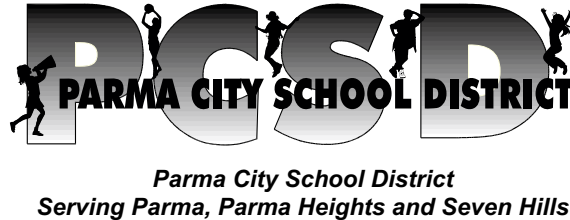
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Administration

Sarah Zatik, Ed.D., Superintendent
Christina Dinklocker, Ed.D., Deputy Supt.
Bruce Basalla, Chief Financial Officer
Mark Daniels, Business Manager



Board of Education

J. Kevin Kelley, President
Rosemary C. Gulick, Vice President
Karen S. Dendorfer
Kathleen A. Petro
Richard E. Ress

November 28, 2005

Board of Education Members and Residents of Parma City School District:

I am pleased to submit to you the ninth annual Comprehensive Annual Financial Report (CAFR) of the Parma City School District.

This CAFR, which includes an opinion from the Auditor of the State of Ohio, conforms to generally accepted accounting principles as applicable to governmental entities. This official report will provide the taxpayers of the Parma City School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs. Copies will be made available to the Parma Area Chamber of Commerce, the Parma Regional Library, major taxpayers, financial rating services and other interested parties.

Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. I make special note of the fact that this report is the School District's fifth year of compliance with the GASB Statement 34 reporting model. Please refer to page 3 which is the Management's Discussion and Analysis section of the CAFR. There will be an overview of the District's most significant funds as well as discussion of relevant financial issues.

The Comprehensive Annual Financial Report is presented in the following three sections:

The Introductory Section includes a Title Page, Table of Contents, Letter of Transmittal, List of Principal Officials, Organizational Chart of the School District, the GFOA Certificate of Achievement, and the ASBO Certificate of Excellence.

The Financial Section begins with the Independent Accountants' Report, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.

The Statistical Section includes social and economic data, financial trends, School District data and the fiscal capacity of the Parma City School District, generally presented on a multi-year basis.

Reporting Entity

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

The City of Parma, City of Parma Heights, City of Seven Hills and the Parent Teacher Association have not been included in the accompanying financial statements. Their boards are not appointed by the School District, nor are they fiscally dependent on the School District.

The School District participates in the Lakeshore Northeast Ohio Computer Association, Northeast Ohio Network for Educational Technology, and Ohio Schools Council Association, all jointly governed organizations whose relationship with the School District is described in Note 16 to the basic financial statements. The School District also participates in the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool whose relationship with the School District is described in Note 17 to the basic financial statements. A complete discussion of the School District's reporting entity is provided in Note 1 to the basic financial statements.

School District Organization

Parma City School District is the eleventh largest of the 612 school districts in the State of Ohio and the second largest of 31 school districts in Cuyahoga County. The School District provides education to 13,141 students in grades kindergarten through twelve. The average pupil/teacher ratio for fiscal year 2005 was 13.45 to 1. Additionally, the School District provides preschool, after school, adult and community education services to a large number of students. The Parma City School District is located in northeastern Ohio, approximately ten miles south of Lake Erie.

The Parma City School District serves the communities of Parma, Parma Heights and Seven Hills. The City of Parma is the largest of the three communities served by the Parma City School District. Within the boundaries of the City of Parma there are two high schools, two middle schools and twelve elementary schools. Within the City of Parma Heights, there is one high school and two elementary schools. Within the City of Seven Hills, there is one middle school and one elementary school.

Statutorily, the School District operates under the standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide education services prescribed by State and Federal agencies. The Board of Education is made up of five members elected at large, for overlapping four-year terms. The Board of Education elects its President and Vice President annually, and appoints three officials: the Superintendent, who serves as the Chief Executive Officer; the Treasurer, who serves as the Chief Financial Officer; and the Business Manager.

Kindergarten The School District operates half-day kindergarten programs in fifteen elementary school buildings. These programs are designed to prepare children for school, to develop academic and social skills and to promote the foundation for future learning.

Elementary The elementary school program provides students with exposure to reading, language arts, mathematics, science, social studies, health, music, art and physical education. Basic skill development is the key, and problem solving has been a focus in the mathematics area. Science is taught in a hands-on manner at our fifteen elementary schools, and manipulative models are used extensively in the math classes. Currently, our elementary schools service students in kindergarten through grade six. Many of our elementary schools participate in the Governor's "Ohio Reads" Literacy program and the Contract-to-READ program in cooperation with the Cuyahoga County Public Library. Five buildings receive reading remediation services through Title I staff members. Half of our elementary schools now participate in a conflict resolution program, and most of the elementary schools are now serviced by the Parma Police Department through the D.A.R.E. program.

Middle School The middle school program centers around the "house" concept whereby students are assigned to teams with core academic teachers to ease the transition from elementary school to middle school. Students participate in interdisciplinary units of study to enhance instruction. Our middle schools offer an array of exploratory courses, such as: art, family and consumer sciences, health, physical

education, computer keyboarding and industrial technology where students use the latest technology. Currently, our middle schools service students only in grades seven and eight, but the School District plan is to welcome sixth graders into the middle school within the next several years. Each middle school has two guidance counselors that offer students critical support when needed, a comprehensive group guidance program and a conflict resolution program called "Peace Makers."

Transitional Learning Center - Alternative School - Grades 8/9 The Transitional Learning Center (TLC) is an alternative school program targeted for eighth and ninth grade repeaters. The program runs like a middle school "team" and focuses on instruction through hands on lessons and interdisciplinary units. Students are closely monitored for performance and attendance. Parents sign a contract to be involved with the school and to work with their son/daughter toward excellence.

High School The School District has three comprehensive high schools of over 1,200 students each. The high school educational program offers students a wide array of curricular offerings in college preparatory and career preparatory courses. Students must earn twenty-one credits in order to be eligible for graduation and must pass all portions of the high school proficiency tests. Each high school offers courses at the regular student achievement level and at the honors level. The "honors" program presents students with opportunities for in-depth study and research in the subjects of English, math, science, social studies and foreign language. In addition, the high schools offer Advanced Placement courses in every subject for students who can meet the challenges of a college level course requiring the use of higher level thinking skills and self-discipline. High school courses have been expanded to include course offerings in business, computer science, art, music, family and consumer sciences, and physical education. A well-rounded, well-educated student is our goal. A comprehensive guidance program (individual and group) is maintained at each high school. A home liaison works with targeted students at the high school level and intercedes with their families when needed. Again this year, through drug free school monies, the high schools were able to hire drug and alcohol intervention specialists to work with students with substance abuse issues.

Additional Programs and Services

High School Athletics Normandy, Parma Senior and Valley Forge High Schools compete in the Pioneer Athletic Conference. All three high schools qualify for the highly competitive Division I classification. Fall, winter and spring varsity sports are available for students, including football, soccer, volleyball, track, cross country, basketball, baseball, softball, wrestling, tennis, golf, swimming, diving and hockey. There are also ninth grade, junior varsity and middle school athletic programs offered. Cheerleading and flag corps are offered at all levels.

The School District owns and operates Byers Field, one of the premier athletic/entertainment complexes in Northeast Ohio. Byers Field is currently the largest stadium complex in the area with the exception of Jacobs Field and the Cleveland Browns Stadium, both located in downtown Cleveland and home of the Indians and Browns, respectively. A new state-of-the-art artificial surface was installed during the summer of 2002.

Transportation The transportation policy of the Parma City School District exceeds the State's minimum standards and allows kindergarten through eighth grade students who live more than 1.5 miles from their schools to be transported. The School District maintains a fleet of buses for this purpose and has additional vehicles to transport disabled students. A computer program assigns students to the appropriate bus route. Parents and students are informed by mail of appropriate bus number, time and location of street pick-up to school and drop-off for the return trip home.

Certified Staff The average experience of the certified staff is 13.5 years and 69.4 percent of the teaching staff has a master's or doctorate degree. Textbook authors, doctorates, nationally known speakers and recognized experts in specific fields of study are among the School District's teachers and administrators. A blend of experienced staff along with many new teachers offer students of the Parma City School District one of the strongest faculties in the area.

Programs of Special Interest

Media Center Program Each school has its own library/media center. These centers provide students with access to books, magazines, CDs, Internet access, and computers to work on research papers or to just stay in touch with the changes around the world. Printed, audio-visual and computer based materials are available in an “open” atmosphere where students are encouraged to use library skills. All schools have multi-media computer workstations.

Music Program Music training and courses are available at all elementary school buildings. Students in these fifteen schools have the choice to participate in choir, band or orchestra. Middle schools offer choral and instrumental programs, while the three high schools work hard to “encourage” students to perform. Students at this level can participate in the marching band, flag corps, orchestra, show choir, string ensembles, choral and glee clubs, and a variety of other musical experiences.

Art Program The School District has increased the amount of time devoted to art instruction at the elementary level. At the middle school, a student takes art to appreciate the complexity of the offerings at the high school level. In high school, students can take photography, sketch, graphic design, computer graphics, jewelry, ceramics, and more to become well rounded in the arts. Traditionally, students from the high school win in local scholarship art competitions and have received national recognition for their talent.

Computer Instruction Computer education and exposure to individual productivity programs begins in the kindergarten and continues into high school. Ohio’s SchoolNet funding has played a very large part in getting computers into our elementary classrooms. Seventh and eighth graders take courses in introductory keyboarding and program usage. These programs focus on the use of the computer as a tool for instruction. Skills are then generalized and applied in all curricular areas. Additionally, there are offerings in business, mathematics, industrial arts and other subjects that stress using the computer as a tool for productivity. Each high school also has a separate “computer resource lab” with a designated “instructor” to support projects assigned in other classes and to assist students with organization.

Special Education Program All children in the Parma City School District are serviced through the educational programs provided. Services to children with diversified needs include multi-handicap, speech/language handicap, cognitive disability, severe emotional disturbance, visual impairment, orthopedic handicap/other health impairment, specific learning disability, autistic, traumatic brain injury and the gifted program. Generally, students are placed in the least restrictive environment in which they can learn and be serviced according to the plan identified on the IEP (Individualized Education Plan). The schools provide inclusion classes at every grade level that permit challenged students to work alongside other students with the support of specialized instruction. Some students need to be served in a pull out fashion for short-term intervention, while still others need more complete supervision and instruction.

Gifted Program Serving students identified as gifted in the area of Superior Cognitive Ability in grades 3 – 6, the Able Learner Program (ALP) is a one-day per week pull-out program located within Parma Senior High School. The major curricular emphasis is the development of thinking competencies and skills which will help students identify value and develop their specific abilities, gifts and /or talents.

In the third and fourth grades, students are taught problem solving strategies along with creative thinking. Fifth and sixth graders use learning centers and the Future Problem-Solving Program as they further apply those skills learned in third and fourth grade. These students also practice organization and self-directed learning. In addition, the School District employs a K-12 gifted education supervisor as well as middle school and high school teachers of the gifted.

ALP is a continuum of services provided for gifted and high ability students in the Parma City School District including Honors and AP classes, Post Secondary Enrollment Options and various enrichment opportunities.

High School Career Preparatory Program The high schools offer one and two-year career-technology courses in many areas. Currently students can take courses in cooperative business education, cooperative marketing and management, executive assistant, office services, cosmetology, culinary arts, medical professions/dental technologies, hospitality and facility care services, radio and TV production, auto collision, construction trades, carpentry, visual communications, tech-prep automotive service technology, and occupational work experience, and networking (CISCO) academy. Some of these programs allow the students to earn college credit while still in high school. About 29 percent of the high school students participate in career-technology course programming. The School District continues to re-evaluate every career-technology program for validity in the work world and for upgrading as a result of technology advances.

High School College Preparatory Program The College bound program offers academically challenging courses for students planning to attend college. A student following this course pathway can gain unrestricted access to most colleges since qualifications are met on a general and extensive level. Students can also generally meet the requirements to obtain an “honors” diploma from the State Department of Education. Approximately 60 percent of the students in the School District participate in college bound programs, including the challenging Advanced Placement Program through which they can earn college credit for high school course work. Students also enroll in post-secondary options through our local colleges and universities.

First Step Program The Arlington School First Step Preschool Program is sponsored by the Parma City School District and is designed to provide early intervention for children with disabilities, between the ages of three and six, identified as having special needs. Children who qualify for these services demonstrate significant delays in one or more areas of development. Areas of disability include physical/orthopedic impairment, speech/language delays, cognitive delays, significant behavioral impairments, delays in social and/or emotional development, visual or hearing impairments and medically fragile children. Special Education services are individualized for each child, and the children are taught through developmentally appropriate curriculum and a multi-sensory approach. Support services are provided by a speech-language pathologist, an occupational therapist, a physical therapist and a school psychologist.

Daycare Center Program The Parma City School District sponsors a self supported tuition based Day Care Center located at Normandy High School. The Center opens at 7 a.m. and closes at 6 p.m. Children between the ages of six weeks and five years old are cared for at the Center. The morning portion of the daily schedule includes a preschool component. The Center is licensed by the Ohio Department of Education and inspected by the Cuyahoga County Board of Health. The Center is staffed with certificated and trained caregivers. Tuition varies depending upon the age of the child and number of days needed. The Center follows the school calendar.

Extended Daycare Program The Parma City School District sponsors a self-supported, tuition-based Extended Day Care and Kindergarten Extended Day Care program. The Extended Day Care program is available in elementary schools from 7:00 a.m. to 9:15 a.m. and 3:00 p.m. to 6:00 p.m. and open to any child enrolled in those buildings. The Kindergarten Extended Day Care program is offered at a limited number of school buildings and operates from 11:45 a.m. to 6:00 p.m. These programs provide child care for children kindergarten through sixth grade on regularly scheduled school days. Tuition is based upon number of scheduled days.

Adult Basic Literacy Education Day and evening classes in English Speakers of Other Languages (ESOL), Adult Basic Literacy Education (ABLE) and the Graduate Equivalence Diploma (GED) are offered. Grant money is available to support the program. Expenditures are monitored closely so that the program can run in the black with no drain on the general fund budget.

Graduate Equivalence Diploma (GED) Testing The Parma City School’s GED program is one of the top test centers in the State of Ohio, with a pass rate of 79.8 percent. Individuals who prepare to take the test and meet requirements for test readiness have over a 90.0 percent chance of passing the GED test.

Individuals must be 18 years old or older and formally withdrawn from school; however, 16 and 17 year-olds can be eligible with completion of an age waiver form. Individuals do not have to live in the Parma area to participate in this program. Anyone who passes the pretest will receive a waiver for the test fee. The GED test is offered at least twice a month throughout the fiscal year. A recognition ceremony is held annually to honor those who participated in the program.

Economic Condition and Outlook

The City of Parma and the surrounding areas have a strong and stable economic base. In the last two decades apartment buildings have been constructed to accommodate the large number of families moving into Parma out of the more heavily populated Cleveland area.

With major employers including General Motors, Parma Community General Hospital and the Parma City School District, the area continues to flourish. Recent economic developments include the comprehensive renovation of Parmatown Mall which included the addition of a Wal-Mart store.

The involvement of local businesses and community groups in partnership with Parma City School District enhances the relationship between free enterprise and government entities.

Major Initiatives

The driving force of education in the Parma City School District is our continuous improvement planning process. Currently all departments and schools in our School District are required to submit a continuous improvement plan (CIP) for review at the beginning of every school year to both the Deputy Superintendent of School Operations and the Director of Academic Services. Our continuous improvement process involves all departments and schools in the Parma City School District. These CIP plans serve the purpose of outlining specific goals and objectives pertinent to each building and school that will work to improve student achievement.

Upon receiving the data driven District-wide objectives, buildings then begin the writing of their individual plans. Each plan affords our schools the opportunity to address the needs of their community while at the same time incorporating the District vision. The writing of CIP plans is completed by school and department teams designated by building administration. Writing teams often consist of administration, faculty, community business partners, students, and parents. Upon review by the Deputy Superintendent, plans are then submitted to the Board of Education for approval. The details and rigor of this process has recently received national accolades by our receiving the Magna Award from the National School Boards' Association. We were also the cover story for the Ohio School Boards Association November 2005 Issue of the Journal.

Several recent School District initiatives continue to have a positive impact upon our School District. The Staff Development department is continuing a comprehensive staff development plan for the School District. The plan has facilitated District-wide initiatives in the areas of special education and literacy, provided assistance with a Leadership Academy for all certified and classified administrators, arranged for principals to attend the SMART Consortium Principal's Academy on leadership, and supported individual building initiatives ranging from work on site-based management, to curriculum mapping, to review of best instructional practices. The School District has also launched a highly aggressive program of staff training in research-based classroom practice.

The School District is committed to providing students in grades kindergarten through fourth grade with a solid literacy program. This initiative is in line with those of the Ohio Department of Education. Two literacy specialists have been hired to work full time with elementary teachers on what to teach and how to teach with regard to literacy. The specialists also hold classes after school to explain the core language arts curriculum to interested colleagues and to focus on action research in an effort to help interested teachers improve their delivery of instruction. The School District also employs a science specialist and two mathematics specialists.

The Department of Safety and Security has expanded the use of motion detectors to all school buildings. A swipe card system of entry is utilized for exclusive employee entry to all buildings. Police dogs are used to detect illegal substances in the schools in an ongoing procedure. The Department has developed a District crisis plan and worked with administrators to develop individual building crisis plans. The Department works closely with the three local police departments to provide students with a safe and secure environment throughout the school day. Since the September 11th terrorist attack, all security procedures and crisis plans have been reviewed and updated.

The School District is participating in the Urban School Initiative (USI) through the Ohio Department of Education (ODE) with twenty other urban districts. Attendance at Urban Congress meetings and subcommittees studying proficiency, literacy, science and math is promoted. In addition, through the USI noted above, the School District is working with Cleveland State University and four inner ring urban districts (Cleveland, East Cleveland, Cleveland Heights-University Heights, and Euclid) through the Urban Collaborative, funded by the Jennings Foundation. The focus is on researching issues of concern to the districts and seeking solutions that will positively impact student achievement.

The Community/Business/Schools (CBS) Partnership Program is a major success story of the School District. Initiated in 1991, this program has over thirty-five members on its steering committee, including representatives from community groups, local businesses, government, clergy and the School District. It serves as an advisory committee to the Superintendent. The different businesses partner with individual schools to provide financial support as well as support for programs in other ways. General Motors, Cox Communications, Cuyahoga Community College, Bryant and Stratton College, the VFW, and Parma Community General Hospital are some of the CBS business partners active with the School District. The CBS Partnership Program received the 2005 Civic Award from the American Association of School Administrators as one of the 16 note-worthy programs in the nation. This was the only award in Ohio.

Communication with employees and stakeholders in the community continues through the publication of “Images” and the “Weekly Bulletin.” “Images” is a joint publication of the School District and the communities of Parma, Parma Heights and Seven Hills. It was developed to increase the communication between the cities and the School District, as well as to inform the greater public of the activities of both entities. It is published five times per year and mailed to local residents. The “Weekly Bulletin” is the weekly e-publication that is created by the School District and distributed to all employees. The Superintendent discusses current initiatives, highlights outstanding employees, and recaps student performance.

Financial Update

During the previous four fiscal years and fiscal year 2005, the Board of Education engaged in significant activities relative to the fiscal management and business management of the School District. Below is a listing of significant activities for the School District:

June 5, 2001	Five-year capital repair and improvement plan presented to the Board of Education.
March 4, 2002	Approval of H.B. 264 Phase IV Energy Conservation Project. Administrative reorganization.
May 7, 2002	\$8,062,500 renewal levy approved by voters.
June 27, 2002	\$20,000,000 borrowed against future permanent improvement levy proceeds.
December 12, 2002	Approval of the H.B. 264 Phase V (A) Energy Conservation Project.
April 2, 2003	Approval of the H.B. 264 Phase V (B) Energy Conservation Project.

May 6, 2003	\$7,603,000 renewal levy approved by the voters.
November 3, 2003	Adoption of updated 2003-2004 budget estimate and fiscal projections 2004-2005 through 2008.
March 2, 2004	New tax levy consisting of 5.9 mills for continuing operating expenses and 2 mills for on-going permanent improvements was not approved by the voters.
April 19, 2004	Approval of the H.B. 264 Phase VI Energy Conservation Project.
June 8, 2004	Adoption of amended updated 2003-2004 budget estimate and fiscal projections 2004-2005 through 2007-2008.
August 3, 2004	New tax levy consisting of 4.9 mills for continuing operating expenses and 1 mill for on-going permanent improvements was not approved by the voters.
October 25, 2004	Adoption of amended updated 2004-2005 budget estimate and fiscal projections 2005-2006 through 2008-2009.
January 24, 2005	Approval of the H.B. 264 Phase VII Energy Conservation Project.
February 8, 2005	\$9,197,860 renewal levy approved by voters. New tax levy consisting of 4.9 mills for continuing operating expenses and 1 mill for on-going permanent improvements was not approved by the voters.
May 3, 2005	New tax levy consisting of 4.9 mills for continuing operating expenses and 1 mill for on-going permanent improvements was approved by the voters.
June 13, 2005	Adoption of amended updated 2004-2005 budget estimate and fiscal projections 2005-2006 through 2008-2009.

Throughout fiscal year 2005, fiscal management procedures have continued to be refined and improved. The School District has achieved fiscal stability as a result of the fiscal management utilizing the following plans: five-year budget plan, the capital repair plan, the Continuous Improvement Plan, five-year enrollment projections and the Auditor of State Performance Audit.

The following are selected Board of Education and School District 2004-2005 accomplishments:

- The School District received the National Magna Award for Excellence in Continuous Improvement.
- The School District received the Civic Award for Business and Community Partnerships.
- Susan Rueger, principal at Pleasant Valley Elementary School, was named Ohio Principal of the Year.
- The School District's rating went from Continuous Improvement to Effective.
- Completed work on H.B. 264 Phase VI Energy Conservation Project.
- Began work on H.B. 264 Phase VII Energy Conservation Project.

- The School District earned the GFOA's Certificate of Achievement for Excellence in Financial Reporting and ASBO's Certificate of Excellence in Financial Reporting for the 2004 Comprehensive Annual Financial Report.

As we look forward, several major fiscal concerns are facing the School District. The first is the impact of school funding reform in the State of Ohio. The second is the continued rapid escalation of the cost of Special Education programming. The third is the concern over the rapidly escalating cost of health care insurance. The fourth is the impact of Community School funding reductions. The following are major open issues that were identified in the 2004-2005 budget and 2005-2006 budget:

- Ohio Legislative action to fully fund the Ohio Supreme Court's Ruling (DeRolph vs. State of Ohio).
- Funding the Technology Plan.
- Developing a Technology Replacement Schedule.
- Developing a Classroom Furniture Replacement Plan.
- Future Funding of a Continuous Improvement Plan.
- Developing and Funding a Textbook Adoption Cycle.
- Updating the Five-Year Fiscal Projections.
- Funding the Provisions of the National Legislative Mandates in the "No Child Left Behind" Act and IDEIA.
- Continue to improve buildings and grounds with an \$11,000,000 Permanent Improvement Project.

The ongoing legislative efforts to support the existence of community (charter) schools come at the expense of our current State subsidy. This year approximately \$2,537,082 will be deducted from our State subsidy and redirected to local community (charter) schools.

Our financial outlook is stable and we are focused on increasing student achievement District-wide as we move into the future.

Financial Information

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

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

At the beginning of each fiscal year, the Board of Education adopts a temporary appropriation measure for that fiscal year. By statute, permanent appropriations must be adopted upon receipt from the County

Auditor of an amended certificate of estimated resources based on final assessed values and tax rates. The School District adopts the permanent appropriation in September.

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. Appropriations are adopted at the fund level. All purchase order requests must be approved by the site administrator and certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriations at the fund level are rejected until additional appropriations are secured.

Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. In addition, an online inquiry system is available at each cost center site. 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 Parma City School District are fully described in Note 2 of the financial statements. Additional information on the School District’s budgetary accounting can also be found in Note 2.

Financial Condition The School District has prepared financial statements following GASB 34, “Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments.” GASB 34 creates basic financial statements for reporting on the School District’s financial activities as follows:

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

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.

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

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion is presented in the financial section of this report after the Independent Accountants’ Report and provides an assessment of the School District finances for 2005.

Cash Management

Cash management is a vital component in the School District’s overall financial strategy. Cash not needed for immediate use during the fiscal year was invested in repurchase agreements, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes and STAROhio. STAROhio is a statewide investment pool offered to political subdivisions of the State of Ohio as a conservative means of investing in a portfolio of investment instruments.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must be equal to at least 105 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 School District participates in the State Workers' Compensation fund and pays a premium based upon a rate per \$100 of salaries.

