



**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2004



**Auditor of State
Betty Montgomery**

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Cuyahoga Falls City School District
Summit County
431 Stow Avenue
Cuyahoga Falls, Ohio 44222

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Cuyahoga Falls City School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2004-001, 2004-002, and 2004-003.

We also noted a certain immaterial instance of noncompliance that we have reported to the District's management in a separate letter dated December 17, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2004-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the District's management in a separate letter dated December 17, 2004.

This report is intended solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 17, 2004



Auditor of State Betty Montgomery

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

Cuyahoga Falls City School District
Summit County
431 Stow Avenue
Cuyahoga Falls, Ohio 44222

To the Board of Education:

Compliance

We have audited the compliance of Cuyahoga Falls City School District, Summit County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to the management of District in a separate letter dated December 17, 2004.

Internal Control Over Compliance

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

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

We noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 17, 2004.

Schedule of Receipt and Expenditures of Federal Awards

We have audited the basic financial statements of governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2003, and have issued our report thereon dated December 17, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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.

This report is intended for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 17, 2004

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Donation Program	N/A	10.550		\$ 62,356		\$ 62,356
National School Breakfast Program	N/A	10.553	\$ 19,842		\$ 19,842	
National School Lunch Program	N/A	10.555	347,581		347,581	
Total Child Nutrition Cluster			367,423	62,356	367,423	62,356
Team Nutrition Grants	N/A	10.574	2,000		50	
Total U.S. Department of Agriculture/Child Nutrition Cluster			369,423	62,356	367,473	62,356
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	6B-AA-03, 6B-SF-04, 6B-SI-04	84.027	2,063,670		2,541,572	
Special Education - Preschool Grant	PG-S1-04	84.173	24,928		23,749	
Total Special Education Cluster			2,088,598		2,565,321	
Title I Grants to Local Educational Agencies	C1-S1-03, C1-S1-04	84.010	416,148		458,338	
Innovative Education Program Strategies	C2-S1-04	84.298	37,807		33,812	
Safe and Drug Free Schools and Communities - State Grants	DR-S1-03, DR-S1-04	84.186	21,206		26,297	
English Language Acquisition Grant	T3-S1-04	84.365	16,247		16,247	
Technology Literacy Challenge Fund Grant	TJ-S1-03, TJ-S1-04	84.318	11,112		16,935	
State Improvement Grant	ST-S1-03, ST-S1-04	84.323	89,600		111,060	
Assistive Technology Infusion Project Grant (ATIP)	AT-S3-03	84.352A			11,125	
Improving Teacher Quality State Grant	TR-S1-04	84.367	170,549		144,758	
Total Department of Education			2,851,267		3,383,893	
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Medical Assistance Program (Medicaid)	N/A	93.778	28,410		29,118	
Total U.S. Department of Health and Human Services/Medical Assistance Program			28,410		29,118	
Totals			\$ 3,249,100	\$ 62,356	\$ 3,780,484	\$ 62,356

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

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – MEDICAL ASSISTANCE PROGRAM

Cash receipts from the U.S. Department of Health and Human Services are commingled with local funds for the Medical Assistance Program. It is assumed federal monies are expended first.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster: Food Donation Program CFDA #10.550, National School Breakfast Program CFDA #10.553, and National School Lunch Program CFDA #10.555 Title I Grants to Local Educational Agencies CFDA #84.010 Improving Teacher Quality State Grants CFDA #84.367
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Finding Number	2004-001
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Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

The District's legal level of control for all funds is the fund level. At June 30, 2004, expenditures plus outstanding encumbrances of \$1,283,933 exceeded appropriations of \$777,741 at the legal level of control within the Title VI-B Fund by (\$506,192). Other immaterial instances of noncompliance were noted as well in two funds ranging from (\$25,307) to (\$61,864) at year end.

In addition, a test of the District's FINSUM Report throughout the year revealed the following instances where expenditures plus outstanding encumbrances exceeded appropriations at the legal level of control:

Food Service Fund	(\$31,041) to (\$197,109)
Auxiliary Services Fund	(4,000) to (152,473)
Title VI-B Fund	(5,556) to (341,661)

Other immaterial instances of noncompliance were noted as well in ten funds ranging from (\$390) to (\$65,782) throughout the year.

The Treasurer/CFO should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the legal level of control to avoid overspending.

Finding Number	2004-002
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Ohio Rev. Code Section 5705.10 requires money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

At June 30, 2004, a negative fund balance existed within the Title VI-B Fund by (\$419, 635). There was also an instance of immaterial noncompliance noted within the Disadvantage Pupil Impact Aid Fund by (\$20, 965).

In addition, a test of the District's FINSUM Report throughout the year revealed a negative fund balance within the Title VI-B Fund ranging from (\$20,861) to (\$212,933). Other immaterial instances of noncompliance were noted as well in eight funds ranging from (\$236) to (\$43,853).

To alleviate negative cash balances, the District should advance monies, from the General Fund as needed, to cover anticipated deficits. (See Auditor of State Bulletin 1997-003).

Finding Number	2004-003
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Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Of the 20 expenditures tested, 5 (25%) of the transactions (for a total of ~\$49,000) were not certified by the Treasurer/CFO prior to incurring the obligation. Additionally, during testing of accounts payable, 62 checks were noted representing payment of 209 invoices that were not certified prior to incurring the obligation (~\$500,000).

It was also noted that none of the exceptions above were utilized for the items found to be in non-compliance. The District should certify the availability of funds for expenditure and also implement the use of Then and Now Certificates and/or blanket certificates as further means to certify funds pursuant to Ohio Rev. Code Section 5705.41(D).

Finding Number	2004-004
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Payables

During testing of accounts payable, the following deficiencies were noted:

- Invoice dates were improperly entered into the accounting system resulting in the following errors in the District's payables listings:
 - 79 checks representing payment of 304 invoices totaling \$465,389 were improperly excluded from the District's accounts payable listing.
 - 9 checks representing payment of 64 invoices totaling \$96,044 were improperly excluded from the District's intergovernmental payable listing.
 - 3 checks representing payment of 4 invoices totaling \$5,633 were improperly included in the District's accounts payable listing.This resulted in total entity-wide accounts payable being understated by \$459,756 and total entity wide intergovernmental payable being understated by \$96,044.
- For 6 checks representing the payment of 9 invoices totaling \$37,226, the District used a system override number in place of a purchase order number to make a payment on a contract that was approved by the Board but for which no purchase order was ever entered or to make an expenditure for which no purchase order existed.
- For 7 checks representing the payment of 17 invoices totaling \$30,169, the District used a system override number in place of a purchase order number to make a payment on a properly approved purchase order that was improperly closed in the system prior to year end.
- Recurring invoices for copier leases, phone service, electricity, gas, and water were held for payment from January (copier leases), April (phone), and May (electricity, gas, and water) until after year end for payment.

In order to address these deficiencies, the District should:

- Ensure all invoice dates are properly input to the accounting system.
- Ensure properly approved purchase orders are entered into the system for all expenditures
- Ensure purchase orders remain open until all related expenditures are paid.
- Pay all invoices in a timely manner.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2004**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2003-001	Capital Assets	No	Partially Corrected. See Management Letter

*Cuyahoga Falls City
School District*

Cuyahoga Falls, Ohio



Comprehensive Annual Financial Report
For the Period Ended June 30, 2004

Cuyahoga Falls City School District
Cuyahoga Falls, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2004

Prepared By:
Paul Wulff, Treasurer/CFO and
Treasurer's Office Staff

Cuyahoga Falls City School District
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2004

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Cuyahoga Falls City School District
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2004

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Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2004

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INTRODUCTORY SECTION

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Administrative Offices
431 Stow Avenue, P.O. Box 396
Cuyahoga Falls, OH 44222-0396

PAUL L. WULFF
TREASURER/CFO

330-926-3800
330-920-1075- Fax

December 17, 2004

Cuyahoga Falls Board of Education Members and
The Citizens of Cuyahoga Falls City School District

The Cuyahoga Falls City School District's (the "School District") Comprehensive Annual Financial Report (CAFR) compiled for the fiscal year July 1, 2003 through June 30, 2004 is respectfully submitted. Prepared by the Treasurer/Chief Financial Officer's office for the purpose of informing the Cuyahoga Falls City School District's taxpayers, this comprehensive report's design provides complete and accurate disclosure of the School District's material financial operations for the fiscal year ended June 30, 2004.

The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District's management. To the best of our knowledge and belief, this CAFR and the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the School District.

The information submitted conforms to the Generally Accepted Accounting Principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB), as is applicable to governmental entities and includes an unqualified opinion from the Auditor of State's Office. Copies of this report, on file in the Treasurer/CFO's Office, are available for review upon written request to the Treasurer/CFO.

The arrangement of the Comprehensive Annual Financial Report is divided into three sections: The Introductory Section, Financial Section, and Statistical Section. The first section, the Introductory Section, which is unaudited, includes a table of contents, this transmittal letter, a list of elected officials, and the School District's organizational chart and the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2003. The next section, the Financial Section, includes the Independent Accountants' Report, Management's Discussion and Analysis, the Basic Financial Statements, Notes that provide an overview of the School District's financial position and operating results, the combining statements for non-major funds, and other schedules that provide detailed information relative to the basic financial statements. The third section, the Statistical Section, which is unaudited, consists of a ten-year compilation of miscellaneous demographic statistics and pertinent financial information, representative of two years reported in the cash-basis method of accounting and the fiscal years 1997 through 2004 reported in accordance with GAAP.

SCHOOL DISTRICT ORGANIZATION

The City of Cuyahoga Falls is primarily a residential/commercial suburban community located seven miles north of Akron, Ohio in Summit County.

Cuyahoga Falls was settled in 1812 by Judge Joshua Stow of Middletown, Connecticut, and General Roger Newberry of Windsor, Connecticut. The two men were a part of a group of investors, the Connecticut Land Company, who drew lots for the land locations in the Western Reserve. The new hamlet was named Cuyahoga Falls, taken from the Indian name, "Winding Little River." The Cuyahoga River has a natural "falls" as it passes through the community.

HISTORY OF THE CUYAHOGA FALLS CITY SCHOOL DISTRICT SCHOOL BUILDINGS

A few years after Joshua Stow and Roger Newberry settled in what was to be known as the hamlet of Cuyahoga Falls in 1812, the first school was built. The three story log building was erected on the corner of what is now known as Broad Boulevard and Front Street. With the first and third floors reserved for other purposes, the second floor was used as one large classroom, filled with rows of simple benches made of split logs. The children gathered to learn reading, writing and arithmetic.

Public education in Cuyahoga Falls was preceded by the opening of a private school by J. H. Reynolds in 1834. This was apparently a school for boys, because in 1836 Sarah Carpenter opened a school for girls in a school room attached to the St. John's Episcopal Church. This school was known as the Lyceum and was also used as a town meeting place at the northeast corner of Portage Trail and Second Street. This school was later known as Central School and continued in use until 1869. In 1837, Reverend Roswell Brooks and Charles Clark established the "Cuyahoga Falls Institute", a school chartered by legislative enactment. This school was conducted in the school building later known also as the Lyceum, on the site now occupied by the Pilgrim Church. The School continued operation until 1848.

Several other one room schools were established as the city progressed. Earlier one room schools built were Stow Township School on East Portage Trail at Newberry Street, Tallmadge Township School at Williams Street and Newberry Street, Portage Township School at Second Street and Sackett Street and the Northampton School at Wadsworth Street and Front Street.

After Cuyahoga Falls Township was created in 1851, the Cuyahoga Falls School District was organized in 1854. Central School (later also known as the Lyceum) was the high school where students attended after going either to Stow, Tallmadge, Portage or Northampton Elementary Schools. The School District reported a total of 482 students in 1857. Public support was now authorized by state law and the Ohio Public School System, as we know it, was rapidly taking form and substance.

In 1868, land was donated for the Union School (later known as East School), which was to replace all of the one room schools in the City. The School was located at the corner of Germaine Street and School Street. The School opened in 1870. Construction cost was \$37,555. Following the completion of this building, many of the one room structures were sold. In 1872, Central School (the Lyceum) became an elementary school and Union School became a high school and an elementary school. A third floor was added to Union School in 1882. An auditorium and gymnasium were opened in 1919.

The building remained in use as a high school until 1922, when the first unit of the present high school was completed and placed in operation. Union School then became an elementary school and was known as East School. It remained in use until it was condemned in 1938. It later was used as a warehouse until it was closed in 1966 and subsequently razed. It is now the site of a high-rise apartment.

Broad Elementary School at 440 Broad Boulevard was built and opened in 1908 for a cost of \$34,633, and Crawford Elementary School at 2579 Third Street was built and opened in 1909 for a cost of \$25,204. Additions to Broad School were opened in 1913 and 1959. Broad School was closed and leveled in 1968. Additions to Crawford school were opened in 1917, 1950, 1953 and 1959. Crawford was closed in 1969 and sold and razed in 1972. It too has been replaced by a high-rise apartment building. The School was originally named for Ellen K. Crawford, an outstanding teacher and school board member who was killed the evening of March 2, 1916, as she crossed the railroad tracks on her way to a school board meeting.

Grant Elementary School and Lincoln Elementary School "twins" were built from the same set of architect's plans and opened in 1930. Grant is located at 1201 Grant Street. Grant School was closed in 1983 and was leased to the City to be used as a cultural center. Lincoln School is located at 3131 Bailey Road. Additions were made in 1957 and 1959.

Silver Lake Elementary School was established in 1919, one year after the Village of Silver Lake was incorporated. Classes were originally held in the Lodge Homestead. The first unit of the present school building located at 2970 Overlook was constructed in 1927. Additions were built in 1946, 1950 and 1965. The School became part of the Cuyahoga Falls School System in 1965.

The first phase of the present high school was opened in 1922 with an enrollment of 650 students. The second phase of the "original" building was opened in 1927. The building is located at 2300 Fourth Street. Cost of the first phase was \$345,616, and the second phase was added for a cost of \$276,472. An annex was added in 1949 for a cost of \$54,291. In 1961, a new \$2,747,958 addition was opened. The vocational wing, which cost \$720,000, opened in 1969. A major renovation of the high school original building was undertaken in 1977.

Edward Rowland Sill School, located at 1910 Searl Street, was opened as an elementary school in 1949 and later became a junior high school. Additions to the School came in 1952, 1955 and 1969. The School then became a middle school in 1983 housing grades 6, 7 and 8. Sill School was named in honor of Mr. Sill, the famous teacher-poet who also served as superintendent of the schools and principal of Cuyahoga Falls High School.

Bolich Junior High School, 2630 Thirteenth Street, was opened in 1954, with an addition to the library in 1963. The \$421,497 new school, the first junior high school in the Cuyahoga Falls City School System, was named in honor of Harvey O. Bolich who was first a high school teacher and later became a high school principal. Bolich became a middle school in 1983 housing grades 6, 7 and 8.

With the rapid growth of Cuyahoga Falls in the 1950's and 1960's, came the construction of other elementary and junior high school buildings. William H. Richardson Elementary School, 2226 Twenty-third Street, was opened in 1952. The School was named to honor Mr. Richardson who retired in 1932, completing forty-seven years as teacher and superintendent (twenty-four of these years as superintendent of Cuyahoga Falls City Schools). Richardson Elementary was built for \$715,687.

Elizabeth Price Elementary School, 2610 Delmore, was opened in 1954. The School was named in honor of Elizabeth Price Sackman who served as teacher and later, principal of Crawford School and Lincoln School. She also served two terms on the Board of Education. Additional space was provided to Price School in 1963. The original construction cost was \$491,471.

The Henry Newberry Elementary School, 2800 Thirteenth Street, was opened in 1956. It was named in honor of the first mayor of the town who later served as a member of the Board of Education. Newberry was built at a total cost of \$588,906. There was one addition to the building in 1957.

H.A. Preston Elementary School, 800 Tallmadge Road, was opened in 1959. It was named in honor of Henry Alfred Preston, a music teacher at the high school. Preston was constructed for the cost of \$502,073. Space was added in 1963.

The F. H. Bode Elementary School, at 420 Washington Street, was opened in 1962. The School was named in memory of Cuyahoga Falls City Schools Superintendent Fred H. Bode who served as superintendent for eleven years. Bode was constructed for a cost of \$720,490. An addition was constructed in 1969. Bode Elementary was closed in 1983 and subsequently leased to Goodyear Tire & Rubber Company. Goodyear left in 1991. The building is now occupied by the Summit County Educational Service Center and Mid-Eastern Ohio Special Education Regional Resource Center (MEO/SERRC).

Frederick Schnee Elementary School, 2222 Issaquah Street, was opened in 1963. The School was named in honor of Mr. Schnee who was superintendent of the schools for twenty years. The School was constructed for a cost of \$719,978. In 1983, the building was closed and leased to the Board of Mental Retardation. That lease ended in 1991. The building is now occupied by the District's alternative school called the LEGACY program

The Gordon M. Dewitt Elementary School, 425 Falls Avenue, was built on the site of Broad School and opened in 1969. The School was named for Mr. Dewitt who served the School District for thirty years as a teacher, high school principal, supervisor and superintendent. The School was built for a cost of \$874,252.

Gilbert Roberts Junior High School, 3333 Charles Street, was opened in 1969. The School was named to honor Mr. Roberts who spent forty-one years in Cuyahoga Falls Schools as teacher, coach, high school principal and superintendent. Roberts School was built at a cost of \$1,422,774. In 1983, Roberts School became a middle school housing grades 6, 7 and 8.

Other buildings and properties of the Cuyahoga Falls Board of Education include the warehouse and Data Center. The warehouse/bus garage was purchased in 1966. It is located at 2812 Vincent Street. The Data Center was purchased in 1968 and is located across from the high school at 2261 Fourth Street. It housed the Western Reserve Educational Computer Center and now houses a Phoenix School. The Board had owned property at 3515 Hudson Drive, which was purchased for \$6,905 in 1956; this property was recently sold.

The first official body designated as the Cuyahoga Falls Board of Education was formed on April 18, 1853. Both the township of Cuyahoga Falls and the Cuyahoga Falls City School District were formalized about this time. Total school enrollment was 482. A new schoolhouse was built for the total price of \$2,000, with \$50 to be deducted if the citizens could be persuaded to "raise the roof" themselves. The yearly budget was \$3,000, and the funding for the new building was solved by making..."a demand on the recorder for a tax on every citizen whom he could find."

