

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
CUYAHOGA HEIGHTS, OHIO
LOCAL SCHOOL DISTRICT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2006

PREPARED BY
TREASURER'S DEPARTMENT
CYNTHIA STRICKLAND, RSBFO, TREASURER
4820 E. 71st ST., CUYAHOGA HEIGHTS, OHIO 44125



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Cuyahoga Heights Local School District, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 5, 2007

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Cuyahoga Heights Schools

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INTRODUCTORY SECTION

Cuyahoga Heights Schools

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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Cuyahoga Heights Schools

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CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
4820 East 71st Street
Cuyahoga Heights, Ohio 44125

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

C. H. Strickland, RSBFO, Treasurer
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November 16, 2006

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

We are pleased to submit to you the Cuyahoga Heights Local School District's (the "District") sixth Comprehensive Annual Financial Report (CAFR). This report provides full disclosure of the financial operation of the District for the fiscal year ended June 30, 2006. This report, which includes an opinion from the Independent Public Accounting firm that performed the District's audit, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the taxpayers of the District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be made available to the Chamber of Commerce, major taxpayers, the Cleveland Public Library, Cuyahoga County Colleges and Universities, financial rating services, and other interested parties.

This CAFR is presented in three sections:

1. The Introductory Section, which is unaudited, includes a table of contents, this letter of transmittal (which is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it), a list of principal officials, an organizational chart, the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the CAFR for the fiscal year ended June 30, 2005, and the Certificate of Excellence in Financial Reporting from the Association of School Business Officials for the CAFR for the fiscal year ended June 30, 2005.
2. The Financial Section, which includes the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements, the Notes to the Basic Financial Statements, the combining statements, and the individual fund schedules.
3. The Statistical Section, which is unaudited, includes statistical tables which reflect financial information and trends, fiscal capacity, and demographic information for the District.

SCHOOL DISTRICT ORGANIZATION

The Cuyahoga Heights Local School District is one of 615 public school districts in the State of Ohio and one of 31 public school districts in Cuyahoga County. In fiscal year 2006, the District provided education to approximately 874 students in grades K-12. Projected enrollment for fiscal year 2007 is 893 students. A half-day class for pre-school children is also provided. The District is located in Cuyahoga County in northeastern Ohio, approximately five miles south of the downtown area of the City of Cleveland. The District's territory encompasses all the territory of the Villages of Brooklyn Heights, Cuyahoga Heights, and Valley View. The District was established in 1938 and the first graduating class of the District was the class of 1939. The District's buildings, a high school and an elementary school, were also constructed in 1938.

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

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

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

THE REPORTING ENTITY

The District has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments, and organizations making up the District (the primary government) and its potential component units.

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

ECONOMIC OUTLOOK

The District's boundaries limit opportunities for residential property growth. Industrial enterprises represent over 86 percent of the District's tax duplicate. At June 30, 2006, the unemployment rate for Cuyahoga County was 5.4 percent, and the unemployment rates for the State of Ohio and the United States were 5.2 percent and 4.6 percent, respectively.

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

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

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

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

As of the date of this report, the District is unable to determine what effect, if any, this ongoing litigation will have on its financial operations and on its future State funding under this program.

LTV Steel and Wire Corporation operated under Chapter 11 between December, 2000 and February, 2002. The loss to the District has reached \$1,000,000, annually. The East Side plant, located within the District, was sold to Independent Steel Group (I.S.G.) for the galvanizing and manufacturing of coils. The company began limited production in June, 2002 and increased production in calendar year 2003. The plant has now been sold to Mittal, Inc., who continues production.

Birmingham Steel and Wire (also American Steel and Wire) was sold to Charter Steel and began limited production in June, 2002. Charter Steel has been granted an abatement by Cuyahoga Heights Village. Charter Steel is in the process of entering into a PILOT program with the District (approximately \$175,000, annually), but this program has not been approved by Cuyahoga County as of June 30, 2006. The District expects the PILOT program to be approved sometime during fiscal 2007.

The District maintains a carefully devised long-term financial plan, which includes the state required five-year forecast. As of June 30, 2006, the long-term financial plan and the five-year forecast indicate a positive cash balance through the end of fiscal year 2010.

MAJOR INITIATIVES

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

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

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

1. To develop a "Blueprint for Success" for all children.
2. To raise expectations and achievement levels in all children.
3. To emphasize and incorporate basic skills through problem-solving and decision-making.
4. To integrate technology as a teaching and learning tool into the curriculum, instruction, and assessment.
5. To develop stronger communications between students, parents, and teachers in all personal and academic matters.
6. To encourage more parent involvement into all phases of their child's development.
7. To assess or audit the curriculum more frequently.

A TOTAL QUALITY SCHOOL

With the implementation of the Academic Strategic Plan, the District is involved in a long-term, systematic transformation to raise achievement levels and to continuously improve. The Ohio School Boards Association selected the Cuyahoga Heights Schools to showcase its student achievements at their annual state conference attended by over 10,000 school board members and officials. Various members of the Board of Education received the "Award of Achievement", "Board Leadership Academy Award", and/or "Master Board Member Achievement Award" from the Ohio School Boards Association. These awards are based on the number of points earned through attendance at workshops and/or service in various capacities as a Board member.

PROFESSIONAL DEVELOPMENT

Staff development continues to be a critical component in the teaching and learning process. Teachers and support staff alike are released during the day to continue their learning.

GUIDANCE PROGRAM

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

CURRICULUM AND INSTRUCTION

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

PRE-KINDERGARTEN PROGRAM

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

KINDERGARTEN THROUGH GRADE FIVE

The “looping program” has now completed a full cycle in grades 1 and 2 and grades 3 and 4. The looping program provides that the teachers remain with students for two consecutive years. The 2005-2006 school year began a re-alignment of the looping program to grades K and 1, grades 2 and 3, and grades 4 and 5. A gifted identification process has also been established.

TECHNOLOGY

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

STUDENT ASSESSMENT

Student assessment is an ongoing process that occurs continually in the classroom. Standardized testing is just one form of assessment used by our staff to help children meet their fullest potential. The most familiar examples of standardized tests are the State-mandated Ohio Proficiency Tests and Ohio Graduation Tests. Ohio is one of twenty-two states in the nation to use such tests to measure academic achievement (reading, writing, mathematics, science, and social studies). The percentages of students at and above the proficient level for 2005-2006 are shown below:

Grade	Reading	Writing	Mathematics	Science	Social Studies
3	88.0	--	92.0	--	--
4	83.1	91.5	94.9	--	--
5	79.5	--	53.4	--	--
6	96.8	--	90.3	--	--
7	93.9	--	83.3	--	--
8	91.0	--	94.0	--	--
10	96.5	97.6	96.5	89.4	96.4
11	98.6	98.6	95.7	91.3	97.1

FINANCIAL INFORMATION

Internal Accounting and Budgetary Control: The District’s accounting system is organized on a “fund” basis. Each fund is a distinct self-balancing accounting entity. Governmental funds are presented on the modified accrual basis, whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Proprietary and private-purpose trust funds are presented on the accrual basis, whereby revenues are recognized when earned and expenses when incurred.

In developing the District’s accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from the implementation. The District utilizes a fully automated accounting system as well as an automated system of control for payroll and capital assets. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year. Annual appropriations may not exceed the County Budget Commission’s official estimate of resources. The County Auditor must certify that the Board of Education’s appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the object account level within a function for the general fund and at the fund level for all other funds. All purchase order requests must be approved by the Superintendent and certified by the Treasurer before the necessary funds are encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

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

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

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

FINANCIAL REPORTING

For the fiscal year ended June 30, 2006, the District's financial report is in accordance with the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". The basic financial statements for reporting on the District's financial activities are as follows:

Government-wide financial statements: These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by business enterprises. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District does not have any business-type activities.

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

As part of this reporting model, management is responsible for preparing a discussion and analysis of the District. This discussion appears after the Independent Auditor's Report in the financial section of this report. The management's discussion and analysis provides an assessment of the District's finances for fiscal year 2006.

USE OF THIS REPORT

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

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

INDEPENDENT AUDIT

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cuyahoga Heights Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and all applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR will again meet the Certificate of Achievement program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) has awarded a Certificate of Excellence in Financial Reporting to the Cuyahoga Heights Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. The award is granted only after an extensive review of the report by an expert panel of Certified Public Accountants and practicing school business officials. We believe that our current CAFR will again meet the Certificate of Excellence program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

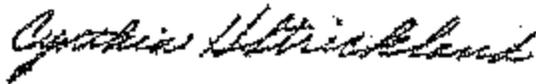
ACKNOWLEDGMENTS

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

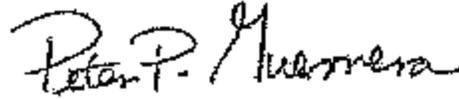
Special appreciation is expressed to Mr. Alexander J. Fain, of Julian & Grobe, Inc., who compiled this report, and to Mr. Brian Huff, of Rea & Associates, Inc., who audited this report.

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

Respectfully,



Cynthia H. Strickland, RSBFO
Treasurer



Peter P. Guerrero
Superintendent

**CUYAHOGA HEIGHTS
LOCAL SCHOOL DISTRICT**

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2006

BOARD OF EDUCATION

Dr. Stephen Kenzig.....President
Mr. Reno Contipelli.....Vice-President
Mr. Ronald Krzynowek.....Member
Mr. Kenneth Perk.....Member
Mr. Michael Tulcewicz.....Member

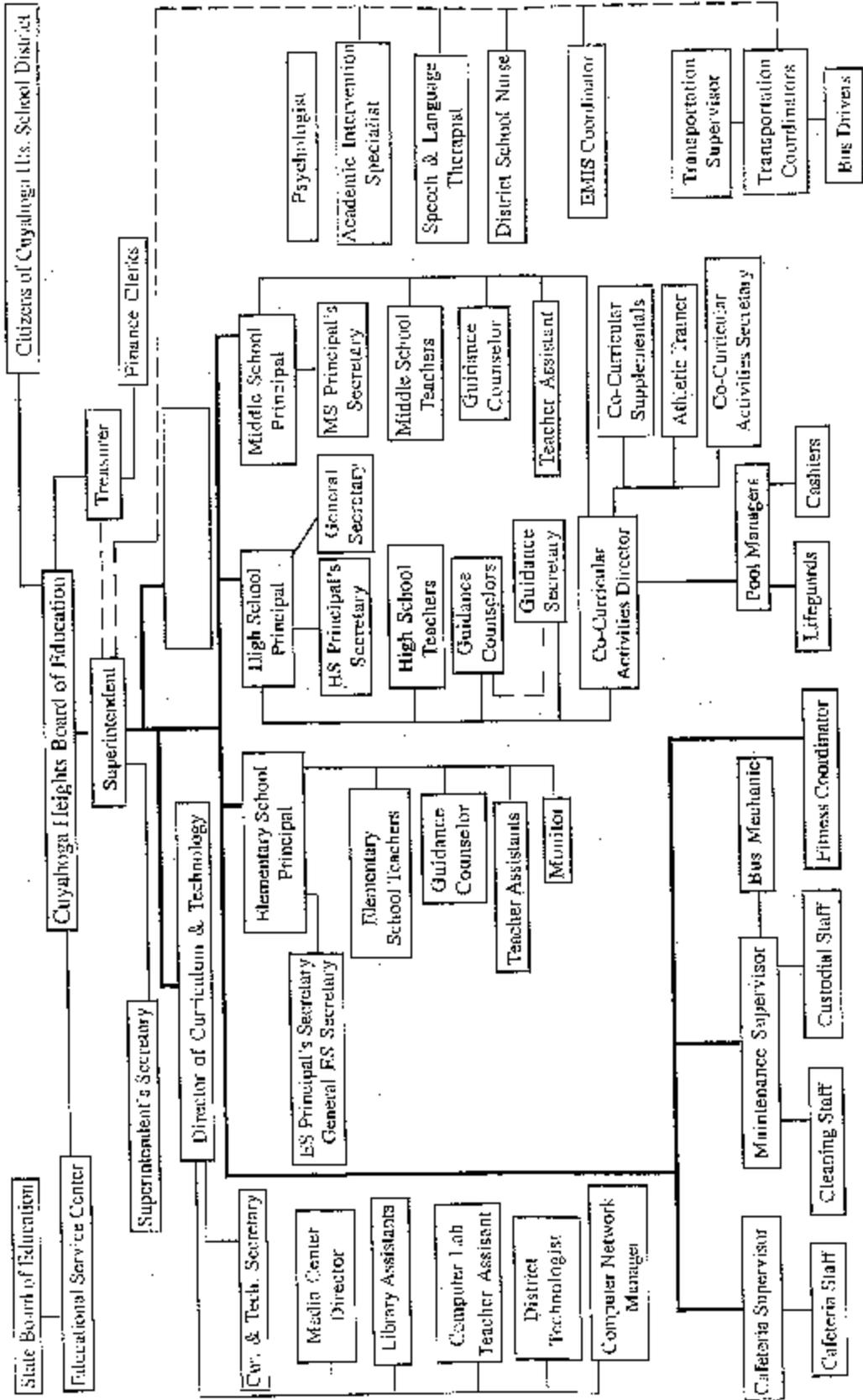
TREASURER

Ms. Cynthia H. Strickland, RSBFO

ADMINISTRATION

Mr. Peter P. Guerrero.....Superintendent
Mr. James Morrow.....Director of Curriculum and Technology

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cuyahoga Heights
Local School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



A handwritten signature in black ink, appearing to read "Ronald J. Blum".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2005

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

President:

Interim Executive Director

Cuyahoga Heights Schools

Excellence in Education

Since 1938

A Hall of Fame School

FINANCIAL SECTION

Cuyahoga Heights Schools

Excellence in Education

Since 1938

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 16, 2006

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cuyahoga Heights Local School District (the School District), as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, and the respective 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 16, 2006 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Rea & Associates, Inc.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The Management's Discussion and Analysis of the Cuyahoga Heights Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- In total, net assets of governmental activities decreased \$4,234,953 which represents a 26.14% decrease from 2005. This decrease is primarily due to the reduction of delinquent taxes receivable at June 30, 2006 and the corresponding tax revenue for fiscal 2006 from the prior year.
- General revenues accounted for \$11,071,470 in revenue or 94.32% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$667,242 or 5.68% of total revenues of \$11,738,712.
- The District had \$15,973,665 in expenses related to governmental activities; only \$667,242 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,071,470 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$14,112,851 in revenues and \$13,968,646 in expenditures and other financing uses. During fiscal 2006, the general fund's fund balance increased \$146,535 from \$5,711,541 to \$5,858,076.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Reporting the District's Fiduciary Responsibilities

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F25-F53 of this report.

The District as a Whole

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

The table below provides a summary of the District's net assets for 2006 and 2005.

	Net Assets	
	Governmental Activities 2006	Governmental Activities 2005
<u>Assets</u>		
Current and other assets	\$ 23,421,924	\$ 27,396,313
Capital assets	<u>4,759,946</u>	<u>5,113,454</u>
Total assets	<u>28,181,870</u>	<u>32,509,767</u>
<u>Liabilities</u>		
Current liabilities	12,287,939	12,169,917
Long-term liabilities	<u>3,927,468</u>	<u>4,138,434</u>
Total liabilities	<u>16,215,407</u>	<u>16,308,351</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	2,482,279	2,384,038
Restricted	2,490,924	3,268,268
Unrestricted	<u>6,993,260</u>	<u>10,549,110</u>
Total net assets	<u>\$ 11,966,463</u>	<u>\$ 16,201,416</u>

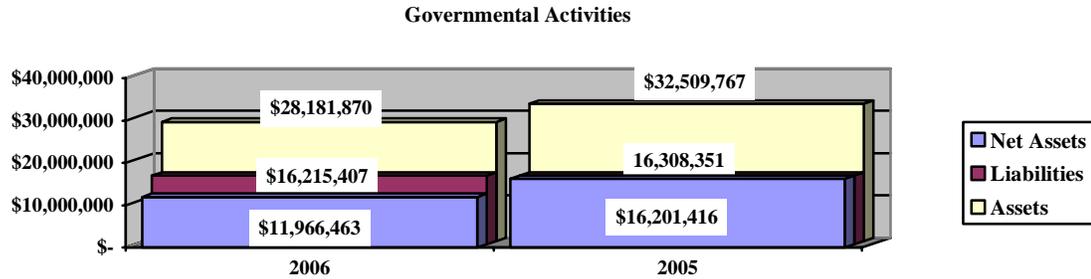
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$11,966,463 and unrestricted net assets were \$6,993,260. The decrease in net assets is primarily due to the reduction of delinquent taxes receivable at June 30, 2006 and the corresponding tax revenue for fiscal 2006 from the prior year.

At year-end, capital assets represented 16.89% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2006, were \$2,482,279. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

A portion of the District's net assets, \$2,490,924, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$6,993,260 may be used to meet the District's ongoing obligations to the students and creditors.



The table below shows the change in net assets for fiscal year 2006 and 2005.