From July 1, 2004 to September 1, 2004 the School District contracted with the Hartford Insurance Company for property and casualty insurance. There was a \$25,000 deductible with a one hundred percent blanket, all risk policy. For the remainder of fiscal year 2005, the School District contracted with the Indiana Insurance Company for property and casualty insurance with a \$25,000 deductible and a one hundred percent blanket all risk policy.

The School District contracted with Indiana Insurance to provide general liability protection with a \$1,000,000 single occurrence limit, \$2,000,000 aggregate, and no deductible.

Indiana Insurance provided the School District's vehicle coverage for the fiscal year 2005. The auto liability limit per accident was \$1,000,000 with no deductible; auto collision had a \$1,000 deductible.

The School District's school leader's errors and omissions coverage was provided by Indiana Insurance with a \$1,000,000 aggregate and a \$25,000 deductible. Indiana Insurance also provided an umbrella policy with a \$9,000,000 occurrence and aggregate limit for excess liability coverage including errors and omissions.

The School District has a full time risk manager.

Pension Plans

All School District employees are covered by the state-wide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. See Notes 11 and 12 to the basic financial statements for complete details.

Independent Audit

In accordance with Ohio Law, independent audits are required to be performed annually on all financial operations of the School District. Independent auditor Betty Montgomery, Auditor of State, was selected to render an opinion on the School District's financial statements as of June 30, 2005. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Pursuant to statute, the State prescribed a uniform accounting system to standardize accounting classification and financial reporting for all school districts in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for the 1999 fiscal year.

Awards

This is the ninth Comprehensive Annual Financial Report published by Parma City School District. The report will be submitted to the Government Finance Officers Association of the United States and Canada (GFOA) and to the Association of School Business Officials International (ASBO). It is felt that this report qualifies to earn GFOA's Certificate of Achievement for Excellence in Financial Reporting and

ASBO's Certificate of Excellence in Financial Reporting. These Certificates are the highest forms of recognition available for governmental accounting and financial reporting. GFOA's and ASBO's certificates were awarded for last year's report. Attainment of these Certificates represents a substantial accomplishment for any governmental entity.

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

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

Acknowledgments

The publication of this CAFR represents an important achievement in the ability of the School District to provide significantly enhanced financial information and accountability to the taxpayers of the Parma City School District, its elected officials, management, staff, and investors. This report is a continuation of the efforts of the Treasurer's Office to improve overall financial accounting, management and reporting capabilities.

The accomplishment of this report would not have been made possible without the assistance, support and efforts of the Treasurer's Office employees, various administrators, employees of the School District and the Local Government Services Section of Auditor of State Betty Montgomery's office. Assistance from the County Auditor's office staff and outside agencies made possible the fair presentation of statistical data.

Sincere appreciation is extended to the Board of Education, where the commitment to excellence begins. Without their support, this report would not have been possible.

Respectfully submitted,



Bruce Basalla
Chief Financial Officer/Budget Director
Parma City School District

Parma City School District
Principal Officials
June 30, 2005

Board of Education

J. Kevin Kelley President
Rosemary C. Gulick..... Vice-President
Karen S. Denforfer.....Member
Kathleen A. Petro.....Member
Richard E. Ress.....Member

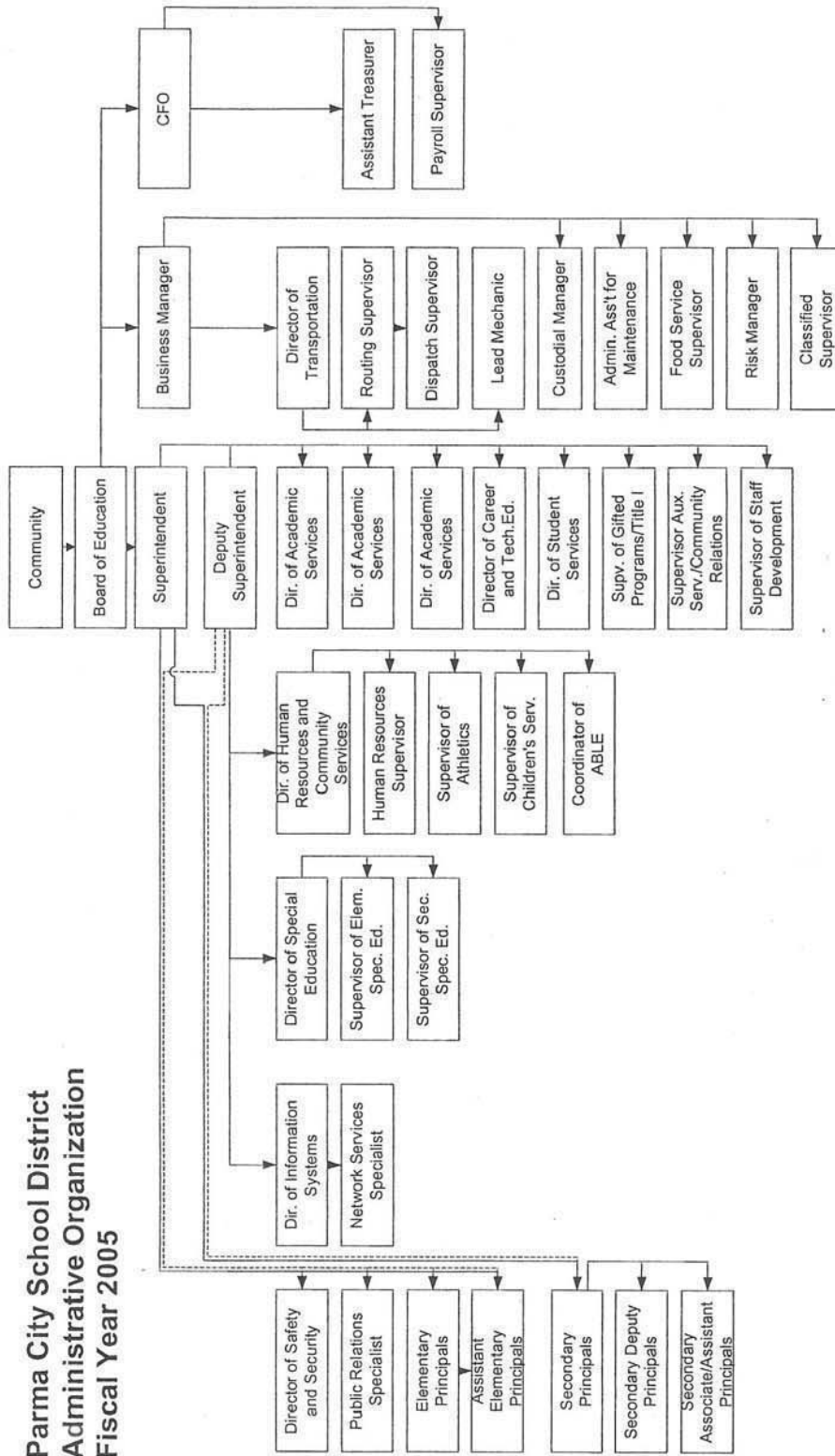
Chief Financial Officer/Budget Director

Bruce Basalla

Administration

Dr. Sarah C. Zatik..... Superintendent
Dr. Christina M. Dinklocker..... Deputy Superintendent
Mark DanielsBusiness Manager

**Parma City School District
Administrative Organization
Fiscal Year 2005**



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

PARMA CITY SCHOOL DISTRICT, OHIO

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

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

James J. Tomlinson
President

Barbara W. Keller
Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Parma City School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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. Zjella

President

Jeffrey R. Emer

Executive Director



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Parma City School District
Cuyahoga County
6726 Ridge Road
Parma, Ohio 44129

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Parma City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Parma City School District, Cuyahoga County, Ohio, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 28, 2005

Parma City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

The discussion and analysis of Parma City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

- Total net assets decreased \$.5 million, a decrease of \$.8 million in Governmental Activities and an increase of \$.3 million in Business-Type Activities.
- General revenues accounted for \$114.2 million in revenue or 87.2 percent of all revenues for all Governmental Activities. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$16.7 million or 12.8 percent of total revenues of \$130.9 million.
- Total program expenses were \$131.6 million in Governmental Activities and \$4.4 million in Business-Type Activities.
- Outstanding long-term debt decreased by \$.3 million to \$33.8 million.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as an entity looks at all financial transactions and asks the question, "How did we do financially during the 2005 fiscal year?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. Changes to our net assets are a direct result of property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated educational programs, state funding, student enrollment, and general inflation.

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

- **Governmental Activities** – Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and general administration.
- **Business-Type Activities** – These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The School District's business-type activities are food service, adult continuing education and extended daycare/preschool.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

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The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2005 compared to 2004:

(Table 1)
Net Assets
(In millions)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current and Other Assets	\$117.1	\$110.0	\$0.7	\$0.4	\$117.8	\$110.4
Capital Assets, Net	45.2	46.0	0.1	0.1	45.3	46.1
Total Assets	162.3	156.0	0.8	0.5	163.1	156.5
Liabilities						
Current and Other Liabilities	87.4	80.0	0.1	0.1	87.5	80.1
Long-Term Liabilities:						
Due Within One Year	4.3	3.5	0.0	0.0	4.3	3.5
Due in More than One Year	39.6	40.6	0.1	0.1	39.7	40.7
Total Liabilities	131.3	124.1	0.2	0.2	131.5	124.3
Net Assets						
Invested in Capital						
Assets, Net of Debt	11.3	11.6	0.1	0.1	11.4	11.7
Restricted						
Capital Projects	3.3	5.5	0.0	0.0	3.3	5.5
Debt Service	0.3	0.7	0.0	0.0	0.3	0.7
Set Aside	0.0	0.6	0.0	0.0	0.0	0.6
Public School Support	0.5	0.6	0.0	0.0	0.5	0.6
Auxiliary Services	0.0	0.3	0.0	0.0	0.0	0.3
Network Connectivity	0.0	0.2	0.0	0.0	0.0	0.2
Miscellaneous State Grants	0.0	0.2	0.0	0.0	0.0	0.2
Title VI-B Grant	0.1	0.1	0.0	0.0	0.1	0.1
Title I Grant	0.1	0.2	0.0	0.0	0.1	0.2
Title VI-R Grant	0.1	0.2	0.0	0.0	0.1	0.2
Other Purpose	0.8	0.9	0.0	0.0	0.8	0.9
Unrestricted	14.5	10.7	0.5	0.2	15.0	10.9
Total Net Assets	\$31.0	\$31.8	\$0.6	\$0.3	\$31.6	\$32.1

Total assets of governmental activities increased \$6.3 million. Equity in pooled cash and cash equivalents increased \$1.3 million, and taxes receivable increased \$6.8 million which was offset by decreases in capital assets and intergovernmental receivables.

Total liabilities for governmental activities increased by \$7.2 million. This increase was the result of decreased long term liabilities of \$.2 million offset by increases in deferred revenue of \$7.8 million and increased accounts payable of \$.6 million.

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The net impact for governmental activities was a decrease of net assets by \$.8 million.

Table 2 shows the changes in net assets for the fiscal year 2005 for both our Governmental activities and our Business-Type activities. Since this is the fifth year the School District is reporting under the GASB 34 reporting model, revenue and expense comparisons can be made between the years 2004 and 2005.

Table 2
Changes in Net Assets
(In millions)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues:						
Charges for Services and Sales	\$4.8	\$4.3	\$3.4	\$3.6	\$8.2	\$7.9
Operating Grants and Contributions	11.8	10.7	1.2	1.1	13.0	11.8
Capital Grants and Contributions	0.1	0.0	0.0	0.0	0.1	0.0
<i>Total Program Revenues</i>	<u>16.7</u>	<u>15.0</u>	<u>4.6</u>	<u>4.7</u>	<u>21.3</u>	<u>19.7</u>
General Revenues:						
Property Taxes	78.2	77.6	0.0	0.0	78.2	77.6
Grants and Entitlements	34.2	34.0	0.0	0.0	34.2	34.0
Investments	0.8	0.5	0.0	0.0	0.8	0.5
Miscellaneous	1.0	0.7	0.0	0.0	1.0	0.7
<i>Total General Revenues</i>	<u>114.2</u>	<u>112.8</u>	<u>0.0</u>	<u>0.0</u>	<u>114.2</u>	<u>112.8</u>
Total Revenues	<u>130.9</u>	<u>127.8</u>	<u>4.6</u>	<u>4.7</u>	<u>135.5</u>	<u>132.5</u>
Program Expenses						
Instruction	75.7	72.8	0.0	0.0	75.7	72.8
Support Services:						
Pupil and Instructional Staff	12.2	12.3	0.0	0.0	12.2	12.3
Board of Education, Administration, Fiscal and Business	14.0	14.6	0.0	0.0	14.0	14.6
Operation and Maintenance	13.1	20.8	0.0	0.0	13.1	20.8
Pupil Transportation	5.4	5.9	0.0	0.0	5.4	5.9
Central	2.1	1.9	0.0	0.0	2.1	1.9
Operation of Non-Instructional Services	4.9	4.1	0.0	0.0	4.9	4.1
Enterprise Operations	0.0	0.0	4.4	4.8	4.4	4.8
Extracurricular Activities	2.8	3.3	0.0	0.0	2.8	3.3
Interest and Fiscal Charges	1.4	0.2	0.0	0.0	1.4	0.2
Total Program Expenses	<u>131.6</u>	<u>135.9</u>	<u>4.4</u>	<u>4.8</u>	<u>136.0</u>	<u>140.7</u>
Excess Revenues Over (Under) Expenses	(0.7)	(8.1)	0.2	(0.1)	(0.5)	(8.2)
Transfers	(0.1)	0.0	0.1	0.0	0.0	0.0
Increase (Decrease) in Net Assets	<u>(0.8)</u>	<u>(8.1)</u>	<u>0.3</u>	<u>(0.1)</u>	<u>(0.5)</u>	<u>(8.2)</u>
<i>Net Assets Beginning of Year - Restated (See Note 24)</i>	<u>31.8</u>	<u>39.9</u>	<u>0.3</u>	<u>0.4</u>	<u>32.1</u>	<u>40.3</u>
<i>Net Assets End of Year</i>	<u>\$31.0</u>	<u>\$31.8</u>	<u>\$0.6</u>	<u>\$0.3</u>	<u>\$31.6</u>	<u>\$32.1</u>

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Total governmental activities net assets decreased \$.8 million. Property taxes increased \$.6 million; grants and entitlements increased \$.2 million.

The increase of \$2.9 million in instructional program expenses reflects both the increased cost of wages and benefits. The operations and maintenance expenses decreased \$7.6 million. This reflects the decreased cost of wages and benefits due to reductions in staffing and overtime along with implementation of HB 264 energy savings programs.

The unusual nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As a result of legislation enacted in 1976, the overall revenue generated by a voted tax levy does not increase as a result of inflation. As an example, a homeowner with a home valued at \$100,000 (Assessed value of \$35,000) and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (assessed value of \$70,000) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Our School District, which is dependent upon property taxes, is hampered by a lack of revenue growth and must periodically ask the voters to increase property taxes to maintain a constant level of service. Property taxes made up 59.7 percent of revenues for governmental activities for Parma Schools in fiscal year 2005.

The largest Governmental Activities program expense remains instruction, comprising 57.5 percent of total expenses. When combined with pupils and instructional support these categories make up 66.8 percent of expenses.

Management recognizes a continued loss of personal property tax revenue due to the continued phase-in of public utility deregulation as well as board of revision and board of tax appeal decisions.

Interest expense was attributable to the outstanding bonds and notes and borrowing for capital projects.

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

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Table 3
 Governmental Activities
 (In millions)

	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
Instruction	\$75.7	\$68.8	\$72.8	\$67.3
Support Services:				
Pupils and Instructional Staff	12.2	9.2	12.3	9.9
Board of Education, Administration				
Fiscal and Business	14.0	13.4	14.6	13.9
Operation and Maintenance	13.1	13.0	20.8	20.4
Pupil Transportation	5.4	5.1	5.9	5.4
Central	2.1	1.9	1.9	1.8
Operating of Non-Instructional Services	4.9	0.4	4.1	(0.4)
Extracurricular Activities	2.8	1.7	3.3	2.3
Interest and Fiscal Charges	1.4	1.4	0.2	0.2
Total	\$131.6	\$114.9	\$135.9	\$120.8

The dependence upon tax revenues for governmental activities is apparent. Over 90 percent of instruction activities are supported through taxes and other general revenues. Our three communities are responsible for the primary support for Parma City School District students.

Business-Type Activities

Business-type activities include the food service, adult continuing education, and extended daycare/preschool programs.

Overall net assets increased \$.3 million in 2005. Business-type activities cash positions have allowed individual business-type activities to absorb additional program expenses over the last three years.

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$130.5 million and expenditures of \$134.8 million. The net change in fund balance for the year was a decrease of \$1.9 million. The permanent improvement fund had significant activity due to the School District's involvement in HB264 energy conservation projects.

General Fund Budgeting Highlights

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

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During the course of fiscal 2005, the School District amended its general fund budget several times to allow for an additional advance to the permanent improvement fund and other less significant amendments.

For the general fund, final budget basis estimated revenue was \$112.8 million, a \$3.0 increase from the original budget estimates. Total actual revenues were \$114.5 million.

Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$116.6 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2005 the School District had \$45.3 million invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles, \$45.2 million of which is in governmental activities. Table 4 shows fiscal 2005 balances compared to 2004:

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

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$5.1	\$5.1	\$0.0	\$0.0	\$5.1	\$5.1
Land Improvements	5.7	5.9	0.0	0.0	5.7	5.9
Buildings and Improvements	30.2	30.6	0.0	0.0	30.2	30.6
Furniture and Equipment	1.9	2.5	0.1	0.1	2.0	2.6
Vehicles	2.3	1.9	0.0	0.0	2.3	1.9
Totals	\$45.2	\$46.0	\$0.1	\$0.1	\$45.3	\$46.1

For fiscal year 2005, an Ohio law required school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks. For fiscal year 2005, this amounted to \$1.9 million for each set aside. For fiscal year 2005, the School District had qualifying disbursements or offsets exceeding these requirements. During fiscal year 2001, the requirement for a budget reserve set-aside was eliminated. See Note 8 to the basic financial statements for additional information on capital assets.

Debt

At June 30, 2005 the School District had \$33.8 million in bonds, notes and loans outstanding, \$3.1 million due within one year. The debt will be serviced with tax revenue from the March 2000 2.0 mill permanent improvement levy and general property tax revenue. Table 5 summarizes bonds, notes and loans outstanding.

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Table 5
 Outstanding Debt, at Year End
 (In millions)

	Governmental Activities	
	2005	2004
1999 Byers Field General Obligation Bonds	\$1.3	\$1.5
2002 Construction Note	16.8	18.6
2003 Energy Conservation Loan (Phase IV)	2.0	2.1
2004 Energy Conservation Loan (Phase V)	6.0	6.4
2004 Energy Conservation Loan (Phase VI)	5.2	5.5
2005 Energy Conservation Loan (Phase VII)	2.5	0.0
Totals	\$33.8	\$34.1

The 1999 energy conservation note and Byers Field note were combined and converted to a 10 year bond, now referred to as the Byers Field bond, which will mature in 2008.

The 2002 construction note for capital repairs and improvements will mature in 2012.

In late 2002, the School District borrowed \$2.2 million for a HB 264 Energy Conservation project. The loan will be paid off in 2016.

In 2004, the School District borrowed \$12.3 million for two HB 264 Energy Conservation projects. One loan will be paid off in 2017 and the other loan will be paid off in 2019.

In 2005, the School District borrowed \$2.5 million for a HB 264 Energy Conservation project. The loan will be paid off in 2020.

At June 30, 2005, the School District's overall legal debt margin was \$214,775,330 with an unvoted debt margin of \$2,396,639. See Notes 14 and 15 to the basic financial statements for additional information on debt.

School District Outlook

The Board of Education and administration have implemented fiscal management disciplines that utilize a variety of formal plans. We are working within the five-year budget plan, the five-year capital repairs and renovations plan, the five-year enrollment projections, and the Auditor of State's performance audit. A \$9.2 million renewal levy was passed in February 2005, and a new money issue was passed in May 2005 generating \$11.6 million annually starting in January 2006.

Several significant legislative and judicial actions have occurred that will have a major impact on our School District. The Ohio Supreme Court has pending an additional decision regarding school funding reform in Ohio. We believe that the ultimate resolution of funding reform is still sometime away. The downturn in the economy has put pressures on both the State budget as well as our local School District budget. We are concerned that the State may not have the ability to fully fund the previously approved subsidies for primary and secondary education in the State budget. We are also concerned that the local tax base may be weakened as a result of the current economic conditions and therefore negatively impact local tax revenues. The ongoing legislative efforts to support the existence of community (charter

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schools come at the expense of our current State subsidy. This year \$2,537,082 will be deducted from our State subsidy and redirected to local community (charter) schools. Our School District has been impacted by the continuing national trend of rapidly escalating employee benefit cost.

The Parma City School District has committed itself to a fiscal discipline based on long-term plans as well as a commitment to full disclosure of financial information and utilization of the highest standards of financial reporting.

Contacting the School District Fiscal Management

This financial report was designed to comply with the most current reporting requirements and is intended to provide our parents, citizens, taxpayers, investors and creditors an understanding of the School District's financial position. Bruce G. Basalla, Chief Financial Officer, can be contacted at the Parma City School District, 6726 Ridge Road, Parma, Ohio 44129 or by email at brucebasa@parma.k12.oh.us.