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 School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

A five member Board of Education serves as the taxing authority, contracting body and policy maker for the School District. The Board adopts the annual operating budget and approves all expenditures of School District monies.

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

Other Board appointed officials include directors of various educational and support services and building principals.

THE REPORTING ENTITY

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

The City of Cuyahoga Falls and the Taylor Memorial Public Library have not been included in the accompanying financial statements. The Mid-Eastern Ohio Special Education Regional Resource Center (MEO/SERRC) has been reported as an Agency Fund. The Boards are not appointed by the School District, nor are they fiscally dependent on the School District. The North-East Ohio Network for Educational Technology (NEOnet) is reported as a jointly governed organization without equity interest. The School District also participates in the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool.

MAJOR INITIATIVES – PAST AND CURRENT

Past Projects - The 2003-2004 school year was an ambitious time for curriculum refinement, staff training and the continued implementation of School District continuous improvement plans. Committees of administrators and teachers worked to make major strategies enhanced in the area of social studies, mathematics, language arts, science, the arts, foreign language and technology to align curriculum with Ohio's Academic Content Standards. The expectations were to identify, procure and utilize appropriate instructional resources to meet the varied learning needs, styles and paces of students. Strategies used were the continued replacement of instructional materials, equipment and supplies as part of the implementation of academic content standards into the school district curriculum.

Current Projects - The School District's energy continues to be focused around the goals as established by our community and staff through the Strategic Planning Initiatives and the Continuous Improvement processes. It is anticipated that the School District's curriculum will continue to be refined with the addition of "benchmarks" and standards. It is also anticipated that the School District initiatives in staff training, technology and grant writing will each move forward to their next level, in step with the Continuous Improvement efforts. It is a major goal of the School District to evaluate the impact of the initiatives over the next few years, in terms of the effects on student growth and learning.

Long Term Board Objectives –

- Develop a “contract with the community” to establish a flexible five year continuous plan to confirm the desire for excellence in the educational programming and financial stability of the Cuyahoga Falls City School District.
- Develop a plan and/or operating philosophy in which the School District engages the public and improves overall (internal and external) communication.
- Develop and implement a plan for the systematic review and updating of the Board of Education policies and procedures (guidelines) as outlined in the Bylaws and Policies manual.
- Review the School District and individual building crisis plans to ensure a safe school environment for the students and staff of the Cuyahoga Falls City Schools.
- Continually seek to upgrade the skills and performance level of all employees, by providing meaningful staff development and evaluations focused on individual and collective growth.
- Formulate a plan to hold regular community forums/updates on the financial condition of the School District.
- Formulate a five-year spending plan for the School District in order to effectively and efficiently utilize school dollars.
- Continue to utilize an Audit Oversight Committee for the purpose of monitoring the budget, spending plan and long range financial planning for the School District.
- Maintain a solid Medicaid reimbursement program to bring in all federal dollars owed to the School District.
- Review the health benefits package for the Board of Education.
- Improve the Board of Education agenda setting process with the Cabinet and Board of Education.
- Study and implement a procedure that will improve the public participation process at Board of Education meetings.
- Review with the Board of Education, their work session format, effectiveness and make any changes that will facilitate the growth and informational process for the Board and Administrative Team.
- Review the job descriptions and organizational structure of the Central Office certificated staff and make a recommendation to the Board of Education.
- Research, study and make a recommendation to the Board of Education regarding the rehiring practice for retired teachers and/or administrators.
- Formulate a clear, accurate data entry system plan through the E.M.I.S. coordinator to take advantage of all the state dollars that are due to the School District.

- Plan for a sequential educational program to update the administrative and related staffs' skills related to the financial operation, the purchase order procedures and record keeping for building budgets and activity accounts as site based management is implemented in the school district.

ECONOMIC OUTLOOK

The boundaries of the School District limit opportunities for residential property growth. Industrial enterprises do not represent a significant portion of the School District's tax duplicate, since much of the commercial property and available land for expansion is located outside of the School District. The unemployment rate for Summit County was 5.1% for December 2003, which favorably compares to the Ohio rate of 5.5%. The rate of unemployment for the United States during the same time period was 5.4%.

The School District successfully ran a five-year operating levy in November 2002. Passage of this 5 year 4.75 mill operating levy will generate \$3.4 million annually for each of the five years and put the School District in a solvent financial condition over these five years beginning in calendar year 2003. Additional revenues need to be sought in either 2007 or 2008.

The School District's financial condition continues to be an area of focus for the Board of Education and 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 December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient. The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations. The DeRolph Case was appealed to the United States Supreme Court, which decided not to hear the case.

FINANCIAL INFORMATION

Accounting System

This is the second year the School District has prepared financial statements following GASB Statement No. 34 "Basic Financial Statements – Management's Discussion and Analysis – State and Local Governments.", GASB Statement No. 34 creates new basic financial statements for reporting on the School Districts financial activities as follows:

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

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

Statement of budgetary comparison – This statement presents a comparison of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, cash disbursements and encumbrances.

As determined by criteria established by GASB Statement No. 34, the School District does not report any activities that qualify as enterprise or business type activities. As part of this new reporting model, management is also responsible for preparing a discussion and analysis of the School District. This discussion follows the Independent Accountants' Report, providing an assessment of the School District's finances for fiscal year 2004 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain nonmajor funds of the School District.

Internal Controls

The establishment and maintenance of an internal control structure, designed for safeguarding from loss, theft or misuse of the School District's assets, is the responsibility of management. An effective fiscal management system incorporating internal accounting controls ensures the School District's assets, liabilities, revenues and expenditures are properly classified and accurately recorded into the School District accounting records for the appropriate fiscal period in compliance with GAAP. The design of the internal control structure provides reasonable, but not absolute, assurance that these objectives were met. The concept of reasonable assurance assumes: the costs of the controls should not exceed the benefits presumably derived from its implementation; and the estimates and judgments relative to cost and benefit valuation are determined by management. Management believes the School District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The School District maintains its accounts, appropriations, and other financial records in accordance with the procedures established and prescribed by the Ohio Revised Code and the Ohio Auditor of State. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level for all funds. The School District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and therefore, are not re-appropriated.

All disbursements and transfers of cash between funds require appropriation authority from the Board. The Treasurer must certify purchase order requests have the necessary funds available. Then, purchase orders are encumbered, and released to vendors. Management may make budgetary modifications as long as the total fund appropriation is not affected.

The accounting system used by the School District provides monthly financial reports which the Board approves.

The Principal at each building directs minimal site-based financial management. Each building has an annual budget for instructional support and office operation.

The School District Administrators and Principals have access to financial reports showing the status of the budget accounts for which they are responsible. The School District utilizes the State's software program allowing building level input of purchase requisitions. The Building Administrator and the Superintendent approve the requisitions, the Treasurer certifies the availability of funds, and then requisitions are electronically converted to numbered purchase orders and encumbered.

In addition to the distribution of month-end reports to its management, and to ensure prescribed budgetary compliance within all levels of the School District, the Treasurer's office publishes and annually distributes to all School District employees the School District's financial handbook detailing the School District's adopted procedures for proper receipting and expending of School District funds.

The basis of accounting and the various funds utilized by the School District are fully described in Note 2 of the basic financial statements.

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

Single Audit Act

As a recipient of federal and state financial assistance, the School District is responsible for ensuring that an adequate internal control structure is in place and is in compliance with applicable laws and regulations relative to those programs. This internal control structure is subject to periodic evaluation by management of the School District and certain annual evaluations by the School District's independent auditors.

CASH MANAGEMENT

The School District historically demonstrates a conservative approach to the cash management program. Investments of the School District funds were maintained through the locally approved financial depository's utilization of a sweep account and through the STAR Ohio investments.

Protection of the School District's cash and investments is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. As required under Ohio law, pooled securities have been pledged in an amount equal to 105% of the total deposits, to secure the repayment of all public moneys deposited in a financial institution. A detailed description of the School District's investment function is described in Note 5 to the financial statements.

RISK MANAGEMENT

The School District, as a political subdivision, maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for general liability, property loss, boiler and machinery coverage, and vehicle fleet liability are purchased from insurance companies licensed to do business in the state of Ohio.

In prior years, the School District operated and managed its hospital, medical, health, dental, prescription, and life insurance program for its employees on a self-insured basis. The health insurance fund was established in conjunction with formalized risk management programs in an effort to minimize risk exposure, control claims and premium costs. The third party administrator processes and initiates claim payment. The advantages of the self-insurance program was to include savings on administrative costs as well as, the School District's holding of reserve balances. As of March 31, 2002, the School District ceased operating this self-funded health insurance program and beginning April 1, 2002, the School District began purchasing commercial insurance from a major independent insurance company. Then as of April 1, 2004, the District switched back to a self-insurance fund due to promising claims experience.

A Section 125 flexible benefit program is offered to most employees. The plan allows employees to pay for eligible benefits with pre-tax dollars, rather than after-tax dollars. Therefore, employees may tax defer anticipated out of pocket medical expenditures through payroll deduction. The plans guidelines are established and regulated by the Internal Revenue Service.

All employees of the School District are covered by worker's compensation. Effective January 1, 1993, the School District joined a group-rating program through the Ohio School Board Association in an effort to control costs. Over 423 Ohio school districts are participating members. The School District receives a group premium discount rate for participation in this pooling program. The School District has realized, on an individual basis, significant savings based on School District cost without pooling, during the 2004 calendar year.

PENSION PLANS

The statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS) covers all School District employees. The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District pay the employer share as determined by each retirement system, which is currently 14%.

School District contributions to fund pension obligations for fiscal year 2004 were \$2,462,854 as the employer portion to STRS and \$602,168 in employer contributions to SERS. Included in the SERS remittance is an annual employer surcharge. Starting in 1988-89 an additional employer charge (surcharge) was levied on salaries of lower-paid SERS members. Minimum annual compensation is determined annually by the System's actuaries and was \$25,400 for fiscal 2004. Surcharge is calculated at 14% of the difference between the member's annual compensation and the minimum compensation level. For the 2004 fiscal year, a surcharge of \$93,827 was incurred.

OTHER INFORMATION

Independent Audit

Provisions of State statute require an independent auditor subject the School District's financial statements to an annual examination. In addition to meeting the requirement set forth in state statutes, the audit was also designed to meet the requirements of the Federal Office of Management and Budget Circular A-133. The Auditor of State's office performed the 2004 audit for the period ended June 30, 2004. Those provisions have been satisfied and the opinion of the State Auditor is included in the financial section of this CAFR.

GFOA Certificate of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cuyahoga Falls City School District for its CAFR for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the high standards required by the Certificate of Achievement program.

Acknowledgments

The preparation and publication of the 2004 CAFR of the Cuyahoga Falls City School District was facilitated through the assistance of many people. My sincere appreciation is extended to the staff of the Treasurer/CFO's office for their dedication, support, and encouragement throughout this process. In addition, sincere thanks are also extended to various administrators and employees of the School District, the Summit County Fiscal Officer's office staff and other outside agencies whose efforts contributed to the fair presentation of the statistical data.

Finally, sincere appreciation is expressed to the Cuyahoga Falls City Schools Board of Education for their support and commitment to continuing efforts made in improvements of financial management and reporting as we strive for continued excellence in financial reporting.

Respectfully submitted,

A handwritten signature in black ink that reads "Paul L. Wulff". The signature is written in a cursive style with a large, prominent initial "P".

Paul L. Wulff
Treasurer/CFO

Cuyahoga Falls City School District
Public Officials Roster
Year Ended June 30, 2004

Board of Education

Mrs. Laurie Liebelt	President
Mrs. Marj Schlaeppli	Vice President
Mr. Robert Heath	Member
Mr. Steven Fuller	Member
Mr. Steven Amos	Member

Treasurer / CFO

Mr. Paul Wulff

Executive Administration

Mr. John J. Litzel	Superintendent
Dr. Edwin Holland	Assistant Superintendent
Mr. David Rump	Business Manager
Mr. Walter Davis	Director of Teaching and Learning
Ms. Debra McCain	Coordinator of Teaching and Learning
Mr. Drew Hinkle	Director of Pupil Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cuyahoga Falls City School
District, Ohio

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

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



Nancy L. Zielke

President

Jeffrey R. Egan

Executive Director

FINANCIAL SECTION



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANT'S REPORT

Cuyahoga Falls City School District
Summit County
431 Stow Avenue
Cuyahoga Falls, Ohio 44222

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Cuyahoga Falls City School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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, the major fund, and the aggregate remaining fund information of Cuyahoga Falls City School District, Summit County, Ohio, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof 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 December 17, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. 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.

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

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

Betty Montgomery
Auditor of State

December 17, 2004

Cuyahoga Falls City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2004

Unaudited

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

Financial Highlights

Key financial highlights for 2004 are as follows:

- General revenues accounted for \$36,947,613 in revenue or 84.1% of all revenues. Program specific revenues in the form of charges for services, and operating grants, contributions and interest accounted for \$6,970,997 or 15.9% of total revenues of \$43,918,610.
- The School District had \$45,965,048 in expenses related to governmental activities; program revenues offset only \$6,970,997 of these expenses. \$36,947,613 of general revenues was available to provide for these programs resulting in a decrease in net assets of \$2,046,438.
- Of the total governmental expenses of \$45,965,048, the amount related to instruction totaled \$26,981,841 or 58.7% of this total.
- At the end of the fiscal year, fund balance for the general fund was (\$3,718,931), a decrease of \$1,523,051 as compared to fiscal year 2003.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Cuyahoga Falls City School 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 School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements present how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant fund with all other nonmajor funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While these statements contain information about a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2004?" The statement of net assets and statement of activities are designed to answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting, takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Cuyahoga Falls City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2004

Unaudited

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's current 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 School District's activities are considered to be all governmental activities.

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2004.

Cuyahoga Falls City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2004

Unaudited

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
<i>Assets</i>		
<i>Current and other assets</i>	\$ 24,187,804	\$ 24,651,721
<i>Capital assets, net of depreciation</i>	<u>11,388,231</u>	<u>11,201,244</u>
<i>Total assets</i>	<u>35,576,035</u>	<u>35,852,965</u>
<i>Liabilities</i>		
<i>Current and other liabilities</i>	27,736,056	25,822,899
<i>Long-term liabilities:</i>		
<i>Due within one year</i>	862,435	1,058,118
<i>Due in more than one year</i>	<u>9,661,252</u>	<u>9,609,218</u>
<i>Total liabilities</i>	<u>38,259,743</u>	<u>36,490,235</u>
<i>Net Assets</i>		
<i>Invested in capital assets, net of debt</i>	3,152,869	2,805,995
<i>Restricted</i>	187,521	645,325
<i>Unrestricted</i>	<u>(6,024,098)</u>	<u>(4,088,590)</u>
<i>Total net assets</i>	<u>\$ (2,683,708)</u>	<u>\$ (637,270)</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2004, the School District's net assets decreased \$2,046,438 from June 30, 2003.

Capital assets, net of related debt reported on the government-wide statements represents a large component of net assets. Capital assets include land and land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles, and are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$187,521, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$186,626 is restricted for debt service payments and \$895 is restricted for capital projects. The remaining balance of net assets of (\$6,024,098) is unrestricted. As a result of the negative unrestricted net asset amount, the School District will continue to issue short-term tax anticipation notes to meet current operation expenses.

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

Cuyahoga Falls City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2004

Unaudited

	<u>2004</u>	<u>2003</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 3,733,085	\$ 2,900,835
Operating grants, contributions and interest	3,237,912	3,383,447
Capital grants and contributions	-	12,658
<i>General revenues:</i>		
Property taxes	20,761,623	21,887,819
Grants and entitlements	15,212,056	14,691,711
Gain on sale of capital assets	-	7,557
Investment earnings	42,578	55,453
Payment in lieu of taxes	29,626	-
Miscellaneous	901,730	154,050
Total revenues	<u>43,918,610</u>	<u>43,093,530</u>
Program Expenses		
<i>Instruction:</i>		
Regular	19,738,144	19,633,453
Special	4,697,690	4,209,941
Vocational	906,296	911,098
Adult/continuing	329	190
Other	1,639,382	992,451
<i>Support services:</i>		
Pupils	2,167,705	2,197,462
Instructional staff	2,328,486	996,096
Board of education	211,985	89,650
Administration	2,501,942	2,595,660
Fiscal	761,644	736,987
Business	375,087	361,593
Operation and maintenance of plant	5,412,729	4,339,536
Pupil transportation	944,276	963,556
Central	559,392	326,720
<i>Operation of non-instructional services:</i>		
Food service operations	1,378,005	1,425,999
Community services	910,741	1,075,266
Extracurricular activities	1,014,962	858,810
Interest and fiscal charges	416,253	426,142
Total expenses	<u>45,965,048</u>	<u>42,140,610</u>
Change in net assets	<u>\$ (2,046,438)</u>	<u>\$ 952,920</u>

Cuyahoga Falls City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2004

Unaudited

Governmental Activities

Several revenue sources fund our governmental activities with property taxes and State foundation revenues being the largest contributors. Property tax levies generated over \$20.7 million in 2004. General revenues from grants and entitlements, such as the school foundation program, generated over \$15.2 million. With the combination of taxes and intergovernmental funding 81.9% of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

A review of Table 2 reflects the total cost of instructional services was \$26,981,841, or 58.7% of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. These expenses increase \$1,234,708, or 4.8% as compared to fiscal 2003. The primary cause to the increase in instructional expenses due to a 3% increase in salaries provided to the instructional staff, per the negotiated agreement.

Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching to pupils. These expenses represent \$4,496,191, or 9.8% of the total governmental program expenses. Expenses for these programs increased \$1,302,633, or 40.8% as compared to fiscal 2003. One of the most significant causes to this increase was due to an increase in staff payroll and related benefits to provide these programs. Another significant cause of this increase was a change in classification of costs to instructional staff for the Title VI-B and Title I federal programs, which more accurately reflects the type of program costs that these grant resources provide.

Board of education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. The total cost of these programs was \$3,850,658 or 8.4% of governmental program expenses. Program costs for fiscal year 2004 only increased \$66,768, or 1.8% as compared to fiscal year 2003.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of the School District's operations. The total cost for the operation and maintenance services was \$5,412,729, or 11.8% of the governmental program expenses. Costs associated for this program increased \$1,073,193, or 24.7% as compared to fiscal year 2003. The primary cause of the increase was with numerous maintenance projects of the School District that do not occur on a routine year-to-year basis.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements for fiscal year 2004.