	Change in Net Assets	
	Governmental Activities 2006	Governmental Activities 2005
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 557,351	\$ 535,897
Operating grants and contributions	109,891	160,880
Capital grants and contributions	-	8,295
General revenues:		
Property taxes	8,824,999	13,118,481
Grants and entitlements	1,693,177	1,695,142
Investment earnings	441,151	175,730
Other	112,143	130,387
Total revenues	11,738,712	15,824,812

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Change in Net Assets

	<u>Governmental Activities 2006</u>	<u>Governmental Activities 2005</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 6,076,163	\$ 5,838,255
Special	745,597	680,459
Adult	1,169	2
Other	368,873	252,397
Support services:		
Pupil	1,261,126	1,061,112
Instructional staff	783,289	770,127
Board of education	79,361	49,590
Administration	1,382,244	1,229,688
Fiscal	571,031	550,112
Business	121,023	122,223
Operations and maintenance	2,265,590	2,021,402
Pupil transportation	831,449	751,603
Central	36,357	35,305
Operations of non-instructional services	166,492	166,091
Extracurricular activities	882,647	802,769
Food service operations	294,962	291,518
Interest and fiscal charges	<u>106,292</u>	<u>85,065</u>
Total expenses	<u>15,973,665</u>	<u>14,707,718</u>
Change in net assets	(4,234,953)	1,117,094
Net assets at beginning of year	<u>16,201,416</u>	<u>15,084,322</u>
Net assets at end of year	<u>\$ 11,966,463</u>	<u>\$ 16,201,416</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$4,234,953. This decrease is primarily due to the reduction of delinquent taxes receivable at June 30, 2006 and the corresponding tax revenue for fiscal 2006 from the prior year. Total governmental expenses of \$15,973,665 were offset by program revenues of \$667,242 and general revenues of \$11,071,470. Program revenues supported 4.18% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 89.60% of total governmental revenue. Real estate property is reappraised every six years.

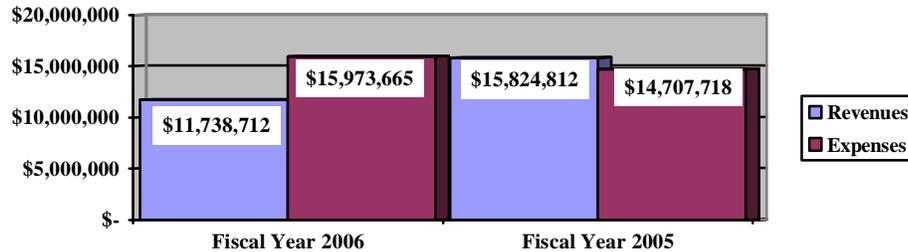
The largest expense of the District is for instructional programs. Instruction expenses totaled \$7,191,802 or 45.02% of total governmental expenses for fiscal 2006.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2006 and 2005.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Program expenses				
Instruction:				
Regular	\$ 6,076,163	\$ 5,952,876	\$ 5,838,255	\$ 5,563,131
Special	745,597	692,454	680,459	638,465
Adult	1,169	1,169	2	2
Other	368,873	361,873	252,397	252,397
Support services:				
Pupil	1,261,126	1,211,518	1,061,112	1,002,870
Instructional staff	783,289	758,969	770,127	734,493
Board of education	79,361	77,855	49,590	49,590
Administration	1,382,244	1,357,184	1,229,688	1,229,688
Fiscal	571,031	559,755	550,112	550,112
Business	121,023	118,961	122,223	122,223
Operations and maintenance	2,265,590	2,236,823	2,021,402	2,021,402
Pupil transportation	831,449	817,013	751,603	751,603
Central	36,357	22,301	35,305	21,305
Operations of non-instructional services	166,492	164,319	166,091	166,091
Extracurricular activities	882,647	827,885	802,769	751,644
Food service operations	294,962	39,176	291,518	62,565
Interest and fiscal charges	106,292	106,292	85,065	85,065
Total expenses	\$ 15,973,665	\$ 15,306,423	\$ 14,707,718	\$ 14,002,646

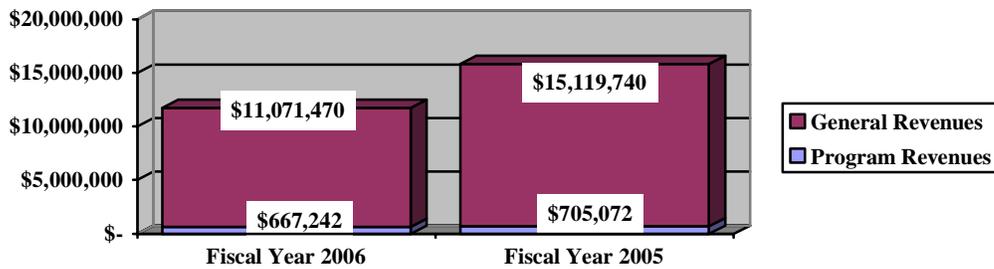
**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The dependence upon tax and other general revenues for governmental activities is apparent, 97.45% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 95.82%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2006 and 2005.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page F15) reported a combined fund balance of \$8,285,025, which is lower than last year's total of \$8,636,664. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	Fund Balance June 30, 2006	Fund Balance June 30, 2005	Increase (Decrease)
General	\$ 5,858,076	\$ 5,711,541	\$ 146,535
Other Governmental	2,426,949	2,925,123	(498,174)
Total	\$ 8,285,025	\$ 8,636,664	\$ (351,639)

General Fund

The District's general fund balance increased by \$146,535. The primary reason for this increase is that decreasing revenues still exceeded increased expenditures. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>2006</u> <u>Amount</u>	<u>2005</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 11,859,000	\$ 12,522,885	(5.30) %
Tuition	256,210	245,766	4.25 %
Earnings on investments	299,901	123,189	143.45 %
Intergovernmental	1,670,296	1,664,042	0.38 %
Other revenues	<u>27,444</u>	<u>51,614</u>	(46.83) %
Total	<u>\$ 14,112,851</u>	<u>\$ 14,607,496</u>	(3.39) %
<u>Expenditures</u>			
Instruction	\$ 6,847,411	\$ 6,481,594	5.64 %
Support services	6,028,706	5,674,173	6.25 %
Operation of non-instructional services	113,578	121,390	(6.44) %
Extracurricular activities	<u>682,165</u>	<u>622,322</u>	9.62 %
Total	<u>\$ 13,671,860</u>	<u>\$ 12,899,479</u>	5.99 %

General Fund Budgeting Highlights

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

During the course of fiscal 2006, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$14,604,690, which is higher than the original budgeted revenues estimate of \$14,269,116. Actual revenues and other financing sources for fiscal 2006 was \$14,351,903. This represents a \$252,787 decrease from final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$14,322,830 were decreased to \$14,317,537 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2006 totaled \$13,815,553, which was \$501,984 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2006, the District had \$4,759,946 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2006 balances compared to 2005:

	Capital Assets at June 30 (Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Land	\$ 798,600	\$ 798,600
Land improvements	555,285	602,765
Building and improvements	2,368,945	2,702,826
Furniture and equipment	669,701	680,540
Vehicles	<u>367,415</u>	<u>328,723</u>
Total	<u>\$4,759,946</u>	<u>\$5,113,454</u>

Total additions to capital assets for 2006 were \$475,179 and total disposals were \$149,328 (net of accumulated depreciation). The overall decrease in capital assets of \$353,508 is primarily due to the recording of \$679,359 in depreciation expense for fiscal 2006.

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

Debt Administration

At June 30, 2006, the District had \$2,274,523 in general obligation bonds outstanding. Of this total, \$340,000 is due within one year and \$1,934,523 is due in more than one year. These amounts are exclusive of the amortized premium on the general obligation bonds. The following table summarizes the bonds outstanding.

	Governmental Activities	Governmental Activities
	<u>2006</u>	<u>2005</u>
General obligation bonds	\$ 2,274,523	\$ 2,589,820
Energy conservation bonds	<u>-</u>	<u>164,416</u>
Total	<u>\$ 2,274,523</u>	<u>\$ 2,754,236</u>

See Note 9 to the basic financial statements for additional information on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Current Financial Related Activities

Overall the District is strong financially. The District faces many challenges in the future. As the preceding information shows, the District relies heavily on taxes. An increase in property tax revenue began in fiscal year 2005 due to the passage of a 4.9 mill general operating levy in May, 2003. This additional tax revenue along with the District's cash balance, will provide the District with the necessary funds to meet its operating expenses in future fiscal years. However, the future financial stability of the District is not without challenges.

The first challenge is the reduction of revenue on personal property. The State of Ohio has eliminated, through legislative action, the taxable tangible valuation. The State will hold school districts "harmless" by reimbursing them tangible tax revenue for four years that commercial and business entities are not required to pay under the new law. The reimbursements will be calculated on the difference between calendar year 2005 valuations and the valuation in the year which the reimbursement is being paid. During the same four year period, the tangible tax valuation will be reduced by 2% per year. When the "hold-harmless" payments from the State come to a close, school districts will only receive tangible tax revenue on the reduced valuation. By 2018, there won't be any tangible tax valuation on which to collect tax revenue.

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

Another challenge facing the District is the future of state funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth towards school districts with little property tax wealth. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. At this time, the District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

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

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

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

Contacting the District's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

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

**STATEMENT OF NET ASSETS
JUNE 30, 2006**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 9,091,112
Cash with fiscal agent	15,031
Investments	500,823
Receivables:	
Taxes	13,604,960
Accounts	4,948
Intergovernmental.	9,706
Accrued interest.	74,496
Prepayments.	22,766
Materials and supplies inventory	52,800
Unamortized bond issuance costs	45,282
Capital assets:	
Land	798,600
Depreciable capital assets, net	3,961,346
Total capital assets, net.	4,759,946
 Total assets	 28,181,870
 Liabilities:	
Accounts payable	46,190
Contracts payable	15,031
Accrued wages and benefits.	1,261,858
Pension obligation payable	209,444
Intergovernmental payable	82,162
Unearned revenue	10,626,924
Claims payable	14,962
Accrued interest payable	31,368
Long-term liabilities:	
Due within one year	863,229
Due in more than one year.	3,064,239
 Total liabilities	 16,215,407
 Net Assets:	
Invested in capital assets, net of related debt	2,482,279
Restricted for:	
Debt service	871,352
Capital projects	1,421,037
Locally funded programs	21,368
State funded programs.	8,478
Federally funded programs	3,731
Student activities	107,363
Set-asides	57,595
Unrestricted.	6,993,260
 Total net assets	 \$ 11,966,463

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Expense and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Instruction:				
Regular	\$ 6,076,163	\$ 123,135	\$ 152	\$ (5,952,876)
Special	745,597	13,291	39,852	(692,454)
Adult.	1,169	-	-	(1,169)
Other	368,873	7,000	-	(361,873)
Support services:				
Pupil.	1,261,126	45,785	3,823	(1,211,518)
Instructional staff	783,289	13,705	10,615	(758,969)
Board of education.	79,361	1,506	-	(77,855)
Administration.	1,382,244	25,060	-	(1,357,184)
Fiscal.	571,031	11,276	-	(559,755)
Business.	121,023	2,062	-	(118,961)
Operations and maintenance	2,265,590	28,767	-	(2,236,823)
Pupil transportation.	831,449	14,436	-	(817,013)
Central	36,357	56	14,000	(22,301)
Operation of non-instructional services	166,492	2,173	-	(164,319)
Extracurricular activities.	882,647	54,762	-	(827,885)
Food service operations	294,962	214,337	41,449	(39,176)
Interest and fiscal charges	106,292	-	-	(106,292)
Total governmental activities	\$ 15,973,665	\$ 557,351	\$ 109,891	(15,306,423)
		General Revenues:		
		Property taxes levied for:		
		General purposes		7,943,040
		Debt service.		239,302
		Capital projects		642,657
		Grants and entitlements		
		not restricted to specific programs		1,693,177
		Investment earnings		441,151
		Miscellaneous		112,143
		Total general revenues		11,071,470
		Change in net assets.		(4,234,953)
		Net assets at beginning of year.		16,201,416
		Net assets at end of year		\$ 11,966,463

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash			
and cash equivalents	\$ 6,915,349	\$ 1,873,416	\$ 8,788,765
Cash with fiscal agent	15,031	-	15,031
Investments	-	500,823	500,823
Receivables:			
Taxes	13,060,273	544,687	13,604,960
Accounts	4,618	312	4,930
Intergovernmental	-	9,706	9,706
Accrued interest	64,534	9,962	74,496
Interfund loans	570	-	570
Prepayments	22,766	-	22,766
Materials and supplies inventory	47,978	4,822	52,800
Restricted assets:			
Equity in pooled cash			
and cash equivalents	57,595	-	57,595
Total assets.	\$ 20,188,714	\$ 2,943,728	\$ 23,132,442
Liabilities:			
Accounts payable	\$ 38,764	\$ 7,426	\$ 46,190
Contracts payable	15,031	-	15,031
Accrued wages and benefits	1,259,768	2,090	1,261,858
Compensated absences payable	401,931	-	401,931
Pension obligation payable	202,429	7,015	209,444
Intergovernmental payable	80,888	1,274	82,162
Interfund loans payable	-	570	570
Deferred revenue	12,331,827	498,404	12,830,231
Total liabilities.	14,330,638	516,779	14,847,417
Fund Balances:			
Reserved for encumbrances	169,307	226,338	395,645
Reserved for prepayments	22,766	-	22,766
Reserved for materials and supplies inventory	47,978	4,822	52,800
Reserved for debt service	-	787,126	787,126
Reserved for tax revenue			
unavailable for appropriation	698,105	29,922	728,027
Reserved for BWC refunds	55,144	-	55,144
Reserved for school bus purchases	2,451	-	2,451
Unreserved, undesignated, reported in:			
General fund	4,862,325	-	4,862,325
Special revenue funds	-	170,561	170,561
Capital projects funds	-	1,208,180	1,208,180
Total fund balances.	5,858,076	2,426,949	8,285,025
Total liabilities and fund balances.	\$ 20,188,714	\$ 2,943,728	\$ 23,132,442

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2006

Total governmental fund balances		\$	8,285,025
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			4,759,946
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	2,141,792	
Accrued interest		62,007	
Total			2,203,799
An internal service fund is used by management to charge the costs of dental and vision insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities on the statement of net assets.			229,316
Unamortized premiums on bond issuances are not recognized in the funds.			45,282
Unamortized bond issuance costs are not recognized in the funds.			(92,949)
Accrued interest payable is not due and payable in the current period and is therefore not recognized in the funds.			(31,368)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		2,274,523	
Compensated absences		1,158,065	
Total			(3,432,588)
Net assets of governmental activities		\$	11,966,463

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 11,859,000	\$ 1,095,788	\$ 12,954,788
Tuition	256,210	-	256,210
Charges for services	-	214,337	214,337
Earnings on investments	299,901	98,115	398,016
Extracurricular	9,318	72,012	81,330
Classroom materials and fees	5,474	-	5,474
Other local revenues	12,652	99,491	112,143
Intergovernmental - State	1,670,296	60,354	1,730,650
Intergovernmental - Federal	-	92,852	92,852
Total revenues	<u>14,112,851</u>	<u>1,732,949</u>	<u>15,845,800</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,787,268	4,112	5,791,380
Special	694,427	39,036	733,463
Adult	-	1,159	1,159
Other	365,716	-	365,716
Support Services:			
Pupil	967,664	455,373	1,423,037
Instructional staff	716,033	33,497	749,530
Board of education	78,682	-	78,682
Administration	1,309,293	-	1,309,293
Fiscal	589,136	-	589,136
Business	107,764	6,152	113,916
Operations and maintenance	1,502,952	828,500	2,331,452
Pupil transportation	754,225	104,852	859,077
Central	2,957	33,089	36,046
Operation of non-instructional services	113,578	19,343	132,921
Extracurricular activities	682,165	148,646	830,811
Food service operations	-	271,451	271,451
Debt service:			
Principal retirement	-	499,416	499,416
Interest and fiscal charges	-	78,382	78,382
Total expenditures	<u>13,671,860</u>	<u>2,523,008</u>	<u>16,194,868</u>
Excess of revenues over (under) expenditures	<u>440,991</u>	<u>(790,059)</u>	<u>(349,068)</u>
Other financing sources (uses):			
Transfers in	-	296,786	296,786
Transfers (out)	(296,786)	-	(296,786)
Total other financing sources (uses)	<u>(296,786)</u>	<u>296,786</u>	<u>-</u>
Net change in fund balances	144,205	(493,273)	(349,068)
Fund balances at beginning of year	5,711,541	2,925,123	8,636,664
Increase (decrease) in reserve for inventory	2,330	(4,901)	(2,571)
Fund balances at end of year	<u>\$ 5,858,076</u>	<u>\$ 2,426,949</u>	<u>\$ 8,285,025</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds		\$	(349,068)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>			
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.			
Capital outlay		\$ 475,179	
Depreciation expense		(679,359)	
Total			(204,180)
The net effect of various miscellaneous transactions involving capital assets (i.e.: disposals, sales, trade-ins and donations) is to decrease net assets.			
Disposals		(425,447)	
Accumulated depreciation on disposals		276,119	
Total			(149,328)
Governmental funds report expenditures for inventory when purchased. However, on the statement of activities they are reported as an expense when consumed.			
			(2,571)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Taxes		(4,129,789)	
Intergovernmental		(20,434)	
Accrued interest		43,135	
Total			(4,107,088)
Repayment of bond principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets.			
			499,416
On the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported on the statement of activities.			
Increase in accrued interest payable		(16,151)	
Accreted interest on capital appreciation bonds		(19,703)	
Amortization of premium on bonds		15,491	
Amortization of bond issuance costs		(7,547)	
Total			(27,910)
Some expenses reported on the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
			26,446
The internal service fund used by management to charge the costs of dental and vision insurance premiums to individual funds is not reported on the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.			
			79,330
Change in net assets of governmental activities		\$	(4,234,953)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 12,013,364	\$ 12,295,888	\$ 12,082,744	\$ (213,144)
Tuition.	268,257	274,566	269,807	(4,759)
Earnings on investments.	296,412	303,383	298,124	(5,259)
Extracurricular.	9,264	9,482	9,318	(164)
Classroom materials and fees	4,872	4,987	4,901	(86)
Other local revenues.	4,614	4,722	5,018	296
Intergovernmental - State	1,663,931	1,703,063	1,673,541	(29,522)
Total revenues	<u>14,260,714</u>	<u>14,596,091</u>	<u>14,343,453</u>	<u>(252,638)</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,700,220	5,698,112	5,607,230	90,882
Special	709,902	709,640	701,346	8,294
Other	397,786	397,639	397,638	1
Support Services:				
Pupil	1,024,134	1,023,756	984,003	39,753
Instructional staff	736,006	735,734	706,916	28,818
Board of education.	88,536	88,503	79,029	9,474
Administration.	1,321,677	1,321,189	1,258,075	63,114
Fiscal.	582,660	582,445	544,735	37,710
Business	122,973	122,928	113,919	9,009
Operations and maintenance.	1,642,312	1,641,705	1,570,066	71,639
Pupil transportation	830,299	829,992	760,134	69,858
Operation of non-instructional services	149,511	149,456	117,921	31,535
Extracurricular activities.	704,412	704,152	672,755	31,397
Total expenditures	<u>14,010,428</u>	<u>14,005,251</u>	<u>13,513,767</u>	<u>491,484</u>
Excess of revenues over expenditures	<u>250,286</u>	<u>590,840</u>	<u>829,686</u>	<u>238,846</u>
Other financing sources (uses):				
Proceeds from sale of capital assets.	54	55	54	(1)
Transfers (out)	(301,898)	(301,786)	(301,786)	-
Advances in.	2,804	2,870	2,820	(50)
Advances (out)	(10,004)	(10,000)	-	10,000
Refund of prior year expenditures	5,544	5,674	5,576	(98)
Refund of prior year receipts	(500)	(500)	-	500
Total other financing sources (uses)	<u>(304,000)</u>	<u>(303,687)</u>	<u>(293,336)</u>	<u>10,351</u>
Net change in fund balance	(53,714)	287,153	536,350	249,197
Fund balance at beginning of year	5,966,040	5,966,040	5,966,040	-
Prior year encumbrances appropriated	262,483	262,483	262,483	-
Fund balance at end of year	<u>\$ 6,174,809</u>	<u>\$ 6,515,676</u>	<u>\$ 6,764,873</u>	<u>\$ 249,197</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FUND NET ASSETS
PROPRIETARY FUND
JUNE 30, 2006