Basic Financial Statements

Parma City School District

Statement of Net Assets

June 30, 2005

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$26,586,767	\$799,969	\$27,386,736
Accounts Receivable	617,649	61,851	679,500
Intergovernmental Receivable	489,860	168,087	657,947
Prepaid Items	28,157	0	28,157
Internal Balances	361,890	(361,890)	0
Materials and Supplies Inventory	323,055	0	323,055
Inventory Held for Resale	0	17,161	17,161
Property Taxes Receivable	88,577,467	0	88,577,467
Deferred Charges	123,468	0	123,468
Nondepreciable Capital Assets	5,096,730	0	5,096,730
Depreciable Capital Assets, Net	40,104,161	128,255	40,232,416
<i>Total Assets</i>	<u>162,309,204</u>	<u>813,433</u>	<u>163,122,637</u>
Liabilities			
Accounts Payable	1,784,479	2,550	1,787,029
Contracts Payable	300,344	0	300,344
Accrued Wages and Benefits	8,698,559	34,596	8,733,155
Intergovernmental Payable	4,568,595	97,210	4,665,805
Deferred Revenue	71,895,398	0	71,895,398
Accrued Interest Payable	141,584	0	141,584
Long-Term Liabilities:			
Due Within One Year	4,263,372	2,427	4,265,799
Due In More Than One Year	39,616,379	73,776	39,690,155
<i>Total Liabilities</i>	<u>131,268,710</u>	<u>210,559</u>	<u>131,479,269</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	11,251,853	128,255	11,380,108
Restricted for:			
Capital Projects	3,297,860	0	3,297,860
Debt Service	262,980	0	262,980
Public School Support	532,175	0	532,175
Auxiliary Services	37,144	0	37,144
Title VI-B Grant	117,796	0	117,796
Title I Grant	107,524	0	107,524
Title VI-R Grant	142,847	0	142,847
Other Purposes	754,844	0	754,844
Unrestricted	14,535,471	474,619	15,010,090
<i>Total Net Assets</i>	<u>\$31,040,494</u>	<u>\$602,874</u>	<u>\$31,643,368</u>

See accompanying notes to the basic financial statements

Parma City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$55,590,833	\$2,372,336	\$890,031	\$0
Special	16,524,948	629,722	2,679,874	0
Vocational	3,442,447	153,447	13,513	0
Adult/Continuing	138,911	0	117,102	0
Support Services:				
Pupils	7,102,167	34,567	1,756,860	0
Instructional Staff	5,134,353	20,715	1,226,265	0
Board of Education	648,076	4,841	0	0
Administration	10,361,043	51,011	504,800	0
Fiscal	2,011,493	20,112	0	0
Business	1,020,693	5,002	0	0
Operation and Maintenance of Plant	13,062,866	54,994	15,526	0
Pupil Transportation	5,409,391	231,247	81,621	0
Central	2,106,373	10,489	57,007	118,650
Operation of Non-Instructional Services	4,861,629	138	4,468,816	0
Extracurricular Activities	2,818,687	1,160,556	3,882	0
Interest and Fiscal Charges	1,397,634	0	0	0
<i>Total Governmental Activities</i>	<u>131,631,544</u>	<u>4,749,177</u>	<u>11,815,297</u>	<u>118,650</u>
Business-Type Activities				
Food Service	3,079,727	2,240,812	1,003,475	0
Adult Continuing Education	71,024	23,476	15,885	0
Extended Day Care/Preschool	1,280,779	1,156,901	204,056	0
<i>Total Business-Type Activities</i>	<u>4,431,530</u>	<u>3,421,189</u>	<u>1,223,416</u>	<u>0</u>
<i>Totals</i>	<u>\$136,063,074</u>	<u>\$8,170,366</u>	<u>\$13,038,713</u>	<u>\$118,650</u>

General Revenues

Property Taxes Levied for:

General Purposes

Debt Service

Capital Projects

Grants and Entitlements not

Restricted to Specific Programs

Investment Earnings

Gain on Sale of Capital Assets

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (See Note 24)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$52,328,466)	\$0	(\$52,328,466)
(13,215,352)	0	(13,215,352)
(3,275,487)	0	(3,275,487)
(21,809)	0	(21,809)
(5,310,740)	0	(5,310,740)
(3,887,373)	0	(3,887,373)
(643,235)	0	(643,235)
(9,805,232)	0	(9,805,232)
(1,991,381)	0	(1,991,381)
(1,015,691)	0	(1,015,691)
(12,992,346)	0	(12,992,346)
(5,096,523)	0	(5,096,523)
(1,920,227)	0	(1,920,227)
(392,675)	0	(392,675)
(1,654,249)	0	(1,654,249)
(1,397,634)	0	(1,397,634)
(114,948,420)	0	(114,948,420)
0	164,560	164,560
0	(31,663)	(31,663)
0	80,178	80,178
0	213,075	213,075
(114,948,420)	213,075	(114,735,345)
75,071,978	0	75,071,978
1,975,713	0	1,975,713
1,133,492	0	1,133,492
34,172,968	0	34,172,968
815,547	0	815,547
0	23,464	23,464
1,030,002	5,032	1,035,034
114,199,700	28,496	114,228,196
(74,925)	74,925	0
114,124,775	103,421	114,228,196
(823,645)	316,496	(507,149)
31,864,139	286,378	32,150,517
\$31,040,494	\$602,874	\$31,643,368

Parma City School District

Balance Sheet

Governmental Funds

June 30, 2005

	General	Bond Retirement Debt Service	Permanent Improvement Capital Projects	Other Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$17,455,772	\$910,594	\$3,146,948	\$5,073,453
Accounts Receivable	611,520	0	3,542	2,587
Intergovernmental Receivable	178,910	0	0	310,950
Prepaid Items	28,157	0	0	0
Interfund Receivable	3,739,262	0	0	0
Materials and Supplies Inventory	323,055	0	0	0
Property Taxes Receivable	83,419,085	326,507	4,831,875	0
<i>Total Assets</i>	<u>\$105,755,761</u>	<u>\$1,237,101</u>	<u>\$7,982,365</u>	<u>\$5,386,990</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$812,489	\$0	\$113,691	\$858,299
Contracts Payable	19,332	0	258,736	22,276
Accrued Wages and Benefits	8,237,406	0	0	461,153
Intergovernmental Payable	4,280,377	0	0	288,218
Interfund Payable	0	617,823	240,748	2,518,801
Deferred Revenue	72,157,499	281,461	4,252,398	225,950
<i>Total Liabilities</i>	<u>85,507,103</u>	<u>899,284</u>	<u>4,865,573</u>	<u>4,374,697</u>
Fund Balances				
Reserved for Encumbrances	1,255,002	0	22,208	511,090
Reserved for Property Taxes	11,481,901	45,046	572,715	0
Unreserved, Undesignated (Deficit)				
Reported in:				
General Fund	7,511,755	0	0	0
Special Revenue Funds	0	0	0	1,154,358
Debt Service Fund	0	292,771	0	0
Capital Projects Funds	0	0	2,521,869	(653,155)
<i>Total Fund Balances</i>	<u>20,248,658</u>	<u>337,817</u>	<u>3,116,792</u>	<u>1,012,293</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$105,755,761</u>	<u>\$1,237,101</u>	<u>\$7,982,365</u>	<u>\$5,386,990</u>

See accompanying notes to the basic financial statements

Parma City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2005*

<p style="text-align: center;">Total Governmental Funds</p>		
<p style="text-align: right;">\$26,586,767</p>	Total Governmental Fund Balances	\$24,715,560
<p style="text-align: right;">617,649</p>	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
<p style="text-align: right;">489,860</p>	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
<p style="text-align: right;">28,157</p>	Capital Assets, not being depreciated	5,096,730
<p style="text-align: right;">3,739,262</p>	Capital Assets, being depreciated	109,727,175
<p style="text-align: right;">323,055</p>	Accumulated Depreciation	<u>(69,623,014)</u>
<p style="text-align: right;">88,577,467</p>	Total	45,200,891
<p style="text-align: right;">\$120,362,217</p>	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
<p style="text-align: right;">\$1,784,479</p>	Delinquent Property Taxes	4,381,574
<p style="text-align: right;">300,344</p>	Grants	225,950
<p style="text-align: right;">8,698,559</p>	Tuition and Fees	<u>414,386</u>
<p style="text-align: right;">4,568,595</p>	Total	5,021,910
<p style="text-align: right;">3,377,372</p>	Bond issuance costs reported as an expenditure in the funds are allocated as an expense over the life of the debt on a full accrual basis:	
<p style="text-align: right;">76,917,308</p>	Issuance costs	144,046
<p style="text-align: right;">95,646,657</p>	Amount expensed	<u>(20,578)</u>
<p style="text-align: right;">1,788,300</p>	Total	123,468
<p style="text-align: right;">12,099,662</p>	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(141,584)
<p style="text-align: right;">7,511,755</p>	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
<p style="text-align: right;">1,154,358</p>	General Obligation Bonds	(1,260,000)
<p style="text-align: right;">292,771</p>	Notes Payable	(16,795,000)
<p style="text-align: right;">1,868,714</p>	Loans Payable	(15,741,837)
<p style="text-align: right;">24,715,560</p>	Capital Lease Payable	(275,669)
<p style="text-align: right;">\$120,362,217</p>	Compensated Absences	<u>(9,807,245)</u>
<p style="text-align: right;">\$120,362,217</p>	Total	<u>(43,879,751)</u>
	<i>Net Assets of Governmental Activities</i>	<u>\$31,040,494</u>

Parma City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Bond Retirement Debt Service	Permanent Improvement Capital Projects	Other Governmental Funds
Revenues				
Property Taxes	\$74,667,695	\$1,975,144	\$1,113,377	\$0
Intergovernmental	34,888,549	0	482,126	10,847,789
Interest	755,716	0	12,743	47,088
Tuition and Fees	1,597,530	0	0	0
Extracurricular Activities	418,711	0	0	642,382
Rentals	312,211	0	0	0
Charges for Services	1,584,221	0	0	92,254
Contributions and Donations	21,405	0	0	5,202
Miscellaneous	486,017	0	29,567	514,418
<i>Total Revenues</i>	<u>114,732,055</u>	<u>1,975,144</u>	<u>1,637,813</u>	<u>12,149,133</u>
Expenditures				
Current:				
Instruction:				
Regular	53,434,976	0	0	1,364,820
Special	13,720,328	0	0	2,852,686
Vocational	3,486,518	0	0	17,417
Adult/Continuing	9,825	0	0	129,639
Support Services:				
Pupils	6,496,889	0	0	635,745
Instructional Staff	3,861,036	0	0	1,275,872
Board of Education	943,937	0	0	0
Administration	9,585,645	0	0	546,435
Fiscal	2,011,699	0	0	2,134
Business	1,064,690	0	0	0
Operation and Maintenance of Plant	10,350,617	0	0	16,365
Pupil Transportation	5,152,118	0	0	87,179
Central	1,928,359	0	0	74,702
Operation of Non-Instructional Services	26,202	0	0	4,823,262
Extracurricular Activities	1,445,617	0	0	1,301,194
Capital Outlay	106,352	0	3,656,589	97,749
Debt Service:				
Principal Retirement	1,195,251	1,785,000	0	0
Interest and Fiscal Charges	701,630	656,385	0	0
<i>Total Expenditures</i>	<u>115,521,689</u>	<u>2,441,385</u>	<u>3,656,589</u>	<u>13,225,199</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(789,634)</u>	<u>(466,241)</u>	<u>(2,018,776)</u>	<u>(1,076,066)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	15,920	0	35,000	0
Loan Proceeds	0	0	2,500,000	0
Transfers In	0	0	21,369	161,873
Transfers Out	(258,167)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(242,247)</u>	<u>0</u>	<u>2,556,369</u>	<u>161,873</u>
<i>Net Change in Fund Balances</i>	<u>(1,031,881)</u>	<u>(466,241)</u>	<u>537,593</u>	<u>(914,193)</u>
<i>Fund Balances Beginning of Year</i>	<u>21,280,539</u>	<u>804,058</u>	<u>2,579,199</u>	<u>1,926,486</u>
<i>Fund Balances End of Year</i>	<u>\$20,248,658</u>	<u>\$337,817</u>	<u>\$3,116,792</u>	<u>\$1,012,293</u>

See accompanying notes to the basic financial statements

Parma City School District

*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, 2005*

Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds	(\$1,874,722)
	<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$77,756,216	Governmental funds report capital outlays as expenditures.	
46,218,464	However, in the statement of activities, the cost of those assets	
815,547	are allocated over their estimated useful lives as depreciation	
1,597,530	expense. This is the amount by which capital outlay exceeded	
1,061,093	depreciation in the current period.	
312,211	Capital Asset Additions	1,992,209
1,676,475	Current Year Depreciation	(2,192,407)
26,607		
1,030,002		
130,494,145	Total	(200,198)
	Governmental funds only report the disposal of capital assets to	
	the extent proceeds are received from the sale. In the statement	
	of activities, a gain or loss is reported for each disposal.	(612,417)
	Revenues in the statement of activities that do not provide current	
	financial resources are not reported as revenues in the funds.	
54,799,796	Delinquent Property Taxes	424,967
16,573,014	Grants	(138,156)
3,503,935	Tuition and Fees	101,868
139,464		
7,132,634		
5,136,908	Total	388,679
943,937		
10,132,080	Repayment of bond, loan, and capital lease principal is an expenditure in	
2,013,833	the governmental funds, but the repayment reduces long-term	
1,064,690	liabilities in the statement of net assets.	2,980,251
10,366,982		
5,239,297	Some expenses reported in the statement of activities, such as	
2,003,061	compensated absences and intergovernmental payable which	
4,849,464	represent contractually required pension contributions, do not	
2,746,811	require the use of current financial resources and therefore	
3,860,690	are not reported as expenditures in governmental funds.	
2,980,251	Compensated Absences	(272,165)
1,358,015	Pension Obligation	1,306,546
	Total	1,034,381
134,844,862	Debt issuance costs are reported as an expenditure in the	
(4,350,717)	governmental funds but are allocated as an expense over	
	the life of the debt on a full accrual basis.	
50,920	Current Year Expense	(10,289)
2,500,000	Accrued Interest	(29,330)
183,242		
(258,167)		
2,475,995	Total	(39,619)
(1,874,722)	Receipt of loan proceeds is an other financing source in	
	the governmental funds, but the issuance of loans increases	
	long-term liabilities in the statement of net assets.	(2,500,000)
26,590,282		
\$24,715,560	<i>Change in Net Assets of Governmental Activities</i>	(\$823,645)

Parma City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Property Taxes	\$74,244,658	\$74,244,658	\$74,613,044	\$368,386
Intergovernmental	31,729,842	34,704,940	35,095,287	390,347
Interest	650,000	650,000	667,710	17,710
Tuition and Fees	1,689,986	1,689,986	1,625,921	(64,065)
Extracurricular Activities	365,362	365,362	418,711	53,349
Rentals	251,000	251,000	331,501	80,501
Charges for Services	277,322	286,029	1,587,922	1,301,893
Contributions and Donations	19,473	19,973	21,405	1,432
Miscellaneous	629,879	629,879	90,928	(538,951)
<i>Total Revenues</i>	109,857,522	112,841,827	114,452,429	1,610,602
Expenditures				
Current:				
Instruction:				
Regular	58,931,431	55,230,726	54,209,886	1,020,840
Special	9,944,534	13,614,716	13,561,356	53,360
Vocational	2,807,776	3,380,637	3,358,460	22,177
Adult/Continuing	1,252	10,502	9,825	677
Support Services:				
Pupils	6,876,444	6,582,755	6,457,100	125,655
Instructional Staff	4,655,792	4,811,947	3,956,692	855,255
Board of Education	943,816	1,074,229	992,708	81,521
Administration	10,456,708	10,079,718	9,562,672	517,046
Fiscal	3,566,454	2,507,997	2,045,109	462,888
Business	779,541	1,259,081	1,142,770	116,311
Operation and Maintenance of Plant	12,787,976	12,255,685	10,685,088	1,570,597
Pupil Transportation	6,326,853	5,740,810	5,052,614	688,196
Central	1,476,020	2,179,724	2,148,124	31,600
Operation of Non-Instructional Services	6,072	34,552	26,828	7,724
Extracurricular Activities	482,136	1,545,149	1,456,901	88,248
Capital Outlay	139,400	185,461	167,260	18,201
Debt Service:				
Principal Retirement	1,072,769	1,072,769	1,072,769	0
Interest and Fiscal Charges	658,437	658,437	658,437	0
<i>Total Expenditures</i>	121,913,411	122,224,895	116,564,599	5,660,296
<i>Excess of Revenues Under Expenditures</i>	(12,055,889)	(9,383,068)	(2,112,170)	7,270,898
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	24,681	24,681	15,920	(8,761)
Advances In	2,917,845	2,917,845	902,000	(2,015,845)
Advances Out	(600,000)	(1,758,674)	(965,685)	792,989
Transfers In	100,000	100,000	0	(100,000)
Transfers Out	(220,000)	(315,260)	(258,167)	57,093
<i>Total Other Financing Sources (Uses)</i>	2,222,526	968,592	(305,932)	(1,274,524)
<i>Net Change in Fund Balance</i>	(9,833,363)	(8,414,476)	(2,418,102)	5,996,374
<i>Fund Balance Beginning of Year</i>	16,287,056	16,287,056	16,287,056	0
Prior Year Encumbrances Appropriated	1,789,431	1,789,431	1,789,431	0
<i>Fund Balance End of Year</i>	\$8,243,124	\$9,662,011	\$15,658,385	\$5,996,374

See accompanying notes to the basic financial statements

Parma City School District
Statement of Fund Net Assets
Enterprise Funds
June 30, 2005

Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$799,969
Accounts Receivable	61,851
Intergovernmental Receivable	168,087
Inventory Held for Resale	17,161
	1,047,068
<i>Total Current Assets</i>	1,047,068
<i>Noncurrent Assets:</i>	
Capital Assets, Net	128,255
	1,175,323
<i>Total Assets</i>	1,175,323
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	2,550
Accrued Wages and Benefits	34,596
Compensated Absences Payable	2,427
Intergovernmental Payable	97,210
Interfund Payable	361,890
	498,673
<i>Total Current Liabilities</i>	498,673
<i>Long-Term Liabilities:</i>	
Compensated Absences Payable	73,776
	572,449
<i>Total Liabilities</i>	572,449
Net Assets	
Invested in Capital Assets	128,255
Unrestricted	474,619
	\$602,874
<i>Total Net Assets</i>	\$602,874

See accompanying notes to the basic financial statements

Parma City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Enterprise Funds
For the Fiscal Year Ended June 30, 2005*

Operating Revenues	
Tuition	\$1,124,187
Sales	2,297,002
Miscellaneous	5,032
	3,426,221
<i>Total Operating Revenues</i>	
	3,426,221
Operating Expenses	
Salaries	1,756,223
Fringe Benefits	686,253
Purchased Services	271,538
Materials and Supplies	263,271
Cost of Sales	1,427,839
Depreciation	19,455
Other	6,951
	4,431,530
<i>Total Operating Expenses</i>	
	4,431,530
<i>Operating Loss</i>	
	(1,005,309)
Non-Operating Revenues	
Operating Grants	1,223,416
Gain on Sale of Capital Assets	23,464
	1,246,880
<i>Total Non-Operating Revenues</i>	
	1,246,880
<i>Income Before Transfers</i>	
	241,571
Transfer In	75,925
Transfer Out	(1,000)
	74,925
<i>Total Transfers</i>	
	74,925
<i>Change in Net Assets</i>	
	316,496
<i>Net Assets Beginning of Year</i>	
	286,378
<i>Net Assets End of Year</i>	
	\$602,874

See accompanying notes to the basic financial statements

Parma City School District
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2005

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Customers	\$3,413,482
Other Cash Receipts	5,032
Cash Payments to Employees for Services	(1,756,272)
Cash Payments for Employee Benefits	(686,398)
Cash Payments for Goods and Services	(1,960,748)
Other Cash Payments	<u>(6,951)</u>

<i>Net Cash Used for Operating Activities</i>	<u>(991,855)</u>
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Cash Flows from Noncapital

Financing Activities

Operating Grants Received	1,190,370
Advances In	3,685
Advances Out	(77,000)
Transfers In	75,925
Transfers Out	<u>(1,000)</u>

<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>1,191,980</u>
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**Cash Flows from Capital and
Related Financing Activities**

Payments for Capital Acquisitions	<u>(4,326)</u>
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<i>Net Increase in Cash and Cash Equivalents</i>	195,799
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<i>Cash and Cash Equivalents Beginning of Year</i>	<u>604,170</u>
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<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$799,969</u></u>
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(continued)

Parma City School District
Statement of Cash Flows
Enterprise Funds (continued)
For the Fiscal Year Ended June 30, 2005

**Reconciliation of Operating Loss to Net Cash
Used for Operating Activities**

Operating Loss	(\$1,005,309)
Adjustments:	
Depreciation	19,455
(Increase) Decrease in Assets:	
Accounts Receivable	(7,707)
Inventory Held for Resale	1,269
Increase (Decrease) in Liabilities:	
Accounts Payable	1,399
Accrued Wages and Benefits	(49)
Compensated Absences Payable	8,545
Intergovernmental Payable	(9,458)
	<hr/>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$991,855)</u></u>

See accompanying notes to the basic financial statements

Parma City School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$936,300</u>
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Liabilities

Undistributed Monies	\$498,678
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Due to Students	<u>437,622</u>
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<i>Total Liabilities</i>	<u>\$936,300</u>
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See accompanying notes to the basic financial statements

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 1 - Description of the School District and Reporting Entity

Parma City School District (School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and federal agencies. This Board of Education controls the School District's twenty-four instructional/support facilities staffed by 772 noncertified and 977 certificated full time teaching personnel who provide services to 13,141 students and other community members.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Parma City School District, this includes general operations, food service, adult continuing education, preschool and student related activities of the School District. The following activities are also included within the reporting entity.

Nonpublic Schools Within the School District boundaries, Bethany Lutheran, Community Elementary, Parma Heights Christian Academy and Bethel Christian Academy are operated independently, whereas Holy Family, Incarnate Word Academy, Holy Name High School, St. Anthony of Padua, St. Bridget, St. Charles, St. Columbkille, St. Francis de Sales, St. John Bosco, Padua Franciscan High School and St. Josaphat are operated through the Cleveland Catholic Diocese. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. The School District does not have any component units.

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

Cities of Parma, Parma Heights and Seven Hills The city governments of Parma, Parma Heights and Seven Hills are separate bodies politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional City services. Council acts as the taxing and budgeting authority for these City services.

Parent Teacher Association The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

The School District participates in three jointly governed organizations and a public entity risk pool. These organizations are the Lakeshore Northeast Ohio Computer Association, the Northeast Ohio Network for Educational Technology and Ohio Schools Council Association, all jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are discussed in Note 16 and Note 17 of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of Parma City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds unless those pronouncements conflict with or contradict GASB pronouncements. The School District has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

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

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

B. Fund Accounting

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

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

General Fund The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Bond Retirement Debt Service Fund The bond retirement fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds issued for energy conservation.

Permanent Improvement Capital Projects Fund The permanent improvement capital projects fund accounts for taxes and other revenue to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds.

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

Proprietary Fund Type Proprietary funds focus on the determination of operating income, changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. The School District only has enterprise funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds are used to account for food service operations, adult continuing education operations and extended daycare/preschool operations.

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are agency funds which reflect resources that belong to the student bodies of the various schools for student activities and which reflect resources that are withheld from part-time employees' paychecks for insurance.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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

D. Basis of Accounting

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

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

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

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

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

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 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 measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

During fiscal year 2005, investments were limited to Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes and STAROhio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2005.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$755,716 which includes \$226,605 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

F. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

Inventories consist of donated food, purchased food and school supplies held for resale, and materials and supplies held for consumption.

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Deferred Charges

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond issuance costs are reported as an expenditure on the governmental fund financial statements when incurred.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 years	N/A
Buildings and Improvements	20-50 years	10-30 years
Furniture and Equipment	5-15 years	10-15 years
Vehicles	10 years	10 years
Textbooks	5 years	N/A

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

J. Interfund Balances

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

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified employees, certified employees and administrators after 14 years of current service with the School District.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$5,253,170 of restricted net assets, of which \$354,129 is restricted by enabling legislation. Net assets restricted for other purposes include student activities, special education, computer networking, and programs to help students prepare for the proficiency test.

Parma City School District
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For the Fiscal Year Ended June 30, 2005

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

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for 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 and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales and fees for food service, adult continuing education and extended daycare/preschool programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenue and expenses not meeting these definitions are reported as non-operating.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Q. Interfund Activity

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

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

R. Estimates

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

S. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Chief Finance Officer/Budget Director has been given the authority to allocate Board appropriations to the function and object levels.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Chief Finance Officer/Budget Director. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

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

Note 3 – Fund Deficits

Fund balances at June 30, 2005, included the following individual fund deficits:

Special Revenue Funds	
Disadvantaged Pupil Impact Aid	(\$2,293)
Alternative Schools	(40,206)
State Grants	(5,909)
Adult Basic Education	(17,548)
Drug Free Schools	(14,139)
Preschool Grant	(1,392)
Capital Projects Fund	
Turf Replacement	(675,214)
Enterprise Fund	
Adult Continuing Education	(189,054)

The special revenue funds' deficits are due to adjustments for accrued liabilities. The capital project fund's deficit is due to an interfund payable to the general fund. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than when accruals occur.

The adult continuing education enterprise fund had deficit net assets of \$189,054 at June 30, 2005. Management is currently analyzing their operations to determine appropriate steps to alleviate the deficit.

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 4 – Changes in Accounting Principles

For fiscal year 2005, the School District has implemented GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation” and GASB Technical Bulletin No. 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers.”

GASB Statement No. 40 establishes disclosure requirements for investment credit risk, interest rate risk, deposit custodial risk and foreign currency risk.

GASB Statement No. 46 clarifies when net assets should be considered restricted based upon enabling legislation.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 46 and GASB Technical Bulletin No. 2004-2 did not materially affect the presentation of the financial statements of the School District.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Investments are reported at fair value (GAAP) rather than cost (budget basis).
6. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP).

Parma City School District
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7. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). General fund resources used to pay both principal and interest have been allocated accordingly.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund.

Net Change in Fund Balance	
GAAP Basis	(\$1,031,881)
Net Adjustment for Revenue Accruals	1,213,786
Reallocation of Revenue to Debt Service Fund for Note Payment	(1,391,280)
Advances In	902,000
Unrecorded Cash	200
Beginning Fair Value Adjustment for Investments	(68,842)
Ending Fair Value Adjustment for Investments	(33,490)
Net Adjustment for Expenditure Accruals	787,967
Advances Out	(965,685)
Adjustment for Encumbrances	<u>(1,830,877)</u>
Budget Basis	<u><u>(\$2,418,102)</u></u>

Note 6 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Parma City School District
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2. Bonds, notes, debentures, or any other obligation or security 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper and banker's acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

At year end, the School District had \$200 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$8,330,630 of the School District's bank balance of \$8,630,630 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Investments

As of June 30, 2005, the School District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-2
Federal National Mortgage Association Notes	\$5,033,663	\$5,033,663	\$0
Federal Home Loan Mortgage Corporation Notes	2,988,496	2,988,496	0
Federal Home Loan Bank Notes	1,020,286	0	1,020,286
STAROhio	11,059,774	11,059,774	0
Total Investments	<u>\$20,102,219</u>	<u>\$19,081,933</u>	<u>\$1,020,286</u>

All investments are in an internal investment pool.