Cuyahoga Falls City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2004

Unaudited

Table 3
Government Activities

	<u>Total Cost</u> <u>of Services</u> <u>2004</u>	<u>Total Cost</u> <u>of Services</u> <u>2003</u>	<u>Net Cost</u> <u>of Services</u> <u>2004</u>	<u>Net Cost</u> <u>of Services</u> <u>2003</u>
Program Expenses				
<i>Instruction:</i>				
Regular	\$ 19,738,144	\$ 19,633,453	\$ (17,335,449)	\$ (17,749,951)
Special	4,697,690	4,209,941	(4,058,919)	(3,203,809)
Vocational	906,296	911,098	(745,692)	(863,223)
Adult/continuing	329	190	1,246	1,585
Other	1,639,382	992,451	(1,639,382)	(964,771)
<i>Support services:</i>				
Pupils	2,167,705	2,197,462	(2,043,290)	(2,008,769)
Instructional staff	2,328,486	996,096	(1,577,869)	(949,001)
Board of education	211,985	89,650	(211,985)	(89,650)
Administration	2,501,942	2,595,660	(2,501,942)	(2,367,941)
Fiscal	761,644	736,987	(761,644)	(736,987)
Business	375,087	361,593	(375,087)	(361,593)
Operation and maintenance of plant	5,412,729	4,339,536	(5,184,370)	(4,032,212)
Pupil transportation	944,276	963,556	(944,276)	(950,898)
Central	559,392	326,720	(555,252)	(322,120)
<i>Operation on non-instructional services:</i>				
Food service operations	1,378,005	1,425,999	133,091	(15,788)
Community services	910,741	1,075,266	5,713	(193,189)
Extracurricular activities	1,014,962	858,810	(782,691)	(609,211)
Interest and fiscal charges	416,253	426,142	(416,253)	(426,142)
Total	\$ 45,965,048	\$ 42,140,610	\$ (38,994,051)	\$ (35,843,670)

The dependence upon general revenues for governmental activities is apparent with only 15% of expenses supported by program revenues.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total revenues for governmental funds were \$43,740,362 and total expenditures were \$46,658,286. The most significant change in fund balance for the year was reported in the general fund, the only major fund of the School District. The primary cause of the decrease of \$1,523,051 was due to current year building projects, for which there is no permanent improvement tax levy to fund. Also, general fund resources were needed to offset the excess costs incurred in relation to the Title VI-B federal grant as discussed above.

Cuyahoga Falls City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2004

Unaudited

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During fiscal year 2004, the School District amended its general fund budget as expenditure priorities changed according to student, building and operational needs. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue estimate was \$45,036,101, which was an increase over the original budget estimate of \$40,839,506. The increase of \$4,196,595 is attributed to a smaller estimated amount for the issuance of short-term tax anticipation notes within the original budget.

The original appropriation budget of \$36,639,949 was revised during the fiscal year to a final budget amount of \$44,768,526. The increase of \$8,128,577 was primarily attributed to the retirement of short term tax anticipation notes, which was not included in the original appropriation. Other factors which contributed to the significant increase were the absence of the estimated increases for the fiscal year's payroll and costs associated with the start up of self insurance funding for employee medical costs. At the time of approving the original appropriations, there was not enough information available to reasonably predict these costs.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004, the School District had \$11,388,231 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2004 balances compared to fiscal year 2003.

Table 4
Capital Assets, at Fiscal Year End
(Net of Depreciation)

	<i>Governmental Activities</i>	
	<i>2004</i>	<i>2003</i>
<i>Land</i>	\$ 1,278,407	\$ 1,278,407
<i>Land improvements</i>	838,226	881,746
<i>Buildings and improvements</i>	7,020,944	7,094,205
<i>Furniture and equipment</i>	1,857,832	1,481,084
<i>Vehicles</i>	392,822	465,802
<i>Total capital assets</i>	<u>\$ 11,388,231</u>	<u>\$ 11,201,244</u>

The most significant purchases by the School District during the year were for new musical instruments, fitness equipment and a new boiler for the middle school. All of these purchases were made through lease purchase agreements. The total increase in the value of assets, as compared to the prior year, was offset by current year depreciation expense of \$858,672 on the School District's assets. See Note 8 to the basic financial statements for detail on the School District's capital assets.

Cuyahoga Falls City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2004

Unaudited

Debt

At June 30, 2004 the School District had \$7,732,091 in bonds and loans outstanding with \$522,364 due within one year. This balance reflected a reduction of \$810,364 from the previous year's balance of \$8,542,455. Table 5 summarizes the debt and capital lease outstanding:

*Table 5
Outstanding Debt and Capital Lease, at Fiscal Year End*

	<i>Governmental Activities 2004</i>	<i>Governmental Activities 2003</i>
<i>1999 School Improvement Bonds</i>	<i>\$ 6,585,000</i>	<i>\$ 6,895,000</i>
<i>2002 School Improvement Bonds</i>	<i>444,000</i>	<i>532,000</i>
<i>1994 Energy Conservation Bonds</i>	<i>-</i>	<i>300,000</i>
<i>2002 IP Phone System Loan</i>	<i>479,000</i>	<i>565,000</i>
<i>1993 Asbestos Removal Loan</i>	<i>224,091</i>	<i>250,455</i>
<i>Capital leases</i>	<i>727,362</i>	<i>129,613</i>
<i>Total outstanding</i>	<i><u>\$ 8,459,453</u></i>	<i><u>\$ 8,672,068</u></i>

At June 30, 2004, the School District's overall legal debt margin was \$63,217,074 with an unvoted debt margin of \$786,218. The School District is rated Aaa by Moody's Investors Service. See Note 14 to the basic financial statements for detail on the School District's long-term obligations.

Current Issues Affecting Financial Condition

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges though. These challenges stem from issues that are local and at the State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system. Although the School District relies heavily on its property taxpayers to support its operations, the community support for the School District is consistent.

The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational funding system, one that was neither 'adequate' nor 'equitable'. Since 1997, the State has directed its additional financial support toward School Districts with little property tax wealth. In May 2001, the Ohio Supreme Court again, ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes, which are inherently not 'equitable' nor 'adequate'. The court directed the Governor and the legislature to address the fundamental issue creating the inequities. See Note 17 to the basic financial statements for more on this contingent matter.

Cuyahoga Falls City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2004

Unaudited

Due to the unsettled issues in the school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional financial information, contact Paul Wulff, Treasurer/CFO, at Cuyahoga Falls City School District, 431 Stow Ave., Cuyahoga Falls, OH, 44222-0396.

Cuyahoga Falls City School District

Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 1,009,392
Receivables:	
Taxes	22,524,268
Accounts	19,131
Intergovernmental	417,754
Inventory held for resale	32,216
Materials and supplies inventory	185,043
Capital assets:	
Land	1,278,407
Depreciable capital assets, net	10,109,824
Total capital assets	<u>11,388,231</u>
Total assets	<u>35,576,035</u>
 <u>Liabilities:</u>	
Accounts payable	237,267
Accrued wages	3,189,730
Intergovernmental payable	1,449,280
Matured Compensated absences payable	154,502
Deferred revenue	22,045,435
Accrued interest payable	16,881
Claims payable	392,961
Notes payable	250,000
Long-term liabilities:	
Due within one year	862,435
Due in more than one year	<u>9,661,252</u>
Total liabilities	<u>38,259,743</u>
 <u>Net assets:</u>	
Invested in capital assets, net of related debt	3,152,869
Restricted for:	
Capital projects	895
Debt service	186,626
Unrestricted	<u>(6,024,098)</u>
Total net assets	<u>\$ (2,683,708)</u>

See accompanying notes to the basic financial statements.

Cuyahoga Falls City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Revenue and Changes in Net Assets
				Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 19,738,144	\$ 2,165,003	\$ 237,692	\$ (17,335,449)
Special	4,697,690	680	638,091	(4,058,919)
Vocational	906,296	125,318	35,286	(745,692)
Adult/continuing	329	1,575	-	1,246
Other	1,639,382	-	-	(1,639,382)
Support services:				
Pupils	2,167,705	-	124,415	(2,043,290)
Instructional staff	2,328,486	-	750,617	(1,577,869)
Board of education	211,985	-	-	(211,985)
Administration	2,501,942	-	-	(2,501,942)
Fiscal	761,644	-	-	(761,644)
Business	375,087	-	-	(375,087)
Operation and maintenance of plant	5,412,729	189,918	38,441	(5,184,370)
Pupil transportation	944,276	-	-	(944,276)
Central	559,392	-	4,140	(555,252)
Operation of non-instructional services:				
Food service operations	1,378,005	1,018,320	492,776	133,091
Community services	910,741	-	916,454	5,713
Extracurricular activities	1,014,962	232,271	-	(782,691)
Interest and fiscal charges	416,253	-	-	(416,253)
Total governmental activities	<u>\$ 45,965,048</u>	<u>\$ 3,733,085</u>	<u>\$ 3,237,912</u>	<u>(38,994,051)</u>
<u>General Revenues:</u>				
Property taxes levied for:				
General purposes				19,681,037
Debt service				1,080,586
Grants and entitlements not restricted to specific programs				15,212,056
Investment earnings				42,578
Payment in lieu of taxes				29,626
Miscellaneous				901,730
Total general revenues				<u>36,947,613</u>
Change in net assets				(2,046,438)
Net assets beginning of year - restated (See Note 3)				<u>(637,270)</u>
Net assets end of year				<u>\$ (2,683,708)</u>

See accompanying notes to the basic financial statements.

Cuyahoga Falls City School District

Balance Sheet

Governmental Funds

June 30, 2004

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ -	\$ 837,594	\$ 837,594
Receivables:			
Taxes	21,708,134	816,134	22,524,268
Accounts	15,466	3,628	19,094
Intergovernmental	365,984	51,770	417,754
Interfund	440,601	-	440,601
Inventory held for resale	-	32,216	32,216
Materials and supplies inventory	165,915	19,128	185,043
Equity in pooled cash and cash equivalents (restricted)	171,322	-	171,322
Total assets	\$ 22,867,422	\$ 1,760,470	\$ 24,627,892
<u>Liabilities:</u>			
Accounts payable	\$ 101,908	\$ 135,359	\$ 237,267
Accrued wages	3,042,242	147,488	3,189,730
Interfund payable	-	440,601	440,601
Matured compensated absences payable	154,502	-	154,502
Intergovernmental payable	1,051,517	51,344	1,102,861
Deferred revenue	21,981,430	812,827	22,794,257
Accrued interest payable	4,754	-	4,754
Notes payable	250,000	-	250,000
Total liabilities	\$ 26,586,353	\$ 1,587,619	\$ 28,173,972
<u>Fund balances:</u>			
Reserved:			
Reserved for encumbrances	504,224	202,131	706,355
Reserved for budget stabilization	171,322	-	171,322
Reserved for unclaimed money	14,749	-	14,749
Unreserved, undesignated, reported in:			
General fund	(4,409,226)	-	(4,409,226)
Special revenue funds	-	(219,708)	(219,708)
Debt service fund	-	189,560	189,560
Capital projects funds	-	868	868
Total fund balances	(3,718,931)	172,851	(3,546,080)
Total liabilities and fund balances	\$ 22,867,422	\$ 1,760,470	\$ 24,627,892

See accompanying notes to the basic financial statements.

Cuyahoga Falls City School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2004

Total governmental funds balances		\$ (3,546,080)
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		11,388,231
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 451,079	
Charges for services	297,292	
Intergovernmental	451	
Total	<u>748,822</u>	748,822
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		(392,448)
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and are therefore not reported in the funds.		(346,419)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Bonds and loans	\$ (7,732,091)	
Compensated absences	(2,064,234)	
Capital leases	(727,362)	
Accrued interest payable	(12,127)	
Total	<u>(10,535,814)</u>	<u>(10,535,814)</u>
Net assets of governmental activities		<u>\$ (2,683,708)</u>

See accompanying notes to the basic financial statements.

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

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Taxes	\$ 19,640,655	\$ 1,080,846	\$ 20,721,501
Intergovernmental	15,136,496	3,324,166	18,460,662
Interest	42,578	3,420	45,998
Tuition and fees	1,785,767	53,499	1,839,266
Extracurricular activities	3,992	421,823	425,815
Gifts and donations	346	277	623
Charges for services	97,999	1,041,097	1,139,096
Rent	175,169	1,500	176,669
Payments in lieu of taxes	29,253	373	29,626
Miscellaneous	837,672	63,434	901,106
Total revenues	<u>37,749,927</u>	<u>5,990,435</u>	<u>43,740,362</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	18,374,310	535,087	18,909,397
Special	3,714,098	943,837	4,657,935
Vocational	830,035	85,533	915,568
Adult/continuing	-	329	329
Other	1,639,382	-	1,639,382
Support services:			
Pupils	1,951,560	197,027	2,148,587
Instructional staff	1,310,348	963,083	2,273,431
Board of education	206,129	-	206,129
Administration	2,527,879	-	2,527,879
Fiscal	730,603	22,620	753,223
Business	364,239	-	364,239
Operation and maintenance of plant	5,191,359	80,606	5,271,965
Pupil transportation	868,957	-	868,957
Central	467,499	9,658	477,157
Operation of non-instructional services:			
Food service operations	-	1,376,723	1,376,723
Community services	-	908,599	908,599
Extracurricular activities	622,197	285,425	907,622
Capital outlay	1,021,250	24,409	1,045,659
Debt service:			
Principal retirement	177,660	810,364	988,024
Interest and fiscal charges	50,882	366,599	417,481
Total expenditures	<u>40,048,387</u>	<u>6,609,899</u>	<u>46,658,286</u>
Excess of revenues over (under) expenditures	<u>(2,298,460)</u>	<u>(619,464)</u>	<u>(2,917,924)</u>
<u>Other financing sources (uses):</u>			
Inception of capital lease	<u>775,409</u>	<u>-</u>	<u>775,409</u>
Net change in fund balances	(1,523,051)	(619,464)	(2,142,515)
Fund balances beginning of year-restated (see Note - 3)	<u>(2,195,880)</u>	<u>792,315</u>	<u>(1,403,565)</u>
Fund balances end of year	<u>\$ (3,718,931)</u>	<u>\$ 172,851</u>	<u>\$ (3,546,080)</u>

See accompanying notes to the basic financial statements.

Cuyahoga Falls City School District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2004

Net change in fund balances - total governmental funds \$ (2,142,515)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions	\$ 1,045,659	
Depreciation expense	(858,672)	
Excess of capital outlay over depreciation expense		186,987

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:

Property taxes	\$ 40,123	
Charges for services	152,243	
Intergovernmental	(14,118)	
Net change in deferred revenues during the year		178,248

Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 988,024

Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statements of net assets, the lease obligation is reported as a liability. (775,409)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	(68,966)	
Increase in pension obligation	(18,953)	
Increase in accrued interest	1,228	
Total reduced expenditures		(86,691)

The internal service fund used by management to charge the costs of medical, prescription drug, dental and vision claims to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. (395,082)

Change in net assets of governmental activities \$ (2,046,438)

See accompanying notes to the basic financial statements.

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 21,263,376	\$ 20,575,275	\$ 21,128,502	\$ 553,227
Intergovernmental	15,421,785	16,131,145	15,136,496	(994,649)
Interest	82,838	82,838	42,578	(40,260)
Tuition and fees	923,031	1,898,528	1,714,942	(183,586)
Extracurricular activities	1,000	3,600	3,992	392
Gifts and donations	-	-	346	346
Charges for services	49,179	89,616	84,750	(4,866)
Rent	217,287	217,287	175,169	(42,118)
Payments in lieu of taxes	36,531	36,531	29,253	(7,278)
Miscellaneous	230,170	1,207,593	836,734	(370,859)
Total revenues	38,225,197	40,242,413	39,152,762	(1,089,651)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	18,595,507	19,696,597	18,790,871	905,726
Special	3,372,435	3,563,536	3,571,455	(7,919)
Vocational	841,217	893,722	926,159	(32,437)
Other	860,862	1,665,237	1,442,181	223,056
Support services:				
Pupils	1,930,177	2,121,107	2,092,503	28,604
Instructional staff	849,473	1,267,634	1,303,348	(35,714)
Board of education	256,822	181,955	179,882	2,073
Administration	2,286,704	2,682,628	2,738,755	(56,127)
Fiscal	715,998	778,600	799,358	(20,758)
Business	382,810	362,844	370,677	(7,833)
Operation and maintenance of plant	4,464,919	5,222,828	5,542,859	(320,031)
Pupil transportation	877,996	891,855	914,009	(22,154)
Central	435,308	324,013	342,477	(18,464)
Extracurricular activities	604,721	630,494	612,741	17,753
Capital outlay	125,000	466,884	473,411	(6,527)
Debt service:				
Principal retirement	-	4,000,000	4,000,000	-
Interest and fiscal charges	-	18,592	18,592	-
Total expenditures	36,599,949	44,768,526	44,119,278	649,248
Excess of revenues over (under) expenditures	1,625,248	(4,526,113)	(4,966,516)	(440,403)
<u>Other financing sources (uses):</u>				
Proceeds from the sale of notes	2,570,621	4,750,000	4,250,000	(500,000)
Refund of prior year expenditures	34,026	34,026	854	(33,172)
Advances in	9,662	9,662	44,223	34,561
Advances out	(10,000)	-	-	-
Transfers out	(30,000)	-	-	-
Total other financing sources (uses)	2,574,309	4,793,688	4,295,077	(498,611)
Net change in fund balance	4,199,557	267,575	(671,439)	(939,014)
Fund balances at beginning of year	523,244	523,244	523,244	-
Prior year encumbrances appropriated	230,091	230,091	230,091	-
Fund balances at end of year	\$ 4,952,892	\$ 1,020,910	\$ 81,896	\$ (939,014)

See accompanying notes to the basic financial statements.

Cuyahoga Falls City School District
Statement of Fund Net Assets
Internal Service Fund
June 30, 2004

	Self Insurance
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 476
Accounts receivable	37
Total assets	<u>\$ 513</u>
<u>Liabilities:</u>	
Claims payable	<u>\$ 392,961</u>
<u>Net assets:</u>	
Unrestricted	<u>(392,448)</u>
Total liabilities and net assets	<u>\$ 513</u>

See accompanying notes to the basic financial statements.