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 244,752
Receivables:	
Accounts	<u>18</u>
Total assets	<u>244,770</u>
Liabilities:	
Current liabilities:	
Claims payable.	14,962
Deferred revenue.	<u>492</u>
Total liabilities	<u>15,454</u>
Net assets:	
Unrestricted	<u>229,316</u>
Total net assets	<u><u>\$ 229,316</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 209,361
Total operating revenues.	<u>209,361</u>
Operating expenses:	
Claims	<u>130,031</u>
Total operating expenses	<u>130,031</u>
Operating income / change in net assets. . .	79,330
Net assets at beginning of year	<u>149,986</u>
Net assets at end of year	<u><u>\$ 229,316</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	\$ 208,935
Cash payments for claims.	<u>(145,447)</u>
Net cash provided by operating activities	63,488
Cash and cash equivalents at beginning of year.	<u>181,264</u>
Cash and cash equivalents at end of year	<u><u>\$ 244,752</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 79,330
Changes in assets and liabilities:	
Decrease in accounts receivable	17
Decrease in claims payable.	(15,416)
Decrease in deferred revenue	<u>(443)</u>
Net cash provided by operating activities	<u><u>\$ 63,488</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents.	\$ 28,048	\$ 61,748
Investments	185,678	-
Receivables:		
Accrued interest	7,553	800
Accounts	-	85
Total assets	<u>221,279</u>	<u>\$ 62,633</u>
Liabilities:		
Accounts payable.	-	\$ 370
Intergovernmental payable	-	6,376
Deferred revenue	744	-
Due to students	-	55,887
Total liabilities	<u>744</u>	<u>\$ 62,633</u>
Net Assets:		
Held in trust for scholarships.	<u>220,535</u>	
Total net assets	<u>\$ 220,535</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	
Additions:		
Interest	\$ 8,296	
Contributions and gifts.	28,664	
	<hr/>	
Total additions.	36,960	
	<hr/>	
Deductions:		
Scholarships awarded	7,872	
	<hr/>	
Change in net assets	29,088	
	<hr/>	
Net assets at beginning of year	191,447	
	<hr/>	
Net assets at end of year.	\$ 220,535	
	<hr/> <hr/>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Cuyahoga Heights Schools

Excellence in Education

Since 1938

A Hall of Fame School

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District ranks as the 528th largest by enrollment among the 615 public school districts in the state. It currently operates 1 elementary school, 1 middle school and 1 comprehensive high school. The District employs 70 certified (including administrative) and 66 non-certified full-time and part-time employees to provide services to approximately 874 students from pre-school (age 4) to grade 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool and student related activities of the District.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

JOINTLY GOVERNED ORGANIZATIONS

Ohio Schools' Council

The Ohio Schools' Council (the "Council") is a jointly governed organization among 83 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting Dr. Kathleen Neal, the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Independence, Ohio, 44131.

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

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

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

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

Cuyahoga Valley Career Center

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

Lakeshore Northeast Ohio Computer Association

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

PUBLIC ENTITY RISK POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

Suburban Health Consortium

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

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

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

B. Fund Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

GOVERNMENTAL FUNDS

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

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

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

PROPRIETARY FUNDS

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

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

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

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

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

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

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

D. Basis of Accounting

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

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

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

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

Deferred/Unearned Revenue - Deferred/unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

E. Budgets

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

Tax Budget:

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

Estimated Resources:

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

Appropriations:

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

F. Cash and Investments

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

During fiscal year 2006, investments were limited to nonnegotiable certificates of deposits, U.S. Treasury Bills, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2006. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2006.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$299,901, which includes \$24,271 assigned from other District funds.

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

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

G. Inventory

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2006, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

M. Net Assets

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

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

N. Prepayments

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

O. Estimates

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set-aside for Bureau of Workers' Compensation (BWC) refunds. In addition, the District reports restricted assets for school bus purchases. See Note 17 for details.

Q. Interfund Activity

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2006.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Changes in Accounting Principles

For fiscal year 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", and GASB Statement No. 47, "Accounting for Termination Benefits".

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

GASB Statement No. 44 is designed to improve the understandability and usefulness of the information that state and local governments present as supplementary information in the statistical section.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. This statement also requires governments to disclose in the notes to the basic financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of GASB Statement No. 42, GASB Statement No. 44, GASB Statement No. 46, and GASB Statement No. 47 did not have an effect on the fund balances and net assets of the District as previously reported at June 30, 2005.

B. Deficit Fund Balances

Fund balances at June 30, 2006 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Governmental Funds</u>	
Title V Innovative Education Programs	\$ 45
Drug Free School Grant	598

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim moneys 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.

Protection of District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

A. Cash on Hand

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

B. Cash with Fiscal Agent

At fiscal year-end, \$15,031 was on deposit with the District's fiscal agent for natural gas purchases. This amount is not included in the "Deposits with Financial Institutions" reported below and is not part of the internal cash pool reported on the statement of net assets and the governmental balance sheet as "Equity in Pooled Cash and Cash Equivalents".

C. Deposits with Financial Institutions

At June 30, 2006, the carrying amount of all District deposits was \$5,590,106. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$419,000 of the District's bank balance of \$5,686,315 was covered by the Federal Deposit Insurance Corporation, while \$5,267,315 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. As permitted by Ohio Revised Code, collateral is held in single financial institution collateral pools at Federal Reserve Banks, or member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the District's name.

D. Investments

As of June 30, 2006, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities		
		6 months or less	7 to 12 months	13 to 18 months
U.S. Treasury Bills	\$ 2,942,059	\$ 2,437,574	\$ -	\$ 504,485
STAR Ohio	1,349,345	1,349,345	-	-
	<u>\$ 4,291,404</u>	<u>\$ 3,786,919</u>	<u>\$ -</u>	<u>\$ 504,485</u>

The weighted average maturity of investments is 0.39 years.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's investment policy addresses interest rate risk by requiring the consideration of cash flow requirements and market conditions in determining the term of an investment, and limiting investment portfolio maturities to five years or less.

Credit Risk: The District's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The District's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of market value, or by default. However, the District's investment policy does not place any limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2006:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Treasury Bills	\$ 2,942,059	68.55%
STAR Ohio	<u>1,349,345</u>	<u>31.45%</u>
	<u>\$ 4,291,404</u>	<u>100.00%</u>

E. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2006:

<u>Cash and Investments per Note Disclosure</u>	
Carrying amount of deposits	\$ 5,590,106
Investments	4,291,404
Cash on hand	<u>930</u>
Total	<u>\$ 9,882,440</u>
<u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$ 9,606,966
Private-purpose trust funds	213,726
Agency funds	<u>61,748</u>
Total	<u>\$ 9,882,440</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2006 consisted of the following individual interfund loans receivable and payable, as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ <u>570</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2006 are reported on the Statement of Net Assets.

- B. Interfund transfers for the year ended June 30, 2006 consisted of the following, as reported on the fund financial statements:

<u>Transfers from General Fund to:</u>	<u>Amount</u>
Nonmajor Governmental Funds	\$ <u>296,786</u>

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 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 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, 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 District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available as an advance at June 30, 2006 was \$698,105 in the General fund, and \$29,922 in the Bond Retirement debt service fund (a nonmajor governmental fund). These amounts are reported as revenue. The amount available for advance at June 30, 2005 was \$881,847 in the General fund, and \$37,772 in the Bond Retirement debt service fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary depending upon when the tax bills are sent by the County Auditor.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
	Real property	\$ 285,760,080	60.58	\$ 286,995,200
Public utility personal property	30,043,900	6.37	29,215,490	6.24
Tangible personal property	<u>155,938,714</u>	<u>33.05</u>	<u>151,652,772</u>	<u>32.41</u>
Total assessed valuation	<u>\$ 471,742,694</u>	<u>100.00</u>	<u>\$ 467,863,462</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
General operations		\$22.90		\$27.80
Bond retirement		1.00		1.00

NOTE 7 - RECEIVABLES

Receivables at June 30, 2006 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

<u>Governmental Activities:</u>	
Taxes	\$ 13,604,960
Accounts	4,948
Intergovernmental	9,706
Accrued interest	<u>74,496</u>
Total	<u>\$ 13,694,110</u>

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006 was as follows:

	<u>Balance</u> <u>06/30/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/06</u>
<u>Governmental Activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 798,600	\$ -	\$ -	\$ 798,600
<i>Capital assets, being depreciated:</i>				
Land improvements	949,602	-	-	949,602
Building and improvements	12,708,714	-	(196,296)	12,512,418
Furniture and equipment	3,718,685	360,593	(136,582)	3,942,696
Vehicles	954,560	114,586	(92,569)	976,577
Total capital assets, being depreciated	<u>18,331,561</u>	<u>475,179</u>	<u>(425,447)</u>	<u>18,381,293</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(346,837)	(47,480)	-	(394,317)
Building and improvements	(10,005,888)	(199,085)	61,500	(10,143,473)
Furniture and equipment	(3,038,145)	(356,900)	122,050	(3,272,995)
Vehicles	(625,837)	(75,894)	92,569	(609,162)
Total accumulated depreciation	<u>(14,016,707)</u>	<u>(679,359)</u>	<u>276,119</u>	<u>(14,419,947)</u>
Governmental activities capital assets, net	<u>\$ 5,113,454</u>	<u>\$ (204,180)</u>	<u>\$ (149,328)</u>	<u>\$ 4,759,946</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 372,577
Special	6,353
<u>Support Services:</u>	
Pupil	25,325
Instructional staff	40,837
Administration	13,914
Fiscal	4,668
Business	7,084
Operations and maintenance	16,818
Pupil transportation	79,161
Other non-instructional services	32,028
Extracurricular activities	51,271
Food service operations	29,323
Total depreciation expense	<u>\$ 679,359</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 9 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2006, the following changes occurred in governmental activities long-term obligations. Compensated absences and the retirement incentive will be paid from the fund in which the employee is paid, usually the general fund.

	<u>Balance at</u> <u>06/30/05</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>06/30/06</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>Governmental Activities:</u>					
<u>General Obligation Bonds:</u>					
Current interest					
refunding bonds, series 2004	\$ 2,455,000	\$ -	\$ (335,000)	\$ 2,120,000	\$ 355,492
Capital appreciation					
refunding bonds, series 2004	110,000	-	-	110,000	-
Capital appreciation					
refunding bonds accreted interest	24,820	19,703	-	44,523	-
Energy conservation bonds	<u>164,416</u>	<u>-</u>	<u>(164,416)</u>	<u>-</u>	<u>-</u>
Total general obligation bonds	<u>2,754,236</u>	<u>19,703</u>	<u>(499,416)</u>	<u>2,274,523</u>	<u>355,492</u>
<u>Other Long-Term Obligations:</u>					
Compensated absences	1,275,758	169,571	(79,833)	1,365,496	327,737
Retirement incentive	<u>-</u>	<u>194,500</u>	<u>-</u>	<u>194,500</u>	<u>180,000</u>
Total other long-term obligations	<u>1,275,758</u>	<u>364,071</u>	<u>(79,833)</u>	<u>1,559,996</u>	<u>507,737</u>
Total governmental activities	4,029,994	<u>\$ 383,774</u>	<u>\$ (579,249)</u>	3,834,519	<u>\$ 863,229</u>
Add: Unamortized premium on bonds	<u>108,440</u>			<u>92,949</u>	
Total on statement of net assets	<u>\$ 4,138,434</u>			<u>\$ 3,927,468</u>	

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issue is comprised of both current interest bonds, par value \$2,795,000, and capital appreciation bonds, par value \$110,000. The interest rates on the current interest bonds range from 2.00% to 3.25%. The capital appreciation bonds mature on December 1, 2012 (effective interest rate of 4.15%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The present value (as of the issue date) reported on the statement of net assets at June 30, 2006 is \$110,000. Total accreted interest of \$44,523 has been included on the statement of net assets.

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

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

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

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

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2006 are as follows:

Year Ended	Current Interest Bonds, Series 2004			Capital Appreciation Bonds, Series 2004		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 340,000	\$ 54,262	\$ 394,262	\$ -	\$ -	\$ -
2008	345,000	46,981	391,981	-	-	-
2009	350,000	38,288	388,288	-	-	-
2010	350,000	28,226	378,226	-	-	-
2011	365,000	17,501	382,501	-	-	-
2012 - 2013	<u>370,000</u>	<u>6,012</u>	<u>376,012</u>	<u>375,000</u>	<u>-</u>	<u>375,000</u>
Total	<u>\$ 2,120,000</u>	<u>\$ 191,270</u>	<u>\$ 2,311,270</u>	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ 375,000</u>

C. Legal Debt Margin

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

The effects of these debt limitations at June 30, 2006 are a legal voted debt margin of \$40,694,760 (including available funds of \$817,048), and a legal unvoted debt margin of \$467,863.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 10 - RISK MANAGEMENT

A. Dental and Vision Insurance

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

All funds of the District participate in the program and make payments to the internal service fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). Findley Davies, Inc., has actuarially determined that \$14,962, is a good and sufficient provision for all unmatured claim obligations (including both reported, but unpaid claims, and incurred, but not reported claims, as well as an allowance for claim settlement expenses on the estimated unpaid claims) as of June 30, 2006.

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

The claims liability of \$14,962 reported in the Employee Benefits Self Insurance fund at June 30, 2006 is based on the provisions of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, and as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in the fund’s claims liability for the current and past fiscal year are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2006	\$30,378	\$130,031	\$(145,447)	\$14,962
2005	26,102	168,280	(164,004)	30,378

B. Employee Health Benefits

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 10 - RISK MANAGEMENT - (Continued)

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 12. As such, no funding provisions are required by the District.

C. Comprehensive

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

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no reduction in amounts of insurance coverage from fiscal 2005.

D. Workers' Compensation

For fiscal year 2006, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 11 - PENSION PLANS

A. School Employees Retirement System

The 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 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 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. 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 statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2006, 2005, and 2004 were \$233,661, \$298,701, and \$296,219, respectively. 100 percent has been contributed for all of these fiscal years.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 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.

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 11 - PENSION PLANS - (Continued)

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The 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 District's required contributions for fund pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$735,197, \$779,826, and \$819,489, respectively. 100 percent has been contributed for all of these fiscal years. Contributions to the DC and Combined Plans for fiscal year 2006 were \$283 made by the District and \$12,037 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2006, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

The 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 funded 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 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, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$56,554 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS were \$254.780 million and STRS had 115,395 eligible benefit recipients.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2005. 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 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, District paid \$118,870 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178.221 million. At June 30, 2005 (the latest information available), SERS had net assets available for payment of health care benefits of \$267.5 million, which is about 168 percent of next years projected net health care costs of \$158.776 million. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has 58,123 participants currently receiving health care benefits.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

	<u>General Fund</u>
Budget basis	\$ 536,350
Net adjustment for revenue accruals	(230,602)
Net adjustment for expenditure accrals	(366,164)
Net adjustment for other financing sources/uses	(3,450)
Adjustment for encumbrances	208,071
GAAP basis	\$ 144,205

NOTE 14 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 15 - LEASE AGREEMENT

During fiscal 1999, the Board of Education entered into a lease agreement with Eller Media for outdoor advertising. The total amount of revenue to be received by the District is \$1.62 million dollars over fifteen years. The first payment of \$500,000 was received in July, 1999. The District is scheduled to receive \$50,000 per year in years 6 through 13 of the lease, \$220,000 in year 14, and \$500,000 in year 15. The District received \$50,000 in lease payments during fiscal 2006. The lease is cancelable by either party, requiring only a 30 day notice. Thus, no accrual has been recorded on the Statement of Net Assets.

NOTE 16 - SIGNIFICANT EVENTS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 16 - SIGNIFICANT EVENTS - (Continued)

Cuyahoga Heights Local School District, Cleveland City School District, the City of Cleveland, and the Cuyahoga County Prosecutor filed a joint objection in the Bankruptcy Court as to the valuation of Cleveland Works for the distribution of the proceeds of the sale of all LTV assets. The Cleveland Works valuation was appraised at \$0 by the Blackstone Group. Hearings began in June, 2002 and have extended beyond the end of the District's fiscal year 2006. As of June 30, 2006, the District is unable to determine the effect, if any, that the outcome of these hearings will have on its financial operations.