Interest Rate Risk. The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes and Federal Home Loan Bank Notes carry a rating of AAA by Fitch. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk. The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2005:

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Investment Issuer	Percentage of Investments
Federal National Mortgage Association Notes	25.04 %
Federal Home Loan Mortgage Corporation Notes	14.87
Federal Home Loan Bank Notes	5.07
STAROhio	55.02

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, 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 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 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 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three 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 School District prior to June 30. This year, the June 2005 tangible personal property tax settlement was not received until July 2005.

The School District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Parma City School District
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For the Fiscal Year Ended June 30, 2005

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 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.

The amount available as an advance at June 30, 2005 was \$11,481,901 in the general fund, \$45,046 in the bond retirement debt service fund, and \$572,715 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2004, was \$13,013,584 in the general fund, \$54,581 in the bond retirement debt service fund and \$649,290 in the permanent improvement capital projects fund.

The late tax settlement made by the County for fiscal year 2005 was \$194,071 in the general fund and \$6,762 in the permanent improvement capital projects fund.

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.

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second Half Collections		2005 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$2,220,948,470	93.38 %	\$2,243,631,190	93.62 %
Public Utility Personal	45,166,030	1.90	44,928,120	1.87
Tangible Personal Property	112,292,038	4.72	108,079,727	4.51
Total	<u>\$2,378,406,538</u>	<u>100.00 %</u>	<u>\$2,396,639,037</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$59.50		\$59.40	

At the May, 2005 election the voters passed a new tax levy consisting of 4.9 mills for continuing operating expenses and 1 mill for on-going permanent improvements.

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Restated Balance 6/30/2004	Additions	Deletions	Balance 6/30/2005
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$5,096,730	\$0	\$0	5,096,730
<i>Capital Assets, being depreciated:</i>				
Land Improvements	9,796,480	132,300	0	9,928,780
Buildings and Improvements	75,512,437	804,624	0	76,317,061
Furniture and Equipment	12,204,993	291,604	(1,842,028)	10,654,569
Vehicles	7,857,702	763,681	(1,472,766)	7,148,617
Textbooks	5,678,148	0	0	5,678,148
<i>Total Capital Assets, being depreciated</i>	<u>111,049,760</u>	<u>1,992,209</u>	<u>(3,314,794)</u>	<u>109,727,175</u>
Less Accumulated Depreciation:				
Land Improvements	(3,874,685)	(318,361)	0	(4,193,046)
Buildings and Improvements	(44,903,697)	(1,229,197)	0	(46,132,894)
Furniture and Equipment	(9,745,790)	(242,565)	1,245,760	(8,742,595)
Vehicles	(5,946,450)	(391,645)	1,456,617	(4,881,478)
Textbooks	(5,662,362)	(10,639)	0	(5,673,001)
Total Accumulated Depreciation	<u>(70,132,984)</u>	<u>(2,192,407) *</u>	<u>2,702,377</u>	<u>(69,623,014)</u>
Total Capital Assets, being depreciated, net	<u>40,916,776</u>	<u>(200,198)</u>	<u>(612,417)</u>	<u>40,104,161</u>
Governmental Activities Capital Assets, Net	<u>\$46,013,506</u>	<u>(\$200,198)</u>	<u>(\$612,417)</u>	<u>\$45,200,891</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$990,321
Special	11,799
Vocational	11,723
Adult/Continuing	946
Support Services:	
Pupils	10,271
Instructional Staff	8,793
Board of Education	1,878
Administration	7,355
Fiscal	1,020
Business	25,861
Operation and Maintenance of Plant	789,179
Pupil Transportation	145,175
Central	5,598
Operation of Non-Instructional Services	56,524
Extracurricular Activities	125,964
Total Depreciation	<u>\$2,192,407</u>

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	Balance 6/30/2004	Additions	Deletions	Balance 6/30/2005
Business-Type Activities				
Buildings and Improvements	\$8,000	\$0	\$0	\$8,000
Furniture and Equipment	1,508,254	4,326	(35,986)	1,476,594
Vehicles	23,132	0	0	23,132
Totals at Historical Cost	<u>1,539,386</u>	<u>4,326</u>	<u>(35,986)</u>	<u>1,507,726</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(880)	(160)	0	(1,040)
Furniture and Equipment	(1,415,116)	(19,295)	59,450	(1,374,961)
Vehicles	(3,470)	0	0	(3,470)
Total Accumulated Depreciation	<u>(1,419,466)</u>	<u>(19,455)</u> **	<u>59,450</u>	<u>(1,379,471)</u>
Business-Type Activities Capital Asset, Net	<u>\$119,920</u>	<u>(\$15,129)</u>	<u>\$23,464</u>	<u>\$128,255</u>

** Depreciation expense was charged to business-type activities as follows:

Food Service	\$17,552
Adult Continuing Education	893
Extended Daycare/Preschool	<u>1,010</u>
Total Depreciation Expense	<u>\$19,455</u>

Note 9 - Receivables

Receivables at June 30, 2005, consisted of taxes, accounts (rent and tuition), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
General	\$178,910
Auxiliary Services	85,000
Title I	18,759
Title VI	15,317
Preschool Grant	5,242
Title VI-R	116,307
Other Special Revenue	<u>70,325</u>
Total Governmental Activities	<u>\$489,860</u>
<u>Business-Type Activities</u>	
Food Service	\$139,790
Adult Education	4,185
Extended Day Care/Preschool	<u>24,112</u>
Total Business-Type Activities	<u>\$168,087</u>

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Note 10 - Risk Management

A. Workers' Compensation

For fiscal year 2005, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings 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.

B. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. At June 30, 2005, the School District contracted with the following insurance companies:

Company	Type of Coverage	Limit	Deductible
Indiana Insurance Company	Auto Liability	\$1,000,000	N/A
	Uninsured Motorist	1,000,000	N/A
	Comprehensive General Liability		
	General Liability	1,000,000	N/A
	Personal Injury	1,000,000	N/A
	General Aggregate	2,000,000	N/A
	Errors and Omissions	1,000,000	25,000
	Property Coverage		
	Blanket Building and Contents	258,589,726	25,000

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

Note 11 - Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly

Parma City School District
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available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$1,786,361, \$1,632,646, and \$1,426,264, respectively; 36.64 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and 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.

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For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$7,924,611, \$7,942,103, and \$7,515,614, respectively; 79.15 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$60,226 made by the School District and \$197,767 made by the plan members.

Note 12 - Postemployment Benefits

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

STRS retirees who participated in the DB or Combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$609,585 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004, (the latest information available), the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2005 fiscal year equaled \$852,935.

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The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004, (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are on twelve month contracts earn up to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators who are on twelve month contracts upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month of service or fifteen days for each completed year of service. There is no limit on the maximum number of sick leave days that may be accumulated.

Upon retirement, certified employees with less than fourteen years of service with the School District are paid a sum equal to one-fourth of unused sick leave to a maximum of thirty days. Upon separation, certified employees with fourteen years of service or more with the School District, hired prior to May 1, 1996, receive a lump sum payment for total sick leave accumulation, up to a maximum accumulation of sixty days. Any certified employee with a balance of greater than 150 days also receives an additional ten percent of accrued and unused sick leave above the 150 days. Certified employees with fourteen years of service or more, hired after May 1, 1996, receive a lump sum payment for one-fourth of accrued and unused sick leave up to a maximum accumulation of ninety days.

Classified employees with fourteen years of service or more with the School District are paid a sum upon separation (regardless of whether retiring) equal to the value of the percentages below, to a maximum of 82.5 days:

Accrued and Unused Sick Days	Maximum Days Paid Upon Separation
0 - 50 days at 22%	11.0
51 - 100 days at 27%	13.5
101 - 146 days at 35%	16.0
147 - 197 days at 40%	20.0
198 - 242 days at 50%	22.0
	<u>82.5</u>

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B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance through Anthem Life. Certified employees working two and one-half hours or more per day and administrators receive \$50,000 term life and accidental death and dismemberment coverage. Classified employees who work four to six hours per day receive \$20,000 coverage, and those who work six hours or more per day receive \$30,000 coverage for term life insurance and accidental death and dismemberment.

The School District also provides medical/surgical insurance through Anthem Blue Cross and Blue Shield, dental insurance through MetLife and vision insurance through VSP Vision Care Plan to all eligible employees.

Note 14 - Note Debt

The School District's note activity for fiscal year 2005, including amounts outstanding and interest rates, is as follows:

	Balance 6/30/2004	Additions	Deletions	Balance 6/30/2005
General Fund:				
Tax Anticipation Note - 4.60%	\$1,360,000	\$0	(\$1,360,000)	\$0

The note is backed by the full faith and credit of Parma City School District and matured in 2005. The 1999 note was issued to stabilize the School District's operating cash position. The note liability was reflected in the general fund, and the debt was paid out of the debt service fund.

Note 15 - Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the School District's bonds and note follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
General Obligation Bonds:			
Byers Field General Obligation Bonds - 1999	5.5400%	\$2,485,000	December 1, 2008
Construction Note - 2002	3.6036%	20,000,000	December 1, 2012
Energy Conservation Loan - 2003 (Phase IV)	4.6000%	2,240,000	December 28, 2016
Energy Conservation Loan - 2004 (Phase V)	4.6000%	6,817,000	June 28, 2017
Energy Conservation Loan - 2004 (Phase VI)	4.3900%	5,477,606	April 23, 2019
Energy Conservation Loan - 2005 (Phase VII)	4.4900%	2,500,000	February 18, 2020

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

	Principal Outstanding 6/30/2004	Additions	(Reductions)	Principal Outstanding 6/30/2005	Amount Due in One Year
Governmental Activities:					
1999 Byers Field General Obligation Bonds	\$1,535,000	\$0	(\$275,000)	\$1,260,000	\$290,000
2002 Construction Note	18,580,000	0	(1,785,000)	16,795,000	1,845,000
2003 Energy Conservation Loan (Phase IV)	2,134,000	0	(130,000)	2,004,000	133,000
2004 Energy Conservation Loan (Phase V)	6,428,000	0	(403,000)	6,025,000	412,000
2004 Energy Conservation Loan (Phase VI)	5,477,606	0	(264,769)	5,212,837	276,520
2005 Energy Conservation Loan (Phase VII)	0	2,500,000	0	2,500,000	119,922
Capital Lease	398,151	0	(122,482)	275,669	128,748
Compensated Absences	9,535,080	1,125,527	(853,362)	9,807,245	1,058,182
Total Governmental Activities	<u>\$44,087,837</u>	<u>\$3,625,527</u>	<u>(\$3,833,613)</u>	<u>\$43,879,751</u>	<u>\$4,263,372</u>
Business-Type Activities:					
Compensated Absences	<u>\$67,658</u>	<u>\$9,049</u>	<u>(\$504)</u>	<u>\$76,203</u>	<u>\$2,427</u>

On July 15, 1999, the School District issued bonds in the amount of \$2,485,000. The proceeds were used to repay the \$370,000 Byers Field bond anticipation note and the \$2,350,000 House Bill 264 Energy Conservation Note.

In December 2002, June 2003, April 2004, and February 2005, the School District issued energy conservation loans in the amounts of \$2,240,000, \$6,817,000, \$5,477,606, and \$2,500,000 respectively. The proceeds were and are going to be used to renovate school facilities in order to improve energy conservation measures.

The 2002 construction note is being used for the purpose of acquiring, constructing, enlarging and renovating certain property of the School District. This note will be repaid over 10 years.

The general obligation bonds and note liability will be paid from the bond retirement debt service fund. The energy conservation loans and capital leases will be paid from the general fund. Compensated absences will be paid from the general fund and the food service, adult continuing education and extended daycare/preschool enterprise funds.

The School District's overall legal debt margin was \$214,775,330 with an unvoted debt margin of \$2,396,639 at June 30, 2005. Principal and interest requirements to retire the debt outstanding at June 30, 2005, are as follows:

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Fiscal Year Ending June 30,	General Obligation		Construction		Energy Conservation		Total	
	Bonds		Note		Loans			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$290,000	\$61,883	\$1,845,000	\$583,635	\$941,442	\$664,998	\$3,076,442	\$1,310,516
2007	305,000	45,371	1,930,000	513,173	975,159	630,560	3,210,159	1,189,104
2008	325,000	27,889	1,990,000	453,377	1,009,669	593,375	3,324,669	1,074,641
2009	340,000	9,435	2,050,000	387,939	1,049,005	553,651	3,439,005	951,025
2010	0	0	2,120,000	315,185	1,091,206	509,764	3,211,206	824,949
2011-2015	0	0	6,860,000	417,250	6,199,096	1,798,938	13,059,096	2,216,188
2016-2020	0	0	0		4,476,260	419,702	4,476,260	419,702
Total	\$1,260,000	\$144,578	\$16,795,000	\$2,670,559	\$15,741,837	\$5,170,988	\$33,796,837	\$7,986,125

Note 16 - Jointly Governed Organizations

A. Lakeshore Northeast Ohio Computer Association

The Lakeshore Northeast Ohio Computer Association (LNOCA) is a jointly governed computer service bureau that was formed for the purpose of providing 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. In fiscal year 2005, the School District paid \$36,998 to LNOCA. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valley View, OH 44125.

B. Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEONET) is the computer service organization or Data Acquisition Site (DAS) used by the School District. The School District used NEONET for internet services throughout the entire fiscal year, and beginning on June 28, 2004, they switched to NEONET replacing the services provided by LNOCA. NEONET is a jointly governed organization among nineteen school districts and the Summit County Educational Service Center. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The School District does not retain an ongoing financial interest or an ongoing financial responsibility in NEONET. Payments to NEONET are made from the general fund. During the current fiscal year, the School District paid \$153,607 to NEONET. Financial information can be obtained by writing to the Summit County Educational Service Center, 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221.

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C. Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization among ninety-one school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2005, the School District paid \$5,450 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998. 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 School District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 1999. 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 twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

Note 17 - Insurance Purchasing Pool

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

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Note 18 - Interfund Transactions

Interfund balances at June 30, 2005, consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
General Fund	\$3,739,262	\$0
Debt Service Fund:		
Bond Retirement	0	617,823
Special Revenue Funds:		
Public School Support	0	16,400
Other Grants	0	2,544
Auxiliary Services	0	437,333
Disadvantaged Pupil Impact Aid	0	112,085
Network Connectivity	0	289,437
Ohio Reads	0	4,000
Adult Basic Education	0	10,000
Title VI-B	0	45,012
Vocational Education	0	94,297
Title I	0	215,000
Title VI	0	30,000
Drug Free Schools	0	15,000
Preschool Grant	0	37,661
Title VI-R	0	210,000
Other Special Revenue Funds	0	173,682
<i>Total Special Revenue Funds</i>	0	1,692,451
Capital Projects Funds:		
Permanent Improvements	0	240,748
Turf Replacement	0	826,350
<i>Total Capital Projects Funds</i>	0	1,067,098
Enterprise Funds:		
Adult Continuing Education	0	191,487
Extended Daycare/Preschool	0	170,403
<i>Total Enterprise Funds</i>	0	361,890
Total All Funds	\$3,739,262	\$3,739,262

Interfund payables in the special revenue funds are due to the timing of the receipt of grant monies received by the various funds. The payable in the bond retirement is related to debt payments, to be repaid with tax revenues. The capital projects payable is due to the start of improvement projects before the permanent improvement tax levy collections began. Interfund payables exist in the enterprise funds due to the timing of the receipt of various revenue sources. All balances are expected to be paid next fiscal year.

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For the Fiscal Year Ended June 30, 2005

Transfers made during the year ended June 30, 2005 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>				<u>Total</u>
	<u>Permanent Improvement</u>	<u>Nonmajor Governmental</u>	<u>Adult Continuing Education</u>	<u>Extended Day Care/Preschool</u>	
Major Funds:					
General	\$21,369	\$160,873	\$64,957	\$10,968	\$258,167
Adult Education	0	1,000	0	0	1,000
Total	<u>\$21,369</u>	<u>\$161,873</u>	<u>\$64,957</u>	<u>\$10,968</u>	<u>\$259,167</u>

The Adult Education fund transferred Wal-Mart Literacy Grant funds, which were incorrectly posted, to the Other Grants Fund. Other transfers made are to move unrestricted balances to support programs and projects accounted for in other funds.

Note 19 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require 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 general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2005.

B. Litigation

The School District is party to legal proceedings. The School Board is of the opinion that the ultimate disposition of the current proceeding will not have a material effect, if any, on the financial condition of the School District.

Note 20 - Set-Asides

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

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

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

	Textbooks Instructional Materials Reserve	Capital Improvement Reserve
Set-aside Reserve Balance as of June 30, 2004	(\$726,245)	\$0
Current Year Set-aside Requirement	1,921,288	1,921,288
Offsets During the Fiscal Year	0	(1,704,086)
Qualifying Disbursements	<u>(2,283,010)</u>	<u>(526,775)</u>
Totals	<u>(\$1,087,967)</u>	<u>(\$309,573)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$1,087,967)</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2005	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. Although the School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 21 - Capital Leases

The School District entered into capital leases for copier machines and fax machines. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases." The leased equipment is reported as a group in governmental activities at a cost of \$616,494; accumulated depreciation through June 30, 2005 amounted to \$308,247 leaving a book value of \$308,247. The agreements provide for minimum, annual lease payments as follows:

	Governmental Activities
2006	\$139,608
2007	139,608
2008	<u>11,634</u>
Total Minimum Lease Payments	290,850
Less: Amounts Representing Interest	<u>(15,181)</u>
Present Value of Minimum Lease Payments	<u>\$275,669</u>

Note 22 – Subsequent Event

On July 21, 2005, the Parma City School District issued \$11,000,000 in tax anticipation notes for the purpose of general, ongoing permanent improvements. These notes were issued in anticipation of the proceeds of a 1.0 mill continuing ad valorem property tax levy, approved by the voters of the School District on May 3, 2005, for the purpose of general, ongoing permanent improvements.

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 23 – Contractual Commitments

At June 30, 2005, the following contractual commitments have been entered into for various improvements to the School District:

<u>Contractor</u>	<u>Amount of Contract</u>
Johnson Controls Incorporated	\$1,250,000
South Shore Electric	326,000
State Wide Contractors	129,466
DAS Construction Incorporated	125,820
Premier Electrical Contracting	<u>34,800</u>
Total	<u><u>\$1,866,086</u></u>

Note 24 – Restatement of Prior Year Net Assets

The School District's capital assets used in governmental activities were overstated at June 30, 2004 due to an error of double counting several capital assets. The restatement caused net assets of governmental activities to decrease by \$4,911,034, from \$36,775,173 to \$31,864,139. Capital assets of governmental activities decreased from \$50,924,540 to \$46,013,506.

Combining Statements and Individual Fund Schedules

Fund Descriptions - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for revenues from specific sources which legally, otherwise, are restricted to expenditures for specific purposes.

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

Other Grants Fund – This fund accounts for several miscellaneous scholarships that the School District receives and disburses during the year.

District Managed Student Activity Fund - This fund accounts for gate receipts and other revenues from athletic events and all costs (except supplemental coaching contracts) of the School District's athletic program.

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

Professional Development Fund - This fund accounts for State monies to assist teachers in gaining new skills and becoming familiar with new teaching methodologies.

Disadvantaged Pupil Impact Aid Fund – This fund accounts for State monies from disadvantaged pupil impact aid.

Network Connectivity Fund – This fund accounts for State monies to operate and develop the School District's computer networking system.

Ohio Reads Fund – This fund accounts for State monies used for discovering and helping students who have reading deficiencies.

Alternative Schools Fund – This fund accounts for State monies for misbehaving students who cannot function in a regular classroom.

State Grants Fund – This fund accounts for several miscellaneous State grants that the School District receives and disburses during the year.

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

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Vocational Education Fund - This fund accounts for monies used for the development of vocational education programs in the following categories: secondary, post-secondary, adult, disadvantaged and disabled persons, exemplary programs, cooperative education, construction of area vocational school ancillary services, research, advisory committees and work study projects.

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

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

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

Preschool Grant Fund – This fund accounts for Federal monies used for speech therapy services and instructional supplies used in preschool programs.

Title VI-R Fund – This fund accounts for Federal monies used for preparing students and teachers for the proficiency test.

Other small Special Revenue Funds operated by the School District and subsidized in part by local, state and federal monies as well as miscellaneous resources. These funds are as follows:

Scholarship Fund
Venture Capital Fund
Economic Education Grant Fund
Career Development Fund
Managed Information Systems Fund
Entry Year Grant Fund
School Net Subsidy Grant Fund
Textbook Subsidy Fund
Summer Intervention Fund
Vocational Education Enhancements Fund
Limited English Proficiency Grant
Federal Refugee Children Fund

Fund Descriptions - Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds

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

Turf Replacement Fund - This fund accounts for monies used for rebuilding, restoring and improving Byers Field.

School Net Fund - This fund accounts for grant money used to purchase computer hardware and software.

Parma City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,802,573	\$270,880	\$5,073,453
Accounts Receivable	2,487	100	2,587
Intergovernmental Receivable	310,950	0	310,950
<i>Total Assets</i>	<u>\$5,116,010</u>	<u>\$270,980</u>	<u>\$5,386,990</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$762,564	\$95,735	\$858,299
Contracts Payable	22,276	0	22,276
Accrued Wages and Benefits	461,153	0	461,153
Intergovernmental Payable	288,218	0	288,218
Interfund Payable	1,692,451	826,350	2,518,801
Deferred Revenue	225,950	0	225,950
<i>Total Liabilities</i>	<u>3,452,612</u>	<u>922,085</u>	<u>4,374,697</u>
Fund Balances			
Reserved for Encumbrances	509,040	2,050	511,090
Unreserved, Undesignated (Deficit)			
Reported in:			
Special Revenue Funds	1,154,358	0	1,154,358
Capital Projects Funds	0	(653,155)	(653,155)
<i>Total Fund Balances (Deficit)</i>	<u>1,663,398</u>	<u>(651,105)</u>	<u>1,012,293</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,116,010</u>	<u>\$270,980</u>	<u>\$5,386,990</u>

Parma City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$10,729,139	\$118,650	\$10,847,789
Interest	47,088	0	47,088
Extracurricular Activities	642,382	0	642,382
Charges for Services	92,254	0	92,254
Contributions and Donations	5,202	0	5,202
Miscellaneous	496,528	17,890	514,418
<i>Total Revenues</i>	<u>12,012,593</u>	<u>136,540</u>	<u>12,149,133</u>
Expenditures			
Current:			
Instruction:			
Regular	1,364,820	0	1,364,820
Special	2,852,686	0	2,852,686
Vocational	17,417	0	17,417
Adult/Continuing	129,639	0	129,639
Support Services:			
Pupils	635,745	0	635,745
Instructional Staff	1,275,872	0	1,275,872
Administration	546,435	0	546,435
Fiscal	2,134	0	2,134
Operation and Maintenance of Plant	16,365	0	16,365
Pupil Transportation	87,179	0	87,179
Central	74,702	0	74,702
Operation of Non-Instructional Services	4,823,262	0	4,823,262
Extracurricular Activities	1,301,194	0	1,301,194
Capital Outlay	1,990	95,759	97,749
<i>Total Expenditures</i>	<u>13,129,440</u>	<u>95,759</u>	<u>13,225,199</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,116,847)	40,781	(1,076,066)
Other Financing Sources			
Transfers In	161,873	0	161,873
<i>Net Change in Fund Balances</i>	(954,974)	40,781	(914,193)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>2,618,372</u>	<u>(691,886)</u>	<u>1,926,486</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,663,398</u>	<u>(\$651,105)</u>	<u>\$1,012,293</u>

Parma City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	Public School Support	Other Grants	District Managed Student Activity	Auxiliary Services
Assets				
Equity in Pooled Cash and Cash Equivalents	\$585,914	\$71,674	\$168,696	\$1,108,955
Accounts Receivable	1,753	0	734	0
Intergovernmental Receivable	0	0	0	85,000
<i>Total Assets</i>	<u>\$587,667</u>	<u>\$71,674</u>	<u>\$169,430</u>	<u>\$1,193,955</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$32,243	\$301	\$2,201	\$424,091
Contracts Payable	0	0	0	22,276
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	6,849	612	2,356	54,448
Interfund Payable	16,400	2,544	0	437,333
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>55,492</u>	<u>3,457</u>	<u>4,557</u>	<u>938,148</u>
Fund Balances				
Reserved for Encumbrances	52,417	6,627	15,826	83,782
Unreserved, Undesignated (Deficit)	479,758	61,590	149,047	172,025
<i>Total Fund Balances (Deficit)</i>	<u>532,175</u>	<u>68,217</u>	<u>164,873</u>	<u>255,807</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$587,667</u>	<u>\$71,674</u>	<u>\$169,430</u>	<u>\$1,193,955</u>