Cuyahoga Falls City School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2004

	Self Insurance
<u>Operating revenues:</u>	
Charges for services	\$ 571,813
<u>Operating expenses:</u>	
Purchased services	151,202
Claims	745,317
Other	70,376
Total operating expenses	966,895
Operating loss	(395,082)
Net assets beginning of year	2,634
Net assets end of year	\$ (392,448)

See accompanying notes to the basic financial statements.

Cuyahoga Falls City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2004

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 571,776
Cash payments to suppliers for goods and services	(221,578)
Cash payments for claims	(352,356)
Net cash provided by (used for) operating activities	<u>(2,158)</u>
Net decrease in cash and cash equivalents	(2,158)
Cash and cash equivalents at beginning of year	2,634
Cash and cash equivalents at end of year	<u>\$ 476</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</u>	
Operating income (loss)	<u>\$ (395,082)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(37)
Increase (decrease) in liabilities:	
Claims payable	392,961
Total adjustments	<u>392,924</u>
Net cash provided by (used for) operating activities	<u>\$ (2,158)</u>

See accompanying notes to the basic financial statements.

Cuyahoga Falls City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust	
	Scholarships	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 35,926	\$ 362,252
Receivables:		
Accounts	-	200
Intergovernmental	-	134,325
Total assets	<u>\$ 35,926</u>	<u>\$ 496,777</u>
<u>Liabilities:</u>		
Accounts payable	\$ 1,000	\$ 25,598
Accrued wages	-	64,471
Intergovernmental payable	-	17,738
Undistributed monies	-	338,788
Due to students	-	50,182
Total liabilities	<u>1,000</u>	<u>\$ 496,777</u>
<u>Net assets:</u>		
Held in trust for scholarships	<u>\$ 34,926</u>	

See accompanying notes to the basic financial statements.

Cuyahoga Falls City School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2004

	<u>Scholarships</u>
<u>Additions:</u>	
Interest	\$ 345
Gifts and donations	<u>2,875</u>
Total additions	<u>3,220</u>
<u>Deductions:</u>	
Payments in accordance with trust agreements	<u>1,250</u>
 Change in net assets	 1,970
 Net assets beginning of year	 <u>32,956</u>
Net assets end of year	<u>\$ 34,926</u>

See accompanying notes to the basic financial statements.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Cuyahoga Falls City School District (the "School District") is located in the greater metropolitan Akron area of Summit County in northeastern Ohio. The first official body designated as the Cuyahoga Falls Board of Education was formed on April 18, 1853. Both the township of Cuyahoga Falls and Cuyahoga Falls School District were formalized at that time with a school enrollment of 482.

The School 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 School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The School District currently operates 7 elementary schools, 3 middle schools, and 1 comprehensive high school. The School District employs 225 non-certified and 413 certified full-time and part-time employees to provide services to approximately 5,257 students in grades K through 12 and various community groups.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organizations' governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2004.

Fiscal Agent

Mid - Eastern Ohio Special Education Regional Resource Center (MEO/SERRC)

MEO/SERRC is a special education service center, which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The School District serves as fiscal agent for MEO/SERRC which is accounted for in an agency fund.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Jointly Governed Organizations

Northeast Ohio Network for Educational Technology (NEOnet)

NEOnet is a jointly governed organization among sixteen school districts and the Summit County Educational Service Center that was formed July 1, 1995. NEOnet was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to improve administrative and instructional functions of member districts. The seven-member board of directors consists of four superintendents, two members of the treasurers' committee and one member of the student services subcommittee. The degree of control exercised by any participating school district is limited to its representation on the assembly, which elects the board of directors, who exercises total control over the operation of NEOnet including budgeting, appropriating, contracting and designating management. All revenues are generated from State funding and an annual fee per student to participating districts. The Summit County Educational Service Center is the fiscal agent of NEOnet. Financial information is available from the Treasurer of the Summit County Educational Service Center, 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio, 44221. During the current fiscal year, the School District contributed \$25,007 to NEOnet.

Six District Educational Compact (Compact)

The Six District Educational Compact is a jointly governed organization consisting of six participating school districts, to provide for the vocational and special education needs of their students. The six-member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the six school districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district, which offers the class. The committee exercises total control over the operation of the Compact, including budgeting, appropriating, contracting and designating management. All financial inquiries should be addressed to the Treasurer of the Hudson City School District, 2386 Hudson-Aurora Road, Hudson, Ohio 44236.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” of revenues and expenses on the government-wide level.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Fund Types:

Governmental funds focus 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 School District has one major governmental fund.

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

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Proprietary Fund Type

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund: The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for revenue received from other funds and the settlement of medical expenses of School District employees.

Fiduciary Fund Types

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust fund, which accounts for several scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has five agency funds, the largest of which accounts for resources of the Mid-Eastern Ohio Special Educational Regional Resource Center (MEO/SERRC).

C. Measurement Focus and Basis of Accounting

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

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

The private purpose trust fund is reporting using the economic resources measurement focus.

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 the fund are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

Revenue - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange 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, investment earnings, tuition, grants and entitlements, and student fees.

Deferred Revenue

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

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

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

D. Budgets and Budgetary Accounting

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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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 amounts reported as the original budget revenue on the budgetary statement reflects the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts on the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2004. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. With the approval of the School District's management these amounts were allocated proportionally across the individual line items based on the final budget. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

E. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements and interest in Star Ohio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds; required by a grant agreement; or when approved by the Board of Education to be recorded in another fund. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as indicated in Note 5.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

For presentation on the basic financial statements, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed. For the year ended June 30, 2004, there were no significant prepaid items reported.

G. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

H. Inventory

Within the basic financial statements, inventories are presented at cost on a first-in, first out basis and are expensed when used. Inventories of the general fund and uniform school supplies special revenue fund consist of expendable supplies held for consumption and resale respectively. Inventories of the food service special revenue fund consist of donated food, purchased food, and expendable supplies held for resale.

I. 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 imposed by creditors, contributors, grantors, and laws of other governments or by enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. Restricted assets may also include amounts set aside as a reserve for budget stabilization, which is now optional as determined by the School District. The School District did not spend all restricted assets in accordance with specific restrictions during the fiscal year. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

J. Capital Assets

General capital assets are those assets resulting 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 on the fund financial statements.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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 School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. The School District's policy is not to capitalize interest costs incurred as part of construction.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
<i>Land improvements</i>	<i>20 years</i>
<i>Buildings and improvements</i>	<i>20-50 years</i>
<i>Furniture and equipment</i>	<i>5-20 years</i>
<i>Vehicles</i>	<i>8 years</i>

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

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

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 governmental fund financial statements when due.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

M. Net Assets

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

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

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

O. Interfund Transactions

Interfund transactions are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of net assets.

P. Estimates

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

Q. Fund Balance Reserves

The School District records reservations for portions of fund balances, which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balance indicates the portion of fund balances that are available for appropriation in future periods. Fund balance reserves are established for encumbrances, budget stabilization and unclaimed monies.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 3 - RESTATEMENT OF PRIOR YEAR FUND BALANCE AND NET ASSETS

During the year, an error was noted in the prior year's classification of the vocational education grant. In the prior fiscal year, the School District served as the fiscal agent of the Six District Educational Compact (Compact), who was the recipient and distributor of the vocational grant funds for member school district. In fiscal year 2003, the School District ended its fiscal agent relationship with the Compact; however, the School District's vocational education grant receipts and expenditures were classified within the vocational compact agency fund. The beginning fund balance of the vocational education special revenue fund, which is included within the "other governmental funds" reported on the statement of revenues, expenditures and changes in fund balances-governmental funds, has been restated in the amount of \$15,164. The beginning net assets on the statement of activities have also been restated for the same amount.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
<i>GAAP Basis</i>	\$ (1,523,051)
<i>Revenue Accruals</i>	5,697,912
<i>Expenditure Accruals</i>	(4,316,251)
<i>Encumbrances (Budget Basis)</i>	
<i>Outstanding at year end</i>	<u>(530,049)</u>
<i>Budget Basis</i>	<u>\$ (671,439)</u>

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations 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 other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits: The carrying value of the School District's deposits totaled \$421,786 and the bank balances of the deposits totaled \$535,010. Of the bank balance, \$101,561 was covered by federal depository insurance. \$433,449 was collateralized with securities held by the pledging financial institution's trust department, but not in the School District's name. The School District maintains a "zero balance" account for their payroll checking account and a similar low balance account for the general checking account. Money is credited to their checking account from a repurchase account that is linked to those accounts as checks are presented.

Investments: GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of credit risk. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during the fiscal year 2004 amounted to \$42,578, which included \$12,860 assigned from other School District funds.

	<u>Category 3</u>	<u>Fair Value</u>
<u>Categorized Investments</u>		
Repurchase Agreements	\$ 150,000	\$ 150,000
<u>Noncategorized Investments</u>		
State Treasurer's Pool		835,784
Total Investments		<u>\$ 985,784</u>

The School District's investment in Star Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statements No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting". A reconciliation between the classifications of cash investments on the financial statements and the classification per GASB Statement No. 3 is as follows:

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

	<i>Cash and Cash Equivalents/ Deposits</i>		<i>Investments</i>
<i>GASB Statement No. 9</i>	\$	1,407,570	\$ -
<i>Investment which are part of a cash management pool:</i>			
<i>Repurchase Agreement</i>		(150,000)	150,000
<i>STAR Ohio</i>		(835,784)	835,784
<i>GASB Statement No. 3</i>	\$	<u>421,786</u>	\$ <u>985,784</u>

NOTE 6 - PROPERTY TAX

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25% of true value for capital assets and 23% of true value of inventory.

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 alternative payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Summit County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by year-end are available to finance the current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property and public utility taxes, which became measurable as of year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at year-end was \$23,996 in the general fund and \$3,758 in the bond retirement debt service fund and is recognized as revenue on the fund financial statements.

On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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

<u>Property Category</u>	<u>2003</u> <u>Assessed Value</u>	<u>2002</u> <u>Assessed Value</u>
<u>Real Property</u>		
Residential and agricultural	\$ 575,819,180	\$ 575,793,850
Commercial and Industrial	163,503,420	161,859,810
Public utilities	10,606,300	11,221,300
<u>Tangible Personal Property</u>		
General	36,288,936	42,715,916
Total	<u>\$ 786,217,836</u>	<u>\$ 791,590,876</u>

NOTE 7 - RECEIVABLES

Receivables at year-end consisted of taxes, intergovernmental and interfund. 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 principal items of intergovernmental receivables follows:

	<u>Amount</u>
General fund	\$ 365,984
<u>Special revenue funds:</u>	
Food service	48,959
Title I	<u>2,811</u>
Total intergovernmental receivable	<u>\$ 417,754</u>

NOTE 8 - CAPITAL ASSETS

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

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

<i>Governmental activities</i>	<i>Balance June 30, 2003</i>	<i>Additions</i>	<i>Disposals</i>	<i>Balance June 30, 2004</i>
<i>Capital assets, not being depreciated:</i>				
<i>Land</i>	\$ 1,278,407	\$ -	\$ -	\$ 1,278,407
<i>Total capital assets, not being depreciated</i>	<u>1,278,407</u>	<u>-</u>	<u>-</u>	<u>1,278,407</u>
<i>Capital assets, being depreciated:</i>				
<i>Land improvements</i>	2,209,074	-	-	2,209,074
<i>Buildings and improvements</i>	22,290,113	306,847	-	22,596,960
<i>Furniture and equipment</i>	3,504,903	738,812	-	4,243,715
<i>Vehicles</i>	1,358,121	-	-	1,358,121
<i>Total capital assets, being depreciated</i>	<u>29,362,211</u>	<u>1,045,659</u>	<u>-</u>	<u>30,407,870</u>
<i>Less: Accumulated depreciation</i>				
<i>Land improvements</i>	(1,327,328)	(43,520)	-	(1,370,848)
<i>Buildings and improvements</i>	(15,195,908)	(380,108)	-	(15,576,016)
<i>Furniture and equipment</i>	(2,023,819)	(362,064)	-	(2,385,883)
<i>Vehicles</i>	(892,319)	(72,980)	-	(965,299)
<i>Total accumulated depreciation</i>	<u>(19,439,374)</u>	<u>(858,672)</u>	<u>-</u>	<u>(20,298,046)</u>
<i>Total capital assets being depreciated, net</i>	<u>9,922,837</u>	<u>186,987</u>	<u>-</u>	<u>10,109,824</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 11,201,244</u>	<u>\$ 186,987</u>	<u>\$ -</u>	<u>\$ 11,388,231</u>

Depreciation expense was charged to governmental functions as follows:

	<u>Amount</u>
<i>Instruction:</i>	
<i>Regular</i>	\$ 467,596
<i>Vocational</i>	7,917
<i>Support services:</i>	
<i>Pupils</i>	8,244
<i>Instructional staff</i>	45,746
<i>Board of education</i>	5,774
<i>Administration</i>	4,351
<i>Operation and maintenance of plant</i>	53,286
<i>Pupil transportation</i>	71,334
<i>Central</i>	81,716
<i>Food service operations</i>	10,886
<i>Extracurricular activities</i>	<u>101,822</u>
<i>Total depreciation expense</i>	<u>\$ 858,672</u>

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 9 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

As of June 30, 2004, several funds had deficit fund balances/net assets. These deficits were caused by the application of GAAP. The general fund provides advances to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had deficit balances:

<u>Fund</u>	<u>Amount</u>
General	\$ 3,718,931
<u>Special revenue:</u>	
Management information system	3,066
Disadvantaged pupil impact aid	26,624
Title VI-B	502,599
Title III	22
Title I	44,840
Drug free schools grant	6,369
Improving teacher quality	13,370
Self insurance internal service fund	392,448

The School District is in the process of reviewing expenditures in an effort to bring them in line with revenues and reduce the general fund deficit.

B. Compliance

Contrary to the Ohio Revised Code (ORC) 5705.41(B), the disadvantaged pupil impact aid and Title VI-B special revenue funds and the self insurance internal service fund reported final expenditures/expenses, plus outstanding encumbrances, in excess of appropriations at the legal level of control in the amount of \$25,308, \$506,192 and \$61,864, respectively. Also during the year, a few special revenue funds incurred similar violations, the most significant of which was the food service fund (\$197,109), the auxiliary services fund (\$152,473) and the Title VI-B fund (\$341,661). To prevent future violations, the School District has implemented procedures, which increase the monitoring of expenditures and obligations as compared to appropriations.

Contrary to ORC 5705.41(D), the School District incurred several obligations prior to being certified by the fiscal officer. To prevent future violations, the School District will implement additional procedures that will prevent the occurrence of obligations prior to fiscal officer certification.

ORC 5705.10 states that money paid into any fund shall be used only for the purpose for which such fund is established. As a result, a negative fund balance may indicate that money from one fund was used to cover expenditures of another fund. As of June 30, 2004 the following special revenue funds reported negative unencumbered cash balances:

<u>Fund</u>	<u>Fund Balance</u>	<u>Encumbrances</u>	<u>Unreserved Fund Balance</u>
Disadvantaged pupil impact aid	\$ (25,307)	\$ 4,342	\$ (20,965)
Title VI-B	(440,092)	20,456	(419,636)

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

It was also noted during the year, the Title VI-B special revenue fund encountered various fund deficits ranging from \$20,861 to \$212,933. To prevent future violations, the School District will implement procedure to advance monies, from the general fund, to prevent fund deficits as needed.

NOTE 10 - INTERFUND RECEIVABLES, PAYABLES

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

	<i>Interfund Receivable</i>	<i>Interfund Payable</i>
<i>General fund</i>	\$ 440,601	\$ -
<i>Nonmajor governmental funds</i>	-	440,601
<i>Totals</i>	<u>\$ 440,601</u>	<u>\$ 440,601</u>

As of June 30, 2004, the disadvantage pupil impact aid and Title VI-B special revenue funds reported unencumbered negative cash balances of \$20,965 and \$419,636, respectively. As a result, an interfund loan was made by the general fund to eliminate these negative balances. Both interfund loans will be repaid in fiscal year 2005 with monies to be received from reimbursable expenditures incurred during fiscal year 2004.

NOTE 11 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

During the fiscal year, the School District's commercial insurance policy to provide health benefits to employees expired. During the same time, the School District re-implemented the use of an internal service fund to record and reports their self-funded health care insurance program, which previously ceased as of March 31, 2002. The claims liability of \$392,961 reported in the fund at June 30, 2004, was estimated by a third party administrator and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Although the prior self-funded insurance program ended on March 31, 2002, claim expenditures continued to be processed into fiscal year 2003.

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

	<i>Balance at beginning of year</i>	<i>Current year claims</i>	<i>Claim payments</i>	<i>Balance at end of year</i>
2003	\$ 72,220	16,390	88,610	-
2004	-	745,317	352,356	392,961

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. For the fiscal year 2003, 8.17% was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board.

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$602,168, \$482,301, and \$257,583, respectively; 40% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$325,366, representing the unpaid contribution for fiscal year 2004, is recorded as an intergovernmental payable.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, disability, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3746.

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

The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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.

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 became disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2004 plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2003, 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$2,462,854, \$2,375,802, and \$1,858,268, respectively; 83% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$424,963, representing the unpaid contribution for fiscal year 2004 is recorded as an intergovernmental payable. Contributions to the DC and Combined plans for fiscal year 2004 were \$28,414 made by the School District and \$68,154 made by the plan members.

NOTE 13 - POST-EMPLOYMENT BENEFITS

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by the STRS based on authority granted by State statute. Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Health care benefits are financed on a pay-as-you-go basis.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The retirement board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District this amount equaled \$189,450 during the 2004 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$2.8 billion at June 30, 2003 (latest information available). For the year ended June 30, 2003 (latest information available), the net health care costs paid by the STRS were \$352,301,000 and eligible benefit recipients totaled 108,294.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply. For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll.

In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$24,500. The surcharge, added to the unallocated portion of the 14% contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$419,091, which includes a surcharge of \$93,827 during the 2004 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, the SERS's net assets available for payment of health care benefits were \$300.8 million, at cost. The number of participants receiving health care benefits was approximately 62,000.