NOTE 17 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2006, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2005	\$ (2,032,663)	\$ -	\$ 55,144
Current year set-aside requirement	122,549	122,549	-
Qualifying disbursements	<u>(654,776)</u>	<u>(1,095,485)</u>	<u>-</u>
Total	<u>\$ (2,564,890)</u>	<u>\$ (972,936)</u>	<u>\$ 55,144</u>
Balance carried forward to FY 2007	<u>\$ (2,564,890)</u>	<u>\$ -</u>	<u>\$ 55,144</u>

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

During fiscal year 2006, the District had qualifying disbursements for instructional materials and capital maintenance that reduced the set-aside amounts below zero. The instructional materials amount may be used to reduce the set-aside requirement of future years; however, the capital maintenance amount may not be carried forward.

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

A schedule of the governmental fund restricted assets at June 30, 2006 follows:

Amount restricted for BWC refunds	\$ 55,144
Amount restricted for school bus purchases	<u>2,451</u>
Total restricted assets	<u>\$ 57,595</u>

Cuyahoga Heights Schools

Excellence in Education

Since 1938

A Hall of Fame School

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

Cuyahoga Heights Schools

Excellence in Education

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Taxes	\$ 12,013,364	\$ 12,295,888	\$ 12,082,744	\$ (213,144)
Tuition	268,257	274,566	269,807	(4,759)
Earnings on investments	296,412	303,383	298,124	(5,259)
Extracurricular	9,264	9,482	9,318	(164)
Classroom materials and fees	4,872	4,987	4,901	(86)
Other local revenues	4,614	4,722	4,018	296
Intergovernmental - State	1,663,931	1,703,063	1,673,541	(29,522)
Total revenues	<u>14,260,714</u>	<u>14,596,091</u>	<u>14,343,453</u>	<u>(252,638)</u>
Expenditures:				
Current:				
Instruction-regular:				
Salaries and wages	4,105,716	4,104,198	4,075,776	28,422
Fringe benefits	1,363,286	1,362,782	1,326,978	35,804
Purchased services	12,861	12,856	9,071	3,785
Supplies	177,521	177,455	157,932	19,523
Capital outlay	29,546	29,535	26,188	3,347
Other	11,290	11,286	11,285	1
Total instruction-regular	<u>5,700,220</u>	<u>5,698,112</u>	<u>5,607,230</u>	<u>90,882</u>
Instruction-special:				
Salaries and wages	18,532	18,525	13,749	4,776
Fringe benefits	2,111	2,110	2,110	-
Purchased services	674,315	674,066	672,917	1,149
Supplies	13,747	13,742	12,108	1,634
Capital outlay	649	649	-	649
Other	548	548	462	86
Total instruction-special	<u>709,902</u>	<u>709,640</u>	<u>701,346</u>	<u>8,294</u>
Instruction-other:				
Purchased services	<u>397,786</u>	<u>397,639</u>	<u>397,638</u>	<u>1</u>
Total instruction-other	<u>397,786</u>	<u>397,639</u>	<u>397,638</u>	<u>1</u>
Support services-pupil:				
Salaries and wages	595,235	595,016	595,015	1
Fringe benefits	181,837	181,770	179,749	2,021
Purchased services	210,903	210,825	177,891	32,934
Supplies	18,290	18,283	15,548	2,735
Capital outlay	1,366	1,365	-	1,365
Other	16,503	16,497	15,800	697
Total support services-pupil	<u>1,024,134</u>	<u>1,023,756</u>	<u>984,003</u>	<u>39,753</u>
Support services-instructional staff:				
Salaries and wages	500,329	500,144	485,001	15,143
Fringe benefits	200,763	200,689	197,530	3,159
Purchased services	17,880	17,873	8,891	8,982
Supplies	12,168	12,164	11,438	726
Capital outlay	4,662	4,660	3,852	808
Other	204	204	204	-
Total support services-instructional staff	<u>736,006</u>	<u>735,734</u>	<u>706,916</u>	<u>28,818</u>

-continued

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support services-board of education:				
Salaries and wages	\$ 25,740	\$ 25,730	\$ 23,105	\$ 2,625
Fringe benefits	4,210	4,208	3,858	350
Purchased services	42,835	42,820	36,397	6,423
Supplies	1,576	1,575	1,500	75
Other	14,175	14,170	14,169	1
Total support services-board of education	<u>88,536</u>	<u>88,503</u>	<u>79,029</u>	<u>9,474</u>
Support services-administration:				
Salaries and wages	790,349	790,057	771,492	18,565
Fringe benefits	360,497	360,364	335,428	24,936
Purchased services	136,111	136,061	128,245	7,816
Supplies	15,341	15,335	8,719	6,616
Capital outlay	300	300	190	110
Other	19,079	19,072	14,001	5,071
Total support services-administration . .	<u>1,321,677</u>	<u>1,321,189</u>	<u>1,258,075</u>	<u>63,114</u>
Support services-fiscal:				
Salaries and wages	217,080	217,000	205,372	11,628
Fringe benefits	91,829	91,795	91,778	17
Purchased services	39,877	39,862	33,912	5,950
Supplies	11,382	11,378	9,276	2,102
Capital outlay	7,503	7,500	1,699	5,801
Other	214,989	214,910	202,698	12,212
Total support services-fiscal	<u>582,660</u>	<u>582,445</u>	<u>544,735</u>	<u>37,710</u>
Support services-business:				
Purchased services	96,624	96,589	91,733	4,856
Supplies	18,846	18,839	16,046	2,793
Other	7,503	7,500	6,140	1,360
Total support services-business	<u>122,973</u>	<u>122,928</u>	<u>113,919</u>	<u>9,009</u>
Support services-operations and maintenance:				
Salaries and wages	621,414	621,185	619,797	1,388
Fringe benefits	224,205	224,122	221,695	2,427
Purchased services	695,654	695,397	638,328	57,069
Supplies	93,502	93,467	85,509	7,958
Capital outlay	7,537	7,534	4,737	2,797
Total support services-operations and maintenance	<u>1,642,312</u>	<u>1,641,705</u>	<u>1,570,066</u>	<u>71,639</u>
Support services-pupil transportation:				
Salaries and wages	467,320	467,147	460,628	6,519
Fringe benefits	193,796	193,724	179,177	14,547
Purchased services	74,238	74,211	33,658	40,553
Supplies	81,732	81,702	74,017	7,685
Capital outlay	13,213	13,208	12,654	554
Total support services-pupil transportation	<u>830,299</u>	<u>829,992</u>	<u>760,134</u>	<u>69,858</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operation of non-instructional services:				
Salaries and wages	\$ 96,961	\$ 96,925	\$ 78,279	18,646
Fringe benefits	22,389	22,381	18,003	4,378
Purchased services	19,170	19,163	15,741	3,422
Supplies	6,183	6,181	2,322	3,859
Capital outlay	4,808	4,806	3,576	1,230
Total operation of non-instructional services	<u>149,511</u>	<u>149,456</u>	<u>117,921</u>	<u>31,535</u>
Extracurricular activities				
Salaries and wages	494,972	494,790	475,156	19,634
Fringe benefits	102,062	102,024	100,490	1,534
Purchased services	88,196	88,163	83,640	4,523
Supplies	3,276	3,275	238	3,037
Other	15,906	15,900	13,231	2,669
Total extracurricular activities.	<u>704,412</u>	<u>704,152</u>	<u>672,755</u>	<u>31,397</u>
Total expenditures	<u>14,010,428</u>	<u>14,005,251</u>	<u>13,513,767</u>	<u>491,484</u>
Excess of revenues over expenditures.	<u>250,286</u>	<u>590,840</u>	<u>829,686</u>	<u>238,846</u>
Other financing sources (uses):				
Proceeds from sale of capital assets.	54	55	54	(1)
Transfers (out)	(301,898)	(301,786)	(301,786)	-
Advances in.	2,804	2,870	2,820	(50)
Advances (out)	(10,004)	(10,000)	-	10,000
Refund of prior year expenditures	5,544	5,674	5,576	(98)
Refund of prior year receipts	(500)	(500)	-	500
Total other financing sources (uses)	<u>(304,000)</u>	<u>(303,687)</u>	<u>(293,336)</u>	<u>10,351</u>
Net change in fund balance	(53,714)	287,153	536,350	249,197
Fund balance at beginning of year	5,966,040	5,966,040	5,966,040	-
Prior year encumbrances appropriated	262,483	262,483	262,483	-
Fund balance at end of year.	<u>\$ 6,174,809</u>	<u>\$ 6,515,676</u>	<u>\$ 6,764,873</u>	<u>\$ 249,197</u>

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents.	\$ 83,786	\$ 770,765	\$ 1,018,865	\$ 1,873,416
Investments	100,823	-	400,000	500,823
Receivables:				
Taxes.	-	544,687	-	544,687
Accounts.	312	-	-	312
Intergovernmental	9,706	-	-	9,706
Accrued interest	3,237	-	6,725	9,962
Materials and supplies inventory	4,822	-	-	4,822
Total assets.	<u>\$ 202,686</u>	<u>\$ 1,315,452</u>	<u>\$ 1,425,590</u>	<u>\$ 2,943,728</u>
Liabilities:				
Accounts payable.	\$ 2,873	\$ -	\$ 4,553	\$ 7,426
Accrued wages and benefits	2,090	-	-	2,090
Pension obligation payable.	7,015	-	-	7,015
Intergovernmental payable	1,274	-	-	1,274
Interfund loans payable.	570	-	-	570
Deferred revenue	-	498,404	-	498,404
Total liabilities.	<u>13,822</u>	<u>498,404</u>	<u>4,553</u>	<u>516,779</u>
Fund Balances:				
Reserved for encumbrances.	13,481	-	212,857	226,338
Reserved for materials and supplies inventory	4,822	-	-	4,822
Reserved for debt service.	-	787,126	-	787,126
Reserved for tax revenue unavailable for appropriation	-	29,922	-	29,922
Unreserved, undesignated, reported in:				
Special revenue funds.	170,561	-	-	170,561
Capital projects funds.	-	-	1,208,180	1,208,180
Total fund balances.	<u>188,864</u>	<u>817,048</u>	<u>1,421,037</u>	<u>2,426,949</u>
Total liabilities and fund balances	<u>\$ 202,686</u>	<u>\$ 1,315,452</u>	<u>\$ 1,425,590</u>	<u>\$ 2,943,728</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ -	\$ 453,131	\$ 642,657	\$ 1,095,788
Charges for services	214,337	-	-	214,337
Earnings on investments	5,825	-	92,290	98,115
Extracurricular	72,012	-	-	72,012
Other local revenues	97,991	-	1,500	99,491
Intergovernmental - State	37,473	22,881	-	60,354
Intergovernmental - Federal	92,852	-	-	92,852
Total revenues	<u>520,490</u>	<u>476,012</u>	<u>736,447</u>	<u>1,732,949</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,112	-	-	4,112
Special	39,036	-	-	39,036
Adult	1,159	-	-	1,159
Support services:				
Pupil	39,119	-	416,254	455,373
Instructional staff	32,607	-	890	33,497
Business	4,093	-	2,059	6,152
Operations and maintenance	-	-	828,500	828,500
Pupil transportation	-	-	104,852	104,852
Central	33,089	-	-	33,089
Operation of non-instructional services	-	-	19,343	19,343
Extracurricular activities	148,646	-	-	148,646
Food service operations	271,451	-	-	271,451
Debt service:				
Principal retirement	-	499,416	-	499,416
Interest and fiscal charges	-	78,382	-	78,382
Total expenditures	<u>573,312</u>	<u>577,798</u>	<u>1,371,898</u>	<u>2,523,008</u>
Excess of revenues under expenditures	(52,822)	(101,786)	(635,451)	(790,059)
Other financing sources:				
Transfers in	115,000	181,786	-	296,786
Total other financing sources	<u>115,000</u>	<u>181,786</u>	<u>-</u>	<u>296,786</u>
Net change in fund balances	62,178	80,000	(635,451)	(493,273)
Fund balances at beginning of year	131,587	737,048	2,056,488	2,925,123
Decrease in reserve for inventory	<u>(4,901)</u>	<u>-</u>	<u>-</u>	<u>(4,901)</u>
Fund balances at end of year	<u>\$ 188,864</u>	<u>\$ 817,048</u>	<u>\$ 1,421,037</u>	<u>\$ 2,426,949</u>

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

Nonmajor Special Revenue Funds

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

Food Service Fund Section 3313.81, Revised Code

A fund used to account for financial transactions related to food service operations.

Uniform School Supplies Fund Section 3313.81, Revised Code

A fund used to account for the purchase and sale of school supplies for use in the District. Profits derived from such sales are used for school purposes or activities connected with the school.

Adult Education Fund Section 5705.12, Revised Code

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

Public School Support Fund Section 5705.12, Revised Code

A fund used to account for specific local revenue sources (i.e.: profits from vending machines, etc.), other than taxes or private-purpose trusts, that are restricted to expenditures for specified purposes approved by Board resolution. Such expenditures may include curricular and extracurricular related purchases.

Other Grants Fund Sections 5705.09 and 5705.13, Revised Code

A fund used to account for the proceeds of specific revenue sources (except for state and federal grants) that are restricted to expenditures for specified purposes.

District Managed Activity Fund Section 3313.062

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

Management Information Systems Fund Am. Sub. H.B. 111

A fund used to account for monies associated with the state-wide requirements of the Education Management Information System (EMIS).

Data Communication Fund Section 5705.09, Revised Code

A fund used to account for monies appropriated for Ohio Educational Computer Network Connections.

SchoolNet Professional Development Fund Section 5705.09, Revised Code

A fund used to account for revenues received to provide professional development programs related to technology.

Ohio Reads Fund State Line Item Appropriation GRF 200-455 and 200-566

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

Summer Intervention Fund Current Budget Bill Appropriation Line Item 200-513

A fund used to account for student intervention services.

Alternative Schools Fund State Line Item Appropriation GRF 200-520

A fund used to account for alternative educational programs for existing and new at-risk and delinquent youth.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NONMAJOR GOVERNMENTAL FUNDS

FUND DESCRIPTIONS

Nonmajor Special Revenue Funds

Title I Fund

Public Law 97-35; Title I EESA 1965

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

Title VI Fund

Public Law 97-35; EESA 1965

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

Drug Free School Grant Fund

Catalog of Federal Domestic Assistance #84-166

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

Improving Teacher Quality Fund

Title VI of the ESEA, Catalog of Domestic Assistance Number 84.367

A fund used to account for a federal grant aimed at reducing class sizes throughout the District.

Miscellaneous Federal Grants Fund

Section 5705.12, Revised Code

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

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2006

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Public School Support</u>	<u>Other Grants</u>
Assets:					
Equity in pooled cash and cash equivalents.	\$ 21,272	\$ 883	\$ 711	\$ 26,504	\$ 21,368
Investments	-	-	-	-	-
Receivables:					
Accounts.	272	-	-	-	-
Intergovernmental	4,593	-	-	-	-
Accrued interest	-	-	-	-	-
Materials and supplies inventory	2,695	1,836	-	-	-
Total assets.	<u>\$ 28,832</u>	<u>\$ 2,719</u>	<u>\$ 711</u>	<u>\$ 26,504</u>	<u>\$ 21,368</u>
Liabilities:					
Accounts payable.	\$ 73	\$ -	\$ -	\$ 33	\$ -
Accrued wages and benefits	2,090	-	-	-	-
Pension obligation payable.	7,015	-	-	-	-
Intergovernmental payable	974	-	14	-	-
Interfund loans payable.	-	-	-	-	-
Total liabilities.	<u>10,152</u>	<u>-</u>	<u>14</u>	<u>33</u>	<u>-</u>
Fund Balances:					
Reserved for encumbrances.	-	-	-	-	1,800
Reserved for materials and supplies inventory	2,695	1,836	-	-	-
Unreserved, undesignated (deficit), reported in:					
Special revenue funds.	15,985	883	697	26,471	19,568
Total fund balances (deficits).	<u>18,680</u>	<u>2,719</u>	<u>697</u>	<u>26,471</u>	<u>21,368</u>
Total liabilities and fund balances	<u>\$ 28,832</u>	<u>\$ 2,719</u>	<u>\$ 711</u>	<u>\$ 26,504</u>	<u>\$ 21,368</u>