Professional Development	Disadvantaged Pupil Impact Aid	Network Connectivity	Ohio Reads	Alternative Schools	State Grants	Adult Basic Education
\$4,660	\$112,072	\$289,437	\$11,186	\$7,729	\$147,519	\$1,031
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$4,660</u>	<u>\$112,072</u>	<u>\$289,437</u>	<u>\$11,186</u>	<u>\$7,729</u>	<u>\$147,519</u>	<u>\$1,031</u>
\$0	\$0	\$0	\$2,683	\$0	\$5,547	\$0
0	0	0	0	0	0	0
0	0	0	0	33,187	144,600	1,275
0	2,280	0	1,862	14,748	3,281	7,304
0	112,085	289,437	4,000	0	0	10,000
0	0	0	0	0	0	0
0	114,365	289,437	8,545	47,935	153,428	18,579
0	0	0	459	13	3,502	20
4,660	(2,293)	0	2,182	(40,219)	(9,411)	(17,568)
4,660	(2,293)	0	2,641	(40,206)	(5,909)	(17,548)
<u>\$4,660</u>	<u>\$112,072</u>	<u>\$289,437</u>	<u>\$11,186</u>	<u>\$7,729</u>	<u>\$147,519</u>	<u>\$1,031</u>

(continued)

Parma City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2005

	Title VI-B	Vocational Education	Title I	Title VI
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$501,477	\$191,946	\$575,399	\$55,522
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	18,759	15,317
<i>Total Assets</i>	<u>\$501,477</u>	<u>\$191,946</u>	<u>\$594,158</u>	<u>\$70,839</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$157,915	\$23,499	\$61,006	\$3,821
Contracts Payable	0	0	0	0
Accrued Wages and Benefits	63,837	0	152,610	10,265
Intergovernmental Payable	67,708	443	58,018	3,175
Interfund Payable	45,012	94,297	215,000	30,000
Deferred Revenue	0	0	18,759	15,317
<i>Total Liabilities</i>	<u>334,472</u>	<u>118,239</u>	<u>505,393</u>	<u>62,578</u>
Fund Balances				
Reserved for Encumbrances	143,688	72,826	34,442	1,731
Unreserved, Undesignated (Deficit)	23,317	881	54,323	6,530
<i>Total Fund Balances (Deficit)</i>	<u>167,005</u>	<u>73,707</u>	<u>88,765</u>	<u>8,261</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$501,477</u>	<u>\$191,946</u>	<u>\$594,158</u>	<u>\$70,839</u>

<u>Drug Free Schools</u>	<u>Preschool Grant</u>	<u>Title VI-R</u>	<u>Other</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$3,513	\$58,179	\$308,672	\$598,992	\$4,802,573
0	0	0	0	2,487
0	5,242	116,307	70,325	310,950
<u>\$3,513</u>	<u>\$63,421</u>	<u>\$424,979</u>	<u>\$669,317</u>	<u>\$5,116,010</u>
\$252	\$12,613	\$15,186	\$21,206	\$762,564
0	0	0	0	22,276
0	6,113	38,084	11,182	461,153
2,400	3,184	18,862	40,688	288,218
15,000	37,661	210,000	173,682	1,692,451
0	5,242	116,307	70,325	225,950
<u>17,652</u>	<u>64,813</u>	<u>398,439</u>	<u>317,083</u>	<u>3,452,612</u>
1,014	18,361	9,380	64,952	509,040
<u>(15,153)</u>	<u>(19,753)</u>	<u>17,160</u>	<u>287,282</u>	<u>1,154,358</u>
<u>(14,139)</u>	<u>(1,392)</u>	<u>26,540</u>	<u>352,234</u>	<u>1,663,398</u>
<u>\$3,513</u>	<u>\$63,421</u>	<u>\$424,979</u>	<u>\$669,317</u>	<u>\$5,116,010</u>

Parma City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Public School Support	Other Grants	District Managed Student Activity	Auxiliary Services
Revenues				
Intergovernmental	\$0	\$44,495	\$0	\$3,802,629
Interest	12,439	0	2,116	32,533
Extracurricular Activities	338,089	0	304,293	0
Charges for Services	556	210	91,488	0
Contributions and Donations	3,882	1,320	0	0
Miscellaneous	484,968	188	11,372	0
<i>Total Revenues</i>	<u>839,934</u>	<u>46,213</u>	<u>409,269</u>	<u>3,835,162</u>
Expenditures				
Current:				
Instruction:				
Regular	393	15,096	0	0
Special	8,164	1,001	0	0
Vocational	0	0	0	0
Adult/Continuing	0	1,315	0	0
Support Services:				
Pupils	0	2,724	0	0
Instructional Staff	0	15,150	0	0
Administration	160	0	0	0
Fiscal	2,134	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	45,528	0
Central	0	873	0	0
Operation of Non-Instructional Services	0	0	0	4,100,721
Extracurricular Activities	861,020	0	440,174	0
Capital Outlay	1,990	0	0	0
<i>Total Expenditures</i>	<u>873,861</u>	<u>36,159</u>	<u>485,702</u>	<u>4,100,721</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(33,927)	10,054	(76,433)	(265,559)
Other Financing Sources				
Transfers In	0	1,000	111,873	0
<i>Net Change in Fund Balances</i>	(33,927)	11,054	35,440	(265,559)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>566,102</u>	<u>57,163</u>	<u>129,433</u>	<u>521,366</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$532,175</u>	<u>\$68,217</u>	<u>\$164,873</u>	<u>\$255,807</u>

Professional Development	Disadvantaged Pupil Impact Aid	Network Connectivity	Ohio Reads	Alternative Schools	State Grants	Adult Basic Education
\$0	\$106,667	\$63,000	\$57,500	\$325,126	\$69,766	\$153,883
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	106,667	63,000	57,500	325,126	69,766	153,883
0	168,169	289,437	10,731	216,379	144,258	0
0	0	0	0	0	6,781	0
0	0	0	0	0	0	0
0	0	0	0	0	0	119,188
0	0	0	17,963	27,182	23,829	47,231
0	0	0	33,859	0	0	0
0	0	0	0	131,003	0	0
0	0	0	0	0	0	0
0	0	0	0	0	16,365	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	168,169	289,437	62,553	374,564	191,233	166,419
0	(61,502)	(226,437)	(5,053)	(49,438)	(121,467)	(12,536)
0	0	0	0	49,000	0	0
0	(61,502)	(226,437)	(5,053)	(438)	(121,467)	(12,536)
4,660	59,209	226,437	7,694	(39,768)	115,558	(5,012)
\$4,660	(\$2,293)	\$0	\$2,641	(\$40,206)	(\$5,909)	(\$17,548)

(continued)

Parma City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2005

	Title VI-B	Vocational Education	Title I	Title VI
Revenues				
Intergovernmental	\$3,353,354	\$196,244	\$1,485,287	\$92,816
Interest	0	0	0	0
Extracurricular Activities	0	0	0	0
Charges for Services	0	0	0	0
Contributions and Donations	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>3,353,354</u>	<u>196,244</u>	<u>1,485,287</u>	<u>92,816</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	0	76,856
Special	1,316,754	0	1,234,424	0
Vocational	0	2,495	0	0
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	197,047	185,760	0	0
Instructional Staff	961,325	21,310	18,306	0
Administration	323,262	0	82,487	0
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	41,651	0	0	0
Central	1,546	6,374	0	0
Operation of Non-Instructional Services	535,926	0	151,949	20,859
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>3,377,511</u>	<u>215,939</u>	<u>1,487,166</u>	<u>97,715</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(24,157)	(19,695)	(1,879)	(4,899)
Other Financing Sources				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	(24,157)	(19,695)	(1,879)	(4,899)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>191,162</u>	<u>93,402</u>	<u>90,644</u>	<u>13,160</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$167,005</u>	<u>\$73,707</u>	<u>\$88,765</u>	<u>\$8,261</u>

Drug Free Schools	Preschool Grant	Title VI-R	Other	Total Nonmajor Special Revenue Funds
\$49,704	\$103,851	\$371,370	\$453,447	\$10,729,139
0	0	0	0	47,088
0	0	0	0	642,382
0	0	0	0	92,254
0	0	0	0	5,202
0	0	0	0	496,528
<u>49,704</u>	<u>103,851</u>	<u>371,370</u>	<u>453,447</u>	<u>12,012,593</u>
0	0	309,376	134,125	1,364,820
0	28,420	0	257,142	2,852,686
0	0	0	14,922	17,417
0	0	0	9,136	129,639
59,978	23,215	188	50,628	635,745
0	57,269	150,953	17,700	1,275,872
0	1,000	0	8,523	546,435
0	0	0	0	2,134
0	0	0	0	16,365
0	0	0	0	87,179
0	0	0	65,909	74,702
3,561	10,246	0	0	4,823,262
0	0	0	0	1,301,194
0	0	0	0	1,990
<u>63,539</u>	<u>120,150</u>	<u>460,517</u>	<u>558,085</u>	<u>13,129,440</u>
(13,835)	(16,299)	(89,147)	(104,638)	(1,116,847)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>161,873</u>
(13,835)	(16,299)	(89,147)	(104,638)	(954,974)
<u>(304)</u>	<u>14,907</u>	<u>115,687</u>	<u>456,872</u>	<u>2,618,372</u>
<u>(\$14,139)</u>	<u>(\$1,392)</u>	<u>\$26,540</u>	<u>\$352,234</u>	<u>\$1,663,398</u>

Parma City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2005

	Turf Replacement	School Net	Total Nonmajor Capital Projects Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$151,036	\$119,844	\$270,880
Accounts Receivable	100	0	100
Total Assets	\$151,136	\$119,844	\$270,980
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$95,735	\$95,735
Interfund Payable	826,350	0	826,350
<i>Total Liabilities</i>	826,350	95,735	922,085
Fund Balances			
Reserved for Encumbrances	0	2,050	2,050
Unreserved, Undesignated (Deficit)	(675,214)	22,059	(653,155)
<i>Total Fund Balances (Deficit)</i>	(675,214)	24,109	(651,105)
<i>Total Liabilities and Fund Balances</i>	\$151,136	\$119,844	\$270,980

Parma City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2005

	Turf Replacement	School Net	Total Nonmajor Capital Projects Funds
Revenues			
Intergovernmental	\$0	\$118,650	\$118,650
Miscellaneous	17,890	0	17,890
<i>Total Revenues</i>	17,890	118,650	136,540
Expenditures			
Capital Outlay	24	95,735	95,759
<i>Net Change in Fund Balances</i>	17,866	22,915	40,781
<i>Fund Balances (Deficit) Beginning of Year</i>	(693,080)	1,194	(691,886)
<i>Fund Balances (Deficit) End of Year</i>	(\$675,214)	\$24,109	(\$651,105)

Fund Descriptions - Nonmajor Proprietary Funds

Nonmajor Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

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

Adult Continuing Education Fund - This fund accounts for the educational programs offered to the community to enhance their education and complete their general education diploma (GED) qualifications.

Extended Daycare/Preschool Fund - This fund accounts for the funds used to provide day care and preschool programs for children of the staff and community.

Parma City School District
Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2005

	Food Service	Adult Continuing Education	Extended Daycare/ Preschool	Total Nonmajor Enterprise Funds
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$508,449	\$3,255	\$288,265	\$799,969
Accounts Receivable	1,881	3,780	56,190	61,851
Intergovernmental Receivable	139,790	4,185	24,112	168,087
Inventory Held for Resale	17,161	0	0	17,161
<i>Total Current Assets</i>	667,281	11,220	368,567	1,047,068
<i>Noncurrent Assets:</i>				
Capital Assets, Net	114,931	1,969	11,355	128,255
<i>Total Assets</i>	782,212	13,189	379,922	1,175,323
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	0	695	1,855	2,550
Accrued Wages and Benefits	18,991	1,558	14,047	34,596
Compensated Absences Payable	2,187	177	63	2,427
Intergovernmental Payable	52,039	2,948	42,223	97,210
Interfund Payable	0	191,487	170,403	361,890
<i>Total Current Liabilities</i>	73,217	196,865	228,591	498,673
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	66,490	5,378	1,908	73,776
<i>Total Liabilities</i>	139,707	202,243	230,499	572,449
Net Assets				
Invested in Capital Assets	114,931	1,969	11,355	128,255
Unrestricted (Deficit)	527,574	(191,023)	138,068	474,619
<i>Total Net Assets (Deficit)</i>	\$642,505	(\$189,054)	\$149,423	\$602,874

Parma City School District
*Combining Statement of Revenues,
Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2005*

	Food Service	Adult Continuing Education	Extended Daycare/ Preschool	Total Nonmajor Enterprise Funds
Operating Revenues				
Tuition	\$0	\$23,476	\$1,100,711	\$1,124,187
Sales	2,240,812	0	56,190	2,297,002
Miscellaneous	0	0	5,032	5,032
<i>Total Operating Revenues</i>	<u>2,240,812</u>	<u>23,476</u>	<u>1,161,933</u>	<u>3,426,221</u>
Operating Expenses				
Salaries	954,917	41,965	759,341	1,756,223
Fringe Benefits	501,631	15,773	168,849	686,253
Purchased Services	46,497	5,197	219,844	271,538
Materials and Supplies	126,097	7,196	129,978	263,271
Cost of Sales	1,427,839	0	0	1,427,839
Depreciation	17,552	893	1,010	19,455
Other	5,194	0	1,757	6,951
<i>Total Operating Expenses</i>	<u>3,079,727</u>	<u>71,024</u>	<u>1,280,779</u>	<u>4,431,530</u>
<i>Operating Loss</i>	<u>(838,915)</u>	<u>(47,548)</u>	<u>(118,846)</u>	<u>(1,005,309)</u>
Non-Operating Revenues				
Operating Grants	1,003,475	15,885	204,056	1,223,416
Gain on Sale of Capital Assets	23,464	0	0	23,464
<i>Total Non-Operating Revenues</i>	<u>1,026,939</u>	<u>15,885</u>	<u>204,056</u>	<u>1,246,880</u>
<i>Income (Loss) Before Transfers</i>	<u>188,024</u>	<u>(31,663)</u>	<u>85,210</u>	<u>241,571</u>
Transfer In	0	64,957	10,968	75,925
Transfer Out	0	(1,000)	0	(1,000)
<i>Total Transfers</i>	<u>0</u>	<u>63,957</u>	<u>10,968</u>	<u>74,925</u>
<i>Change in Net Assets</i>	<u>188,024</u>	<u>32,294</u>	<u>96,178</u>	<u>316,496</u>
<i>Net Assets (Deficit) Beginning of Year</i>	<u>454,481</u>	<u>(221,348)</u>	<u>53,245</u>	<u>286,378</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$642,505</u>	<u>(\$189,054)</u>	<u>\$149,423</u>	<u>\$602,874</u>

Parma City School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2005

	Food Service	Adult Continuing Education	Extended Daycare/ Preschool	Total Nonmajor Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$2,238,931	\$23,949	\$1,150,602	\$3,413,482
Other Cash Receipts	0	0	5,032	5,032
Cash Payments to Employees for Services	(946,490)	(54,421)	(755,361)	(1,756,272)
Cash Payments for Employee Benefits	(496,019)	(21,699)	(168,680)	(686,398)
Cash Payments for Goods and Services	(1,599,164)	(11,698)	(349,886)	(1,960,748)
Other Cash Payments	(5,194)	0	(1,757)	(6,951)
<i>Net Cash Used for Operating Activities</i>	<u>(807,936)</u>	<u>(63,869)</u>	<u>(120,050)</u>	<u>(991,855)</u>
Cash Flows from Noncapital Financing Activities				
Operating Grants Received	997,466	12,960	179,944	1,190,370
Advances In	0	3,685	0	3,685
Advances Out	0	(77,000)	0	(77,000)
Transfers In	0	64,957	10,968	75,925
Transfers In	0	(1,000)	0	(1,000)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>997,466</u>	<u>3,602</u>	<u>190,912</u>	<u>1,191,980</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Capital Acquisitions	0	0	(4,326)	(4,326)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	189,530	(60,267)	66,536	195,799
<i>Cash and Cash Equivalents Beginning of Year</i>	318,919	63,522	221,729	604,170
<i>Cash and Cash Equivalents End of Year</i>	<u>\$508,449</u>	<u>\$3,255</u>	<u>\$288,265</u>	<u>\$799,969</u>

(continued)

Parma City School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (continued)
For the Fiscal Year Ended June 30, 2005

	<u>Food Service</u>	<u>Adult Continuing Education</u>	<u>Extended Daycare/ Preschool</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities				
Operating Loss	(\$838,915)	(\$47,548)	(\$118,846)	(\$1,005,309)
Adjustments:				
Depreciation	17,552	893	1,010	19,455
(Increase) Decrease in Assets:				
Accounts Receivable	(1,881)	473	(6,299)	(7,707)
Inventory Held for Resale	1,269	0	0	1,269
Increase (Decrease) in Liabilities:				
Accounts Payable	0	695	704	1,399
Accrued Wages and Benefits	8,427	(12,456)	3,980	(49)
Compensated Absences Payable	7,252	1,146	147	8,545
Intergovernmental Payable	(1,640)	(7,072)	(746)	(9,458)
<i>Net Cash Used for Operating Activities</i>	<u>(\$807,936)</u>	<u>(\$63,869)</u>	<u>(\$120,050)</u>	<u>(\$991,855)</u>

Fund Descriptions - Agency Funds

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

Voluntary Benefits Fund - This fund accounts for monies withheld from part-time employees paychecks for insurance.

Parma City School District
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2005

	Balance 06/30/04	Additions	Deductions	Balance 06/30/05
<i>Student Activities</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$411,051	\$885,741	\$859,170	\$437,622
Liabilities				
Due to Students	\$411,051	\$885,741	\$859,170	\$437,622
<i>Voluntary Benefits</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,781,254	\$1,264,408	\$2,546,984	\$498,678
Liabilities				
Undistributed Monies	\$1,781,254	\$1,264,408	\$2,546,984	\$498,678
<i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,192,305	\$2,150,149	\$3,406,154	\$936,300
Liabilities				
Undistributed Monies	\$1,781,254	\$1,264,408	\$2,546,984	\$498,678
Due to Students	411,051	885,741	859,170	437,622
<i>Total Liabilities</i>	\$2,192,305	\$2,150,149	\$3,406,154	\$936,300

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

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Property Taxes	\$74,244,658	\$74,244,658	\$74,613,044	\$368,386
Intergovernmental	31,729,842	34,704,940	35,095,287	390,347
Interest	650,000	650,000	667,710	17,710
Tuition and Fees	1,689,986	1,689,986	1,625,921	(64,065)
Extracurricular Activities	365,362	365,362	418,711	53,349
Rentals	251,000	251,000	331,501	80,501
Charges for Services	277,322	286,029	1,587,922	1,301,893
Contributions and Donations	19,473	19,973	21,405	1,432
Miscellaneous	629,879	629,879	90,928	(538,951)
<i>Total Revenues</i>	109,857,522	112,841,827	114,452,429	1,610,602
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries	38,681,647	37,664,871	36,983,191	681,680
Fringe Benefits	16,231,283	13,469,782	13,407,582	62,200
Purchased Services	1,801,390	1,808,895	1,699,880	109,015
Materials and Supplies	1,840,846	1,807,638	1,726,273	81,365
Capital Outlay - New	127,527	198,727	186,656	12,071
Capital Outlay - Replacement	17,016	16	0	16
Other	231,722	280,797	206,304	74,493
Total Regular	58,931,431	55,230,726	54,209,886	1,020,840
Special:				
Salaries	9,155,154	9,788,900	9,785,559	3,341
Fringe Benefits	730,079	3,581,527	3,574,357	7,170
Purchased Services	28,296	186,084	160,088	25,996
Materials and Supplies	27,311	49,761	32,961	16,800
Capital Outlay - New	3,553	8,303	8,250	53
Other	141	141	141	0
Total Special	9,944,534	13,614,716	13,561,356	53,360
Vocational:				
Salaries and Wages	2,403,787	2,335,051	2,330,649	4,402
Fringe Benefits	120,869	770,073	769,004	1,069
Purchased Services	65,471	38,853	38,211	642
Materials and Supplies	144,469	128,254	115,141	13,113
Capital Outlay - New	0	4,028	4,028	0
Capital Outlay - Replacement	73,180	104,378	101,427	2,951
Total Vocational	2,807,776	3,380,637	3,358,460	22,177
Adult/Continuing:				
Other	1,252	10,502	9,825	677
Total Instruction	\$71,684,993	\$72,236,581	\$71,139,527	\$1,097,054

(continued)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Support Services:				
Pupils:				
Salaries	\$4,979,912	\$4,399,600	\$4,394,631	\$4,969
Fringe Benefits	1,324,522	1,697,492	1,586,107	111,385
Purchased Services	457,137	404,042	403,319	723
Materials and Supplies	114,873	81,621	73,043	8,578
Total Pupils	6,876,444	6,582,755	6,457,100	125,655
Instructional Staff:				
Salaries	2,560,700	2,993,300	2,279,627	713,673
Fringe Benefits	1,192,306	968,163	905,912	62,251
Purchased Services	523,713	492,202	442,508	49,694
Materials and Supplies	143,276	194,853	175,365	19,488
Capital Outlay - New	220,462	145,358	144,829	529
Other	15,335	18,071	8,451	9,620
Total Instructional Staff	4,655,792	4,811,947	3,956,692	855,255
Board of Education:				
Salaries	19,523	92,000	91,934	66
Fringe Benefits	3,728	19,876	18,937	939
Purchased Services	874,385	914,266	868,870	45,396
Materials and Supplies	14,120	14,620	1,996	12,624
Capital Outlay - New	0	1,119	1,119	0
Other	32,060	32,348	9,852	22,496
Total Board of Education	943,816	1,074,229	992,708	81,521
Administration:				
Salaries	6,513,756	6,529,262	6,487,417	41,845
Fringe Benefits	3,603,079	3,267,646	2,845,764	421,882
Purchased Services	254,198	205,329	160,657	44,672
Materials and Supplies	78,080	70,070	64,162	5,908
Capital Outlay - New	700	700	408	292
Capital Outlay - Replacement	3,726	3,326	1,269	2,057
Other	3,169	3,385	2,995	390
Total Administration	10,456,708	10,079,718	9,562,672	517,046
Fiscal:				
Salaries	1,108,415	531,000	482,453	48,547
Fringe Benefits	1,046,281	388,208	224,802	163,406
Purchased Services	199,568	286,254	52,116	234,138
Materials and Supplies	15,610	20,985	19,715	1,270
Capital Outlay - New	39,892	17,068	3,764	13,304
Capital Outlay - Replacement	0	500	500	0
Other	1,156,688	1,263,982	1,261,759	2,223
Total Fiscal	\$3,566,454	\$2,507,997	\$2,045,109	\$462,888

(continued)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Business:				
Salaries	\$94,466	\$439,500	\$438,363	\$1,137
Fringe Benefits	33,345	175,699	172,766	2,933
Purchased Services	220,214	200,214	127,735	72,479
Materials and Supplies	342,508	333,514	294,529	38,985
Capital Outlay - New	77,015	97,015	96,398	617
Capital Outlay - Replacement	10,250	10,250	10,240	10
Other	1,743	2,889	2,739	150
Total Business	779,541	1,259,081	1,142,770	116,311
Operation and Maintenance of Plant:				
Salaries	4,012,543	4,103,600	4,099,752	3,848
Fringe Benefits	2,410,253	1,861,028	1,852,617	8,411
Purchased Services	5,101,184	5,033,673	3,663,052	1,370,621
Materials and Supplies	746,724	729,424	701,118	28,306
Capital Outlay - New	25,643	46,643	46,582	61
Capital Outlay - Replacement	104,720	119,159	119,072	87
Other	386,909	362,158	202,895	159,263
Total Operation and Maintenance of Plant	12,787,976	12,255,685	10,685,088	1,570,597
Pupil Transportation:				
Salaries	3,808,234	3,108,700	2,789,379	319,321
Fringe Benefits	1,347,575	1,395,101	1,359,902	35,199
Purchased Services	564,175	616,475	452,361	164,114
Materials and Supplies	457,772	471,437	449,472	21,965
Other	149,097	149,097	1,500	147,597
Total Pupil Transportation	6,326,853	5,740,810	5,052,614	688,196
Central:				
Salaries	148,686	589,204	587,941	1,263
Fringe Benefits	59,637	255,314	255,168	146
Purchased Services	465,326	546,897	522,271	24,626
Materials and Supplies	612,801	610,573	608,062	2,511
Capital Outlay - New	184,070	172,251	170,907	1,344
Other	5,500	5,485	3,775	1,710
Total Central	1,476,020	2,179,724	2,148,124	31,600
Total Support Services	\$47,869,604	\$46,491,946	\$42,042,877	\$4,449,069