NOTE 14 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

The changes in long-term obligations of the School District during the fiscal year were as follows:

	<i>Balance July 1</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30</i>	<i>Due within one year</i>
<u>Governmental Long-term Obligations</u>					
<i>General Obligation Bonds</i>					
<i>1999 School Improvement Bonds, 4.25%</i>	\$ 6,895,000	\$ -	\$ (310,000)	\$ 6,585,000	\$ 320,000
<i>2002 School Improvement Bonds, 4.19%</i>	532,000	-	(88,000)	444,000	88,000
<i>1994 Energy Conservation Bonds, 5.2%</i>	300,000	-	(300,000)	-	-
<i>Total general obligation bonds</i>	<u>7,727,000</u>	<u>-</u>	<u>(698,000)</u>	<u>7,029,000</u>	<u>408,000</u>
<i>Long-term Loans</i>					
<i>2002 IP Phone System Loan, 4.19%</i>	565,000	-	(86,000)	479,000	88,000
<i>1993 Asbestos Removal Loan, 0.00%</i>	250,455	-	(26,364)	224,091	26,364
<i>Total loans</i>	<u>815,455</u>	<u>-</u>	<u>(112,364)</u>	<u>703,091</u>	<u>114,364</u>
<i>Other Long-term Obligations</i>					
<i>Long-term compensated absences</i>	1,995,268	224,809	(155,843)	2,064,234	149,119
<i>Capital lease payable</i>	129,613	775,409	(177,660)	727,362	190,952
<i>Total other long-term obligations</i>	<u>2,124,881</u>	<u>1,000,218</u>	<u>(333,503)</u>	<u>2,791,596</u>	<u>340,071</u>
<i>Total governmental long-term obligations</i>	<u>\$ 10,667,336</u>	<u>\$ 1,000,218</u>	<u>\$ (1,143,867)</u>	<u>\$ 10,523,687</u>	<u>\$ 862,435</u>

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

General Obligation Bonds: In 1999 and 2002, the School District issued School Improvement bonds, in the amount of \$8,000,000 and \$620,000 respectively, to finance the improvement and furnishing of school facilities and their sites. The School Improvement bonds will be repaid with voted property tax receipts of the bond retirement debt service fund, and will mature in December 2018 and December 2008, respectively. In 1994, the School District issued Energy Conservation bonds in the amount of \$2,627,686. The bonds were used to pay the costs of installations, modifications and remodeling of school buildings to conserve energy. These bonds were retired during the fiscal year with voted property tax receipts of the bond retirement debt service fund.

Long-term Loans: In 1993, the School District received a loan from the U.S. Environmental Protection Agency for an asbestos abatement project. The loan, scheduled to mature in April 2013, is interest free as long as the School District continues to remain current on repayment. Principal payments will be made with the general property tax operating levy receipted into the bond retirement debt service fund. In March 2002, the School District entered into an IP Phone System loan agreement to finance the installation of a modern phone system throughout the School District. The loan, scheduled to mature in December 2008, will be repaid with the general property tax operating levy receipted into the bond retirement debt service fund.

All bonds and loans are direct obligations of the School District for which its full faith and credit are pledged for repayment.

Compensated absences: Vacation and sick leave benefits will be paid from the fund from which the person is paid. In prior years, this fund has primarily been the general fund.

Capital Leases: Capital lease obligations will be paid from the general fund.

Principal and interest requirements to amortize all bonds outstanding at June 30, 2004 are as follows:

<i>Fiscal</i> <u>Year</u>	<u>General Obligation Bonds</u>			<u>Long-term Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	408,000	313,258	721,258	114,364	18,419	132,783
2006	419,000	297,117	716,117	118,364	14,600	132,964
2007	434,000	280,308	714,308	121,364	10,633	131,997
2008	449,000	262,742	711,742	126,364	6,498	132,862
2009	464,000	244,308	708,308	130,364	2,194	132,558
2010-2014	2,145,000	918,782	3,063,782	92,271	-	92,271
2015-2019	2,710,000	334,073	3,044,073	-	-	-
<i>Total</i>	<u>\$ 7,029,000</u>	<u>\$ 2,650,588</u>	<u>\$ 9,679,588</u>	<u>\$ 703,091</u>	<u>\$ 52,344</u>	<u>\$ 755,435</u>

NOTE 15 - NOTES PAYABLE

During the fiscal year, the School District issued tax anticipation notes in advance of property tax collections, depositing the proceeds in the general fund. These notes were necessary for short-term borrowing by the School District.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2004

Short-term debt activity for the year ended June 30, 2004, was as follows:

	<i>Balance</i>		<i>Balance</i>
	<u>July 1</u>	<u>Additions</u>	<u>Deletions</u>
<i>Tax Anticipation Notes, 2.19%</i>	\$ -	\$ 2,000,000	\$ (2,000,000)
<i>Tax Anticipation Notes, 2.10%</i>	-	2,000,000	(2,000,000)
<i>Tax Anticipation Notes, 2.50%</i>	-	250,000	-
<i>Total notes payable</i>	<u>\$ -</u>	<u>\$ 4,250,000</u>	<u>\$ (4,000,000)</u>
			<u>\$ 250,000</u>

NOTE 16 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In a prior year, the School District entered into a capital lease agreement for the acquisition of copiers. The terms of the agreement provided an option to purchase the equipment. The leases meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers all benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized as equipment in the amount of \$1,178,802 equal to the present value of the future minimum lease payments at the time of acquisition. Principal payments in the current fiscal year, from the existing and new lease agreements, totaled \$177,660.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments at year-end.

<i>Fiscal</i>	<i>Lease</i>
<u>Year</u>	<u>Payments</u>
2005	\$ 217,736
2006	189,304
2007	169,723
2008	110,981
2009	55,989
2010-2011	<u>56,488</u>
<i>Total minimum lease payments</i>	800,221
<i>Less: amount representing interest</i>	<u>(72,859)</u>
<i>Total</i>	<u>\$ 727,362</u>

NOTE 17 - CONTINGENCIES

The School District is party to legal proceedings. However, the School District's management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure 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 general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "... the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE 18 - STATUTORY RESERVES

The School District is required by State statute to annually set-aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had offsets and/or qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks and/or instructional materials. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the other set-asides. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

Effective April 10, 2001, Senate Bill 345 amended Ohio Revised Code 5705.29 effectively eliminating the requirement for the School District to establish and maintain a budget stabilization reserve. As of June 30, 2004, the Board had not acted on the Senate Bill to eliminate the reserve balance.

During the fiscal year ended June 30, 2004, the reserve activity was as follows:

	<i>Textbook Reserve</i>	<i>Capital Maintenance Reserve</i>	<i>Budget Stabilization Reserve</i>	<i>Total</i>
<i>Set-aside cash balance as of</i>				
<i>June 30, 2003</i>	\$ (760,593)	\$ 26,772	\$ 190,065	\$ (543,756)
<i>Current year set-aside requirement</i>	750,155	750,155	-	1,500,310
<i>Current year offset</i>	-	-	-	-
<i>Qualifying disbursements</i>	<u>(762,685)</u>	<u>(1,069,417)</u>	<u>-</u>	<u>(1,832,102)</u>
<i>Total</i>	<u>\$ (773,123)</u>	<u>\$ (292,490)</u>	<u>\$ 190,065</u>	<u>\$ (875,548)</u>
<i>Balance carried forward to future years</i>	<u>\$ (773,123)</u>		<u>\$ 190,065</u>	<u>\$ (583,058)</u>

Due to the interfund loans made, as summarized in Note 10, the general fund's remaining unencumbered cash balance was not sufficient enough to report the full amount of equity in pooled cash and cash equivalents (restricted) and fund balance reserved for budget stabilization on the balance sheet. As a result, only \$171,322 of the total \$190,065 is reported.

CUYAHOGA FALLS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 19 - OPERATING LEASE

The School District (the “Lessor”) has entered into an operating lease, for a 10-year period commencing on July 1, 2002. The lease is with the Summit County Educational Service Center (the “Lessee”) for facilities to house the offices and functions of the Service Center. The total amount of monthly payments received for the fiscal year totaled \$99,950. Either party upon one year’s advance written notice, with the termination date being June 30, can initiate the early termination of this lease. However, the School District agrees that it shall not have the right to terminate the lease until the beginning of the third year of the lease.

The cost of the facilities being leased was \$1,231,677 with a current book value of \$274,119. Depreciation on the facilities for fiscal year ending June 30, 2004 was \$21,375 with accumulated depreciation of \$957,558. Each July 1, the annual rent is increased by the same percentage as the Consumer Price Index over the previous twelve-month period (July 1 – June 30).

NOTE 20 - SUBSEQUENT EVENTS

In July 2004, the School District issued \$1.8 million in Tax Anticipation Notes. These notes have a 4.0% interest rate and matured on October 31, 2004.

In December 2004, the School District issued \$1.8 million in Tax Anticipation Notes. These notes have a 4.0% interest rate and are scheduled to mature on April 30, 2005.

**Combining Statements for Nonmajor
Governmental Funds**

Combining Statements

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

Food Service

To account for all revenues and expenditures related to the provision of food services, including breakfast and lunch, for School District students and staff.

Uniform School Supplies

To account for the purchase and sale of school supplies as adopted by the Board of Education for resale to students of the School District.

Consumer Services

To account for revenues and expenditures made in connection with goods and services provided by the School District.

Adult Education

To account for all revenues and expenditures related to the provision of credit and non-credit classes to the general public.

Public School Support

To account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

Outdoor Education

To account revenue and expenditures related to providing outdoor education programs.

Miscellaneous Local Grants

To account for funds received from private organizations that are restricted for specific purposes.

Underground Storage Tanks

To account for the financial responsibility rules of the State Fire Marshall to cover deductibles.

School Improvement Models

To account for state funds received by individual school buildings that are to be used to implement school improvement models, research-based instructional programs, and staff development activities.

District Managed Student Activity

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 includes athletic programs, as well as band, cheerleaders, drama clubs, and other similar types of activities.

Auxiliary Services

To account for state funds which provide services and materials to students attending non-public schools within the boundaries of the School District as provided by state law.

Management Information Systems

To account for state funds provided to assist the School District in implementing a staff, student, and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

Head Start

To account for funds distributed to Head Start agencies to expand their programs to serve more eligible children, including leasing additional classroom space, to acquire materials, to pay license fees, and to hire and train Head Start agency staff.

Entry Year Program

To account for resources used to implement entry-year programs pursuant to division (T) of section 3317.024 of the Ohio Revised Code.

Disadvantaged Pupil Impact Aid (DPIA)

To account for state funds which provide instructional programs and materials for disadvantaged students.

Data Communications

To account for revenues received from the State to be used to install and provide support costs for data communication links to connect any school to the local A-site (data communication site).

SchoolNet Professional Development

To account for a limited number of professional development subsidy grants.

Ohio Reads

To account for improvements in reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public school buildings, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

Summer Intervention

To account for summer intervention services.

Vocational Education Enhancement

To account for Vocational Education Enhancement that expand the number of students enrolled in tech prep programs, enable students to develop career plans and to replace or update equipment essential for the instruction of students in job skills taught as part of a vocational program.

Miscellaneous State Grants

To account for monies received from state agencies which are not classified elsewhere.

Eisenhower Math and Science

To account for federal funds used in the training of teachers in new techniques and methodologies in the areas of mathematics and science.

Title VI-B

To account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

Vocational Education

To account for federal funds used for cooperating in development of vocational education programs within secondary, post-secondary, adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, construction of area vocational school, ancillary services, research, advisory committees, and work-study projects, including sex equity grants.

Title III

To account for federal funds received to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Title I

To account for federal funds for services provided to meet special needs of educationally deprived children.

Title V

To account for federal funds to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; programs to enhance personal excellence of students and student achievement.

Drug Free Schools Grant

To account for federal funds provided to establish, operate and improve programs for drug abuse prevention, early intervention, rehabilitation referral and education in schools.

EHA Preschool Grant for Handicapped

To account for federal funds used for the improvement and expansion of services for handicapped children ages three through five years.

Goals 2000

To account for monies to support a broad range of education improvement goals.

Improving Teacher Quality

To account for monies to hire additional classroom teachers in grades one through three, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants

To account for various monies received through state agencies from the federal government or directly from the federal governments which are not classified elsewhere.

Nonmajor Debt Service Fund

The debt service fund is used to account for the accumulation of resources and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the government is obligated in some manner for the payment. It is also used to account for the accumulation of resources and the payment of general obligation notes payable, as required by Ohio Law.

Nonmajor Capital Projects Funds

Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The capital projects funds are:

Permanent Improvement

To account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

Vocational Education Equipment

To account for receipts and expenditures involved in the replacement or the updating of equipment essential for the instruction of students in job skills.

SchoolNet

To account for monies received that are used to help the School District obtain computers and related educational technology equipment and/or the necessary infrastructure for educational technology.

Cuyahoga Falls City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 650,870	\$ 185,802	\$ 922	\$ 837,594
Receivables:				
Taxes	-	816,134	-	816,134
Accounts	3,628	-	-	3,628
Intergovernmental	51,770	-	-	51,770
Inventory held for resale	32,216	-	-	32,216
Materials and supplies inventory	19,128	-	-	19,128
Total assets	<u>\$ 757,612</u>	<u>\$ 1,001,936</u>	<u>\$ 922</u>	<u>\$ 1,760,470</u>
<u>Liabilities and fund balance :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 135,332	\$ -	\$ 27	\$ 135,359
Accrued wages	147,488	-	-	147,488
Interfund payable	440,601	-	-	440,601
Intergovernmental payable	51,344	-	-	51,344
Deferred revenue	451	812,376	-	812,827
Total liabilities	<u>775,216</u>	<u>812,376</u>	<u>27</u>	<u>1,587,619</u>
<u>Fund balances:</u>				
Reserved for encumbrances	202,104	-	27	202,131
Unreserved, undesignated, Reported in:				
Special revenue funds	(219,708)	-	-	(219,708)
Debt service fund	-	189,560	-	189,560
Capital projects funds	-	-	868	868
Total fund balances	<u>(17,604)</u>	<u>189,560</u>	<u>895</u>	<u>172,851</u>
Total liabilities and fund balances	<u>\$ 757,612</u>	<u>\$ 1,001,936</u>	<u>\$ 922</u>	<u>\$ 1,760,470</u>

Cuyahoga Falls City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Taxes	\$ -	\$ 1,080,846	\$ -	\$ 1,080,846
Intergovernmental	3,248,606	75,560	-	3,324,166
Interest	3,420	-	-	3,420
Tuition and fees	53,499	-	-	53,499
Extracurricular activities	421,823	-	-	421,823
Gifts and donations	277	-	-	277
Customer services	1,041,097	-	-	1,041,097
Rent	-	-	1,500	1,500
Payments in Lieu of Taxes	-	373	-	373
Miscellaneous	63,425	-	9	63,434
Total revenues	<u>4,832,147</u>	<u>1,156,779</u>	<u>1,509</u>	<u>5,990,435</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	535,060	-	27	535,087
Special	943,837	-	-	943,837
Vocational	83,838	-	1,695	85,533
Adult/continuing	329	-	-	329
Support services:				
Pupils	197,027	-	-	197,027
Instructional staff	963,083	-	-	963,083
Fiscal	14,317	8,303	-	22,620
Operation and maintenance of plant	80,606	-	-	80,606
Central	8,158	-	1,500	9,658
Operation of non-instructional services:				
Food service operations	1,376,723	-	-	1,376,723
Community services	908,599	-	-	908,599
Extracurricular activities	285,425	-	-	285,425
Capital outlay	24,409	-	-	24,409
Debt service:				
Principal retirement	-	810,364	-	810,364
Interest and fiscal charges	-	366,599	-	366,599
Total expenditures	<u>5,421,411</u>	<u>1,185,266</u>	<u>3,222</u>	<u>6,609,899</u>
Net change in fund balance	(589,264)	(28,487)	(1,713)	(619,464)
Fund balances at beginning of year, as restated (See Note 3)	571,660	218,047	2,608	792,315
Fund balances at end of year	<u>\$ (17,604)</u>	<u>\$ 189,560</u>	<u>\$ 895</u>	<u>\$ 172,851</u>

Cuyahoga Falls City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Food Service	Uniform School Supplies	Consumer Services	Adult Education	Public School Support
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 48,335	\$ 34,214	\$ 11,494	\$ 5,268	\$ 148,723
<u>Receivables:</u>					
Accounts	3,628	-	-	-	-
Intergovernmental	48,959	-	-	-	-
Inventory held for resale	32,216	-	-	-	-
Materials and supplies inventory	10,464	8,664	-	-	-
Total assets	<u>\$ 143,602</u>	<u>\$ 42,878</u>	<u>\$ 11,494</u>	<u>\$ 5,268</u>	<u>\$ 148,723</u>
 <u>Liabilities and fund balances:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 4,125	\$ -	\$ -	\$ -	\$ 5,420
Accrued wages	10,296	-	-	-	-
Interfund payable	-	-	-	-	-
Intergovernmental payable	10,679	-	-	39	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>25,100</u>	<u>-</u>	<u>-</u>	<u>39</u>	<u>5,420</u>
 <u>Fund balances:</u>					
Reserved for encumbrances	5,606	11,558	1,043	-	23,956
Unreserved, undesignated, Reported in special revenue funds	112,896	31,320	10,451	5,229	119,347
Total fund balances	<u>118,502</u>	<u>42,878</u>	<u>11,494</u>	<u>5,229</u>	<u>143,303</u>
Total liabilities and fund balances	<u>\$ 143,602</u>	<u>\$ 42,878</u>	<u>\$ 11,494</u>	<u>\$ 5,268</u>	<u>\$ 148,723</u>