District Managed Activity	Management Information Systems	SchoolNet Professional Development	Ohio Reads	Alternative Schools	Title VI	Drug Free School Grant	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 3,577	\$ 8,249	\$ 106	\$ 7	\$ 695	\$ -	\$ -	\$ 414	\$ 83,786
100,823	-	-	-	-	-	-	-	100,823
40	-	-	-	-	-	-	-	312
-	-	-	-	886	-	-	4,227	9,706
3,237	-	-	-	-	-	-	-	3,237
291	-	-	-	-	-	-	-	4,822
<u>\$ 107,968</u>	<u>\$ 8,249</u>	<u>\$ 106</u>	<u>\$ 7</u>	<u>\$ 1,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,641</u>	<u>\$ 202,686</u>
\$ 605	\$ -	\$ -	\$ -	\$ 1,252	\$ -	\$ -	\$ 910	\$ 2,873
-	-	-	-	-	-	-	-	2,090
-	139	-	-	74	45	28	-	7,015
-	-	-	-	-	-	570	-	1,274
-	-	-	-	-	-	-	-	570
<u>605</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>1,326</u>	<u>45</u>	<u>598</u>	<u>910</u>	<u>13,822</u>
11,681	-	-	-	-	-	-	-	13,481
291	-	-	-	-	-	-	-	4,822
<u>95,391</u>	<u>8,110</u>	<u>106</u>	<u>7</u>	<u>255</u>	<u>(45)</u>	<u>(598)</u>	<u>3,731</u>	<u>170,561</u>
<u>107,363</u>	<u>8,110</u>	<u>106</u>	<u>7</u>	<u>255</u>	<u>(45)</u>	<u>(598)</u>	<u>3,731</u>	<u>188,864</u>
<u>\$ 107,968</u>	<u>\$ 8,249</u>	<u>\$ 106</u>	<u>\$ 7</u>	<u>\$ 1,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,641</u>	<u>\$ 202,686</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Food Service	Uniform School Supplies	Adult Education	Public School Support
Revenues:				
From local sources:				
Charges for services	\$ 214,337	\$ -	\$ -	\$ -
Earnings on investments	1,285	-	-	-
Extracurricular	-	3,043	-	27,264
Other local revenues	674	-	-	3,265
Intergovernmental - State	950	-	-	-
Intergovernmental - Federal	40,499	-	-	-
Total revenues.	<u>257,745</u>	<u>3,043</u>	<u>-</u>	<u>30,529</u>
Expenditures:				
Current:				
Instruction:				
Regular.	-	2,940	-	-
Special	-	-	-	-
Adult	-	-	1,159	-
Support services:				
Pupil	-	-	-	30,945
Instructional staff.	-	-	-	684
Business	-	-	-	-
Central	-	-	-	-
Extracurricular activities.	-	-	-	-
Food service operations	271,451	-	-	-
Total expenditures	<u>271,451</u>	<u>2,940</u>	<u>1,159</u>	<u>31,629</u>
Excess of revenues over (under) expenditures.	(13,706)	103	(1,159)	(1,100)
Other financing sources:				
Transfers in	40,000	-	-	-
Total other financing sources	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	26,294	103	(1,159)	(1,100)
Fund balances (deficit)				
at beginning of year.	(3,540)	3,189	1,856	27,571
Decrease in reserve for inventory.	(4,074)	(573)	-	-
Fund balances (deficit) at end of year	<u>\$ 18,680</u>	<u>\$ 2,719</u>	<u>\$ 697</u>	<u>\$ 26,471</u>

Other Grants	District Managed Activity	Management Information Systems	Data Communication	SchoolNet Professional Development	Ohio Reads
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,540	-	-	-	-
-	41,705	-	-	-	-
1,350	92,102	-	-	-	-
-	-	5,000	9,000	3,200	2,000
-	-	-	-	-	-
<u>1,350</u>	<u>138,347</u>	<u>5,000</u>	<u>9,000</u>	<u>3,200</u>	<u>2,000</u>
1,172	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,052	-	-	-	-	-
828	-	-	-	5,204	3,220
-	4,093	-	-	-	-
-	-	24,089	9,000	-	-
-	148,646	-	-	-	-
-	-	-	-	-	-
<u>4,052</u>	<u>152,739</u>	<u>24,089</u>	<u>9,000</u>	<u>5,204</u>	<u>3,220</u>
(2,702)	(14,392)	(19,089)	-	(2,004)	(1,220)
-	50,000	25,000	-	-	-
<u>-</u>	<u>50,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(2,702)	35,608	5,911	-	(2,004)	(1,220)
24,070	72,009	2,199	-	2,110	1,227
-	(254)	-	-	-	-
<u>\$ 21,368</u>	<u>\$ 107,363</u>	<u>\$ 8,110</u>	<u>\$ -</u>	<u>\$ 106</u>	<u>\$ 7</u>

-continued

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Summer Intervention</u>	<u>Alternative Schools</u>	<u>Title I</u>	<u>Title VI</u>
Revenues:				
From local sources:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Extracurricular	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - State	152	17,171	-	-
Intergovernmental - Federal	-	-	22,681	5,184
Total revenues.	<u>152</u>	<u>17,171</u>	<u>22,681</u>	<u>5,184</u>
Expenditures:				
Current:				
Instruction:				
Regular.	-	-	-	-
Special	-	16,355	22,681	-
Adult	-	-	-	-
Support services:				
Pupil	-	-	-	3,830
Instructional staff.	-	-	-	1,720
Business	-	-	-	-
Central	-	-	-	-
Extracurricular activities.	-	-	-	-
Food service operations	-	-	-	-
Total expenditures	<u>-</u>	<u>16,355</u>	<u>22,681</u>	<u>5,550</u>
Excess of revenues over (under) expenditures.	152	816	-	(366)
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	152	816	-	(366)
Fund balances (deficit)				
at beginning of year.	(152)	(561)	-	321
Decrease in reserve for inventory.	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ -</u>	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ (45)</u>

Drug Free School Grant	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 214,337
-	-	-	5,825
-	-	-	72,012
-	-	600	97,991
-	-	-	37,473
2,299	22,189	-	92,852
<u>2,299</u>	<u>22,189</u>	<u>600</u>	<u>520,490</u>
-	-	-	4,112
-	-	-	39,036
-	-	-	1,159
2,292	-	-	39,119
-	20,951	-	32,607
-	-	-	4,093
-	-	-	33,089
-	-	-	148,646
-	-	-	271,451
<u>2,292</u>	<u>20,951</u>	<u>-</u>	<u>573,312</u>
7	1,238	600	(52,822)
-	-	-	115,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>115,000</u>
7	1,238	600	62,178
(605)	2,493	(600)	131,587
-	-	-	(4,901)
<u>\$ (598)</u>	<u>\$ 3,731</u>	<u>\$ -</u>	<u>\$ 188,864</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Earnings on investments.	\$ 1,063	\$ 1,291	\$ 1,285	\$ (6)
Charges for services.	177,311	215,282	214,337	(945)
Other local revenues.	333	404	402	(2)
Intergovernmental - State.	786	954	950	(4)
Intergovernmental - Federal	26,385	32,036	31,895	(141)
Total revenues.	<u>205,878</u>	<u>249,967</u>	<u>248,869</u>	<u>(1,098)</u>
Expenditures:				
Food service operations:				
Salaries and wages	119,069	119,621	119,621	-
Fringe benefits	39,118	39,299	38,944	355
Purchased services	11,082	11,133	9,974	1,159
Supplies.	105,731	106,221	102,593	3,628
Total expenditures.	<u>275,000</u>	<u>276,274</u>	<u>271,132</u>	<u>5,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(69,122)</u>	<u>(26,307)</u>	<u>(22,263)</u>	<u>4,044</u>
Other financing sources:				
Transfers in.	<u>33,090</u>	<u>40,176</u>	<u>40,000</u>	<u>(176)</u>
Total other financing sources.	<u>33,090</u>	<u>40,176</u>	<u>40,000</u>	<u>(176)</u>
Net change in fund balance	(36,032)	13,869	17,737	3,868
Fund balance at beginning of year	2,261	2,261	2,261	-
Prior year encumbrances appropriated	<u>1,274</u>	<u>1,274</u>	<u>1,274</u>	<u>-</u>
Fund balance at end of year.	<u>\$ (32,497)</u>	<u>\$ 17,404</u>	<u>\$ 21,272</u>	<u>\$ 3,868</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
UNIFORM SCHOOL SUPPLIES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Extracurricular	\$ 2,800	\$ 3,278	\$ 3,043	\$ (235)
Total revenues	<u>2,800</u>	<u>3,278</u>	<u>3,043</u>	<u>(235)</u>
Expenditures:				
Current:				
Instruction-regular:				
Supplies	4,700	3,823	2,940	883
Total expenditures	<u>4,700</u>	<u>3,823</u>	<u>2,940</u>	<u>883</u>
Net change in fund balance	(1,900)	(545)	103	648
Fund balance at beginning of year	545	545	545	-
Prior year encumbrances appropriated	<u>235</u>	<u>235</u>	<u>235</u>	<u>-</u>
Fund balance at end of year	<u>\$ (1,120)</u>	<u>\$ 235</u>	<u>\$ 883</u>	<u>\$ 648</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Tuition	\$ 1,144	\$ -	\$ -	\$ -
Total revenues	<u>1,144</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-regular:				
Salaries and wages	705	1,311	989	322
Fringe benefits	133	247	158	89
Purchased services	54	100	-	100
Supplies	<u>108</u>	<u>200</u>	<u>-</u>	<u>200</u>
Total expenditures	<u>1,000</u>	<u>1,858</u>	<u>1,147</u>	<u>711</u>
Net change in fund balance	144	(1,858)	(1,147)	711
Fund balance at beginning of year	<u>1,858</u>	<u>1,858</u>	<u>1,858</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,002</u>	<u>\$ -</u>	<u>\$ 711</u>	<u>\$ 711</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC SCHOOL SUPPORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Extracurricular	\$ 36,080	\$ 30,836	\$ 27,264	\$ (3,572)
Other local revenues	4,321	3,693	3,265	(428)
Total revenues	<u>40,401</u>	<u>34,529</u>	<u>30,529</u>	<u>(4,000)</u>
Expenditures:				
Current:				
Support services-pupil:				
Purchased services	39,721	36,875	27,826	9,049
Supplies	11,185	10,383	3,120	7,263
Capital outlay	<u>2,478</u>	<u>2,300</u>	<u>-</u>	<u>2,300</u>
Total support services-pupil	<u>53,384</u>	<u>49,558</u>	<u>30,946</u>	<u>18,612</u>
Support services-instructional staff:				
Fringe benefits	<u>1,616</u>	<u>1,500</u>	<u>683</u>	<u>817</u>
Total support services-instructional staff	<u>1,616</u>	<u>1,500</u>	<u>683</u>	<u>817</u>
Total expenditures	<u>55,000</u>	<u>51,058</u>	<u>31,629</u>	<u>19,429</u>
Net change in fund balance	(14,599)	(16,529)	(1,100)	15,429
Fund balance at beginning of year	23,572	23,572	23,572	-
Prior year encumbrances appropriated	3,999	3,999	3,999	-
Fund balance at end of year	<u>\$ 12,972</u>	<u>\$ 11,042</u>	<u>\$ 26,471</u>	<u>\$ 15,429</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OTHER GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Other local revenues	\$ -	\$ 1,350	\$ 1,350	\$ -
Total revenues.	<u>-</u>	<u>1,350</u>	<u>1,350</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-regular:				
Capital outlay	560	1,172	1,172	-
Total instruction-regular.	<u>560</u>	<u>1,172</u>	<u>1,172</u>	<u>-</u>
Support services-pupil:				
Purchased services	3,538	7,400	2,625	4,775
Supplies	4,293	8,976	1,227	7,749
Capital outlay	478	1,000	-	-
Other	645	1,350	-	-
Total support services-pupil.	<u>8,954</u>	<u>18,726</u>	<u>3,852</u>	<u>12,524</u>
Support services-instructional staff				
Purchased services	90	189	-	189
Supplies	396	828	828	-
Total support services-instructional staff	<u>486</u>	<u>1,017</u>	<u>828</u>	<u>189</u>
Total expenditures	<u>10,000</u>	<u>20,915</u>	<u>5,852</u>	<u>12,713</u>
Net change in fund balance	(10,000)	(19,565)	(4,502)	12,713
Fund balance at beginning of year	<u>24,070</u>	<u>24,070</u>	<u>24,070</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 14,070</u>	<u>\$ 4,505</u>	<u>\$ 19,568</u>	<u>\$ 12,713</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DISTRICT MANAGED ACTIVITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Earnings on investments	\$ 1,012	\$ 1,407	\$ 1,303	\$ (104)
Extracurricular	32,379	45,018	41,705	(3,313)
Other local revenues	71,237	99,046	91,757	(7,289)
Total revenues	<u>104,628</u>	<u>145,471</u>	<u>134,765</u>	<u>(10,706)</u>
Expenditures:				
Support services-business				
Purchased services	4,541	4,259	4,258	1
Total support services-business	<u>4,541</u>	<u>4,259</u>	<u>4,258</u>	<u>1</u>
Extracurricular activities:				
Purchased services	91,161	85,500	77,156	8,344
Supplies	56,503	52,994	46,931	6,063
Capital outlay	14,784	13,866	10,750	3,116
Other	25,365	23,790	27,176	(3,386)
Total extracurricular activities	<u>187,813</u>	<u>176,150</u>	<u>162,013</u>	<u>14,137</u>
Total expenditures	<u>192,354</u>	<u>180,409</u>	<u>166,271</u>	<u>14,138</u>
Deficiency of revenues under expenditures	<u>(87,726)</u>	<u>(34,938)</u>	<u>(31,506)</u>	<u>3,432</u>
Other financing sources:				
Refund of prior year's expenditures	762	1,060	982	(78)
Transfers in	38,818	53,971	50,000	(3,971)
Total other financing sources	<u>39,580</u>	<u>55,031</u>	<u>50,982</u>	<u>(4,049)</u>
Net change in fund balance	(48,146)	20,093	19,476	(617)
Fund balance at beginning of year	57,884	57,884	57,884	-
Prior year encumbrances appropriated	14,754	14,754	14,754	-
Fund balance at end of year	<u>\$ 24,492</u>	<u>\$ 92,731</u>	<u>\$ 92,114</u>	<u>\$ (617)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MANAGEMENT INFORMATION SYSTEMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - State	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Expenditures:				
Current:				
Support services-central:				
Salaries and wages	17,107	29,916	21,667	8,249
Fringe benefits	2,577	4,507	4,507	-
Purchased services	316	552	552	-
Total expenditures	<u>20,000</u>	<u>34,975</u>	<u>26,726</u>	<u>8,249</u>
Deficiency of revenues under expenditures	<u>(15,000)</u>	<u>(29,975)</u>	<u>(21,726)</u>	<u>8,249</u>
Other financing sources:				
Transfers in	<u>15,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total other financing sources	<u>15,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	-	(4,975)	3,274	8,249
Fund balance at beginning of year	<u>4,975</u>	<u>4,975</u>	<u>4,975</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,975</u>	<u>\$ -</u>	<u>\$ 8,249</u>	<u>\$ 8,249</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DATA COMMUNICATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - State	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Expenditures:				
Current:				
Support services-central:				
Purchased services	9,000	9,000	9,000	-
Total support services-central	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOLNET PROFESSIONAL DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - State	\$ 2,925	\$ 4,993	\$ 3,200	\$ (1,793)
Total revenues	<u>2,925</u>	<u>4,993</u>	<u>3,200</u>	<u>(1,793)</u>
Expenditures:				
Current:				
Support services-instructional staff:				
Purchased services	2,716	4,931	4,825	106
Other	<u>209</u>	<u>379</u>	<u>379</u>	<u>-</u>
Total expenditures	<u>2,925</u>	<u>5,310</u>	<u>5,204</u>	<u>106</u>
Net change in fund balance	-	(317)	(2,004)	(1,687)
Fund balance at beginning of year	317	317	317	-
Prior year encumbrances appropriated	<u>1,793</u>	<u>1,793</u>	<u>1,793</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,110</u>	<u>\$ 1,793</u>	<u>\$ 106</u>	<u>\$ (1,687)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OHIO READS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - State	\$ 2,000	\$ 3,160	\$ 2,000	\$ (1,160)
Total revenues	<u>2,000</u>	<u>3,160</u>	<u>2,000</u>	<u>(1,160)</u>
Expenditures:				
Current:				
Support services-instructional staff:				
Supplies	<u>3,227</u>	<u>3,227</u>	<u>3,220</u>	<u>7</u>
Total expenditures	<u>3,227</u>	<u>3,227</u>	<u>3,220</u>	<u>7</u>
Net change in fund balance	(1,227)	(67)	(1,220)	(1,153)
Fund balance at beginning of year	67	67	67	-
Prior year encumbrances appropriated	<u>1,160</u>	<u>1,160</u>	<u>1,160</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,160</u>	<u>\$ 7</u>	<u>\$ (1,153)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SUMMER INTERVENTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - State	\$ -	\$ 709	\$ 709	\$ -
Total revenues	-	709	709	-
Other financing uses:				
Advances (out)	-	(709)	(709)	-
Total other financing uses	-	(709)	(709)	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALTERNATIVE SCHOOLS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - Federal	\$ 18,000	\$ 17,490	\$ 17,490	\$ -
Total revenues.	<u>18,000</u>	<u>17,490</u>	<u>17,490</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-special:				
Salaries and wages	5,696	5,450	5,450	-
Fringe benefits	962	920	920	-
Purchased services	2,055	1,966	1,966	-
Supplies	4,147	3,967	3,967	-
Capital outlay	1,972	1,886	1,886	-
Other	961	919	919	-
Total expenditures.	<u>15,793</u>	<u>15,108</u>	<u>15,108</u>	<u>-</u>
Excess of revenues over expenditures	<u>2,207</u>	<u>2,382</u>	<u>2,382</u>	<u>-</u>
Other financing uses:				
Advances (out)	(2,207)	(2,111)	(2,111)	-
Total other financing uses.	<u>(2,207)</u>	<u>(2,111)</u>	<u>(2,111)</u>	<u>-</u>
Net change in fund balance	-	271	271	-
Fund balance at beginning of year	<u>424</u>	<u>424</u>	<u>424</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 424</u>	<u>\$ 695</u>	<u>\$ 695</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