(continued)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	\$4,368	\$21,840	\$21,840	\$0
Fringe Benefits	690	3,658	3,657	1
Purchased Services	0	5,686	0	5,686
Materials and Supplies	0	327	317	10
Capital Outlay - New	0	2,027	1,014	1,013
Other	1,014	1,014	0	1,014
Total Operation of Non-Instructional Services	6,072	34,552	26,828	7,724
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	46,385	113,011	98,550	14,461
Fringe Benefits	6,677	20,343	16,497	3,846
Purchased Services	12,895	41,336	36,834	4,502
Materials and Supplies	28,243	74,092	62,942	11,150
Total Academic and Subject Oriented Activities	94,200	248,782	214,823	33,959
Occupation Oriented Activities:				
Materials and Supplies	9,000	9,000	0	9,000
Sport Oriented Activities:				
Salaries and Wages	202,971	915,628	903,499	12,129
Fringe Benefits	39,096	192,258	184,891	7,367
Purchased Services	34,000	34,000	33,000	1,000
Total Sport Oriented Activities	276,067	1,141,886	1,121,390	20,496
School and Public Service Co-Curricular Activities:				
Salaries and Wages	35,138	88,429	85,759	2,670
Fringe Benefits	5,840	16,043	14,609	1,434
Materials and Supplies	40,401	19,019	12,000	7,019
Other	21,490	21,990	8,320	13,670
Total School and Public Service Co-Curricular Activities	102,869	145,481	120,688	24,793
Total Extracurricular Activities	\$482,136	\$1,545,149	\$1,456,901	\$88,248

(continued)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Capital Outlay:				
Building Improvement Services:				
Purchased Services	\$130,400	\$176,461	\$158,608	\$17,853
Other Facilities Acquisition and Construction Services:				
Purchased Services	9,000	9,000	8,652	348
Total Capital Outlay	139,400	185,461	167,260	18,201
Debt Service:				
Principal Retirement	1,072,769	1,072,769	1,072,769	0
Interest and Fiscal Charges	658,437	658,437	658,437	0
Total Debt Service	1,731,206	1,731,206	1,731,206	0
Total Expenditures	121,913,411	122,224,895	116,564,599	5,660,296
<i>Excess of Revenues Under Expenditures</i>	<i>(12,055,889)</i>	<i>(9,383,068)</i>	<i>(2,112,170)</i>	<i>7,270,898</i>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	24,681	24,681	15,920	(8,761)
Advances In	2,917,845	2,917,845	902,000	(2,015,845)
Advances Out	(600,000)	(1,758,674)	(965,685)	792,989
Transfers In	100,000	100,000	0	(100,000)
Transfers Out	(220,000)	(315,260)	(258,167)	57,093
Total Other Financing Sources (Uses)	2,222,526	968,592	(305,932)	(1,274,524)
Net Change in Fund Balance	(9,833,363)	(8,414,476)	(2,418,102)	5,996,374
Fund Balance Beginning of Year	16,287,056	16,287,056	16,287,056	0
Prior Year Encumbrances Appropriated	1,789,431	1,789,431	1,789,431	0
Fund Balance End of Year	\$8,243,124	\$9,662,011	\$15,658,385	\$5,996,374

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Revenues				
Property Taxes	\$0	\$3,375,959	\$3,375,959	\$0
Expenditures				
Debt Service:				
Principal Retirement	1,367,302	3,935,992	3,145,000	790,992
Interest and Fiscal Charges	0	807,269	687,665	119,604
<i>Total Expenditures</i>	1,367,302	4,743,261	3,832,665	910,596
<i>Net Change in Fund Balance</i>	(1,367,302)	(1,367,302)	(456,706)	910,596
<i>Fund Balance Beginning of Year</i>	1,367,303	1,367,303	1,367,303	0
<i>Fund Balance End of Year</i>	\$1	\$1	\$910,597	\$910,596

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$1,092,816	\$2,144,921	\$1,183,190	(\$961,731)
Intergovernmental	482,126	500,000	482,126	(17,874)
Interest	10,029	11,000	10,029	(971)
Miscellaneous	28,742	1,489,000	29,941	(1,459,059)
<i>Total Revenues</i>	<u>1,613,713</u>	<u>4,144,921</u>	<u>1,705,286</u>	<u>(2,439,635)</u>
Expenditures				
Current:				
Support Services:				
Fiscal:				
Other	0	49,185	49,044	141
Operation and Maintenance of Plant:				
Purchased Services	538,272	1,896,272	1,767,334	128,938
Capital Outlay - New	619,653	2,549,653	1,619,712	929,941
Other	0	10,500	3,800	6,700
Total Operation and Maintenance of Plant	<u>1,157,925</u>	<u>4,456,425</u>	<u>3,390,846</u>	<u>1,065,579</u>
Pupil Transportation				
Capital Outlay - Replacement	24,386	1,006,951	503,444	503,507
Total Support Services	1,182,311	5,512,561	3,943,334	1,569,227
Capital Outlay:				
Building Improvement Services:				
Capital Outlay - New	7,021	7,021	0	7,021
<i>Total Expenditures</i>	<u>1,189,332</u>	<u>5,519,582</u>	<u>3,943,334</u>	<u>1,576,248</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>424,381</u>	<u>(1,374,661)</u>	<u>(2,238,048)</u>	<u>(863,387)</u>
Other Financing Sources (Uses)				
Loan Proceeds	2,500,000	0	2,500,000	2,500,000
Proceeds from Sale of Capital Assets	0	0	35,000	35,000
Advances Out	0	(500,000)	0	500,000
Transfers In	0	0	21,369	21,369
<i>Total Other Financing Sources (Uses)</i>	<u>2,500,000</u>	<u>(500,000)</u>	<u>2,556,369</u>	<u>3,056,369</u>
<i>Net Change in Fund Balance</i>	2,924,381	(1,874,661)	318,321	2,192,982
<i>Fund Balance Beginning of Year</i>	2,149,010	2,149,010	2,149,010	0
Prior Year Encumbrances Appropriated	69,679	69,679	69,679	0
<i>Fund Balance End of Year</i>	<u>\$5,143,070</u>	<u>\$344,028</u>	<u>\$2,537,010</u>	<u>\$2,192,982</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Interest	\$0	\$0	\$10,857	\$10,857
Tuition and Fees	300	300	0	(300)
Extracurricular Activities	742,620	337,561	338,089	528
Charges for Services	1,113	1,113	556	(557)
Contributions and Donations	4,250	5,250	4,791	(459)
Miscellaneous	1,026,717	490,776	484,797	(5,979)
<i>Total Revenues</i>	<u>1,775,000</u>	<u>835,000</u>	<u>839,090</u>	<u>4,090</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	400	400	241	159
Materials and Supplies	0	160	152	8
Total Regular	400	560	393	167
Special:				
Other	11,000	17,000	15,729	1,271
Total Instruction	<u>11,400</u>	<u>17,560</u>	<u>16,122</u>	<u>1,438</u>
Support Services:				
Administration:				
Materials and Supplies	1,173	270	160	110
Fiscal:				
Other	0	2,134	2,134	0
Pupil Transportation:				
Other	360	360	0	360
Total Support Services	<u>1,533</u>	<u>2,764</u>	<u>2,294</u>	<u>470</u>
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Materials and Supplies	23,104	24,704	10,140	14,564
Other	653,762	369,228	314,343	54,885
Total Academic and Subject Oriented Activities	<u>676,866</u>	<u>393,932</u>	<u>324,483</u>	<u>69,449</u>
Occupational Oriented Activities:				
Materials and Supplies	\$3,611	\$3,611	\$650	\$2,961

(continued)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public School Support Fund (continued)
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
School and Public Service				
Co-Curricular Activities:				
Purchased Services	\$191,219	\$227,236	\$121,710	\$105,526
Materials and Supplies	814,615	660,816	408,722	252,094
Capital Outlay - New	6,581	18,615	17,516	1,099
Other	123,615	94,827	41,981	52,846
Total School and Public Service Co-Curricular Activities	1,136,030	1,001,494	589,929	411,565
Total Extracurricular Activities	1,816,507	1,399,037	915,062	483,975
Capital Outlay:				
Building Improvement Services:				
Purchased Services	14,300	14,300	2,108	12,192
<i>Total Expenditures</i>	1,843,740	1,433,661	935,586	498,075
<i>Net Change in Fund Balance</i>	(68,740)	(598,661)	(96,496)	502,165
<i>Fund Balance Beginning of Year</i>	530,004	530,004	530,004	0
Prior Year Encumbrances Appropriated	68,710	68,710	68,710	0
<i>Fund Balance End of Year</i>	\$529,974	\$53	\$502,218	\$502,165

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Other Grants Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$87,694	\$47,694	\$44,495	(\$3,199)
Charges for Services	0	0	210	210
Contributions and Donations	9,206	9,206	1,320	(7,886)
Miscellaneous	0	0	188	188
<i>Total Revenues</i>	<i>96,900</i>	<i>56,900</i>	<i>46,213</i>	<i>(10,687)</i>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries	4,102	6,614	3,971	2,643
Fringe Benefits	310	851	628	223
Purchased Services	2,239	7,687	4,897	2,790
Materials and Supplies	5,743	13,309	6,605	6,704
Capital Outlay - New	0	12,000	5,978	6,022
Total Regular	12,394	40,461	22,079	18,382
Special:				
Materials and Supplies	348	0	0	0
Capital Outlay - New	656	1,004	1,001	3
Total Special	1,004	1,004	1,001	3
Adult/Continuing:				
Salaries and Wages	0	1,070	1,070	0
Fringe Benefits	0	180	180	0
Total Adult/Continuing	0	1,250	1,250	0
Total Instruction	13,398	42,715	24,330	18,385
Support Services:				
Pupils:				
Purchased Services	250	250	250	0
Materials and Supplies	0	2,280	2,110	170
Capital Outlay - New	0	400	385	15
Total Pupils	250	2,930	2,745	185
Instructional Staff:				
Salaries	8,656	15,769	5,774	9,995
Fringe Benefits	4,412	2,596	857	1,739
Purchased Services	7,981	7,538	6,113	1,425
Materials and Supplies	2,580	4,475	3,012	1,463
Total Instructional Staff	\$23,629	\$30,378	\$15,756	\$14,622

(continued)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Other Grants Fund (continued)
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Central:				
Purchased Services	\$3,317	\$5,408	\$796	\$4,612
Materials and Supplies	0	1,200	0	1,200
Other	0	5,000	104	4,896
Total Central	3,317	11,608	900	10,708
Total Support Services	27,196	44,916	19,401	25,515
<i>Total Expenditures</i>	<i>40,594</i>	<i>87,631</i>	<i>43,731</i>	<i>43,900</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>56,306</i>	<i>(30,731)</i>	<i>2,482</i>	<i>33,213</i>
Other Financing Sources (Uses)				
Advances Out	0	(9,700)	0	9,700
Transfers In	0	0	1,000	1,000
<i>Total Other Financing Sources (Uses)</i>	<i>0</i>	<i>(9,700)</i>	<i>1,000</i>	<i>10,700</i>
<i>Net Change in Fund Balance</i>	<i>56,306</i>	<i>(40,431)</i>	<i>3,482</i>	<i>43,913</i>
<i>Fund Balance Beginning of Year</i>	<i>59,453</i>	<i>59,453</i>	<i>59,453</i>	<i>0</i>
Prior Year Encumbrances Appropriated	1,811	1,811	1,811	0
<i>Fund Balance End of Year</i>	<i>\$117,570</i>	<i>\$20,833</i>	<i>\$64,746</i>	<i>\$43,913</i>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
District Managed Student Activity Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Interest	\$0	\$0	\$1,382	\$1,382
Extracurricular Activities	318,815	148,822	304,293	155,471
Charges for Services	195,000	195,000	91,488	(103,512)
Miscellaneous	114,185	114,185	11,372	(102,813)
<i>Total Revenues</i>	<u>628,000</u>	<u>458,007</u>	<u>408,535</u>	<u>(49,472)</u>
Expenditures				
Current:				
Support Services:				
Pupil Transportation:				
Purchased Services	24,545	64,545	45,628	18,917
Extracurricular Activities:				
Sports Oriented Activities:				
Salaries and Wages	40,150	45,535	35,175	10,360
Fringe Benefits	7,303	8,598	5,910	2,688
Purchased Services	386,505	301,299	242,147	59,152
Materials and Supplies	139,706	146,165	126,494	19,671
Capital Outlay - New	36,215	41,416	20,438	20,978
Other	49,447	51,225	32,643	18,582
Total Extracurricular Activities	<u>659,326</u>	<u>594,238</u>	<u>462,807</u>	<u>131,431</u>
<i>Total Expenditures</i>	<u>683,871</u>	<u>658,783</u>	<u>508,435</u>	<u>150,348</u>
<i>Excess of Revenues Under Expenditures</i>	(55,871)	(200,776)	(99,900)	100,876
Other Financing Sources				
Transfers In	62,000	62,000	111,873	49,873
<i>Net Change in Fund Balance</i>	6,129	(138,776)	11,973	150,749
<i>Fund Balance Beginning of Year</i>	112,648	112,648	112,648	0
Prior Year Encumbrances Appropriated	26,128	26,128	26,128	0
<i>Fund Balance End of Year</i>	<u>\$144,905</u>	<u>\$0</u>	<u>\$150,749</u>	<u>\$150,749</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Revenues				
Intergovernmental	\$4,500,000	\$4,764,518	\$3,756,034	(\$1,008,484)
Interest	0	0	32,533	32,533
<i>Total Revenues</i>	<u>4,500,000</u>	<u>4,764,518</u>	<u>3,788,567</u>	<u>(975,951)</u>
Expenditures				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	254,648	1,006,032	954,598	51,434
Fringe Benefits	120,906	472,940	388,769	84,171
Purchased Services	71,433	1,512,125	1,358,231	153,894
Materials and Supplies	1,067,551	1,412,113	1,394,492	17,621
Capital Outlay - New	335,339	537,684	527,995	9,689
<i>Total Expenditures</i>	<u>1,849,877</u>	<u>4,940,894</u>	<u>4,624,085</u>	<u>316,809</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,650,123</u>	<u>(176,376)</u>	<u>(835,518)</u>	<u>(659,142)</u>
Other Financing Source (Uses)				
Advances In	0	0	275,000	275,000
Advances Out	0	(420,000)	(180,000)	240,000
Transfers Out	0	(465,005)	0	465,005
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(885,005)</u>	<u>95,000</u>	<u>980,005</u>
<i>Net Change in Fund Balance</i>	2,650,123	(1,061,381)	(740,518)	320,863
<i>Fund Balance Beginning of Year</i>	751,445	751,445	751,445	0
Prior Year Encumbrances Appropriated	<u>443,350</u>	<u>443,350</u>	<u>443,350</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,844,918</u>	<u>\$133,414</u>	<u>\$454,277</u>	<u>\$320,863</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Professional Development Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	4,658	4,658	4,658	0
<i>Fund Balance End of Year</i>	<u>\$4,658</u>	<u>\$4,658</u>	<u>\$4,658</u>	<u>\$0</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Disadvantaged Pupil Impact Aid Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Revenues				
Intergovernmental	\$137,440	\$50,673	\$106,667	\$55,994
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries	0	41,376	41,376	0
Fringe Benefits	0	14,845	14,845	0
<i>Total Expenditures</i>	0	56,221	56,221	0
<i>Net Change in Fund Balance</i>	137,440	(5,548)	50,446	55,994
<i>Fund Balance Beginning of Year</i>	61,626	61,626	61,626	0
<i>Fund Balance End of Year</i>	\$199,066	\$56,078	\$112,072	\$55,994

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Network Connectivity Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$0	\$0	\$63,000	\$63,000
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	63,000	63,000
<i>Fund Balance Beginning of Year</i>	226,437	226,437	226,437	0
<i>Fund Balance End of Year</i>	<u>\$226,437</u>	<u>\$226,437</u>	<u>\$289,437</u>	<u>\$63,000</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Ohio Reads Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$157,180	\$61,014	\$57,500	(\$3,514)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries	88	612	611	1
Fringe Benefits	39	111	111	0
Purchased Services	0	8,721	8,721	0
Materials and Supplies	0	1,779	1,776	3
Total Instruction	127	11,223	11,219	4
Support Services:				
Pupils:				
Salaries	1,003	12,821	11,756	1,065
Fringe Benefits	218	1,789	1,749	40
Materials and Supplies	2,848	4,442	4,442	0
Total Pupils	4,069	19,052	17,947	1,105
Instructional Staff:				
Salaries	0	23,602	20,537	3,065
Fringe Benefits	13	6,113	2,860	3,253
Purchased Services	575	2,623	2,496	127
Materials and Supplies	4,723	9,241	9,237	4
Total Instructional Staff	5,311	41,579	35,130	6,449
Total Support Services	9,380	60,631	53,077	7,554
<i>Total Expenditures</i>	9,507	71,854	64,296	7,558
<i>Excess of Revenues Over (Under) Expenditures</i>	147,673	(10,840)	(6,796)	4,044
Other Financing Sources				
Advances In	0	0	4,000	4,000
<i>Net Change in Fund Balance</i>	147,673	(10,840)	(2,796)	8,044
<i>Fund Balance Beginning of Year</i>	3,282	3,282	3,282	0
Prior Year Encumbrances Appropriated	7,558	7,558	7,558	0
<i>Fund Balance End of Year</i>	\$158,513	\$0	\$8,044	\$8,044

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Alternative Schools Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$914,447	\$374,063	\$325,126	(\$48,937)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries	39,540	162,503	162,503	0
Fringe Benefits	11,185	48,050	47,771	279
Materials and Supplies	660	660	0	660
Total Instruction	51,385	211,213	210,274	939
Support Services:				
Pupils:				
Salaries	8,482	14,682	14,586	96
Fringe Benefits	511	13,160	12,282	878
Total Pupils	8,993	27,842	26,868	974
Administration:				
Salaries	699	79,603	78,537	1,066
Fringe Benefits	3,632	28,154	23,877	4,277
Purchased Services	1	27,911	27,514	397
Total Administration	4,332	135,668	129,928	5,740
Total Support Services	13,325	163,510	156,796	6,714
<i>Total Expenditures</i>	64,710	374,723	367,070	7,653
<i>Excess of Revenues Over (Under) Expenditures</i>	849,737	(660)	(41,944)	(41,284)
Other Financing Sources				
Transfers In	0	0	49,000	49,000
<i>Net Change in Fund Balance</i>	849,737	(660)	7,056	7,716
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	660	660	660	0
<i>Fund Balance End of Year</i>	\$850,397	\$0	\$7,716	\$7,716

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Grants Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$137,728	\$50,779	\$50,909	\$130
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	703	1,703	1,668	35
Capital Outlay - New	227	227	227	0
Total Regular	930	1,930	1,895	35
Special:				
Salaries	0	1,700	1,403	297
Fringe Benefits	0	163	76	87
Purchased Services	0	1,300	900	400
Materials and Supplies	0	6,838	6,815	23
Total Special	0	10,001	9,194	807
Total Instruction	930	11,931	11,089	842
Support Services:				
Pupils:				
Salaries	155	25,091	18,260	6,831
Fringe Benefits	623	4,243	3,327	916
Purchased Services	0	474	472	2
Materials and Supplies	1,549	1,607	58	1,549
Total Pupils	2,327	31,415	22,117	9,298
Operation and Maintenance of Plant:				
Purchased Services	2,006	10,406	9,770	636
Materials and Supplies	1,872	7,301	6,998	303
Total Operation and Maintenance of Plant	3,878	17,707	16,768	939
Total Support Services	6,205	49,122	38,885	10,237
<i>Total Expenditures</i>	7,135	61,053	49,974	11,079
<i>Net Change in Fund Balance</i>	130,593	(10,274)	935	11,209
<i>Fund Balance Beginning of Year</i>	130,546	130,546	130,546	0
Prior Year Encumbrances Appropriated	4,714	4,714	4,714	0
<i>Fund Balance End of Year</i>	\$265,853	\$124,986	\$136,195	\$11,209

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Basic Education Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Revenues				
Intergovernmental	\$0	\$163,182	\$153,883	(\$9,299)
Expenditures				
Current:				
Instruction:				
Adult/Continuing:				
Salaries	0	99,635	99,521	114
Fringe Benefits	0	15,207	15,207	0
Purchased Services	0	810	800	10
Materials and Supplies	0	1,468	1,405	63
Total Instruction	0	117,120	116,933	187
Support Services:				
Pupils:				
Salaries	0	32,542	32,542	0
Fringe Benefits	0	12,570	12,570	0
Purchased Services	0	610	487	123
Materials and Supplies	0	500	500	0
Other	0	150	150	0
Total Support Services	0	46,372	46,249	123
<i>Total Expenditures</i>	0	163,492	163,182	310
<i>Excess of Revenues Under Expenditures</i>	0	(310)	(9,299)	(8,989)
Other Financing Sources				
Advances In	0	0	10,000	10,000
<i>Net Change in Fund Balance</i>	0	(310)	701	1,011
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	310	310	310	0
<i>Fund Balance End of Year</i>	<u>\$310</u>	<u>\$0</u>	<u>\$1,011</u>	<u>\$1,011</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI-B Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Revenues				
Intergovernmental	\$3,252,585	\$3,719,555	\$3,535,471	(\$184,084)
Expenditures				
Current:				
Instruction:				
Special:				
Salaries	504,481	256,291	63,716	192,575
Fringe Benefits	25,643	11,568	11,560	8
Purchased Services	481,579	981,295	970,944	10,351
Materials and Supplies	377,839	416,217	394,658	21,559
Capital Outlay - New	64,266	64,148	63,493	655
Other	2,205	2,205	2,202	3
Total Instruction	1,456,013	1,731,724	1,506,573	225,151
Support Services:				
Pupils:				
Salaries	42,574	49,074	48,831	243
Fringe Benefits	23,717	17,717	17,463	254
Purchased Services	96,504	78,504	77,974	530
Materials and Supplies	26,836	26,836	26,500	336
Capital Outlay - New	12,054	47,054	47,054	0
Total Pupils	201,685	219,185	217,822	1,363
Instructional Staff:				
Salaries	693,616	614,609	570,850	43,759
Fringe Benefits	730,565	391,134	372,604	18,530
Purchased Services	4,439	4,439	4,439	0
Materials and Supplies	20,154	20,154	20,088	66
Capital Outlay - New	33,783	60,590	24,936	35,654
Total Instructional Staff	1,482,557	1,090,926	992,917	98,009
Administration:				
Salaries	241,469	220,469	210,506	9,963
Fringe Benefits	112,098	91,098	86,418	4,680
Purchased Services	24,620	12,920	12,645	275
Materials and Supplies	13,556	13,556	13,518	38
Capital Outlay - New	8,000	8,000	7,999	1
Total Administration	399,743	346,043	331,086	14,957
Pupil Transportation:				
Purchased Services	42,758	42,758	42,714	44
Central:				
Purchased Services	2,166	2,166	1,546	620
Total Support Services	\$2,128,909	\$1,701,078	\$1,586,085	\$114,993

(continued)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI-B Fund (continued)
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	\$266,950	\$266,950	\$266,950	\$0
Fringe Benefits	43,328	43,328	43,328	0
Purchased Services	67,524	67,524	67,524	0
Materials and Supplies	15,410	151,996	151,412	584
Capital Outlay - New	0	2,000	1,996	4
Total Operation of Non-Instructional Services	393,212	531,798	531,210	588
<i>Total Expenditures</i>	<u>3,978,134</u>	<u>3,964,600</u>	<u>3,623,868</u>	<u>340,732</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(725,549)</u>	<u>(245,045)</u>	<u>(88,397)</u>	<u>156,648</u>
Other Financing Sources (Uses)				
Advances In	0	0	11,000	11,000
Advances Out	0	(645,000)	(645,000)	0
Transfers Out	0	(29,826)	0	29,826
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(674,826)</u>	<u>(634,000)</u>	<u>40,826</u>
<i>Net Change in Fund Balance</i>	(725,549)	(919,871)	(722,397)	197,474
<i>Fund Balance Beginning of Year</i>	725,549	725,549	725,549	0
Prior Year Encumbrances Appropriated	194,322	194,322	194,322	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$194,322</u>	<u>\$0</u>	<u>\$197,474</u>	<u>\$197,474</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Vocational Education Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$255,108	\$267,624	\$196,244	(\$71,380)
Expenditures				
Current:				
Instruction:				
Vocational:				
Salaries and Wages	2,000	4,000	2,021	1,979
Fringe Benefits	254	702	370	332
Total Instruction	2,254	4,702	2,391	2,311
Support Services:				
Pupils:				
Salaries	21,305	6,035	6,035	0
Fringe Benefits	4,119	1,349	1,188	161
Purchased Services	5,297	2,595	2,595	0
Capital Outlay - New	185,775	339,646	244,375	95,271
Capital Outlay - Replacement	10,000	5,000	5,000	0
Total Pupils	226,496	354,625	259,193	95,432
Instructional Staff:				
Purchased Services	15,096	15,096	15,096	0
Materials and Supplies	19,937	6,329	6,214	115
Total Instructional Staff	35,033	21,425	21,310	115
Central:				
Purchased Services	16,200	7,017	6,874	143
Total Support Services	277,729	383,067	287,377	95,690
<i>Total Expenditures</i>	279,983	387,769	289,768	98,001
<i>Excess of Revenues Under Expenditures</i>	(24,875)	(120,145)	(93,524)	26,621
Other Financing Sources				
Advances In	0	0	69,000	69,000
<i>Net Change in Fund Balance</i>	(24,875)	(120,145)	(24,524)	95,621
<i>Fund Balance Beginning of Year</i>	24,875	24,875	24,875	0
Prior Year Encumbrances Appropriated	95,270	95,270	95,270	0
<i>Fund Balance End of Year</i>	\$95,270	\$0	\$95,621	\$95,621