<u>Outdoor Education</u>	<u>Miscellaneous Local Grants</u>	<u>Underground Storage Tanks</u>	<u>School Improvement Models</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Head Start</u>
\$ 10,479	\$ 43,352	\$ 11,000	\$ 1,079	\$ 36,345	\$ 186,689	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 10,479</u>	<u>\$ 43,352</u>	<u>\$ 11,000</u>	<u>\$ 1,079</u>	<u>\$ 36,345</u>	<u>\$ 186,689</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 2,894	\$ -	\$ -	\$ 5,669	\$ 86,509	\$ -	\$ -
-	-	-	-	315	7,752	1,869	-
-	-	-	-	-	-	-	-
-	-	-	-	44	1,205	1,197	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>2,894</u>	<u>-</u>	<u>-</u>	<u>6,028</u>	<u>95,466</u>	<u>3,066</u>	<u>-</u>
-	-	-	-	20,276	91,516	-	-
<u>10,479</u>	<u>40,458</u>	<u>11,000</u>	<u>1,079</u>	<u>10,041</u>	<u>(293)</u>	<u>(3,066)</u>	<u>-</u>
<u>10,479</u>	<u>40,458</u>	<u>11,000</u>	<u>1,079</u>	<u>30,317</u>	<u>91,223</u>	<u>(3,066)</u>	<u>-</u>
<u>\$ 10,479</u>	<u>\$ 43,352</u>	<u>\$ 11,000</u>	<u>\$ 1,079</u>	<u>\$ 36,345</u>	<u>\$ 186,689</u>	<u>\$ -</u>	<u>\$ -</u>

Cuyahoga Falls City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Entry Year Program	Disadvantaged Pupil Impact Aid	Data Communications	SchoolNet Professional Development	Ohio Reads
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ -	\$ -	\$ 2,874	\$ -	\$ -
<u>Receivables:</u>					
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Inventory held for resale	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,874</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Liabilities and fund balances:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ 1,195	\$ -	\$ -	\$ -
Accrued wages	-	3,867	-	-	-
Interfund payable	-	20,965	-	-	-
Intergovernmental payable	-	597	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>26,624</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Fund balances:</u>					
Reserved for encumbrances	-	3,147	-	-	-
Unreserved, undesignated, Reported in special revenue funds	-	(29,771)	2,874	-	-
Total fund balances	<u>-</u>	<u>(26,624)</u>	<u>2,874</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,874</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Summer Intervention</u>	<u>Vocational Education Enhancement</u>	<u>Miscellaneous State Grants</u>	<u>Eisenhower Math and Science</u>	<u>Title VI-B</u>	<u>Vocational Education</u>	<u>Title III</u>	<u>Title I</u>
\$ 13,613	\$ -	\$ 25,136	\$ -	\$ -	\$ 24,407	\$ -	\$ 3,854
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,811
-	-	-	-	-	-	-	-
<u>\$ 13,613</u>	<u>\$ -</u>	<u>\$ 25,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,407</u>	<u>\$ -</u>	<u>\$ 6,665</u>
\$ -	\$ -	\$ 155	\$ -	\$ 13,924	\$ -	\$ -	\$ -
-	-	-	-	46,063	6,374	-	44,029
-	-	-	-	419,636	-	-	-
-	-	-	-	22,976	990	22	7,025
-	-	-	-	-	-	-	451
<u>-</u>	<u>-</u>	<u>155</u>	<u>-</u>	<u>502,599</u>	<u>7,364</u>	<u>22</u>	<u>51,505</u>
13,413	-	4,581	-	6,533	-	-	3,854
200	-	20,400	-	(509,132)	17,043	(22)	(48,694)
<u>13,613</u>	<u>-</u>	<u>24,981</u>	<u>-</u>	<u>(502,599)</u>	<u>17,043</u>	<u>(22)</u>	<u>(44,840)</u>
<u>\$ 13,613</u>	<u>\$ -</u>	<u>\$ 25,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,407</u>	<u>\$ -</u>	<u>\$ 6,665</u>

(Continued)

Cuyahoga Falls City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Title V	Drug Free Schools Grant	EHA Preschool Grant for Handicapped	Goals 2000	Improving Teacher Quality
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 11,354	\$ 148	\$ 1,180	\$ 90	\$ 25,791
<u>Receivables:</u>					
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Inventory held for resale	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
Total assets	<u>\$ 11,354</u>	<u>\$ 148</u>	<u>\$ 1,180</u>	<u>\$ 90</u>	<u>\$ 25,791</u>
 <u>Liabilities and fund balances:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 2,591	\$ -	\$ -	\$ -	\$ 12,370
Accrued wages	-	5,452	-	-	21,471
Interfund payable	-	-	-	-	-
Intergovernmental payable	185	1,065	-	-	5,320
Deferred revenue	-	-	-	-	-
Total liabilities	<u>2,776</u>	<u>6,517</u>	<u>-</u>	<u>-</u>	<u>39,161</u>
 <u>Fund balances:</u>					
Reserved for encumbrances	1,404	149	1,179	-	13,421
Unreserved, undesignated, Reported in special revenue funds	<u>7,174</u>	<u>(6,518)</u>	<u>1</u>	<u>90</u>	<u>(26,791)</u>
Total fund balances	<u>8,578</u>	<u>(6,369)</u>	<u>1,180</u>	<u>90</u>	<u>(13,370)</u>
Total liabilities and fund balances	<u>\$ 11,354</u>	<u>\$ 148</u>	<u>\$ 1,180</u>	<u>\$ 90</u>	<u>\$ 25,791</u>

Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 5,445	\$ 650,870
-	3,628
-	51,770
-	32,216
-	19,128
<u>\$ 5,445</u>	<u>\$ 757,612</u>

\$ 480	\$ 135,332
-	147,488
-	440,601
-	51,344
-	451
<u>480</u>	<u>775,216</u>

468	202,104
<u>4,497</u>	<u>(219,708)</u>
4,965	(17,604)
<u>\$ 5,445</u>	<u>\$ 757,612</u>

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

	Food Service	Uniform School Supplies	Consumer Services	Adult Education	Public School Support
<u>Revenues:</u>					
Intergovernmental	\$ 492,380	\$ -	\$ -	\$ -	\$ -
Interest	395	-	-	-	-
Tuition and fees	-	40,024	-	1,575	11,900
Extracurricular activities	-	261	-	-	189,291
Gifts and donations	-	-	-	-	277
Customer services	1,018,321	-	22,776	-	-
Miscellaneous	-	1,175	-	-	-
Total revenues	<u>1,511,096</u>	<u>41,460</u>	<u>22,776</u>	<u>1,575</u>	<u>201,468</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	-	28,936	-	-	221,809
Special	-	928	-	-	-
Vocational	-	4,989	19,859	-	-
Adult/continuing	-	-	-	329	-
Support services:					
Pupils	-	-	-	-	-
Instructional staff	-	-	-	-	-
Fiscal	-	14,317	-	-	-
Operation and maintenance of plant	23,703	-	-	-	-
Central	-	-	-	-	-
Operation of non-instructional services					
Food service operations	1,372,738	-	-	-	-
Community services	-	-	-	-	-
Extracurricular activities	-	-	-	-	2,773
Capital outlay	-	-	-	-	11,539
Total expenditures	<u>1,396,441</u>	<u>49,170</u>	<u>19,859</u>	<u>329</u>	<u>236,121</u>
Net change in fund balance	114,655	(7,710)	2,917	1,246	(34,653)
Fund balances (deficit) at beginning of year,	3,847	50,588	8,577	3,983	177,956
Fund balances (deficit) at end of year	<u>\$ 118,502</u>	<u>\$ 42,878</u>	<u>\$ 11,494</u>	<u>\$ 5,229</u>	<u>\$ 143,303</u>

Outdoor Education	Miscellaneous Local Grants	Underground Storage Tanks	School Improvement Models	District Managed Student Activity	Auxiliary Services	Management Information Systems	Head Start
\$ -	\$ 14,000	\$ -	\$ -	\$ -	\$ 829,239	\$ 19,626	\$ -
-	-	-	-	-	3,025	-	-
-	-	-	-	-	-	-	-
-	-	-	-	232,271	-	-	-
-	-	-	-	-	-	-	-
-	62,250	-	-	-	-	-	-
-	76,250	-	-	232,271	832,264	19,626	-
-	11,771	-	-	2,677	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,352	-	-	-	-	21,505	9,970
-	39,625	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	121	-
-	-	-	-	-	-	-	-
-	7,050	-	-	-	805,826	-	-
-	-	-	-	281,852	-	-	-
-	-	-	-	-	-	-	-
-	60,798	-	-	284,529	805,826	21,626	9,970
-	15,452	-	-	(52,258)	26,438	(2,000)	(9,970)
10,479	25,006	11,000	1,079	82,575	64,785	(1,066)	9,970
<u>\$ 10,479</u>	<u>\$ 40,458</u>	<u>\$ 11,000</u>	<u>\$ 1,079</u>	<u>\$ 30,317</u>	<u>\$ 91,223</u>	<u>\$ (3,066)</u>	<u>\$ -</u>

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

	Entry Year Program	Disadvantaged Pupil Impact Aid	Data Communications	SchoolNet Professional Development	Ohio Reads
<u>Revenues:</u>					
Intergovernmental	\$ 16,500	\$ 43,628	\$ 33,000	\$ 4,140	\$ 12,000
Interest	-	-	-	-	-
Tuition and fees	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Customer services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>16,500</u>	<u>43,628</u>	<u>33,000</u>	<u>4,140</u>	<u>12,000</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	15,827	40,040	-	81	-
Special	-	-	-	-	-
Vocational	-	-	-	-	-
Adult/continuing	-	-	-	-	-
Support services:					
Pupils	-	-	-	-	-
Instructional staff	-	30,061	-	1,295	15,747
Fiscal	-	-	-	-	-
Operation and maintenance of plant	-	-	51,462	-	-
Central	673	-	-	7,364	-
Operation of non-instructional services					
Food service operations	-	-	-	-	-
Community services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>16,500</u>	<u>70,101</u>	<u>51,462</u>	<u>8,740</u>	<u>15,747</u>
Net change in fund balance	-	(26,473)	(18,462)	(4,600)	(3,747)
Fund balances (deficit) at beginning of year,	-	(151)	21,336	4,600	3,747
Fund balances (deficit) at end of year	<u>\$ -</u>	<u>\$ (26,624)</u>	<u>\$ 2,874</u>	<u>\$ -</u>	<u>\$ -</u>

Summer Intervention	Vocational Education Enhancement	Miscellaneous State Grants	Eisenhower Math and Science	Title VI-B	Vocational Education	Title III	Title I
\$ 97,461	\$ 9,704	\$ 40,233	\$ -	\$ 843,840	\$ 90,500	\$ 16,247	\$ 418,508
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>97,461</u>	<u>9,704</u>	<u>40,233</u>	<u>-</u>	<u>843,840</u>	<u>90,500</u>	<u>16,247</u>	<u>418,508</u>
27,741	1,595	-	6,347	-	-	-	-
-	-	-	-	723,213	-	16,269	203,427
-	-	-	-	-	58,990	-	-
-	-	-	-	-	-	-	-
-	867	38,238	-	16,250	17,824	-	-
56,107	-	-	-	459,809	7,022	-	251,443
-	-	-	-	-	-	-	-
-	-	5,441	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	3,985	-	-
-	-	-	-	57,460	-	-	30,116
-	-	-	-	-	800	-	-
-	-	-	-	5,490	-	-	-
<u>83,848</u>	<u>2,462</u>	<u>43,679</u>	<u>6,347</u>	<u>1,262,222</u>	<u>88,621</u>	<u>16,269</u>	<u>484,986</u>
13,613	7,242	(3,446)	(6,347)	(418,382)	1,879	(22)	(66,478)
-	(7,242)	28,427	6,347	(84,217)	15,164	-	21,638
<u>\$ 13,613</u>	<u>\$ -</u>	<u>\$ 24,981</u>	<u>\$ -</u>	<u>\$ (502,599)</u>	<u>\$ 17,043</u>	<u>\$ (22)</u>	<u>\$ (44,840)</u>

(Continued)

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

	Title V	Drug Free Schools Grant	EHA Preschool Grant for Handicapped	Goals 2000	Improving Teacher Quality
<u>Revenues:</u>					
Intergovernmental	\$ 37,807	\$ 21,205	\$ 24,927	\$ -	\$ 170,549
Interest	-	-	-	-	-
Tuition and fees	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Customer services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>37,807</u>	<u>21,205</u>	<u>24,927</u>	<u>-</u>	<u>170,549</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	29,712	12,612	23,511	-	97,746
Special	-	-	-	-	-
Vocational	-	-	-	-	-
Adult/continuing	-	-	-	-	-
Support services:					
Pupils	-	17,937	-	-	23,337
Instructional staff	-	-	-	-	27,247
Fiscal	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-
Central	-	-	-	-	-
Operation of non-instructional services					
Food service operations	-	-	-	-	-
Community services	6,264	1,833	-	-	-
Extracurricular activities	-	-	-	-	-
Capital outlay	-	-	-	-	7,380
Total expenditures	<u>35,976</u>	<u>32,382</u>	<u>23,511</u>	<u>-</u>	<u>155,710</u>
Net change in fund balance	1,831	(11,177)	1,416	-	14,839
Fund balances (deficit) at beginning of year,	<u>6,747</u>	<u>4,808</u>	<u>(236)</u>	<u>90</u>	<u>(28,209)</u>
Fund balances (deficit) at end of year	<u>\$ 8,578</u>	<u>\$ (6,369)</u>	<u>\$ 1,180</u>	<u>\$ 90</u>	<u>\$ (13,370)</u>

Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 13,112	\$ 3,248,606
-	3,420
-	53,499
-	421,823
-	277
-	1,041,097
-	63,425
13,112	4,832,147
14,655	535,060
-	943,837
-	83,838
-	329
48,747	197,027
74,727	963,083
-	14,317
-	80,606
-	8,158
-	1,376,723
50	908,599
-	285,425
-	24,409
138,179	5,421,411
(125,067)	(589,264)
130,032	571,660
\$ 4,965	\$ (17,604)

Cuyahoga Falls City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2004

	<u>Permanent Improvement</u>	<u>Vocational Education Equipment</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ -	\$ -	\$ 922	\$ 922
<u>Liabilities and fund balances :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ 27	\$ 27
<u>Fund balances:</u>				
Reserved for encumbrances	-	-	27	27
Unreserved, undesignated, Reported in capital projects funds	-	-	868	868
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 922</u>	<u>\$ 922</u>

Cuyahoga Falls City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004

	Permanent Improvement	Vocational Education Equipment	SchoolNet	Total Nonmajor Capital Projects Funds
<u>Revenues:</u>				
Rent	\$ 1,500	\$ -	\$ -	\$ 1,500
Miscellaneous	-	-	9	9
Total revenues	<u>1,500</u>	<u>-</u>	<u>9</u>	<u>1,509</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	27	27
Vocational	-	1,695	-	1,695
Support services:				
Central	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Total expenditures	<u>1,500</u>	<u>1,695</u>	<u>27</u>	<u>3,222</u>
Net change in fund balance	-	(1,695)	(18)	(1,713)
Fund balances at beginning of year	<u>-</u>	<u>1,695</u>	<u>913</u>	<u>2,608</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 895</u>	<u>\$ 895</u>

**Individual Fund Schedules of Revenues, Expenditures and Changes in Fund
Balance – Budget (Non-GAAP Basis) and Actual
Nonmajor Governmental Funds**

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

Food Service Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 336,724	\$ 381,065	\$ 44,341
Interest	500	395	(105)
Charges for services	1,166,777	1,014,693	(152,084)
Total revenues	<u>1,504,001</u>	<u>1,396,153</u>	<u>(107,848)</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Operation and maintenance of plant	28,846	26,003	2,843
Operation of non-instructional services	1,471,395	1,331,772	139,623
Total expenditures	<u>1,500,241</u>	<u>1,357,775</u>	<u>142,466</u>
Net change in fund balance	3,760	38,378	34,618
Fund balances at beginning of year	-	-	-
Prior year encumbrances appropriated	240	240	-
Fund balances at end of year	<u>\$ 4,000</u>	<u>\$ 38,618</u>	<u>\$ 34,618</u>

Uniform School Supplies Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 58,333	\$ 40,024	\$ (18,309)
Extracurricular activities	200	261	61
Miscellaneous	-	1,175	1,175
Total revenues	<u>58,533</u>	<u>41,460</u>	<u>(17,073)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	78,467	41,740	36,727
Special	1,055	928	127
Vocational	12,407	12,407	-
Total expenditures	<u>91,929</u>	<u>55,075</u>	<u>36,854</u>
Excess of revenues over (under) expenditures	<u>(33,396)</u>	<u>(13,615)</u>	<u>19,781</u>
<u>Other financing sources (uses):</u>			
Transfers in	867	-	(867)
Transfers out	(3,745)	-	3,745
Total other financing sources (uses)	<u>(2,878)</u>	<u>-</u>	<u>2,878</u>
Net change in fund balance	(36,274)	(13,615)	22,659
Fund balances at beginning of year	20,201	20,201	-
Prior year encumbrances appropriated	16,073	16,073	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ 22,659</u>	<u>\$ 22,659</u>

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

Consumer Services Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 19,567	\$ 22,776	\$ 3,209
<u>Expenditures:</u>			
Current:			
Instruction:			
Vocational	24,144	20,902	3,242
Net change in fund balance	(4,577)	1,874	6,451
Fund balances at beginning of year	6,162	6,162	-
Prior year encumbrances appropriated	2,415	2,415	-
Fund balances at end of year	<u>\$ 4,000</u>	<u>\$ 10,451</u>	<u>\$ 6,451</u>

Adult Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 5,000	\$ 1,575	\$ (3,425)
<u>Expenditures:</u>			
Current:			
Instruction:			
Adult/continuing	5,379	315	5,064
Net change in fund balance	(379)	1,260	1,639
Fund balances at beginning of year	4,008	4,008	-
Fund balances at end of year	<u>\$ 3,629</u>	<u>\$ 5,268</u>	<u>\$ 1,639</u>

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

Public School Support Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 10,010	\$ 11,900	\$ 1,890
Extracurricular activities	158,405	189,291	30,886
Gifts and donations	6,466	277	(6,189)
Total revenues	<u>174,881</u>	<u>201,468</u>	<u>26,587</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	325,241	264,662	60,579
Special	16,070	-	16,070
Operation of non-instructional services	13,514	-	13,514
Extracurricular activities	2,773	2,773	-
Total expenditures	<u>357,598</u>	<u>267,435</u>	<u>90,163</u>
Net change in fund balance	(182,717)	(65,967)	116,750
Fund balances at beginning of year	161,871	161,871	-
Prior year encumbrances appropriated	23,445	23,445	-
Fund balances at end of year	<u>\$ 2,599</u>	<u>\$ 119,349</u>	<u>\$ 116,750</u>