TITLE I FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - Federal	\$ 28,000	\$ 22,681	\$ 22,681	\$ -
Total revenues.	<u>28,000</u>	<u>22,681</u>	<u>22,681</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-special:				
Purchased services	28,000	22,681	22,681	-
Total expenditures.	<u>28,000</u>	<u>22,681</u>	<u>22,681</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE VI FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - Federal	\$ 4,000	\$ 5,184	\$ 5,184	\$ -
Total revenues.	<u>4,000</u>	<u>5,184</u>	<u>5,184</u>	<u>-</u>
Expenditures:				
Current:				
Support services-pupil:				
Salaries and wages	2,412	3,320	3,320	-
Purchased services	<u>338</u>	<u>465</u>	<u>465</u>	<u>-</u>
Total support services-pupil.	<u>2,750</u>	<u>3,785</u>	<u>3,785</u>	<u>-</u>
Support services-instructional staff				
Purchased services	<u>1,250</u>	<u>1,720</u>	<u>1,720</u>	<u>-</u>
Total support services-instructional staff	<u>1,250</u>	<u>1,720</u>	<u>1,720</u>	<u>-</u>
Total expenditures.	<u>4,000</u>	<u>5,505</u>	<u>5,505</u>	<u>-</u>
Net change in fund balance	-	(321)	(321)	-
Fund balance at beginning of year	<u>321</u>	<u>321</u>	<u>321</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG FREE SCHOOL GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - Federal	\$ 3,000	\$ 2,299	\$ 2,299	\$ -
Total revenues.	<u>3,000</u>	<u>2,299</u>	<u>2,299</u>	<u>-</u>
Expenditures:				
Current:				
Support services-pupil:				
Salaries and wages	2,631	2,016	2,016	-
Fringe benefits	<u>369</u>	<u>283</u>	<u>283</u>	<u>-</u>
Total expenditures.	<u>3,000</u>	<u>2,299</u>	<u>2,299</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
IMPROVING TEACHER QUALITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - Federal	\$ -	\$ 18,118	\$ 17,962	\$ (156)
Total revenues.	-	18,118	17,962	(156)
Expenditures:				
Current:				
Support services-instructional staff:				
Purchased services	-	20,503	20,266	237
Total expenditures.	-	20,503	20,266	237
Deficiency of revenues under expenditures.	-	(2,385)	(2,304)	81
Other financing sources (uses):				
Transfers in	-	2,782	2,782	-
Transfers (out).	-	(2,782)	(2,782)	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(2,385)	(2,304)	81
Fund balance at beginning of year	2,338	2,338	2,338	-
Prior year encumbrances appropriated	155	155	155	-
Fund balance at end of year.	<u>\$ 2,493</u>	<u>\$ 108</u>	<u>\$ 189</u>	<u>\$ 81</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS FEDERAL GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental-federal	\$ 6,000	\$ -	\$ -	\$ -
Total revenues	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Support services-pupil:				
Purchased services	6,000	-	-	-
Total expenditures	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

NONMAJOR GOVERNMENTAL FUNDS

FUND DESCRIPTIONS

Nonmajor Debt Service Fund

Bond Retirement Fund

Section 5705.09, Revised Code

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BOND RETIREMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Taxes	\$ 428,608	\$ 449,615	\$ 449,615	\$ -
Intergovernmental - State	21,812	22,881	22,881	-
Total revenues	<u>450,420</u>	<u>472,496</u>	<u>472,496</u>	<u>-</u>
Expenditures:				
Debt service:				
Principal retirement	864,344	534,164	499,416	34,748
Interest and fiscal charges	135,656	83,836	78,382	5,454
Total expenditures	<u>1,000,000</u>	<u>618,000</u>	<u>577,798</u>	<u>40,202</u>
Deficiency of revenues under expenditures	(549,580)	(145,504)	(105,302)	40,202
Other financing sources:				
Transfers in	300,000	181,786	181,786	-
Total other financing sources	<u>300,000</u>	<u>181,786</u>	<u>181,786</u>	<u>-</u>
Net change in fund balance	(249,580)	36,282	76,484	40,202
Fund balance at beginning of year	<u>694,281</u>	<u>694,281</u>	<u>694,281</u>	<u>-</u>
Fund balance at end of year	<u>\$ 444,701</u>	<u>\$ 730,563</u>	<u>\$ 770,765</u>	<u>\$ 40,202</u>

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

Nonmajor Capital Projects Funds

Capital projects funds account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds and trust funds). Since the District has only one capital projects fund, no combining statements are presented. A description of the District's capital projects funds follows:

Permanent Improvement Fund

Section 5705.10, Revised Code

A fund used to account for all transactions related to the acquiring, constructing or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMANENT IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Taxes	\$ 883,892	\$ 870,767	\$ 662,796	\$ (207,971)
Earnings on investments	114,108	112,413	85,565	(26,848)
Other local revenues	2,000	1,971	1,500	(471)
Total revenues	<u>1,000,000</u>	<u>985,151</u>	<u>749,861</u>	<u>(235,290)</u>
Expenditures:				
Current:				
Support services-pupil:				
Purchased services	14,553	14,100	13,702	398
Supplies	243,611	236,024	227,996	8,028
Capital outlay	<u>277,532</u>	<u>268,888</u>	<u>206,202</u>	<u>62,686</u>
Total support services-pupil	<u>535,696</u>	<u>519,012</u>	<u>447,900</u>	<u>71,112</u>
Support services-instructional staff:				
Supplies	919	890	890	-
Total support services-instructional staff	<u>919</u>	<u>890</u>	<u>890</u>	<u>-</u>
Support services-fiscal				
Supplies	820	794	794	-
Capital outlay	<u>13,418</u>	<u>13,000</u>	<u>11,346</u>	<u>1,654</u>
Total support services-fiscal	<u>14,238</u>	<u>13,794</u>	<u>12,140</u>	<u>1,654</u>
Support services-business:				
Supplies	6,230	6,036	4,262	1,774
Total support services-business	<u>6,230</u>	<u>6,036</u>	<u>4,262</u>	<u>1,774</u>
Support services-operations and maintenance:				
Purchased services	858,841	832,093	823,118	8,975
Supplies	52,330	50,700	47,045	3,655
Capital outlay	<u>182,446</u>	<u>176,764</u>	<u>162,171</u>	<u>14,593</u>
Total support services-operations and maintenance	<u>1,093,617</u>	<u>1,059,557</u>	<u>1,032,334</u>	<u>27,223</u>
Support services-pupil transportation:				
Purchased services	671	650	650	-
Capital outlay	<u>124,066</u>	<u>120,202</u>	<u>104,202</u>	<u>16,000</u>
Total support services-pupil transportation	<u>124,737</u>	<u>120,852</u>	<u>104,852</u>	<u>16,000</u>
Operation of non-instructional services:				
Purchased services	23,734	22,995	19,343	3,652
Total operation of non-instructional services	<u>23,734</u>	<u>22,995</u>	<u>19,343</u>	<u>3,652</u>
Facilities acquisition and construction:				
Capital outlay	829	803	-	803
Total facilities acquisition and construction	<u>829</u>	<u>803</u>	<u>-</u>	<u>803</u>
Total expenditures	<u>1,800,000</u>	<u>1,743,939</u>	<u>1,621,721</u>	<u>122,218</u>
Net change in fund balance	(800,000)	(758,788)	(871,860)	(113,072)
Fund balance at beginning of year	1,838,024	1,838,024	1,838,024	-
Prior year encumbrances appropriated	235,291	235,291	235,291	-
Fund balance at end of year	\$ 1,273,315	\$ 1,314,527	\$ 1,201,455	\$ (113,072)

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

Nonmajor Internal Service Fund

Employee Benefits Self Insurance Fund

Section 5705.09, Revised Code

A fund used to account for monies received from other funds as payment for providing dental and vision employee benefits. The Employee Benefits Self Insurance Fund may make payments for services provided to employees, for reimbursements to employees who have paid providers, to third party administrators for claims payments or administration, for stop-loss coverage, or for any other re-insurance or other similar purpose. Since the District maintains only one internal service fund, no combining statements are presented.

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMPLOYEE BENEFITS SELF INSURANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 165,000	\$ 208,935	\$ 208,935	\$ -
Total operating revenues	<u>165,000</u>	<u>208,935</u>	<u>208,935</u>	<u>-</u>
Operating expenses:				
Claims expense	<u>200,000</u>	<u>200,000</u>	<u>145,447</u>	<u>54,553</u>
Total operating expenses	<u>200,000</u>	<u>200,000</u>	<u>145,447</u>	<u>54,553</u>
Net income (loss)	(35,000)	8,935	63,488	54,553
Fund balance at beginning of year	<u>181,264</u>	<u>181,264</u>	<u>181,264</u>	<u>-</u>
Fund balance at end of year	<u>\$ 146,264</u>	<u>\$ 190,199</u>	<u>\$ 244,752</u>	<u>\$ 54,553</u>

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CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

FIDUCIARY FUNDS

FUND DESCRIPTIONS

Private Purpose Trust Funds

Special Trust Fund

Section 5705.09, Revised Code

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

Endowment Fund

Section 5705.09, Revised Code

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

Agency Funds

District Agency Fund

Section 5705.12, Revised Code

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

Student Managed Activity Fund

Section 3313.062, Revised Code

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

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

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	Special Trust	Endowment	Total Private-Purpose Trust
Assets:			
Equity in pooled cash and cash equivalents.	\$ 4,138	\$ 23,910	\$ 28,048
Investments	-	185,678	185,678
Receivables:			
Accrued interest	-	7,553	7,553
	4,138	217,141	221,279
Total assets.	4,138	217,141	221,279
Liabilities:			
Deferred revenue	-	744	744
Total liabilities.	-	744	744
Net Assets:			
Held in trust for scholarships	4,138	216,397	220,535
Total net assets	\$ 4,138	\$ 216,397	\$ 220,535

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

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Special Trust</u>	<u>Endowment</u>	<u>Total Private-Purpose Trust</u>
Additions:			
Interest	\$ 176	\$ 8,120	\$ 8,296
Contributions and gifts	350	28,314	28,664
Total additions	<u>526</u>	<u>36,434</u>	<u>36,960</u>
Deductions:			
Scholarships awarded.	<u>1,200</u>	<u>6,672</u>	<u>7,872</u>
Change in net assets.	(674)	29,762	29,088
Net assets at beginning of year	<u>4,812</u>	<u>186,635</u>	<u>191,447</u>
Net assets at end of year	<u>\$ 4,138</u>	<u>\$ 216,397</u>	<u>\$ 220,535</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Earnings on investments	\$ 167	\$ 176	\$ 176	\$ -
Other local revenues	333	350	350	-
Total revenues	<u>500</u>	<u>526</u>	<u>526</u>	<u>-</u>
Expenditures:				
Operation on non-instructional services:				
Other	2,000	5,338	1,200	4,138
Total expenditures	<u>2,000</u>	<u>5,338</u>	<u>1,200</u>	<u>4,138</u>
Net change in fund balance	(1,500)	(4,812)	(674)	4,138
Fund balance at beginning of year	<u>4,812</u>	<u>4,812</u>	<u>4,812</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,312</u>	<u>\$ -</u>	<u>\$ 4,138</u>	<u>\$ 4,138</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENDOWMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Earnings on investments	\$ 3,800	\$ 7,271	\$ 7,270	\$ (1)
Other local revenues	14,800	28,314	28,314	-
Total revenues.	<u>18,600</u>	<u>35,585</u>	<u>35,584</u>	<u>(1)</u>
Expenditures:				
Current:				
Support services-pupil				
Other	<u>1,868</u>	<u>1,868</u>	<u>325</u>	<u>1,543</u>
Total support services-pupil.	<u>1,868</u>	<u>1,868</u>	<u>325</u>	<u>1,543</u>
Support services-instructional staff				
Supplies	<u>1,322</u>	<u>1,322</u>	<u>75</u>	<u>1,247</u>
Total support services-instructional staff.	<u>1,322</u>	<u>1,322</u>	<u>75</u>	<u>1,247</u>
Operation of non-instructional services				
Other	<u>46,810</u>	<u>46,810</u>	<u>6,272</u>	<u>40,538</u>
Total operation of non-instructional services	<u>46,810</u>	<u>46,810</u>	<u>6,272</u>	<u>40,538</u>
Total expenditures.	<u>50,000</u>	<u>50,000</u>	<u>6,672</u>	<u>43,328</u>
Net change in fund balance	(31,400)	(14,415)	28,912	43,327
Fund balance at beginning of year	<u>180,676</u>	<u>180,676</u>	<u>180,676</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 149,276</u>	<u>\$ 166,261</u>	<u>\$ 209,588</u>	<u>\$ 43,327</u>

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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Beginning Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2006</u>
<u>District Agency Fund</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 4,882	\$ 4,468	\$ (2,974)	\$ 6,376
Total assets	<u>\$ 4,882</u>	<u>\$ 4,468</u>	<u>\$ (2,974)</u>	<u>\$ 6,376</u>
Liabilities:				
Intergovernmental payable	\$ 4,882	\$ 4,468	\$ (2,974)	\$ 6,376
Total liabilities	<u>\$ 4,882</u>	<u>\$ 4,468</u>	<u>\$ (2,974)</u>	<u>\$ 6,376</u>
 <u>Student Managed Activity Fund</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 42,708	\$ 69,301	\$ (56,637)	\$ 55,372
Receivables				
Accounts	12	85	(12)	85
Accrued interest	-	800	-	800
Total assets	<u>\$ 42,720</u>	<u>\$ 70,186</u>	<u>\$ (56,649)</u>	<u>\$ 56,257</u>
Liabilities:				
Accounts payable	\$ 103	\$ 370	\$ (103)	\$ 370
Due to students	42,617	56,257	(42,987)	55,887
Total liabilities	<u>\$ 42,720</u>	<u>\$ 56,627</u>	<u>\$ (43,090)</u>	<u>\$ 56,257</u>
 <u>Total Agency Funds</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 47,590	\$ 73,769	\$ (59,611)	\$ 61,748
Receivables				
Accounts	12	85	(12)	85
Accrued interest	-	800	-	800
Total assets	<u>\$ 47,602</u>	<u>\$ 74,654</u>	<u>\$ (59,623)</u>	<u>\$ 62,633</u>
Liabilities:				
Accounts payable	\$ 103	\$ 370	\$ (103)	\$ 370
Intergovernmental payable	4,882	4,468	(2,974)	6,376
Due to students	42,617	56,257	(42,987)	55,887
Total liabilities	<u>\$ 47,602</u>	<u>\$ 61,095</u>	<u>\$ (46,064)</u>	<u>\$ 62,633</u>

STATISTICAL SECTION

Cuyahoga Heights Schools

Excellence in Education

Since 1938

A Hall of Fame School

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

STATISTICAL SECTION

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial position.

<u>Contents</u>	<u>Page</u>
Financial Trends: These schedules present trend information to demonstrate how the District's financial position and financial performance have changed over time.	S2 - S9
Revenue Capacity: These schedules present information to identify the capacity of the District's most significant local revenue source, property taxes.	S10 - S17
Debt Capacity: These schedules present information to assess the capacity of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	S18 - S21
Demographic and Economic Information: These schedules present information to show demographic and economic indicators of the environment within which the District's financial operations occur.	S22
Operating Information: These schedules present information about how the District's basic financial statements relate to the programs and services the District provides and the activities it performs.	S23 - S30

Sources: Sources are noted on the individual schedules.

Note: The District implemented GASB Statement No. 34 in 2003. Schedules reporting governmental activities government-wide information present information beginning in that year.

Cuyahoga Heights Schools

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CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NET ASSETS BY COMPONENT
 ACCRUAL BASIS OF ACCOUNTING

LAST FOUR FISCAL YEARS

<u>Governmental Activities</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Net Assets:</u>				
Invested in capital assets, net of related debt	\$ 2,482,279	\$ 2,384,038	\$ 2,413,155	\$ 2,294,417
Restricted	2,490,924	3,268,268	3,410,010	3,835,678
Unrestricted	<u>6,993,260</u>	<u>10,549,110</u>	<u>9,261,157</u>	<u>8,998,844</u>
Total governmental activities net assets	<u>\$ 11,966,463</u>	<u>\$ 16,201,416</u>	<u>\$ 15,084,322</u>	<u>\$ 15,128,939</u>

Source: Cuyahoga Heights LSD, Treasurer's Office.