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Revenues				
Intergovernmental	\$290,813	\$2,126,885	\$1,629,291	(\$497,594)
Expenditures				
Current:				
Instruction:				
Special:				
Salaries	62,536	946,953	847,119	99,834
Fringe Benefits	26,797	336,797	284,674	52,123
Purchased Services	81,551	88,551	1,558	86,993
Materials and Supplies	29,525	116,411	64,257	52,154
Capital Outlay - New	11,960	19,960	6,719	13,241
Total Instruction	212,369	1,508,672	1,204,327	304,345
Support Services:				
Instructional Staff:				
Salaries	54,143	60,143	19,396	40,747
Fringe Benefits	11,708	15,708	6,675	9,033
Purchased Services	35,808	45,808	4,862	40,946
Materials and Supplies	9,420	17,420	5,009	12,411
Capital Outlay - New	622	4,137	3,515	622
Total Instructional Staff	111,701	143,216	39,457	103,759
Administration:				
Salaries	8,000	48,000	41,857	6,143
Fringe Benefits	21,916	82,039	23,007	59,032
Purchased Services	1,327	1,327	0	1,327
Materials and Supplies	1,413	1,413	0	1,413
Total Administration	32,656	132,779	64,864	67,915
Total Support Services	144,357	275,995	104,321	171,674
Operation of Non-Instructional Services:				
Community Services:				
Salaries	21,759	131,417	84,274	47,143
Fringe Benefits	6,709	37,667	26,389	11,278
Purchased Services	22,402	54,802	36,755	18,047
Materials and Supplies	237	24,589	16,451	8,138
Capital Outlay - New	0	11,215	10,344	871
Total Operation of Non-Instructional Services	51,107	259,690	174,213	85,477
<i>Total Expenditures</i>	407,833	2,044,357	1,482,861	561,496
<i>Excess of Revenues Over (Under) Expenditures</i>	(\$117,020)	\$82,528	\$146,430	\$63,902

(continued)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title I Fund (continued)
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Other Financing Sources (Uses)				
Advances In	\$0	\$0	\$215,000	\$215,000
Transfers Out	0	(66,438)	0	66,438
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(66,438)</u>	<u>215,000</u>	<u>281,438</u>
<i>Net Change in Fund Balance</i>	(117,020)	16,090	361,430	345,340
<i>Fund Balance Beginning of Year</i>	117,020	117,020	117,020	0
Prior Year Encumbrances Appropriated	<u>24,417</u>	<u>24,417</u>	<u>24,417</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$24,417</u>	<u>\$157,527</u>	<u>\$502,867</u>	<u>\$345,340</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$33,248	\$99,816	\$105,643	\$5,827
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries	30,987	53,940	53,219	721
Fringe Benefits	3,786	23,591	21,149	2,442
Total Instruction	34,773	77,531	74,368	3,163
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	764	7,764	6,926	838
Materials and Supplies	6,032	18,406	17,476	930
Capital Outlay - New	4,637	9,097	6,945	2,152
Total Operation of Non-Instructional Services	11,433	35,267	31,347	3,920
<i>Total Expenditures</i>	46,206	112,798	105,715	7,083
<i>Excess of Revenues Under Expenditures</i>	(12,958)	(12,982)	(72)	12,910
Other Financing Sources (Uses)				
Advances In	0	0	30,000	30,000
Transfers Out	0	(7,059)	0	7,059
<i>Total Other Financing Sources (Uses)</i>	0	(7,059)	30,000	37,059
<i>Net Change in Fund Balance</i>	(12,958)	(20,041)	29,928	49,969
<i>Fund Balance Beginning of Year</i>	12,958	12,958	12,958	0
Prior Year Encumbrances Appropriated	7,083	7,083	7,083	0
<i>Fund Balance End of Year</i>	\$7,083	\$0	\$49,969	\$49,969

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Free Schools Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$4,253	\$65,515	\$49,704	(\$15,811)
Expenditures				
Current:				
Support Services:				
Pupils:				
Salaries	1,778	43,572	43,258	314
Fringe Benefits	256	16,166	16,164	2
Total Support Services	2,034	59,738	59,422	316
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	0	960	911	49
Materials and Supplies	2,219	6,130	4,310	1,820
Total Operation of Non-Instructional Services	2,219	7,090	5,221	1,869
<i>Total Expenditures</i>	4,253	66,828	64,643	2,185
<i>Excess of Revenues Under Expenditures</i>	0	(1,313)	(14,939)	(13,626)
Other Financing Sources (Uses)				
Advances In	0	0	15,000	15,000
Transfers Out	0	(872)	0	872
<i>Total Other Financing Sources (Uses)</i>	0	(872)	15,000	15,872
<i>Net Change in Fund Balance</i>	0	(2,185)	61	2,246
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	2,185	2,185	2,185	0
<i>Fund Balance End of Year</i>	<u>\$2,185</u>	<u>\$0</u>	<u>\$2,246</u>	<u>\$2,246</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Preschool Grant Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$19,548	\$163,207	\$131,239	(\$31,968)
Expenditures				
Current:				
Instruction:				
Special:				
Salaries	0	3,613	3,183	430
Fringe Benefits	0	710	702	8
Materials and Supplies	5,377	17,876	17,775	101
Capital Outlay - New	10,462	30,462	30,418	44
Total Instruction	15,839	52,661	52,078	583
Support Services:				
Pupils:				
Salaries	728	14,828	12,242	2,586
Fringe Benefits	578	11,038	7,837	3,201
Materials and Supplies	5,742	6,353	6,269	84
Total Pupils	7,048	32,219	26,348	5,871
Instructional Staff:				
Salaries	3,411	46,176	39,897	6,279
Fringe Benefits	5,349	22,240	16,987	5,253
Total Instructional Staff	8,760	68,416	56,884	11,532
Administration:				
Purchased Services	0	1,000	1,000	0
Total Support Services	15,808	101,635	84,232	17,403
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	3,537	15,417	11,881	3,536
Total Expenditures	35,184	169,713	148,191	21,522
Excess of Revenues Under Expenditures	(15,636)	(6,506)	(16,952)	(10,446)
Other Financing Sources (Uses)				
Advances In	0	0	7,000	7,000
Transfers Out	0	(30,652)	0	30,652
Total Other Financing Sources (Uses)	\$0	(\$30,652)	\$7,000	\$37,652

(continued)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Preschool Grant Fund (continued)
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
<i>Net Change in Fund Balance</i>	(\$15,636)	(\$37,158)	(\$9,952)	\$27,206
<i>Fund Balance Beginning of Year</i>	15,636	15,636	15,636	0
Prior Year Encumbrances Appropriated	21,522	21,522	21,522	0
<i>Fund Balance End of Year</i>	<u>\$21,522</u>	<u>\$0</u>	<u>\$27,206</u>	<u>\$27,206</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI-R Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$21,347	\$363,573	\$418,218	\$54,645
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries	18,137	259,709	234,421	25,288
Fringe Benefits	3,828	68,357	68,357	0
Materials and Supplies	3,490	0	0	0
Total Instruction	25,455	328,066	302,778	25,288
Support Services:				
Pupils:				
Fringe Benefits	13,440	0	0	0
Purchased Services	20,197	182	182	0
Materials and Supplies	7,068	0	0	0
Capital Outlay - New	9,318	156	156	0
Total Pupils	50,023	338	338	0
Instructional Staff:				
Salaries	60,473	95,007	95,007	0
Fringe Benefits	1,739	29,654	29,654	0
Purchased Services	1,410	25,258	25,257	1
Materials and Supplies	24,533	3,458	3,458	0
Capital Outlay - New	0	5,275	5,235	40
Total Instructional Staff	88,155	158,652	158,611	41
Total Support Services	138,178	158,990	158,949	41
<i>Total Expenditures</i>	163,633	487,056	461,727	25,329
<i>Excess of Revenues Under Expenditures</i>	(142,286)	(123,483)	(43,509)	79,974
Other Financing Sources (Uses)				
Advances In	0	0	160,000	160,000
Transfers Out	0	(44,131)	0	44,131
<i>Total Other Financing Sources (Uses)</i>	0	(44,131)	160,000	204,131
<i>Net Change in Fund Balance</i>	(142,286)	(167,614)	116,491	284,105
<i>Fund Balance Beginning of Year</i>	142,286	142,286	142,286	0
Prior Year Encumbrances Appropriated	25,329	25,329	25,329	0
<i>Fund Balance End of Year</i>	\$25,329	\$1	\$284,106	\$284,105

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Scholarship Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Miscellaneous	\$500	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Adult/Continuing:				
Other	1,000	1,075	1,075	0
<i>Net Change in Fund Balance</i>	(500)	(1,075)	(1,075)	0
<i>Fund Balance Beginning of Year</i>	14,878	14,878	14,878	0
<i>Fund Balance End of Year</i>	\$14,378	\$13,803	\$13,803	\$0

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Venture Capital Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Miscellaneous	\$50,000	\$0	\$0	\$0
Expenditures				
	0	0	0	0
<i>Net Change in Fund Balance</i>	50,000	0	0	0
<i>Fund Balance Beginning of Year</i>	1,925	1,925	1,925	0
<i>Fund Balance End of Year</i>	<u>\$51,925</u>	<u>\$1,925</u>	<u>\$1,925</u>	<u>\$0</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Economic Education Grant Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Miscellaneous	\$159,999	\$65,006	\$0	(\$65,006)
Expenditures				
Current:				
Support Services:				
Pupils:				
Salaries	0	65,449	443	65,006
<i>Net Change in Fund Balance</i>	159,999	(443)	(443)	0
<i>Fund Balance Beginning of Year</i>	443	443	443	0
<i>Fund Balance End of Year</i>	\$160,442	\$0	\$0	\$0

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Career Development Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	4,658	4,658	4,658	0
<i>Fund Balance End of Year</i>	<u>\$4,658</u>	<u>\$4,658</u>	<u>\$4,658</u>	<u>\$0</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Managed Information Systems Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$164,475	\$14,644	\$42,500	\$27,856
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Salaries	0	3,506	3,506	0
Fringe Benefits	0	876	876	0
Total Instructional Staff	0	4,382	4,382	0
Central:				
Salaries	0	48,189	42,285	5,904
Fringe Benefits	0	14,709	9,147	5,562
Total Central	0	62,898	51,432	11,466
<i>Total Expenditures</i>	0	67,280	55,814	11,466
<i>Net Change in Fund Balance</i>	164,475	(52,636)	(13,314)	39,322
<i>Fund Balance Beginning of Year</i>	216,723	216,723	216,723	0
<i>Fund Balance End of Year</i>	\$381,198	\$164,087	\$203,409	\$39,322

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Entry Year Grant Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Revenues				
Intergovernmental	\$146,566	\$54,037	\$29,700	(\$24,337)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries	22,886	45,648	45,648	0
Fringe Benefits	3,715	7,553	7,553	0
Purchased Services	0	2,200	2,200	0
Materials and Supplies	2,553	3,503	995	2,508
<i>Total Expenditures</i>	29,154	58,904	56,396	2,508
<i>Excess of Revenues Over (Under) Expenditures</i>	117,412	(4,867)	(26,696)	(21,829)
Other Financing Uses				
Transfers Out	0	(1,100)	0	1,100
<i>Net Change in Fund Balance</i>	117,412	(5,967)	(26,696)	(20,729)
<i>Fund Balance Beginning of Year</i>	57,811	57,811	57,811	0
Prior Year Encumbrances Appropriated	50	50	50	0
<i>Fund Balance End of Year</i>	\$175,273	\$51,894	\$31,165	(\$20,729)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net Subsidy Grant Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Revenues				
Intergovernmental	\$46,204	\$17,035	\$9,450	(\$7,585)
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Salaries	0	6,274	537	5,737
Fringe Benefits	0	1,059	84	975
Purchased Services	0	11,567	7,041	4,526
<i>Total Expenditures</i>	0	18,900	7,662	11,238
<i>Net Change in Fund Balance</i>	46,204	(1,865)	1,788	3,653
<i>Fund Balance Beginning of Year</i>	9,450	9,450	9,450	0
<i>Fund Balance End of Year</i>	\$55,654	\$7,585	\$11,238	\$3,653

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Textbook Subsidy Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$95	\$35	\$0	(\$35)
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	0	39	39	0
<i>Net Change in Fund Balance</i>	95	(4)	(39)	(35)
<i>Fund Balance Beginning of Year</i>	39	39	39	0
<i>Fund Balance End of Year</i>	<u>\$134</u>	<u>\$35</u>	<u>\$0</u>	<u>(\$35)</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Summer Intervention Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Revenues				
Intergovernmental	\$1,056,759	\$389,616	\$245,154	(\$144,462)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries	60,099	53,616	53,616	0
Fringe Benefits	22,745	11,837	11,305	532
Purchased Services	3,448	2,689	2,689	0
Materials and Supplies	38,924	61,144	20,029	41,115
Total Regular	125,216	129,286	87,639	41,647
Special:				
Salaries	94,794	99,576	71,055	28,521
Fringe Benefits	26,783	12,950	7,159	5,791
Purchased Services	7,000	23,342	23,342	0
Materials and Supplies	85,000	83,200	82,244	956
Total Special	213,577	219,068	183,800	35,268
Total Instruction	338,793	348,354	271,439	76,915
Support Services:				
Pupils:				
Salaries	9,872	3,257	1,882	1,375
Fringe Benefits	2,797	27,772	1,932	25,840
Purchased Services	2,000	2,000	2,000	0
Total Pupils	14,669	33,029	5,814	27,215
Administration:				
Salaries	14,500	13,000	6,500	6,500
Fringe Benefits	5,600	3,424	1,719	1,705
Total Administration	20,100	16,424	8,219	8,205
Pupil Transportation:				
Purchased Services	10,006	12,595	12,595	0
Total Support Services	44,775	62,048	26,628	35,420
<i>Total Expenditures</i>	383,568	410,402	298,067	112,335
<i>Excess of Revenues Over (Under) Expenditures</i>	673,191	(20,786)	(52,913)	(32,127)
Other Financing Sources (Uses)				
Advances In	0	0	41,000	41,000
Advances Out	0	(48,000)	0	48,000
<i>Total Other Financing Sources (Uses)</i>	0	(48,000)	41,000	89,000

(continued)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Summer Intervention Fund (continued)
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
<i>Net Change in Fund Balance</i>	\$673,191	(\$68,786)	(\$11,913)	\$56,873
<i>Fund Balance Beginning of Year</i>	72,072	72,072	72,072	0
<i>Prior Year Encumbrances Appropriated</i>	26,125	26,125	26,125	0
<i>Fund Balance End of Year</i>	<u>\$771,388</u>	<u>\$29,411</u>	<u>\$86,284</u>	<u>\$56,873</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Vocational Education Enhancements Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$99,807	\$36,798	\$26,060	(\$10,738)
Expenditures				
Current:				
Instruction:				
Vocational:				
Materials and Supplies	13,215	32,789	18,215	14,574
Adult/Continuing:				
Capital Outlay - New	15,907	15,907	15,907	0
Total Instruction	29,122	48,696	34,122	14,574
Support Services:				
Pupils:				
Purchased Services	5,000	0	0	0
Materials and Supplies	1,705	1,705	1,705	0
Capital Outlay - New	5,000	5,000	5,000	0
Total Support Services	11,705	6,705	6,705	0
<i>Total Expenditures</i>	40,827	55,401	40,827	14,574
<i>Excess of Revenues Over (Under) Expenditures</i>	58,980	(18,603)	(14,767)	3,836
Other Financing Sources				
Advances In	0	0	15,000	15,000
<i>Net Change in Fund Balance</i>	58,980	(18,603)	233	18,836
<i>Fund Balance Beginning of Year</i>	4,571	4,571	4,571	0
Prior Year Encumbrances Appropriated	14,574	14,574	14,574	0
<i>Fund Balance End of Year</i>	\$78,125	\$542	\$19,378	\$18,836

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Limited English Proficiency Grant Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$87,580	\$197,069	\$127,714	(\$69,355)
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	368	368	10	358
Materials and Supplies	8,884	8,884	5,174	3,710
Total Regular	9,252	9,252	5,184	4,068
Special:				
Salaries	0	77,451	70,914	6,537
Fringe Benefits	0	26,168	14,947	11,221
Materials and Supplies	0	2,476	2,475	1
Total Special	0	106,095	88,336	17,759
Total Instruction	9,252	115,347	93,520	21,827
Support Services:				
Pupils:				
Salaries	44,012	28,377	28,376	1
Fringe Benefits	10,176	22,426	14,942	7,484
Total Pupils	54,188	50,803	43,318	7,485
Instructional Staff:				
Salaries	14,325	3,995	2,498	1,497
Fringe Benefits	5,497	5,497	365	5,132
Purchased Services	5,903	7,787	2,732	5,055
Total Instructional Staff	25,725	17,279	5,595	11,684
Total Support Services	79,913	68,082	48,913	19,169
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	6,892	6,892	202	6,690
Total Expenditures	96,057	190,321	142,635	47,686
Excess of Revenues Over (Under) Expenditures	(8,477)	6,748	(14,921)	(21,669)
Other Financing Sources (Uses)				
Advances In	0	0	110,000	110,000
Transfers Out	0	(23,445)	0	23,445
Total Other Financing Sources (Uses)	\$0	(\$23,445)	\$110,000	\$133,445

(continued)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Limited English Proficiency Grant Fund (continued)
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
<i>Net Change in Fund Balance</i>	(\$8,477)	(\$16,697)	\$95,079	\$111,776
<i>Fund Balance Beginning of Year</i>	8,477	8,477	8,477	0
Prior Year Encumbrances Appropriated	8,220	8,220	8,220	0
<i>Fund Balance End of Year</i>	<u>\$8,220</u>	<u>\$0</u>	<u>\$111,776</u>	<u>\$111,776</u>

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Refugee Children Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Intergovernmental	\$1,218	\$18,788	\$8,950	(\$9,838)
Expenditures				
Current:				
Instruction:				
Special:				
Salaries	9,571	6,395	5,070	1,325
Fringe Benefits	2,264	2,264	798	1,466
Purchased Services	6,086	3,586	3,536	50
Materials and Supplies	878	7,378	6,471	907
Capital Outlay - New	2,320	2,820	2,820	0
<i>Total Expenditures</i>	21,119	22,443	18,695	3,748
<i>Net Change in Fund Balance</i>	(19,901)	(3,655)	(9,745)	(6,090)
<i>Fund Balance Beginning of Year</i>	19,901	19,901	19,901	0
Prior Year Encumbrances Appropriated	1,324	1,324	1,324	0
<i>Fund Balance End of Year</i>	\$1,324	\$17,570	\$11,480	(\$6,090)

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Turf Replacement Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget		
Revenues				
Miscellaneous	\$0	\$18,000	\$19,956	\$1,956
Expenditures				
Current:				
Instruction:				
Regular:				
Capital Outlay - Replacement	36,852	36,826	0	36,826
Support Services:				
Operation and Maintenance of Plant:				
Fringe Benefits	0	26	26	0
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - Replacement	94,254	94,254	0	94,254
<i>Total Expenditures</i>	131,106	131,106	26	131,080
<i>Net Change in Fund Balance</i>	(131,106)	(113,106)	19,930	133,036
<i>Fund Balance Beginning of Year</i>	131,106	131,106	131,106	0
<i>Fund Balance End of Year</i>	\$0	\$18,000	\$151,036	\$133,036

Parma City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Revised Budget</u>		
Revenues				
Intergovernmental	\$0	\$117,456	\$118,650	\$1,194
Expenditures				
Current:				
Support Services:				
Central:				
Capital Outlay - New	<u>0</u>	<u>118,650</u>	<u>97,785</u>	<u>20,865</u>
<i>Net Change in Fund Balance</i>	0	(1,194)	20,865	22,059
<i>Fund Balance Beginning of Year</i>	1,194	1,194	1,194	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,194</u>	<u>\$0</u>	<u>\$22,059</u>	<u>\$22,059</u>

Parma City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Revenues				
Sales	\$3,000,000	\$3,236,396	\$2,238,931	(\$997,465)
Operating Grants	0	0	997,466	997,466
<i>Total Revenues</i>	<u>3,000,000</u>	<u>3,236,396</u>	<u>3,236,397</u>	<u>1</u>
Expenses				
Salaries	1,010,740	988,329	946,490	41,839
Fringe Benefits	548,437	512,045	512,045	0
Purchased Services	366,610	204,926	46,497	158,429
Materials and Supplies	813,300	1,721,400	1,550,132	171,268
Capital Outlay - New	264,000	131,900	2,535	129,365
Other	11,720	12,742	5,194	7,548
<i>Total Expenses</i>	<u>3,014,807</u>	<u>3,571,342</u>	<u>3,062,893</u>	<u>508,449</u>
<i>Net Change in Fund Equity</i>	(14,807)	(334,946)	173,504	508,450
<i>Fund Equity Beginning of Year</i>	320,139	320,139	320,139	0
Prior Year Encumbrances Appropriated	<u>14,807</u>	<u>14,807</u>	<u>14,807</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$320,139</u>	<u>\$0</u>	<u>\$508,450</u>	<u>\$508,450</u>

Parma City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Adult Continuing Education Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Revenues				
Tuition and Fees	\$370,000	\$105,551	\$23,949	(\$81,602)
Operating Grants	0	0	12,960	12,960
<i>Total Revenues</i>	<u>370,000</u>	<u>105,551</u>	<u>36,909</u>	<u>(68,642)</u>
Expenses				
Salaries	0	54,421	54,421	0
Fringe Benefits	0	23,457	23,177	280
Purchased Services	880	6,816	5,642	1,174
Materials and Supplies	502	7,858	7,481	377
<i>Total Expenses</i>	<u>1,382</u>	<u>92,552</u>	<u>90,721</u>	<u>1,831</u>
<i>Excess of Revenues Over (Under) Expenses</i>	368,618	12,999	(53,812)	(66,811)
Advances In	0	0	3,685	3,685
Advances Out	0	(77,000)	(77,000)	0
Transfers In	0	0	64,957	64,957
Transfers Out	0	(1,000)	(1,000)	0
<i>Net Change in Fund Equity</i>	368,618	(65,001)	(63,170)	1,831
<i>Fund Equity Beginning of Year</i>	63,620	63,620	63,620	0
Prior Year Encumbrances Appropriated	1,382	1,382	1,382	0
<i>Fund Equity End of Year</i>	<u>\$433,620</u>	<u>\$1</u>	<u>\$1,832</u>	<u>\$1,831</u>

Parma City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Extended Daycare/Preschool Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
Revenues				
Tuition and Fees	\$1,686,000	\$1,342,000	\$1,150,602	(\$191,398)
Operating Grants	0	0	179,944	179,944
Miscellaneous	4,000	4,000	5,032	1,032
<i>Total Revenues</i>	<u>1,690,000</u>	<u>1,346,000</u>	<u>1,335,578</u>	<u>(10,422)</u>
Expenses				
Salaries	843,267	843,267	755,361	87,906
Fringe Benefits	244,694	252,188	169,902	82,286
Purchased Services	247,355	247,485	220,544	26,941
Materials and Supplies	166,362	170,888	138,651	32,237
Capital Outlay - New	10,575	10,575	4,865	5,710
Capital Outlay - Replacement	2,010	2,010	1,119	891
Other	9,925	9,925	1,865	8,060
<i>Total Expenses</i>	<u>1,524,188</u>	<u>1,536,338</u>	<u>1,292,307</u>	<u>244,031</u>
<i>Excess of Revenues Over (Under) Expenses</i>	165,812	(190,338)	43,271	233,609
Transfers In	0	0	10,968	10,968
<i>Net Change in Fund Equity</i>	165,812	(190,338)	54,239	244,577
<i>Fund Equity Beginning of Year</i>	210,801	210,801	210,801	0
Prior Year Encumbrances Appropriated	12,150	12,150	12,150	0
<i>Fund Equity End of Year</i>	<u>\$388,763</u>	<u>\$32,613</u>	<u>\$277,190</u>	<u>\$244,577</u>

Parma City School District
Governmental Activities Revenues by Source and Expenses by Function
Last Five Fiscal Years (1)

	2005	2004	2003	2002	2001
Program Revenues					
Charges for Services and Sales	\$4,749,177	\$4,260,028	\$3,453,400	\$2,950,422	\$3,956,734
Operating Grants and Contributions	11,815,297	10,740,281	9,931,098	8,531,154	8,361,820
Capital Grants and Contributions	118,650	0	191,504	2,390,077	152,016
General Revenues					
Property Taxes	78,181,183	77,622,086	71,286,176	88,492,389	73,873,979
Intergovernmental	34,172,968	33,989,650	32,873,674	36,323,272	23,777,006
Interest	815,547	455,946	910,019	1,184,907	1,473,616
Gain on Sale of Capital Assets	0	41,658	42,563	0	11,625
Miscellaneous	1,030,002	712,760	941,427	163,388	902,636
Total	\$130,882,824	\$127,822,409	\$119,629,861	\$140,035,609	\$112,509,432
Expenses					
Current:					
Instruction:					
Regular	\$55,590,833	\$55,727,837	\$56,735,679	\$52,549,702	\$46,171,336
Special	16,524,948	14,786,344	13,502,318	11,657,885	10,151,082
Vocational	3,442,447	2,177,517	2,421,619	1,942,972	2,412,894
Adult/Continuing	138,911	104,805	103,058	146,408	131,614
Support Services:					
Pupils	7,102,167	6,898,816	6,280,658	6,028,497	5,702,894
Instructional Staff	5,134,353	5,420,181	4,689,359	5,620,956	4,373,868
Board of Education	648,076	1,199,052	808,105	722,338	445,182
Administration	10,361,043	9,484,263	9,085,121	8,561,814	6,800,226
Fiscal	2,011,493	3,173,100	1,878,329	1,961,584	2,122,588
Business	1,020,693	792,836	704,215	760,916	608,938
Operation and Maintenance of Plant	13,062,866	20,715,391	15,370,578	14,323,751	10,154,889
Pupil Transportation	5,409,391	5,861,535	5,464,548	6,381,700	4,298,362
Central	2,106,373	1,942,312	1,987,681	2,142,312	1,489,597
Operation of Non-Instructional Services	4,861,629	4,122,981	4,777,508	4,059,216	4,263,121
Extracurricular Activities	2,818,687	3,284,535	2,751,996	2,449,230	2,279,498
Interest	1,397,634	170,934	1,081,240	576,680	484,966
Total	\$131,631,544	\$135,862,439	\$127,642,012	\$119,885,961	\$101,891,055

Source: School District Financial Records

(1) The School District has only reported on a full accrual basis of accounting since fiscal year 2001.