Outdoor Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balances at beginning of year	10,479	10,479	-
Fund balances at end of year	<u>\$ 10,479</u>	<u>\$ 10,479</u>	<u>\$ -</u>

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

Miscellaneous Local Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 14,000	\$ 14,000	\$ -
Gifts and donations	100	-	(100)
Miscellaneous	21,250	62,250	41,000
Total revenues	<u>35,350</u>	<u>76,250</u>	<u>40,900</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	17,024	8,901	8,123
Support services:			
Pupils	3,895	2,352	1,543
Instructional staff	30,395	39,625	(9,230)
Operation of non-instructional services	6,600	7,050	(450)
Extracurricular activities	14	-	14
Total expenditures	<u>57,928</u>	<u>57,928</u>	<u>-</u>
Net change in fund balance	(22,578)	18,322	40,900
Fund balance at beginning of year	18,273	18,273	-
Prior year encumbrances appropriated	6,755	6,755	-
Fund balance at end of year	<u>\$ 2,450</u>	<u>\$ 43,350</u>	<u>\$ 40,900</u>

Underground Storage Tanks Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	11,000	11,000	-
Fund balance at end of year	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ -</u>

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

School Improvement Models Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	-	-	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	1,080	1,080	-
Fund balance at end of year	<u>\$ 1,080</u>	<u>\$ 1,080</u>	<u>\$ -</u>

District Managed Student Activity Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 246,028	\$ 232,271	\$ (13,757)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,577	2,845	732
Extracurricular activities	330,262	302,928	27,334
Total expenditures	333,839	305,773	28,066
Excess of revenues over (under) expenditures	(87,811)	(73,502)	14,309
<u>Other financing sources (uses):</u>			
Advances out	(552)	-	552
Net change in fund balance	(88,363)	(73,502)	14,861
Fund balance at beginning of year	55,172	55,172	-
Prior year encumbrances appropriated	33,196	33,196	-
Fund balance at end of year	<u>\$ 5</u>	<u>\$ 14,866</u>	<u>\$ 14,861</u>

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

Auxiliary Services Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 827,039	\$ 829,239	\$ 2,200
Interest	2,274	3,025	751
Total revenues	<u>829,313</u>	<u>832,264</u>	<u>2,951</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services	<u>936,581</u>	<u>936,581</u>	<u>-</u>
Net change in fund balance	(107,268)	(104,317)	2,951
Fund balances at beginning of year	-	-	-
Prior year encumbrances appropriated	113,728	113,728	-
Fund balances at end of year	<u>\$ 6,460</u>	<u>\$ 9,411</u>	<u>\$ 2,951</u>

Management Information System Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 64,171	\$ 19,626	\$ (44,545)
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	64,049	19,505	44,544
Central	121	121	-
Total expenditures	<u>64,170</u>	<u>19,626</u>	<u>44,544</u>
Net change in fund balance	1	-	(1)
Fund balances at beginning of year	-	-	-
Fund balances at end of year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>

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

Head Start Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 10,000	\$ -	\$ (10,000)
<u>Expenditures:</u>			
<u>Current:</u>			
Support services:			
Pupils	9,970	9,970	-
Net change in fund balance	30	(9,970)	(10,000)
Fund balance at beginning of year	9,970	9,970	-
Fund balance at end of year	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ (10,000)</u>

Entry Year Program Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 16,500	\$ 16,500	\$ -
<u>Expenditures:</u>			
<u>Current:</u>			
Instruction:			
Regular	15,827	15,827	-
Support services:			
Central	673	673	-
Total expenditures	16,500	16,500	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Disadvantaged Pupil Impact Aid Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 44,372	\$ 43,628	\$ (744)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	18,713	43,187	(24,474)
Support services:			
Instructional staff	24,914	25,748	(834)
Total expenditures	43,627	68,935	(25,308)
Net change in fund balance	745	(25,307)	(26,052)
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ 745	\$ (25,307)	\$ (26,052)

Data Communications Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 38,500	\$ 33,000	\$ (5,500)
<u>Expenditures:</u>			
Current:			
Support services:			
Operation and maintenance of plant	51,462	51,462	-
Net change in fund balance	(12,962)	(18,462)	(5,500)
Fund balances at beginning of year	21,336	21,336	-
Fund balances at end of year	\$ 8,374	\$ 2,874	\$ (5,500)

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

School Net Professional Development Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,200	\$ 4,140	\$ (1,060)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	200	81	119
Support services:			
Instructional staff	1,460	1,295	165
Central	8,140	7,364	776
Total expenditures	9,800	8,740	1,060
Net change in fund balance	(4,600)	(4,600)	-
Fund balances at beginning of year	4,600	4,600	-
Fund balances at end of year	\$ -	\$ -	\$ -

Ohio Reads Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 13,441	\$ 12,000	\$ (1,441)
<u>Expenditures:</u>			
Current:			
Instruction:			
Support services:			
Instructional staff	17,188	15,747	1,441
Net change in fund balance	(3,747)	(3,747)	-
Fund balances at beginning of year	3,047	3,047	-
Prior year encumbrances appropriated	700	700	-
Fund balances at end of year	\$ -	\$ -	\$ -

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

Summer Intervention Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 97,261	\$ 97,461	\$ 200
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	26,680	27,741	(1,061)
Support services:			
Instructional staff	70,581	69,520	1,061
Total expenditures	97,261	97,261	-
Net change in fund balance	-	200	200
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ 200	\$ 200

Vocational Education Enhancement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 9,704	\$ 9,704	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,595	1,595	-
Support services:			
Pupils	15,107	15,107	-
Total expenditures	16,702	16,702	-
Net change in fund balance	(6,998)	(6,998)	-
Fund balances at beginning of year	-	-	-
Prior year encumbrances appropriated	6,998	6,998	-
Fund balances at end of year	\$ -	\$ -	\$ -

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

Miscellaneous State Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 49,999	\$ 40,233	\$ (9,766)
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	49,448	42,819	6,629
Operation and maintenance of plant	5,441	5,441	-
Total expenditures	54,889	48,260	6,629
Net change in fund balance	(4,890)	(8,027)	(3,137)
Fund balances at beginning of year	28,427	28,427	-
Fund balances at end of year	\$ 23,537	\$ 20,400	\$ (3,137)

Eisenhower Math and Science Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	6,347	6,347	-
Net change in fund balance	(6,347)	(6,347)	-
Fund balances at beginning of year	6,347	6,347	-
Fund balances at end of year	\$ -	\$ -	\$ -

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

	Title VI-B Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 821,965	\$ 843,840	\$ 21,875
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Special	566,178	678,140	(111,962)
<u>Support services:</u>			
Pupils	-	16,250	(16,250)
Instructional staff	200,375	476,069	(275,694)
Administration	2,155	-	2,155
Operation of non-instructional services	9,033	69,251	(60,218)
Total expenditures	777,741	1,239,710	(461,969)
Excess of revenues over (under) expenditures	44,224	(395,870)	(440,094)
<u>Other financing sources (uses):</u>			
Advances out	-	(44,223)	(44,223)
Net change in fund balance	44,224	(440,093)	(484,317)
Fund balances at beginning of year	(3,142)	(3,142)	-
Prior year encumbrances appropriated	3,143	3,143	-
Fund balances at end of year	\$ 44,225	\$ (440,092)	\$ (484,317)

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

Vocational Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 68,064	\$ 90,500	\$ 22,436
<u>Expenditures:</u>			
Current:			
Instruction:			
Vocational	53,597	51,626	1,971
Support services:			
Pupils	17,824	17,824	-
Instructional staff	7,022	7,022	-
Operation of non-instructional services	3,985	3,985	-
Extracurricular activities	800	800	-
Total expenditures	83,228	81,257	1,971
Net change in fund balance	(15,164)	9,243	24,407
Fund balances at beginning of year	-	-	-
Prior year encumbrances appropriated	15,164	15,164	-
Fund balances at end of year	\$ -	\$ 24,407	\$ 24,407

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

Title III Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 16,247	\$ 16,247	\$ -
<u>Expenditures:</u>			
<u>Current:</u>			
Instruction:			
Special	16,247	16,247	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Title I Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 436,505	\$ 416,148	\$ (20,357)
<u>Expenditures:</u>			
<u>Current:</u>			
Instruction:			
Special	230,381	183,644	46,737
Support services:			
Instructional staff	228,665	251,492	(22,827)
Operation of non-instructional services	23,502	27,055	(3,553)
Total expenditures	482,548	462,191	20,357
Net change in fund balance	(46,043)	(46,043)	-
Fund balance at beginning of year	42,766	42,766	-
Prior year encumbrances appropriated	3,277	3,277	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Title V Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 37,812	\$ 37,807	\$ (5)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	33,988	30,139	3,849
Operation of non-instructional services	7,849	7,668	181
Total expenditures	41,837	37,807	4,030
Net change in fund balance	(4,025)	-	4,025
Fund balances at beginning of year	3,330	3,330	-
Prior year encumbrances appropriated	4,030	4,030	-
Fund balances at end of year	\$ 3,335	\$ 7,360	\$ 4,025

Drug Free Schools Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 26,375	\$ 21,205	\$ (5,170)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	13,044	13,044	-
Support services:			
Pupils	16,589	11,420	5,169
Operation of non-instructional services	1,982	1,982	-
Total expenditures	31,615	26,446	5,169
Net change in fund balance	(5,240)	(5,241)	(1)
Fund balances at beginning of year	-	-	-
Prior year encumbrances appropriated	5,241	5,241	-
Fund balances at end of year	\$ 1	\$ -	\$ (1)

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

EHA Preschool Grant for Handicapped Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 24,928	\$ 24,927	\$ (1)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	24,928	24,928	-
Operation of non-instructional services	2	-	2
Total expenditures	24,930	24,928	2
Net change in fund balance	(2)	(1)	1
Fund balances at beginning of year	3	3	-
Fund balances at end of year	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 1</u>

Goals 2000 Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Total expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balances at beginning of year	90	90	-
Fund balances at end of year	<u>\$ 90</u>	<u>\$ 90</u>	<u>\$ -</u>

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

Improving Teacher Quality Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 170,618	\$ 170,549	\$ (69)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	124,938	99,164	25,774
Support services:			
Pupils	18,347	43,483	(25,136)
Instructional staff	27,333	27,902	(569)
Total expenditures	170,618	170,549	69
Net change in fund balance	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -

Miscellaneous Federal Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 125,621	\$ 102,712	\$ (22,909)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	14,751	14,655	96
Support services:			
Pupils	73,634	50,217	23,417
Instructional staff	79,088	75,195	3,893
Operation of non-instructional services	50	50	-
Total expenditures	167,523	140,117	27,406
Net change in fund balance	(41,902)	(37,405)	4,497
Fund balances at beginning of year	1	1	-
Prior year encumbrances appropriated	41,902	41,902	-
Fund balances at end of year	\$ 1	\$ 4,498	\$ 4,497

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

Bond Retirement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 1,103,309	\$ 1,124,612	\$ 21,303
Intergovernmental	75,078	75,560	482
Payments in lieu of taxes	500	373	(127)
Total revenues	<u>1,178,887</u>	<u>1,200,545</u>	<u>21,658</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Fiscal	8,302	8,303	(1)
Debt service:			
Principal retirement	810,364	810,364	-
Interest and fiscal charges	366,600	366,599	1
Total expenditures	<u>1,185,266</u>	<u>1,185,266</u>	<u>-</u>
Net change in fund balance	(6,379)	15,279	21,658
Fund balance at beginning of year	170,523	170,523	-
Fund balance at end of year	<u>\$ 164,144</u>	<u>\$ 185,802</u>	<u>\$ 21,658</u>

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

Permanent Improvement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Rent	\$ 1,500	\$ 1,500	\$ -
<u>Expenditures:</u>			
Capital outlay	1,500	1,500	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Vocational Education Equipment Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 10,000	\$ -	\$ (10,000)
<u>Expenditures:</u>			
Current:			
Instruction:			
Vocational	11,695	1,695	10,000
Net change in fund balance	(1,695)	(1,695)	-
Fund balance at beginning of year	1,695	1,695	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	SchoolNet Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,000	\$ -	\$ (5,000)
Miscellaneous	-	9	9
Total revenues	<u>5,000</u>	<u>9</u>	<u>(4,991)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Net change in fund balance	2,000	9	(1,991)
Fund balance at beginning of year	913	913	-
Fund balance at end of year	<u>\$ 2,913</u>	<u>\$ 922</u>	<u>\$ (1,991)</u>

Internal Service Fund

**Individual Fund Schedule of Revenues, Expenses and Changes in
Fund Balance – Budget (Non-GAAP Basis) and Actual
Self Insurance Fund**

Fiduciary Funds

**Individual Fund Schedule of Revenues, Expenses and Changes in
Fund Balance – Budget (Non-GAAP Basis) and Actual
Private Purpose Trust Fund**

Statement of Changes in Assets and Liabilities – Agency Fund

Cuyahoga Falls City School District
Schedule of Revenues, Expenses
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Self Insurance Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Operating revenues:</u>			
Charges for services	\$ 449,238	\$ 571,776	\$ 122,538
<u>Operating expenses:</u>			
Fringe benefits	363,126	422,732	(59,606)
Purchased services	148,944	151,202	(2,258)
Total operating expenses	512,070	573,934	(61,864)
Operating income (loss)	(62,832)	(2,158)	60,674
<u>Non-operating revenues:</u>			
Transfers in	60,762	-	(60,762)
Net income (loss)	(2,070)	(2,158)	(88)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	2,634	2,634	-
Fund balance at end of year	\$ 564	\$ 476	\$ (88)

Cuyahoga Falls City School District
Schedule of Revenues, Expenses
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Scholarships Private Purpose Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 772	\$ 345	\$ (427)
Gifts and donations	3,825	2,875	(950)
Total revenues	<u>4,597</u>	<u>3,220</u>	<u>(1,377)</u>
<u>Expenses:</u>			
Current:			
Instruction:			
Other	9,240	2,250	6,990
Net change in fund balance	(4,643)	970	5,613
Fund balance at beginning of year	32,755	32,755	-
Prior year encumbrances appropriated	2,200	2,200	-
Fund balance at end of year	<u>\$ 30,312</u>	<u>\$ 35,925</u>	<u>\$ 5,613</u>

Combining Statements

Combining Statements – Agency Funds

Agency funds are used to account for those assets held by the School District as an agent for individual, private organizations, other governmental units, and/or other funds. The agency funds are:

Kent State University Aviation

To account for the financial activity of a compact class that teaches the students to learn to fly airplanes.

Sunshine and Staff

To account for resources that belong to the teachers of the various schools, accounting for the purchase of flowers for various reasons.

Vocational Compact

To account for the financial activity of a cooperative agreement to provide for the vocational and special education needs of the students of the six participating school district.

Student Managed Activity

To account for those student activity programs which have student participation in the activity and have students involved in the management of the program.

Mid-Eastern Ohio Special Educational Regional Resource Center (MEO/SERRC)

To account for resources used to provide local school district with resources designed to improve the quality of instruction for handicapped children through the delivery of instruction materials and methodologies.

Cuyahoga Falls City School District
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2004

	Beginning Balance July 1, 2003	Additions	Deductions	Ending Balance June 30, 2004
<u>Kent State University Aviation Fund</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,800	\$ -	\$ 1,800	\$ -
<u>Liabilities:</u>				
Undistributed monies	\$ 1,800	\$ -	\$ 1,800	\$ -
 <u>Sunshine & Staff Fund</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 6,883	\$ 10,296	\$ 12,947	\$ 4,232
<u>Liabilities:</u>				
Accounts payable	\$ 217	\$ 84	\$ 217	\$ 84
Undistributed monies	6,666	217	2,735	4,148
Total liabilities	\$ 6,883	\$ 301	\$ 2,952	\$ 4,232
 <u>Vocational Compact Fund</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 24,616	\$ -	\$ 23,555	\$ 1,061
<u>Liabilities:</u>				
Accounts payable	\$ 32,885	\$ -	\$ 32,885	\$ -
Accrued wages	5,890	-	5,890	-
Intergovernmental payable	4,895	-	4,895	-
Undistributed monies	(19,054)	36,870	16,755	1,061
Total liabilities	\$ 24,616	\$ 36,870	\$ 60,425	\$ 1,061
 <u>Student Managed Activity Fund</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 31,803	\$ 180,220	\$ 158,345	\$ 53,678
Accounts receivable	-	200	-	200
Total assets	\$ 31,803	\$ 180,420	\$ 158,345	\$ 53,878
<u>Liabilities:</u>				
Accounts payable	\$ 3,035	\$ 3,696	\$ 3,035	\$ 3,696
Due to students	28,768	24,910	3,496	50,182
Total liabilities	\$ 31,803	\$ 28,606	\$ 6,531	\$ 53,878

Cuyahoga Falls City School District
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2004

	Beginning Balance July 1, 2003	Additions	Deductions	Ending Balance June 30, 2004
<u>MEO/SERRC Fund</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 449,751	\$ 1,276,613	\$ 1,423,083	\$ 303,281
Intergovernmental receivable	-	134,325	-	134,325
Total assets	<u>\$ 449,751</u>	<u>\$ 1,410,938</u>	<u>\$ 1,423,083</u>	<u>\$ 437,606</u>
<u>Liabilities:</u>				
Accounts payable	\$ 22,989	\$ 21,818	\$ 22,989	\$ 21,818
Accrued wages	83,470	64,471	83,470	64,471
Intergovernmental payable	16,282	17,738	16,282	17,738
Undistributed monies	327,010	6,569	-	333,579
Total liabilities	<u>\$ 449,751</u>	<u>\$ 110,596</u>	<u>\$ 122,741</u>	<u>\$ 437,606</u>
 <u>Total All Agency Funds</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 514,853	\$ 1,467,129	\$ 1,619,730	\$ 362,252
Accounts receivable	-	200	-	200
Intergovernmental receivable	-	134,325	-	134,325
Total assets	<u>\$ 514,853</u>	<u>\$ 1,601,654</u>	<u>\$ 1,619,730</u>	<u>\$ 496,777</u>
<u>Liabilities:</u>				
Accounts payable	\$ 59,126	\$ 25,598	\$ 59,126	\$ 25,598
Accrued wages	89,360	64,471	89,360	64,471
Intergovernmental payable	21,177	17,738	21,177	17,738
Undistributed monies	316,422	43,656	21,290	338,788
Due to students	28,768	24,910	3,496	50,182
Total liabilities	<u>\$ 514,853</u>	<u>\$ 176,373</u>	<u>\$ 194,449</u>	<u>\$ 496,777</u>

STATISTICAL SECTION

Cuyahoga Falls City School District

**Revenues by Source and Expenses by Function - Governmental Activities
Last Two Fiscal Years (1)**

	Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003
<u>Revenues:</u>		
Program revenues:		
Charges for services	\$ 3,733,085	\$ 2,900,835
Operating grants, contributions and interest	3,237,912	3,838,447
Capital grants and contributions	-	12,658
General revenues:		
Property taxes levied for general purposes	19,681,037	20,751,321
Property taxes levied for debt service	1,080,586	1,136,498
Grants and entitlements	15,212,056	14,691,711
Gain on sale of capital assets	-	7,557
Payments in lieu of taxes	29,626	-
Investment earnings	42,578	55,453
Miscellaneous	901,730	154,050
Total revenues	<u>\$ 43,918,610</u>	<u>\$ 43,548,530</u>
<u>Expenses:</u>		
Current:		
Instruction:		
Regular	\$ 19,738,144	\$ 19,633,453
Special	4,697,690	4,209,941
Vocational	906,296	911,098
Adult/continuing	329	190
Other	1,639,382	992,451
Support services:		
Pupils	2,167,705	2,197,462
Instructional staff	2,328,486	996,096
Board of education	211,985	89,650
Administration	2,501,942	2,595,660
Fiscal	761,644	736,987
Business	375,087	361,593
Operation and maintenance of plant	5,412,729	4,339,536
Pupil transportation	944,276	963,556
Central	559,392	326,720
Operation of non-instructional services:		
Food service operations	1,378,005	1,425,999
Community services	910,741	1,075,266
Extracurricular activities	1,014,962	858,810
Interest and fiscal charges	416,253	426,142
Total expenditures	<u>\$ 45,965,048</u>	<u>\$ 42,140,610</u>

Source: FY2003 - FY2004 School District Audit Reports

(1) Accrual basis will be reported for the last ten years when there are enough years of information available.