Cuyahoga Heights Schools

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Since 1938

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CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

CHANGES IN NET ASSETS
 ACCRUAL BASIS OF ACCOUNTING

LAST FOUR FISCAL YEARS

Governmental Activities	2006	2005	2004	2003
<u>Expenses:</u>				
Instruction:				
Regular	\$ 6,076,163	\$ 5,838,255	\$ 5,869,465	\$ 5,447,311
Special	745,597	680,459	687,407	659,473
Adult	1,169	2	-	-
Other instructional	368,873	252,397	170,213	167,038
Support services:				
Pupil	1,261,126	1,061,112	1,187,486	1,248,812
Instructional staff	783,289	770,127	794,617	633,995
Board of education	79,361	49,590	54,524	42,170
Administration	1,382,244	1,229,688	1,303,747	1,126,840
Fiscal	571,031	550,112	541,022	591,842
Business	121,023	122,223	137,322	94,061
Operations and maintenance	2,265,590	2,021,402	1,944,839	1,726,282
Pupil transportation	831,449	751,603	742,184	722,946
Central	36,357	35,305	44,575	58,479
Operation of non-instructional services:				
Food service operations	294,962	291,518	322,173	258,752
Other non-instructional services	166,492	166,091	167,100	158,581
Extracurricular activities	882,647	802,769	888,586	710,221
Interest and fiscal charges	106,292	85,065	241,747	207,727
Total governmental activities expenses	<u>\$ 15,973,665</u>	<u>\$ 14,707,718</u>	<u>\$ 15,097,007</u>	<u>\$ 13,854,530</u>

(continued)

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

CHANGES IN NET ASSETS
ACCURAL BASIS OF ACCOUNTING

LAST FOUR FISCAL YEARS

<u>Governmental Activities</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Program Revenues:</u>				
Charges for services:				
Instruction:				
Regular	\$ 123,135	\$ 269,318	\$ 163,087	\$ 32,063
Special	13,291	-	-	-
Other	7,000	-	-	-
Support services:				
Pupil	45,785	29,946	37,448	29,815
Instructional staff	13,705	1,104	-	-
Board of education	1,506	-	-	-
Administration	25,060	-	-	-
Fiscal	11,276	-	-	-
Business	2,062	-	-	-
Operations and maintenance	28,767	-	3,127	6
Pupil transportation	14,436	-	-	-
Central	56	-	-	-
Operation of non-instructional services:				
Food service operations	214,337	184,404	176,958	157,991
Other non-instructional services	2,173	-	7,185	2,116
Extracurricular activities	54,762	51,125	79,574	58,139
Operating grants and contributions:				
Instruction:				
Regular	152	-	-	10,770
Special	39,852	39,505	44,751	53,240
Other	-	-	1,040	-
Support services:				
Pupil	3,823	28,296	16,644	34,545
Instructional staff	10,615	34,530	42,016	16,182
Central	14,000	14,000	14,000	15,500
Operation of non-instructional services:				
Food service operations	41,449	44,549	36,982	31,780
Extracurricular activities	-	-	1,785	3,637
Capital grants and contributions:				
Instruction:				
Regular	-	5,806	-	-
Special	-	2,489	-	-
Support services:				
Pupil	-	-	-	10,693
Total governmental activities program revenues	<u>\$ 667,242</u>	<u>\$ 705,072</u>	<u>\$ 624,597</u>	<u>\$ 456,477</u>
Net Revenue/(Expense)	<u>\$ (15,306,423)</u>	<u>\$ (14,002,646)</u>	<u>\$ (14,472,410)</u>	<u>\$ (13,398,053)</u>

Governmental Activities	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets:				
Property taxes levied for:				
General purposes	\$ 7,943,040	\$ 12,335,490	\$ 10,862,710	\$ 9,729,494
Debt service	239,302	487,408	408,992	470,956
Capital projects	642,657	295,583	1,300,312	987,594
Grants and entitlements				
not restricted to specific programs	1,693,177	1,695,142	1,693,106	1,577,643
Investment earnings	441,151	175,730	99,268	226,552
Miscellaneous	112,143	130,387	63,405	17,342
Total governmental activities general revenues	<u>\$ 11,071,470</u>	<u>\$ 15,119,740</u>	<u>\$ 14,427,793</u>	<u>\$ 13,009,581</u>
Change in Net Assets	<u>\$ (4,234,953)</u>	<u>\$ 1,117,094</u>	<u>\$ (44,617)</u>	<u>\$ (388,472)</u>

Source: Cuyahoga Heights LSD, Treasurer's Office.

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

FUND BALANCES - GOVERNMENTAL FUNDS
MODIFIED ACCRUAL BASIS OF ACCOUNTING

LAST TEN FISCAL YEARS

<u>Governmental Funds</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>General Fund:</u>				
Fund Balance:				
Reserved	\$ 995,751	\$ 1,251,794	\$ 1,003,746	\$ 1,073,464
Unreserved	4,862,325	4,459,747	3,362,117	3,998,646
Total general fund	<u>\$ 5,858,076</u>	<u>\$ 5,711,541</u>	<u>\$ 4,365,863</u>	<u>\$ 5,072,110</u>
<u>Other Governmental Funds:</u>				
Fund Balance:				
Reserved	\$ 1,048,208	\$ 965,341	\$ 996,262	\$ 660,658
Unreserved, reported in:				
Special revenue funds	170,561	101,619	17,358	61,612
Debt service funds	-	-	-	-
Capital projects funds	1,208,180	1,858,163	2,142,577	2,122,889
Total other governmental funds	<u>\$ 2,426,949</u>	<u>\$ 2,925,123</u>	<u>\$ 3,156,197</u>	<u>\$ 2,845,159</u>
Total governmental funds	<u>\$ 8,285,025</u>	<u>\$ 8,636,664</u>	<u>\$ 7,522,060</u>	<u>\$ 7,917,269</u>

Source: Cuyahoga Heights LSD, Treasurer's Office.

(a) Fiscal year 1997 information not available.

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997 (a)</u>
\$ 1,630,956	\$ 994,191	\$ 904,955	\$ 1,192,327	\$ 814,283	n/a
5,808,285	6,601,974	5,761,839	4,438,130	2,908,899	n/a
<u>\$ 7,439,241</u>	<u>\$ 7,596,165</u>	<u>\$ 6,666,794</u>	<u>\$ 5,630,457</u>	<u>\$ 3,723,182</u>	<u>n/a</u>
\$ 723,138	\$ 790,672	\$ 691,276	\$ 1,383,800	\$ 507,292	n/a
28,954	(235,946)	(247,031)	(741,842)	32,883	n/a
-	-	-	-	-	n/a
<u>1,428,271</u>	<u>565,787</u>	<u>511,246</u>	<u>713,913</u>	<u>1,331,346</u>	<u>n/a</u>
<u>\$ 2,180,363</u>	<u>\$ 1,120,513</u>	<u>\$ 955,491</u>	<u>\$ 1,355,871</u>	<u>\$ 1,871,521</u>	<u>n/a</u>
<u>\$ 9,619,604</u>	<u>\$ 8,716,678</u>	<u>\$ 7,622,285</u>	<u>\$ 6,986,328</u>	<u>\$ 5,594,703</u>	<u>n/a</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 MODIFIED ACCRUAL BASIS OF ACCOUNTING

LAST TEN FISCAL YEARS

<u>Governmental Funds</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues:				
From local sources:				
Taxes	\$ 12,954,788	\$ 13,270,203	\$ 11,817,932	\$ 10,187,458
Tuition	256,210	245,941	149,787	18,600
Charges for services	214,337	184,404	176,958	157,991
Earnings on investments	398,016	171,298	139,182	311,553
Extracurricular	81,330	87,292	119,681	87,960
Classroom materials and fees	5,474	4,679	7,708	-
Lease revenue	-	-	-	-
Other local revenues	112,143	157,157	76,650	66,135
Other revenue	-	-	-	8,507
Intergovernmental - Intermediate	-	-	46,584	-
Intergovernmental - State	1,730,650	1,737,583	1,690,687	1,628,101
Intergovernmental - Federal	92,852	96,754	109,145	99,951
Total revenues	<u>15,845,800</u>	<u>15,955,311</u>	<u>14,334,314</u>	<u>12,566,256</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,791,380	5,605,679	5,237,743	5,586,900
Special	733,463	676,129	686,567	652,574
Adult	1,159	2	-	-
Other	365,716	252,397	170,213	167,038
Support services:				
Pupil	1,423,037	1,068,736	1,224,839	1,363,757
Instructional staff	749,530	724,930	753,644	617,924
Board of education	78,682	49,590	54,524	42,170
Administration	1,309,293	1,243,065	1,251,586	1,120,305
Fiscal	589,136	542,951	550,798	590,258
Business	113,916	149,655	143,532	91,526
Operations and maintenance	2,331,452	2,017,815	1,998,811	1,700,371
Pupil transportation	859,077	700,954	839,890	701,773
Central	36,046	35,305	44,426	58,744
Operation of non-instructional services:				
Food service operations	271,451	257,211	249,257	213,073
Other non-instructional services	132,921	127,824	113,299	125,147
Extracurricular activities	830,811	758,613	814,315	654,604
Facilities acquisition and construction	-	-	15,688	21,894
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	499,416	512,882	403,413	383,275
Interest and fiscal charges	78,382	76,666	183,861	213,197
Bond issuance costs	-	-	67,923	-
Total expenditures	<u>16,194,868</u>	<u>14,800,404</u>	<u>14,804,329</u>	<u>14,304,530</u>
Excess (deficiency) of revenues over (under) expenditures	(349,068)	1,154,907	(470,015)	(1,738,274)
Other Financing Sources (Uses):				
Transfers in	296,786	331,844	246,909	306,786
Transfers (out)	(296,786)	(331,844)	(246,909)	(306,786)
Proceeds from sale of capital assets	-	265	1,815	877
Proceeds of capital lease transaction	-	-	-	-
Proceeds of bonds	-	-	2,905,000	-
Premium on bonds	-	-	139,423	-
Payment to refunded bond escrow agent	-	-	(2,976,500)	-
Total other financing sources (uses)	<u>-</u>	<u>265</u>	<u>69,738</u>	<u>877</u>
Net change in fund balances	<u>\$ (349,068)</u>	<u>\$ 1,155,172</u>	<u>\$ (400,277)</u>	<u>\$ (1,737,397)</u>
Debt service as a percentage of noncapital expenditures	3.57%	3.98%	4.43%	4.17%

Source: Cuyahoga Heights LSD, Treasurer's Office.

(a) Fiscal year 1997 information not available.

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997 (a)</u>
\$	12,267,153	\$ 11,922,728	\$ 11,588,156	\$ 11,832,611	\$ 9,706,586	n/a
	-	34,855	48,789	3,955	4,030	n/a
	-	-	-	-	-	n/a
	360,192	825,453	389,550	345,708	341,225	n/a
	68,664	-	63,667	-	-	n/a
	-	-	-	-	-	n/a
	-	-	500,000	-	-	n/a
	38,471	129,553	37,342	81,925	122,237	n/a
	-	-	-	-	109,975	n/a
	122,162	105,780	86,196	97,867	-	n/a
	1,408,621	1,108,952	1,081,870	1,008,240	810,966	n/a
	23,068	58,021	53,889	43,997	45,441	n/a
	<u>14,288,331</u>	<u>14,185,342</u>	<u>13,849,459</u>	<u>13,414,303</u>	<u>11,140,460</u>	<u>n/a</u>
	5,127,836	4,916,555	4,654,780	4,638,008	4,122,677	n/a
	620,265	479,447	416,633	392,826	196,334	n/a
	-	-	163,511	109,703	-	n/a
	110,803	195,940	-	-	173,605	n/a
	1,078,842	1,340,407	1,160,456	1,104,593	840,432	n/a
	793,181	689,281	614,719	511,198	516,411	n/a
	241,064	80,136	49,105	45,722	39,995	n/a
	1,116,432	1,069,044	969,105	776,680	487,518	n/a
	456,560	514,475	440,326	488,215	401,531	n/a
	79,166	49,187	87,403	85,112	73,413	n/a
	1,609,681	1,592,944	1,358,667	1,306,020	1,188,213	n/a
	723,219	686,819	575,051	546,238	431,048	n/a
	79,855	54,653	41,193	48,848	47,854	n/a
	-	-	-	-	-	n/a
	98,606	110,421	74,653	69,409	39,545	n/a
	634,890	548,728	522,543	529,225	420,272	n/a
	-	132,010	1,400,535	644,178	283,339	n/a
	-	27,395	-	-	140,562	n/a
	382,463	381,347	361,380	342,188	418,997	n/a
	231,933	254,998	284,887	308,939	322,499	n/a
	-	-	-	-	-	n/a
	<u>13,384,796</u>	<u>13,123,787</u>	<u>13,174,947</u>	<u>11,947,102</u>	<u>10,144,245</u>	<u>n/a</u>
	903,535	1,061,555	674,512	1,467,201	996,215	n/a
	261,786	266,786	303,786	283,786	773,786	n/a
	(261,786)	(266,786)	(353,786)	(353,786)	(843,786)	n/a
	2,199	1,220	333	1,199	598	n/a
	-	27,395	-	-	140,562	n/a
	-	-	-	-	-	n/a
	-	-	-	-	-	n/a
	-	-	-	-	-	n/a
	<u>2,199</u>	<u>28,615</u>	<u>(49,667)</u>	<u>(68,801)</u>	<u>71,160</u>	<u>n/a</u>
\$	<u>905,734</u>	<u>\$ 1,090,170</u>	<u>\$ 624,845</u>	<u>\$ 1,398,400</u>	<u>\$ 1,067,375</u>	<u>n/a</u>
	4.59%	4.86%	4.91%	5.45%	7.41%	n/a

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

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUATION OF TAXABLE PROPERTY
LAST TEN CALENDAR YEARS

Calendar Year	Real Estate Property		General Tangible Personal Property		Public Utility Tangible Personal Property	
	Assessed Valuation	Estimated Actual Valuation (a)	Assessed Valuation	Estimated Actual Valuation (a)	Assessed Valuation	Estimated Actual Valuation (a)
2006	\$ 286,995,200	\$ 819,986,286	\$ 151,652,772	\$ 606,611,088	\$ 29,215,490	\$ 33,199,420
2005	285,760,080	816,457,371	155,938,714	623,754,856	30,043,900	34,140,795
2004	282,317,880	806,622,514	166,742,233	666,968,932	31,854,220	36,197,977
2003	269,484,410	769,955,457	185,285,290	741,141,160	31,012,900	35,241,932
2002	269,729,620	770,656,057	217,514,923	870,059,692	34,947,430	39,712,989
2001	264,392,730	755,407,800	227,216,434	908,865,736	48,671,460	55,308,477
2000	239,504,790	684,299,400	225,461,771	901,847,084	45,215,580	51,381,341
1999	229,178,180	654,794,800	217,943,263	871,773,052	49,539,070	56,294,398
1998	226,379,010	646,797,171	208,115,925	832,463,700	48,201,880	54,774,864
1997	210,189,470	600,541,343	188,469,099	753,876,396	47,373,720	53,833,773

Source: Cuyahoga County Auditor.

(a) These amounts are calculated based on the following percentages:

Real estate property is assessed at 35 percent of estimated actual value.

General tangible personal property is assessed at 25 percent of estimated actual value.

Public utility tangible personal property is assessed at 88 percent of estimated actual value.

Total Property		Assessed Valuation as a Percent of Estimated Actual Valuation
Assessed Valuation	Estimated Actual Valuation	
\$ 467,863,462	\$ 1,459,796,794	32.05%
471,742,694	1,474,353,023	32.00%
480,914,333	1,509,789,424	31.85%
485,782,600	1,546,338,549	31.42%
522,191,973	1,680,428,738	31.07%
540,280,624	1,719,582,013	31.42%
510,182,141	1,637,527,825	31.16%
496,660,513	1,582,862,250	31.38%
482,696,815	1,534,035,735	31.47%
446,032,289	1,408,251,512	31.67%

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

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

LAST TEN CALENDAR YEARS

Calendar Year	Government	Cuyahoga Heights LSD Levy	Cuyahoga Valley JVS Levy	Cuyahoga County Levy	Village Levies	Total Levy
2005	Village of Brooklyn Heights	\$ 28.80	\$ 2.00	\$ 17.60	\$ 4.40	\$ 52.80
	Village of Cuyahoga Heights	28.80	2.00	17.60	4.40	52.80
	Village of Valley View	28.80	2.00	17.60	4.40	52.80
2004	Village of Brooklyn Heights	23.90	2.00	17.60	4.40	47.90
	Village of Cuyahoga Heights	23.90	2.00	17.60	4.40	47.90
	Village of Valley View	23.90	2.00	17.60	4.40	47.90
2003	Village of Brooklyn Heights	23.90	2.00	17.60	4.40	47.90
	Village of Cuyahoga Heights	23.90	2.00	17.60	4.40	47.90
	Village of Valley View	23.90	2.00	17.60	7.10	50.60
2002	Village of Brooklyn Heights	23.90	2.00	17.60	4.40	47.90
	Village of Cuyahoga Heights	23.90	2.00	17.60	4.40	47.90
	Village of Valley View	23.90	2.00	17.60	7.10	50.60
2001	Village of Brooklyn Heights	23.80	2.00	17.60	4.40	47.80
	Village of Cuyahoga Heights	23.80	2.00	17.60	4.40	47.80
	Village of Valley View	23.80	2.00	17.60	7.10	50.50
2000	Village of Brooklyn Heights	23.80	2.00	17.60	4.40	47.80
	Village of Cuyahoga Heights	23.80	2.00	17.60	4.40	47.80
	Village of Valley View	23.80	2.00	17.60	7.10	50.50
1999	Village of Brooklyn Heights	23.90	2.00	16.70	4.40	47.00
	Village of Cuyahoga Heights	23.90	2.00	16.70	4.40	47.00
	Village of Valley View	23.90	2.00	16.70	7.10	49.70
1998	Village of Brooklyn Heights	23.90	2.00	18.00	4.40	48.30
	Village of Cuyahoga Heights	23.90	2.00	18.00	4.40	48.30
	Village of Valley View	23.90	2.00	18.00	7.10	51.00
1997	Village of Brooklyn Heights	19.00	2.00	18.00	4.40	43.40
	Village of Cuyahoga Heights	19.00	2.00	18.00	4.40	43.40
	Village of Valley View	19.00	2.00	18.00	7.10	46.10
1996	Village of Brooklyn Heights	19.00	2.00	18.00	4.40	43.40
	Village of Cuyahoga Heights	19.00	2.00	18.00	4.40	43.40
	Village of Valley View	19.00	2.00	18.00	7.10	46.10

Source: Cuyahoga County Auditor.

Amount of Debt Service Included in Total Levy

Cuyahoaga Heights LSD		Cuyahoga County		Villages	Total
\$	1.00	\$	0.27	\$ -	\$ 1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	0.90		0.27	-	1.17
	0.90		0.27	-	1.17
	0.90		0.27	-	1.17
	0.90		0.27	-	1.17
	0.90		0.27	-	1.17
	0.90		0.27	-	1.17
	0.90		0.27	-	1.17
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	1.00		0.27	-	1.27
	-		0.27	-	0.27
	-		0.27	-	0.27
	-		0.27	-	0.27
	-		0.27	-	0.27
	-		0.27	-	0.27
	-		0.27	-	0.27

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

PRINCIPAL TAXPAYERS
REAL ESTATE PROPERTY

DECEMBER 31, 2005 AND DECEMBER 31, 1996

December 31, 2005			
Taxpayer	Assessed Valuation	Rank	%
Cleveland Electric Illuminating Co.	\$ 17,312,351	1	6.03%
Duck Creek Energy, Inc.	11,931,220	2	4.16%
CA II, LLC	8,581,790	3	2.99%
American Transmission Systems, Inc.	7,392,133	4	2.58%
Fogg Companies	6,549,095	5	2.28%
MRN Investments LTD Partnership II	6,084,680	6	2.12%
Sweet Valley MOI	3,855,845	7	1.34%
Aluminum Company Of America [ALCOA]	3,416,665	8	1.19%
Charter Steel - Cleveland, Inc.	3,258,885	9	1.14%
Boyas Excavating, Inc.	3,118,955	10	1.09%
Total	<u>\$ 71,501,619</u>		<u>\$ 286,995,200</u>

December 31, 1996			
Taxpayer	Assessed Value	Rank	%
Aluminum Company Of America [ALCOA]	\$ 26,368,400	1	12.55%
American Steel & Wire Corp.	22,503,520	2	10.71%
LTV Steel Co., Inc.	20,318,470	3	9.67%
U.S. West Financial	6,782,070	4	3.23%
North American Manufacturing Co.	5,057,130	5	2.41%
Ferro Corp.	4,254,480	6	2.02%
Gibraltar Strip Steel, Inc.	4,244,040	7	2.02%
St. Ives Printing Co.	3,750,190	8	1.78%
Columbia National Group, Inc.	3,495,060	9	1.66%
Cellular One Sales	2,748,250	10	1.31%
Total	<u>\$ 99,521,610</u>		<u>\$ 210,189,470</u>

Source: Cuyahoga County Auditor.