Parma City School District
General Governmental Revenues by Source and Expenditures by Function
Last Ten Fiscal Years

	2005 (1)	2004 (1)	2003 (1)	2002 (1)
Revenues				
Property Taxes	\$77,756,216	\$76,557,202	\$71,186,517	\$88,326,725
Intergovernmental	46,218,464	44,645,322	42,929,314	44,784,732
Interest	815,547	455,946	910,019	1,184,907
Tuition and Fees	1,597,530	1,978,176	1,718,752	1,377,030
Extracurricular Activities	1,061,093	756,477	732,473	1,135,757
Rentals	312,211	448,397	248,548	279,729
Charges for Services	1,676,475	958,193	717,250	550
Contributions and Donations	26,607	20,299	68,031	2,353,647
Miscellaneous	1,030,002	712,760	941,427	163,388
Total	<u>\$130,494,145</u>	<u>\$126,532,772</u>	<u>\$119,452,331</u>	<u>\$139,606,465</u>
Expenditures				
Current:				
Instruction:				
Regular	\$54,799,796	\$54,594,280	\$54,359,448	\$52,921,929
Special	16,573,014	14,716,340	13,585,692	11,510,571
Vocational	3,503,935	2,565,455	2,305,655	1,894,917
Adult/Continuing	139,464	112,051	116,695	152,600
Support Services:				
Pupils	7,132,634	6,901,671	6,347,047	6,032,667
Instructional Staff	5,136,908	5,382,228	4,633,850	5,498,899
Board of Education	943,937	899,528	807,146	716,927
Administration	10,132,080	9,753,813	9,314,356	8,612,763
Fiscal	2,013,833	3,167,385	1,862,815	1,878,590
Business	1,064,690	832,219	866,759	754,317
Operation and Maintenance of Plant	10,366,982	11,127,414	10,368,030	10,836,202
Pupil Transportation	5,239,297	6,276,305	6,038,084	6,329,352
Central	2,003,061	1,929,958	1,961,222	2,142,270
Operation of Non-Instructional Services	4,849,464	4,230,319	4,640,419	4,140,970
Extracurricular Activities	2,746,811	3,175,537	2,810,305	2,526,666
Capital Outlay	3,860,690	10,201,052	28,235,753	6,638,144
Intergovernmental	0	0	0	0
Debt Service	4,338,266	2,454,245	1,715,661	1,090,559
Total	<u>\$134,844,862</u>	<u>\$138,319,800</u>	<u>\$149,968,937</u>	<u>\$123,678,343</u>

(1) 1997 through 2005 reported on a GAAP Basis; 1996 on a Cash Basis

Source: School District Financial Records

<u>2001 (1)</u>	<u>2000 (1)</u>	<u>1999 (1)</u>	<u>1998 (1)</u>	<u>1997 (1)</u>	<u>1996</u>
\$73,263,088	\$63,979,640	\$64,801,975	\$64,247,335	\$60,468,806	\$59,185,386
32,489,640	31,562,955	29,336,982	28,282,193	25,771,582	22,659,448
1,473,616	1,241,930	911,990	844,850	619,757	598,791
1,832,502	1,520,317	1,264,113	775,293	1,589,170	1,351,686
908,940	1,363,197	1,395,082	1,363,567	1,297,212	445,945
576,153	230,444	84,629	106,463	225,652	0
639,139	332,983	227,820	198,905	0	0
79,121	56,406	85,301	165,202	164,724	0
902,636	351,055	460,166	1,367,485	157,211	2,171,542
<u>\$112,164,835</u>	<u>\$100,638,927</u>	<u>\$98,568,058</u>	<u>\$97,351,293</u>	<u>\$90,294,114</u>	<u>\$86,412,798</u>
\$45,678,906	\$42,121,709	\$44,493,411	\$43,504,689	\$41,889,510	\$39,531,630
10,275,154	9,009,861	8,527,584	8,305,462	7,599,446	6,795,596
2,421,717	2,365,948	1,589,698	1,432,552	2,869,507	2,790,477
125,977	1,249,792	247,818	216,042	92,813	59,859
5,854,037	4,980,936	5,328,169	4,991,585	4,028,395	3,836,412
4,371,538	3,839,009	4,477,718	4,916,855	6,051,766	5,804,758
442,794	68,594	61,895	50,707	42,645	35,102
7,254,890	6,404,442	7,125,281	7,751,325	6,370,159	6,909,985
2,132,139	1,268,946	1,522,202	1,547,714	1,269,908	1,228,812
619,083	625,702	760,549	796,169	730,366	662,027
9,485,597	9,060,406	9,632,433	9,879,885	9,341,167	9,784,581
4,576,746	3,795,132	3,848,234	4,105,287	4,314,313	4,176,923
1,701,377	1,190,863	1,033,112	1,094,231	669,706	737,068
4,585,118	3,605,276	3,537,697	3,098,375	3,356,742	311,580
2,250,836	2,489,889	2,200,277	1,956,788	1,134,324	1,141,567
2,926,295	707,129	1,299,669	981,663	2,535,087	164,803
0	4,400	0	0	0	0
940,271	3,783,150	5,363,759	5,808,349	823,052	6,387,025
<u>\$105,642,475</u>	<u>\$96,571,184</u>	<u>\$101,049,506</u>	<u>\$100,437,678</u>	<u>\$93,118,906</u>	<u>\$90,358,205</u>

Parma City School District
Property Tax Levies and Collections
Real and Tangible Personal Property (1)
Last Ten Years

<u>Year (2)</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2004	\$95,569,659	\$86,698,774	90.7%	\$2,137,399	\$88,836,173
2003	92,135,396	85,824,529	93.2	1,713,934	87,538,463
2002	84,635,846	79,054,266	93.4	1,820,038	80,874,304
2001	83,966,683	79,517,206	94.7	1,185,154	80,702,360
2000	67,096,069	64,104,921	95.5	1,321,288	65,426,209
1999	67,291,297	64,156,335	95.3	1,124,762	65,281,097
1998	67,287,295	64,014,755	95.1	520,400	64,535,155
1997	65,558,400	61,276,304	93.5	449,874	61,726,178
1996	64,810,236	61,136,494	94.3	624,822	61,761,316
1995	64,274,022	60,919,043	94.8	432,011	61,351,054

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

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

(2) Represents collection year. 2005 information cannot be presented because all collections have not been made by June 30.

<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
93.0%	\$6,674,729	7.0%
95.0	4,441,524	4.8
95.6	3,063,489	3.6
96.1	2,626,400	3.1
97.5	2,015,508	3.0
97.0	2,304,690	3.4
95.9	3,133,933	4.7
94.2	4,739,286	7.2
95.3	4,197,127	6.5
95.5	3,658,971	5.7

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

Collection Year	Agricultural and Residential Real Estate	Other Real Estate	Public Utility Personal	Tangible Personal
2005	\$1,814,515,570	\$429,115,620	\$44,928,120	\$108,079,727
2004	1,803,588,770	417,359,700	45,166,030	112,292,038
2003	1,673,545,860	399,184,240	44,007,640	116,622,201
2002	1,666,465,250	401,605,240	46,260,140	119,158,280
2001	1,660,692,760	396,516,490	60,432,510	115,972,283
2000	1,501,273,010	349,437,930	62,799,720	119,090,817
1999	1,492,634,760	343,431,990	71,855,030	120,840,696
1998	1,486,223,910	353,088,600	73,452,990	120,861,764
1997	1,367,851,700	329,054,660	75,265,490	113,614,115
1996	1,362,121,220	319,723,780	77,879,960	111,345,314

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

- (1) This amount is calculated based on the following percentages:
 Real estate is assessed at 35 percent of actual value.
 Public utility personal is assessed at various rates from 25 to 88 percent of actual value.
 Capital assets for tangible personal property are assessed at 25 percent of actual value.
 Inventory for tangible personal property is assessed at 23 percent of actual value.

Total Assessed Value	Estimated Actual Value (1)	Ratio
\$2,396,639,037	\$6,931,341,368	34.6%
2,378,406,538	6,795,438,680	35.0
2,233,359,941	6,438,583,486	34.7
2,233,488,910	6,437,974,288	34.7
2,233,614,043	6,410,303,152	34.8
2,032,601,477	5,835,472,128	34.8
2,028,762,476	5,810,921,220	34.9
2,033,627,264	5,810,363,611	35.0
1,885,785,965	5,388,289,311	35.0
1,871,070,274	5,339,152,640	35.0

Parma City School District
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

Collection Year	School Levy	County Levy	City Levy	Total Levy	Debt Service Included in Total Levy			
					School	County	City	Total
2005	\$59.40	\$20.30	\$5.10	\$84.80	\$0.00	\$0.88	\$0.20	\$1.08
2004	59.50	19.40	6.60	85.50	0.00	0.91	0.20	1.11
2003	60.20	17.60	6.40	84.20	0.00	0.91	0.00	0.91
2002	60.20	17.60	6.90	84.70	0.00	0.86	0.00	0.86
2001	60.20	17.60	7.00	84.80	0.00	0.79	0.10	0.89
2000	53.30	16.70	7.10	77.10	0.50	0.85	0.20	1.55
1999	53.40	16.70	7.10	77.20	0.70	0.72	0.20	1.62
1998	53.60	16.60	7.10	77.30	0.70	0.72	0.20	1.62
1997	54.20	18.00	7.10	79.30	0.70	0.90	0.20	1.80
1996	54.00	18.00	7.10	79.10	0.60	0.87	0.20	1.67

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

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

<u>Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Population (3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2005	\$922,183	\$2,396,639,037	121,663	0.04%	\$8
2004	730,942	2,378,406,538	121,154	0.03	6
2003	1,153,427	2,233,359,941	120,722	0.05	10
2002	825,188	2,233,488,910	119,394	0.04	7
2001	1,173,594	2,233,614,043	124,340	0.05	9
2000	1,875,901	2,032,601,477	124,340	0.09	15
1999	0	2,028,762,476	124,340	0.00	0
1998	0	2,033,627,264	124,340	0.00	0
1997	660,596	1,885,785,965	121,240	0.04	5
1996	1,597,328	1,871,070,274	118,919	0.09	13
1995	1,352,037	1,888,780,923	118,919	0.07	11

Source:

- (1) School District Financial Records
- (2) Cuyahoga County Auditor
- (3) Cleveland Plain Dealer

Parma City School District
Computation of Legal Debt Margin
June 30, 2005

Assessed Valuation (2004)	<u><u>\$2,396,639,037</u></u>
Debt Limit - 9% of Assessed Value (1)	\$215,697,513
Outstanding Debt:	
Revenue Anticipation Note	16,795,000
General Obligation Bonds	1,260,000
Energy Conservation Loans	15,741,837
Less: Amount Available in Debt Service Fund	<u>(337,817)</u>
Total Outstanding Debt	33,459,020
Less Exemptions:	
Revenue Anticipation Note	16,795,000
Energy Conservation Loans	<u>15,741,837</u>
Total Exemptions	32,536,837
Amount of Debt Applicable Debt Limit	<u>922,183</u>
<i>Overall Debt Margin</i>	<u><u>\$214,775,330</u></u>
Unvoted Debt Limit - .10% of Assessed Value (1)	\$2,396,639
Amount of Debt Applicable	<u>0</u>
<i>Unvoted Debt Margin</i>	<u><u>\$2,396,639</u></u>
Additional Limit for Unvoted Energy Conservation Loans:	
Debt Limit - 1% of Assessed Valuation	\$23,966,390
Energy Conservation Loans	<u>(15,741,837)</u>
<i>Additional Unvoted Debt Margin</i>	<u><u>\$8,224,553</u></u>

Source: Cuyahoga County Auditor and School District Financial Records

(1) Ohio Bond Law sets an overall limit of 9% for total debt and 1/10 of 1% for unvoted debt.

Parma City School District

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2004

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
<u>Direct:</u>			
Parma City School District	<u>\$1,260,000</u>	100.00%	<u>\$1,260,000</u>
<u>Overlapping:</u>			
City of Parma	25,366,000	100.00	25,366,000
City of Parma Heights	12,541,453	100.00	12,541,453
City of Seven Hills	12,795,994	100.00	12,795,994
Cuyahoga County	249,645,029	7.85	19,597,135
Regional Transit Authority	<u>147,025,000</u>	7.85	<u>11,541,463</u>
Total Overlapping	<u>447,373,476</u>		<u>81,842,045</u>
Total	<u><u>\$448,633,476</u></u>		<u><u>\$83,102,045</u></u>

Source: Cuyahoga County Auditor and City of Parma Finance Department, City of Parma Heights Finance Department and City of Seven Hills Finance Department - Data is presented on a calendar year basis (including School District) because that is the manner in which the information is maintained by both the County Auditor and the City Finance Departments.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2004 collection year.

Parma City School District
Ratio of Annual Debt Service Expenditures For
General Obligation Bonded Debt to General Governmental Expenditures
Last Ten Years

Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures (Percentage)
2005	\$275,000	\$77,561	\$352,561	\$134,844,862	0.26%
2004	260,000	92,408	352,408	138,319,800	0.25
2003	530,000	115,124	645,124	149,968,937	0.43
2002	500,000	224,833	724,833	123,678,343	0.59
2001	465,000	172,898	637,898	105,642,475	0.60
2000	465,000	194,485	659,485	96,571,184	0.68
1999	450,000	102,406	552,406	101,049,506	0.55
1998	440,000	114,401	554,401	100,437,678	0.55
1997	430,000	138,740	568,740	93,118,906	0.61
1996	420,000	162,336	582,336	90,358,205	0.64

Source: School District Financial Records

Parma City School District

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Cuyahoga County Population</u>	<u>Parma City Population</u>	<u>Parma Heights City Population</u>	<u>Seven Hills City Population</u>	<u>School Enrollment</u>	<u>Unemployment Rate (1)</u>
2005	1,351,009	87,876	21,448	12,339	13,141	5.9%
2004	1,348,871	87,800	21,263	12,091	13,371	6.6
2003	1,379,049	85,655	21,300	13,767	13,382	6.7
2002	1,393,978	85,655	21,659	12,080	13,406	4.6
2001	1,380,421	85,655	21,659	12,080	13,245	4.5
2000	1,386,096	85,655	N/A	N/A	13,497	4.5
1999	1,386,096	81,207	20,610	12,058	13,203	4.6
1998	1,397,694	83,347	20,624	12,276	12,737	4.4
1997	1,398,169	87,900	21,000	12,340	12,631	5.8
1996	1,403,217	85,006	20,865	12,256	12,531	5.2

Source: Information in this table was provided by the Citizens League Research Institute and the Ohio Employment Services Bureau, Labor Market Analyst

(1) Represents Cuyahoga County
N/A - Not Available

Parma City School District
Property Value, Industrial Employment
and Financial Institution Deposits
Last Ten Years

<u>Year</u>	<u>Estimated Actual Property Value (Real Estate Only)</u>	<u>Industrial Employment (1)</u>	<u>Financial Institution Deposits (Amount in 000's) Banks (2)</u>
2004	\$6,345,567,057	626,800	\$105,769,931
2003	5,922,086,000	629,000	97,238,973
2002	5,908,772,829	629,000	95,761,917
2001	5,278,935,189	637,400	88,346,368
2000	5,256,245,733	637,400	61,942,764
1999	5,245,905,000	637,400	57,021,360
1998	5,255,178,600	637,400	56,770,353
1997	4,848,303,886	643,800	53,941,971
1996	4,805,271,429	644,200	27,068,211
1995	4,840,594,629	636,300	22,458,573

Sources: Ohio Bureau of Employment Services
Federal Reserve Bank of Cleveland

- (1) Represents Cuyahoga County
- (2) Represents deposits made to all banks headquartered in Cuyahoga County

Parma City School District
Principal Taxpayers
Tangible Personal Property Tax
December 31, 2004

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Tangible Assessed Value</u>
General Motors Corporation	\$31,918,250	29.53%
Shiloh Corporation	3,211,480	2.97
Cox Cable Cleveland	2,356,220	2.18
Liberty Ford Southwest Incorporated	2,300,930	2.13
Tops Markets LLC	2,137,800	1.98
Sptitzer Buick Incorporated	1,940,440	1.80
Bob Gillingham Ford Incorporated	1,703,980	1.58
Integrity Chevrolet Incorporated	1,509,110	1.40
Marc Glassman Incorporated	1,484,630	1.37
Dick Bigelow Chevrolet Incorporated	<u>1,418,770</u>	<u>1.31</u>
Total	<u>\$49,981,610</u>	<u>46.25%</u>
Total Assessed Value	<u><u>\$108,079,727</u></u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for the 2005 collection year.

Parma City School District
Per Pupil Cost
Last Ten Fiscal Years

<u>Year</u>	<u>General Governmental Expenditures (1)</u>	<u>Average Daily Membership</u>	<u>Per Pupil Cost</u>
2005	\$134,844,862	13,141	\$10,261
2004	138,319,800	13,371	10,345
2003	149,968,937	13,382	11,207
2002	123,678,343	13,406	9,226
2001	105,642,475	13,245	7,976
2000	96,571,184	13,497	7,155
1999	101,049,506	13,203	7,654
1998	100,437,678	12,737	7,886
1997	93,118,906	12,631	7,372
1996	90,358,205	12,531	7,211

Source: School District Financial Records.

(1) 1997 - 2005 reported on a GAAP basis;
all other on cash basis

Parma City School District

Age and Capacity of Buildings

June 30, 2005

<u>School District Buildings</u>	<u>Age of Building</u>	<u>Building Capacity (in occupants)</u>	<u>Percentage of Capacity Used</u>
Dag Hammarskjold Elementary	37	500	60.80 %
Dentzler Elementary	48	520	70.38
Green Valley Elementary	45	450	95.11
James E. Hanna Elementary	50	412	77.67
John Muir Elementary	75	525	97.71
Lt. Col. John Glenn Elementary	38	420	74.52
Parkview Elementary	46	350	80.00
Parma Park Elementary	54	405	91.36
Pearl Road Elementary	84	425	83.53
Pleasant Valley Elementary	50	705	69.36
Pleasantview Elementary	46	400	69.25
Renwood Elementary	53	350	91.43
Ridge-Brook Elementary	50	475	83.37
State Road Elementary	84	395	113.42
Thoreau Park Elementary	79	725	91.86
Greenbriar Middle School	46	976	78.48
Hillside Middle School	46	743	76.72
Shiloh Middle School	39	916	89.41
Normandy High School	37	1,423	87.98
Parma Senior High School	52	1,869	87.59
Valley Forge High School	44	1,810	94.86

Source: School District Records.

Parma City School District

Student to Teacher Ratio

Last Ten Fiscal Years

<u>Year</u>	<u>Number of Teachers</u>	<u>Average Daily Student Enrollment</u>	<u>Student Teacher Ratio</u>
2005	977	13,141	13.45
2004	997	13,371	13.41
2003	978	13,382	13.68
2002	966	13,406	13.88
2001	962	13,245	13.77
2000	1,052	13,497	12.83
1999	979	13,203	13.49
1998	942	12,737	13.52
1997	942	12,631	13.41
1996	934	12,531	13.42

Source: School District Records.

Parma City School District
Students in Free or Reduced Price Lunch Program
June 30, 2005

School	Total Students	Students Receiving Free Lunch	Percentage of Students Receiving Free Lunch	Students Receiving Reduced Lunch	Percentage of Students Receiving Reduced Lunch
Dag Hammarskjold Elementary	304	37	12.17 %	12	3.95 %
Dentzler Elementary	366	79	21.58	40	10.93
Green Valley Elementary	428	37	8.64	21	4.91
James E. Hanna Elementary	320	125	39.06	26	8.13
John Muir Elementary	513	129	25.15	65	12.67
Lt. Col. John Glenn Elementary	313	54	17.25	32	10.22
Parkview Elementary	280	55	19.64	36	12.86
Parma Park Elementary	370	58	15.68	37	10.00
Pearl Road Elementary	355	78	21.97	32	9.01
Pleasant Valley Elementary	489	123	25.15	56	11.45
Pleasantview Elementary	277	25	9.03	26	9.39
Renwood Elementary	320	77	24.06	47	14.69
Ridge-Brook Elementary	396	122	30.81	41	10.35
State Road Elementary	448	100	22.32	54	12.05
Thoreau Park Elementary	666	129	19.37	78	11.71
Greenbriar Middle School	766	133	17.36	61	7.96
Hillside Middle School	570	63	11.05	33	5.79
Shiloh Middle School	819	155	18.93	89	10.87
Normandy High School	1,252	64	5.11	29	2.32
Parma Senior High School	1,637	143	8.74	99	6.05
Valley Forge High School	1,717	209	12.17	92	5.36

Source: School District Records.

Parma City School District
Teacher Education and Experience
June 30, 2005

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	106	10.85%
Bachelor + 12	66	6.75
Bachelor + 24	67	6.86
Bachelor + 36	60	6.14
Master's Degree	271	27.74
Master's + 12	141	14.43
Master's + 24	80	8.19
Master's + 36	62	6.35
Master's + 48	110	11.26
Doctorate Degree	8	0.82
Doctorate + 12	<u>6</u>	<u>0.61</u>
Total	<u><u>977</u></u>	<u><u>100.00%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	233	23.85%
6 - 10	220	22.52
11 and Over	<u>524</u>	<u>53.63</u>
	<u><u>977</u></u>	<u><u>100.00%</u></u>

Source: School District Personnel Records



**Auditor of State
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**PARMA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2005**