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

**PRINCIPAL TAXPAYERS
TANGIBLE PERSONAL PROPERTY**

DECEMBER 31, 2005 AND DECEMBER 31, 1996

December 31, 2005			
Taxpayer	Assessed Valuation	Rank	%
Aluminum Company Of America [ALCOA]	\$ 25,055,770	1	13.85%
Gibraltar Strip Steel, Inc.	8,160,210	2	4.51%
Northern Stamping, Inc.	4,289,980	3	2.37%
North American Manufacturing Co.	3,325,850	4	1.84%
Columbia National Group, Inc.	3,195,680	5	1.77%
Charter Manufacturing Co.	3,060,870	6	1.69%
Ferro Corp.	2,827,250	7	1.56%
Heller Financial Leasing	2,713,560	8	1.50%
Park Ohio Holdings Corp.	2,366,750	9	1.31%
ISG Inc. - Cleveland	2,113,790	10	1.17%
Total	\$ 57,109,710		\$ 180,868,262

December 31, 1996			
Taxpayer	Assessed Valuation	Rank	%
Aluminum Company Of America [ALCOA]	\$ 32,406,070	1	13.74%
LTV Steel Co., Inc.	21,469,280	2	9.10%
North American Manufacturing Co.	5,359,720	3	2.27%
Ferro Corp.	4,152,160	4	1.76%
B.P. America	2,724,250	5	1.16%
Valley Ford Truck Sales	2,228,320	6	0.94%
Towlift, Inc.	2,204,940	7	0.93%
Park Ohio Industries, Inc.	2,145,520	8	0.91%
McGean Rohco, Inc.	1,736,550	9	0.74%
Freeway Corp.	1,641,370	10	0.70%
Total	\$ 76,068,180		\$ 235,842,819

Source: Cuyahoga County Auditor.

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

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN CALENDAR YEARS

Calendar Year	Current Taxes Levied	Delinquent Taxes Levied	Total Taxes Levied	Current Taxes Collected	Percent of Current Tax Levy Collected
2005	\$ 7,922,431	\$ 660,008	\$ 8,582,439	\$ 7,597,041	95.89%
2004	6,796,252	207,967	7,004,219	6,642,811	97.74%
2003	6,138,098	435,098	6,573,196	6,063,551	98.79%
2002	5,511,204	491,590	6,002,794	5,459,517	99.06%
2001	6,259,705	480,587	6,740,292	6,364,499	101.67%
2000	6,643,384	333,118	6,976,502	6,366,637	95.83%
1999	6,536,875	145,980	6,682,855	6,337,307	96.95%
1998	6,407,914	174,617	6,582,531	6,279,194	97.99%
1997	4,879,747	82,711	4,962,458	4,722,461	96.78%
1996	4,878,788	224,266	5,103,054	4,817,664	98.75%

Source: Cuyahoga County Auditor.

Delinquent Taxes Collected	Total Taxes Collected	Total Taxes Collected as a Percent of Total Tax Levy
\$ 219,529	\$ 7,816,570	91.08%
351,610	6,994,421	99.86%
320,949	6,384,500	97.13%
238,251	5,697,768	94.92%
474,916	6,839,415	98.82%
249,680	6,616,317	94.84%
102,201	6,439,508	96.36%
109,320	6,388,514	97.05%
40,479	4,762,940	95.98%
151,323	4,968,987	97.37%

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

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Long-Term Debt		Total Long-Term Debt	Total Long-Term Debt Per Student	Total Long-Term Debt Per Capita	Ratio of Total Long-Term Debt to Median Income
	General Obligation Bonds	Energy Conservation Bonds				
2006	\$ 2,230,000	\$ -	\$ 2,230,000	\$ 2,534	\$ 541	\$ 67
2005	2,565,000	164,416	2,729,416	3,152	655	83
2004	2,905,000	337,298	3,242,298	3,731	769	98
2003	3,145,000	493,660	3,638,660	4,395	853	112
2002	3,370,000	642,364	4,012,364	4,834	937	121
2001	3,585,000	783,785	4,368,785	5,207	1,014	132
2000	3,790,000	918,280	4,708,280	5,652	1,087	142
1999	3,985,000	1,046,187	5,031,187	5,990	1,161	162
1998	4,170,000	1,167,829	5,337,829	6,393	1,231	197
1997	4,350,000	1,283,514	5,633,514	6,739	1,298	208

Source: Cuyahoga Heights LSD, Treasurer's Office.

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

**RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonded Debt		Percentage of Total Estimated Actual Valuation	Total General Obligation Bonded Debt Per Capita
	General Obligation Bonds	Total		
2006	\$ 2,230,000	\$ 2,230,000	0.15%	\$ 541
2005	2,565,000	2,565,000	0.17%	615
2004	2,905,000	2,905,000	0.19%	689
2003	3,145,000	3,145,000	0.20%	737
2002	3,370,000	3,370,000	0.20%	787
2001	3,585,000	3,585,000	0.21%	832
2000	3,790,000	3,790,000	0.23%	875
1999	3,985,000	3,985,000	0.25%	919
1998	4,170,000	4,170,000	0.27%	961
1997	4,350,000	4,350,000	0.31%	1,002

Source: Cuyahoga Heights LSD, Treasurer's Office.

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

DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT

JUNE 30, 2006

<u>Government Entity</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to the District (a)</u>	<u>Amount Applicable to the District</u>
<u>Direct debt:</u>			
Cuyahoga Heights Local School District	\$ 2,230,000	100.00%	\$ 2,230,000
Total direct debt	<u>2,230,000</u>		<u>2,230,000</u>
<u>Overlapping debt:</u>			
Brooklyn Heights Village	490,000	19.80%	97,020
Cuyahoga Heights Village	-	-	-
Valley View Village	3,265,000	34.90%	1,139,485
Cuyahoga County	224,406,000	1.89%	4,241,273
Regional Transit Authority (RTA)	<u>145,396,852</u>	1.89%	<u>2,748,001</u>
Total overlapping debt	<u>373,557,852</u>		<u>8,225,779</u>
Total direct and overlapping debt	<u>\$ 375,787,852</u>		<u>\$ 10,455,779</u>

Source: Cuyahoga County Auditor.

(a) Percentages applicable to the District were determined by dividing the 2005 assessed valuation of the government entity located within the boundaries of the District by the 2005 assessed valuation of the government entity in total.

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

LEGAL VOTED DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

Fiscal Year	Legal Voted Debt Limitation (a)	Total Debt Applicable to Limitation	Debt Service Available Balance	Net Debt Applicable to Limitation	Legal Voted Debt Margin	Net Debt Applicable to Limitation as a Percent of Voted Debt Limitation
2006	\$ 42,107,712	\$ 2,230,000	\$ 817,048	\$ 1,412,952	\$ 40,694,760	3.36%
2005	42,456,842	2,565,000	737,048	1,827,952	40,628,890	4.31%
2004	43,282,290	2,905,000	626,394	2,278,606	41,003,684	5.26%
2003	43,720,434	3,145,000	565,788	2,579,212	41,141,222	5.90%
2002	46,997,278	3,370,000	555,889	2,814,111	44,183,167	5.99%
2001	48,625,256	3,585,000	484,575	3,100,425	45,524,831	6.38%
2000	45,916,393	3,790,000	399,663	3,390,337	42,526,056	7.38%
1999	44,699,446	3,985,000	333,989	3,651,011	41,048,435	8.17%
1998	43,442,713	4,170,000	246,006	3,923,994	39,518,719	9.03%
1997	40,142,906	4,350,000	199,853	4,150,147	35,992,759	10.34%

Source: Cuyahoga Heights LSD, Treasurer's Office.

(a) Ohio Revised Code states that the legal voted debt limitation is 9% of the total assessed valuation.

Cuyahoga Heights Schools

Excellence in Education

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population	Median Income	Median Age	Average Daily Membership	Unemployment Rates		
					Cuyahoga County	Ohio	United States
2006	4,120	\$ 33,055	44.2	880	5.4%	5.2%	4.8%
2005	4,168	33,024	44.2	866	6.5%	6.1%	5.2%
2004	4,216	33,062	42.0	869	6.8%	6.4%	5.8%
2003	4,266	32,602	42.0	828	7.2%	6.8%	6.5%
2002	4,284	33,215	42.0	830	6.1%	6.0%	6.0%
2001	4,308	33,215	42.0	839	4.7%	4.4%	4.7%
2000	4,331	33,215	42.0	833	4.5%	4.2%	4.1%
1999	4,334	31,097	39.3	840	4.9%	4.5%	4.5%
1998	4,337	27,061	39.3	835	4.7%	4.4%	4.7%
1997	4,340	27,061	39.3	836	5.1%	4.5%	5.2%

Sources: U.S. Census Bureau and Ohio Department Of Development.

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

STAFFING STATISTICS
FULL TIME EQUIVALENTS BY TYPE AND FUNCTION

LAST TEN FISCAL YEARS

Staff Type	2006	2005	2004	2003
Teaching Staff:				
Elementary School	24	24	24	24
Middle School	9	10	10	10
High School	25	26	26	25
Other	2	2	2	2
Administration:				
District	7	7	8	8
Auxiliary Staff:				
Counselors	4	4	3	4
Speech	1	1	1	1
Nurses and Mental Health Specialists	4	4	3	1
Support Staff:				
Secretarial, Finance Clerks, EMIS	10	11	12	12
Aides	10	11	11	11
Student Monitors/Pool Managers/ Fitness Center	4	5	5	6
Cooks	7	7	7	7
Custodial	7	7	8	8
Maintenance	11	11	11	10
Bus Drivers	11	11	11	11
Mechanics	1	1	1	1
Extracurricular Coaches	20	21	24	23
Total	157	163	167	164

Staff Function	2006	2005	2004	2003
Instruction:				
Regular	58	60	60	59
Other	11	11	9	8
Support Services:				
Pupil	14	16	16	17
Administration	6	6	7	7
Fiscal	3	4	4	3
Operations and maintenance	25	24	26	25
Pupil transportation	12	12	12	12
Central	8	9	9	10
Extracurricular activities	20	21	24	23
Total	157	163	167	164

Source: Cuyahoga Heights LSD, Treasurer's Office.

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
24	24	24	23	22	22
10	11	9	9	8	8
25	25	26	25	26	24
1	1	1	1	1	2
8	8	8	7	7	7
4	4	4	4	4	4
1	1	1	1	1	1
-	-	-	-	-	-
13	14	14	14	13	13
10	8	9	7	7	5
4	6	5	5	5	3
7	7	7	8	8	8
8	7	7	8	8	8
11	10	11	11	10	10
10	8	8	8	8	7
1	1	1	1	1	1
22	23	20	19	-	-
<u>159</u>	<u>158</u>	<u>155</u>	<u>151</u>	<u>129</u>	<u>123</u>

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
59	60	59	57	56	54
6	6	6	6	6	7
14	14	14	12	12	8
7	7	7	6	6	6
4	4	4	4	4	4
26	24	25	27	26	26
11	9	9	9	9	8
10	11	11	11	10	10
22	23	20	19	-	-
<u>159</u>	<u>158</u>	<u>155</u>	<u>151</u>	<u>129</u>	<u>123</u>

Cuyahoga Heights Schools

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CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 CAPITAL ASSET STATISTICS
 LAST FOUR FISCAL YEARS

<u>Governmental Activities</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Capital Assets:</u>				
Land	\$ 798,600	\$ 798,600	\$ 798,600	\$ 798,600
Land improvements	555,285	602,765	650,245	697,725
Buildings and improvements	2,368,945	2,702,826	2,908,323	3,111,943
Equipment and furniture	669,701	680,540	928,384	1,062,370
Vehicles	367,415	328,723	369,901	269,490
Construction in progress	-	-	-	-
Total governmental activities capital assets	<u>\$ 4,759,946</u>	<u>\$ 5,113,454</u>	<u>\$ 5,655,453</u>	<u>\$ 5,940,128</u>

Source: Cuyahoga Heights LSD, Treasurer's Office.

Note: Capital asset amounts reported above are presented net of accumulated depreciation.

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

BUILDING INFORMATION

LAST TEN FISCAL YEARS

Building	2006	2005	2004	2003
<u>High School</u>				
Square footage	233,229	233,229	233,229	233,229
Student capacity	800	800	800	800
Student enrollment	514	493	485	474
<u>Elementary School</u>				
Square footage	91,852	91,852	91,852	91,852
Student capacity	800	800	800	800
Student enrollment	366	373	384	354
<u>Gymnasium / Pool</u>				
Square footage	18,070	18,070	18,070	18,070
<u>North/South Bus Garage</u>				
Square footage	5,250	5,250	5,250	5,250
<u>East/West Bus Garage</u>				
Square footage	5,400	5,400	5,400	5,400
<u>Storage Building</u>				
Square footage	550	550	550	550

Source: Cuyahoga Heights LSD, Treasurer's Office.

2002	2001	2000	1999	1998	1997
233,229	233,229	233,229	233,229	233,229	233,229
800	800	800	800	800	800
463	452	446	444	444	464
91,852	91,852	91,852	91,852	91,852	91,852
800	800	800	800	800	800
367	387	387	396	391	372
18,070	18,070	18,070	18,070	18,070	18,070
5,250	5,250	5,250	5,250	5,250	5,250
5,400	5,400	5,400	5,400	5,400	5,400
550	550	-	-	-	-

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

OPERATING STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities (a)		Governmental Funds (b)		Average Daily Membership	ADM Percent Change
	Expenses	Expense Per Pupil	Expenditures	Expenditure Per Pupil		
2006	\$ 15,973,665	\$ 18,152	\$ 16,194,868	\$ 18,403	880	1.62%
2005	14,707,718	16,984	14,800,404	17,091	866	-0.35%
2004	15,097,007	17,373	14,804,329	17,036	869	4.95%
2003	13,854,530	16,733	14,304,530	17,276	828	-0.24%
2002	n/a	n/a	13,384,796	16,126	830	-1.07%
2001	n/a	n/a	13,123,787	15,642	839	0.72%
2000	n/a	n/a	13,174,947	15,816	833	-0.83%
1999	n/a	n/a	11,947,102	14,223	840	0.60%
1998	n/a	n/a	10,144,245	12,149	835	-0.12%
1997	n/a	n/a	n/a	n/a	836	0.36%

Source: Cuyahoga Heights LSD, Treasurer's Office.

(a) The District implemented GASB Statement No. 34 in fiscal year 2003.

(b) Fiscal year 1997 information not available.

Student Attendance Percentage	Students on Free & Reduced Lunches	Percentage of Students on Free & Reduced Lunches	Teaching Staff	Student/Teacher Ratio
96.6%	78	8.9%	65	13.54
95.4%	54	6.2%	60	14.43
95.7%	51	5.9%	60	14.48
96.0%	21	2.5%	59	14.03
95.9%	19	2.3%	59	14.07
95.8%	19	2.3%	60	13.98
96.0%	19	2.3%	59	14.12
97.0%	8	1.0%	57	14.74
95.7%	12	1.4%	54	15.46
96.0%	14	1.7%	54	15.48

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

TEACHER STATISTICS

JUNE 30, 2006

<u>Education</u>	<u>Number of Teachers</u>	<u>Percentage of Teachers</u>	<u>Salary Range</u>	<u>Average Salary</u>
Bachelor's Degree	6	9.23%	\$31,708 - \$75,598	\$ 46,097
Bachelor's Degree plus 18 hours	16	24.62%	33,294 - 77,497	57,402
Master's Degree	24	36.92%	34,878 - 79,395	57,137
Master's Degree plus 18 hours	18	27.69%	36,464 - 81,294	67,435
Ed. D.	<u>1</u>	<u>1.54%</u>	38,049 - 85,015	85,015
Total	<u><u>65</u></u>	<u><u>100.00%</u></u>		

<u>Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Teachers</u>	<u>Salary Range</u>	<u>Average Salary</u>
0 - 5 years	17	26.15%	\$31,708 - \$53,576	\$ 42,642
6 - 10 years	8	12.31%	50,386 - 64,283	56,367
11 - 20 years	19	29.23%	63,030 - 81,295	73,111
Over 20 years	<u>21</u>	<u>32.31%</u>	75,598 - 85,015	81,256
Total	<u><u>65</u></u>	<u><u>100.00%</u></u>		

Source: Cuyahoga Heights LSD, Treasurer's Office.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 16, 2006

To the Board of Education
Cuyahoga Heights Local School District
Cuyahoga County, Ohio

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cuyahoga Heights Local School District as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 16, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cuyahoga Heights Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Cuyahoga Heights Local School District in a separate letter dated November 16, 2006.

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

Rea & Associates, Inc.



Mary Taylor, CPA
Auditor of State

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 20, 2007**