Cuyahoga Falls City School District

General Government Revenues by Source and Expenditures by Function

Last Ten Fiscal Years (1) (2) (3)

	Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001
<u>Revenues:</u>				
Taxes	\$ 20,721,501	\$ 21,891,579	\$ 18,884,448	\$ 19,106,743
Intergovernmental	18,460,662	18,107,331	17,377,734	16,983,378
Interest	45,998	59,705	132,114	408,779
Tuition and fees	1,839,266	1,011,506	347,363	195,439
Extracurricular activities	425,815	433,033	438,856	408,715
Gifts and donations	623	4,613	3,387	8,583
Charges for services	1,139,096	1,141,274	6,983	-
Rent	176,669	268,824	210,323	652,605
Other local revenues	-	-	-	-
Payment in lieu of taxes	29,626	-	-	-
Miscellaneous	901,106	154,037	361,968	57,966
Total revenues	\$ 43,740,362	\$ 43,071,902	\$ 37,763,176	\$ 37,822,208
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	\$ 18,909,397	\$ 19,174,328	\$ 16,717,773	\$ 16,807,515
Special	4,657,935	4,187,129	3,428,085	3,437,950
Vocational	915,568	928,046	816,575	1,013,433
Adult/continuing	329	530	-	708,442
Other	1,639,382	992,451	850,338	-
Support services:				
Pupils	2,148,587	2,167,865	2,251,109	2,250,133
Instructional staff	2,273,431	1,038,896	1,564,191	1,229,113
Board of education	206,129	75,828	81,490	55,151
Administration	2,527,879	2,610,833	2,471,204	2,408,862
Fiscal	753,223	728,362	625,361	637,162
Business	364,239	364,084	262,146	351,163
Operation and maintenance of plant	5,271,965	4,542,305	4,359,580	4,349,479
Pupil transportation	868,957	935,823	903,710	949,049
Central	477,157	361,995	236,026	290,061
Operation of non-instructional services:				
Food service operations	1,376,723	1,377,704	-	-
Community services	908,599	1,075,618	868,726	860,607
Extracurricular activities	907,622	818,119	775,024	784,762
Capital outlay	1,045,659	11,011	1,298,585	1,598,983
Debt service:	1,405,505	1,310,709	1,136,602	1,412,864
Total expenditures	\$ 46,658,286	\$ 42,701,636	\$ 38,646,525	\$ 39,144,729

Source: School District financial records.

(1) 1995 through 1996 reported on a cash basis, 1997-2004 on a GAAP basis.

(2) Data is presented on the modified accrual basis of accounting.

(3) Includes only the general fund for fiscal years 1995-1998.

Includes general, special revenue, debt service, capital projects and expendable trust funds for fiscal years 1999-2002.

Includes general, special revenue, debt service and capital projects funds for fiscal years 2003 - 2004.

Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999	Fiscal Year Ended June 30, 1998	Fiscal Year Ended June 30, 1997	Fiscal Year Ended June 30, 1996	Fiscal Year Ended June 30, 1995
\$ 19,191,065	\$ 17,513,911	\$ 11,923,109	\$ 11,684,188	\$ 15,014,352	\$ 15,096,784
15,726,888	15,298,987	12,183,501	12,045,837	11,306,567	11,096,557
526,833	757,861	444,400	445,832	386,029	407,001
81,739	17,114	38,079	72,439	276,239	259,103
412,680	408,499	-	-	-	-
13,505	11,484	-	-	-	-
-	-	-	-	-	-
405,306	321,324	-	-	-	-
-	-	353,518	293,383	286,086	304,382
-	-	-	-	-	-
48,911	49,231	221,082	-	-	-
<u>\$ 36,406,927</u>	<u>\$ 34,378,411</u>	<u>\$ 25,163,689</u>	<u>\$ 24,541,679</u>	<u>\$ 27,269,273</u>	<u>\$ 27,163,827</u>

\$ 16,306,916	\$ 15,384,335	\$ 15,066,498	\$ 14,527,596	\$ 15,002,594	\$ 14,581,054
3,173,893	2,967,400	2,133,763	2,059,630	1,658,588	1,517,949
875,238	987,582	681,887	716,722	712,614	695,258
692,426	-	394,114	721,847	-	-
-	1,002,204	-	-	-	-
2,367,633	1,994,948	1,696,088	1,704,154	1,660,739	1,575,412
1,336,142	1,177,889	703,618	834,509	727,143	883,923
57,137	43,525	51,608	59,939	56,861	52,961
2,223,622	2,058,100	2,054,541	1,994,000	1,960,796	2,052,263
611,042	612,567	583,109	584,959	559,534	545,587
328,624	315,454	310,427	313,735	327,276	289,268
4,134,215	3,988,302	3,507,620	3,382,186	3,011,090	3,436,236
1,206,671	908,438	763,278	614,169	709,783	513,535
135,751	127,383	81,121	55,193	149,570	153,176
-	-	-	-	-	-
697,069	728,210	-	-	-	-
726,443	722,911	414,648	381,808	383,921	391,629
6,262,793	1,496,550	-	-	-	-
1,342,453	1,082,001	263,836	265,879	574,192	536,389
<u>\$ 42,478,068</u>	<u>\$ 35,597,799</u>	<u>\$ 28,706,156</u>	<u>\$ 28,216,326</u>	<u>\$ 27,494,701</u>	<u>\$ 27,224,640</u>

Cuyahoga Falls City School District

Property Tax Levies and Collections Real, Public Utility Tax and Tangible Personal Property (1)

Last Ten Calendar Years

Year (2)	Current Levy		Delinquent Levy (3)	Total Levy	Current Collections	Percent of		Delinquent Collection	Total Collection	Total Collection as a Percent of	
	Current Levy	Total Levy				Current Levy Collected	Total Levy			Total Levy	Delinquent Taxes Receivable
2003	\$ 24,838,783	\$ 26,051,868	\$ 1,213,085	\$ 23,820,152	95.90%	\$ 693,332	\$ 24,513,484	94.09%	\$ 1,538,384		
2002	21,124,565	22,265,811	1,141,246	20,487,780	96.99%	672,094	21,159,874	95.03%	1,105,937		
2001	21,412,147	22,409,068	996,921	20,694,434	96.65%	557,193	21,251,627	94.83%	1,157,441		
2000	21,594,068	22,279,379	685,311	21,015,902	97.32%	482,718	21,498,620	96.50%	780,759		
1999	14,548,079	15,197,895	649,816	14,201,964	97.62%	456,187	14,658,151	96.45%	539,744		
1998	21,128,490	21,929,413	800,923	20,675,011	97.85%	379,287	21,054,298	96.01%	875,115		
1997	18,208,159	19,056,025	847,866	17,794,050	97.73%	531,888	18,325,938	96.17%	730,087		
1996	17,202,997	18,049,782	846,785	16,803,090	97.68%	463,401	17,266,491	95.66%	783,291		
1995	17,397,317	18,422,179	1,024,862	17,043,220	97.96%	493,889	17,537,109	95.20%	885,070		
1994	15,193,231	15,735,570	542,339	14,869,268	97.87%	269,463	15,138,731	96.21%	596,839		

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

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

(2) Represents collection year. 2004 information cannot be presented because all collections have not been made by June 30.

Cuyahoga Falls City School District
Assessed Valuation and Estimated Actual Value of Taxable Property
Last Ten Collection Years

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2004	\$ 739,322,600	\$ 2,112,350,286	\$ 10,606,300	\$ 12,052,614	\$ 36,288,936	\$ 145,155,744	\$ 786,217,836	\$ 2,269,558,644
2003	737,653,660	2,107,581,886	11,221,300	12,751,477	42,715,916	170,863,664	791,590,876	2,291,197,027
2002	660,669,170	1,887,626,200	10,687,260	12,144,614	46,351,101	185,404,404	717,707,531	2,085,175,218
2001	655,857,840	1,873,879,543	14,381,440	16,342,545	46,876,653	187,506,612	717,115,933	2,077,728,700
2000	651,512,170	1,861,463,343	15,258,960	17,339,727	45,314,624	181,258,496	712,085,754	2,060,061,566
1999	581,353,600	1,661,010,286	16,453,600	18,697,273	42,509,623	170,038,492	640,316,823	1,849,746,051
1998	569,064,070	1,625,897,343	16,587,610	18,849,557	37,434,678	149,738,712	623,086,358	1,794,485,612
1997	566,965,030	1,619,900,086	16,985,740	19,301,977	37,265,346	149,061,384	621,216,116	1,788,263,447
1996	451,203,450	1,289,152,714	17,977,390	20,428,852	37,265,346	149,061,384	506,446,186	1,458,642,950
1995	449,237,970	1,283,537,057	21,708,860	24,669,159	37,852,754	151,411,016	508,799,584	1,459,617,232

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

(1) Real estate value is assessed at 35% of actual value.

(2) Public utility personal is assessed at 88% of actual value.

(3) Tangible personal property is assessed at 25% of actual value for capital assets and 23% for inventory.

Cuyahoga Falls City School District
Property Tax Rates - Direct and Overlapping Governments
Last Ten Collection Years

Collection Year		School Levy	County Levy	City Levy	Total Levy
2004	City of Cuyahoga Falls	\$ 62.00	\$ 13.07	\$ 11.00	\$ 86.07
	Village of Silver Lake	62.00	13.07	13.75	88.82
2003	City of Cuyahoga Falls	61.96	13.07	11.00	86.03
	Village of Silver Lake	61.96	13.07	13.75	88.78
2002	City of Cuyahoga Falls	57.23	13.07	11.00	81.30
	Village of Silver Lake	57.23	13.07	13.75	84.05
2001	City of Cuyahoga Falls	57.23	13.07	11.00	81.30
	Village of Silver Lake	57.23	13.07	13.75	84.05
2000	City of Cuyahoga Falls	57.63	12.27	11.00	80.90
	Village of Silver Lake	57.63	12.27	13.75	83.65
1999	City of Cuyahoga Falls	57.87	12.27	11.00	81.14
	Village of Silver Lake	57.87	12.27	13.75	83.89
1998	City of Cuyahoga Falls	53.83	11.65	12.00	77.48
	Village of Silver Lake	53.83	11.65	13.75	79.23
1997	City of Cuyahoga Falls	53.93	11.39	12.00	77.32
	Village of Silver Lake	53.93	11.39	13.75	79.07
1996	City of Cuyahoga Falls	53.98	13.99	12.00	79.97
	Village of Silver Lake	53.98	13.99	13.75	81.72
1995	City of Cuyahoga Falls	53.98	14.16	12.00	80.14
	Village of Silver Lake	53.98	14.16	13.75	81.89

Source: Summit County Fiscal Officer - Data is presented on a collection year basis (not fiscal year) because that is the manner in which the information is maintained by the Summit County Fiscal Officer.

Note: Property tax rates are per \$1,000 of assessed valuation.

Cuyahoga Falls City School District
Computation of Legal Debt Margin
June 30, 2004

Assessed Valuation (2003)		<u>\$ 786,217,836</u>
Bonded Debt Limit - 9% of Assessed Value (1)		70,759,605
Outstanding debt:		
School Improvement Bonds	7,029,000	
Asbestos Removal Loan	224,091	
IP Phone System Loan	479,000	
Less: Amount available in debt service fund	(189,560)	
Total outstanding debt	<u>\$ 7,542,531</u>	
Amount of debt applicable to debt limit		<u>7,542,531</u>
Voted Debt Margin		<u>\$ 63,217,074</u>
Bonded Debt Limit - .10% of Assessed Value (1)		\$ 786,218
Outstanding debt:		
School Improvement Bonds		7,029,000
Asbestos Removal Loan		224,091
IP Phone System Loan		479,000
Less: Amount available in debt service fund		(189,560)
Total outstanding debt		<u>\$ 7,542,531</u>
Less exemptions:		
School Improvement Bonds		7,029,000
Asbestos Removal Loan		224,091
IP Phone System Loan		479,000
Less: Amount available in debt service fund		(189,560)
Total exemptions		<u>\$ 7,542,531</u>
Amount of debt applicable to debt limit		-
Unvoted Debt Margin		<u>\$ 786,218</u>

Source: Summit County Fiscal Officer and School District financial records.

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

Cuyahoga Falls City School District
Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

<u>Collection Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value</u>	<u>Population (2)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2004	\$ 7,542,531	\$ 786,217,836	52,393	0.96%	143.96
2003	8,324,408	791,590,876	52,393	1.05%	158.88
2002	9,137,522	717,707,531	52,393	1.27%	174.40
2001	8,110,457	717,115,933	52,393	1.13%	154.80
2000	8,781,518	712,085,754	52,393	1.23%	167.61
1999	9,598,382	640,316,823	52,002	1.50%	184.58
1998	2,362,332	623,086,358	52,002	0.38%	45.43
1997	2,784,547	621,216,116	52,002	0.45%	53.55
1996	3,222,171	506,446,186	52,002	0.64%	61.96
1995	3,624,774	508,799,584	52,002	0.71%	69.70

Source: Summit County Fiscal Officer and School District financial records.

(1) No debt is applicable to enterprise funds.

(2) Population data for 1994 through 1999 was assumed to be the same as the 1990 census as interim data was not available, 2000 through 2004 was assumed to be same as the 2000 census.

Cuyahoga Falls City School District
Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total Governmental Expenditures
Last Ten Fiscal Years

Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service to Governmental Expenditures (Percentages)
2004	\$ 810,364	\$ 366,599	\$ 1,176,963	\$ 46,658,286	2.52%
2003	797,364	400,547	1,197,911	42,701,636	2.81%
2002	616,364	391,135	1,007,499	38,646,525	2.61%
2001	810,000	408,310	1,218,310	39,144,729	3.11%
2000	765,000	444,166	1,209,166	42,478,068	2.85%
1999	530,000	339,704	869,704	35,597,799	2.44%
1998	430,000	147,419	577,419	28,706,156	2.01%
1997	430,000	170,181	600,181	28,216,326	2.13%
1996	430,000	192,744	622,744	27,494,701	2.26%
1995	457,686	182,627	640,313	27,224,640	2.35%

Source: School District financial records.

Cuyahoga Falls City School District
Demographic Statistics

<u>Selected Population Characteristic</u>	<u>2000</u>	<u>1990</u>
<u>Gender</u>		
Male	24,856	24,618
Female	27,537	27,384
 <u>Age Distribution</u>		
Under 5 years	3,374	3,510
5 to 20 years	9,412	9,968
21 to 24 years	2,993	2,765
25 to 44 years	16,381	17,496
45 to 54 years	7,003	4,899
55 to 64 years	4,448	5,187
65 to 74 years	4,419	4,967
75 years and older	4,363	3,210
Percent of population under 20	24.40%	25.92%
Percent of population 65 and older	16.76%	15.72%
 <u>Race</u>		
White	50,266	51,034
Black	927	520
Other	1,200	448

Source: U.S. Bureau of the Census
 Data used for City of Cuyahoga Falls and Silver Lake Village

Cuyahoga Falls City School District
Property Values, Bank Deposits and Construction
Last Ten Calendar Years

Year	Total Assessed Values	Certified Bank Deposits	Value of New Construction
2003	\$ 786,217,836	\$ 7,827,789,000	\$ 4,400,810
2002	791,590,876	8,097,304,000	21,135,748
2001	717,707,531	7,870,201,000	3,686,880
2000	717,115,933	7,920,486,000	3,715,270
1999	712,085,754	7,133,568,000	5,061,500
1998	640,316,823	4,486,230,000	8,732,730
1997	623,086,358	4,421,560,000	2,492,910
1996	621,216,116	4,342,660,000	5,092,340
1995	506,446,186	4,267,009,000	4,679,850
1994	508,799,584	4,199,905,000	4,392,410

Source: Summit County Fiscal Officer, Federal Reserve Bank of Cleveland and the City of Cuyahoga Falls
 Data is presented on a calendar year basis because that is the manner in which the data is maintained.

**Cuyahoga Falls City School District
Principal Taxpayers**

Top Taxpayers	Assessed Valuations				Estimated Actual Valuations				
	Real Property	Tangible Personal	Public Utility	Total	Percent of Total	Real Property	Tangible Personal	Public Utility	Total
Newpart Limited Partnership	\$ 7,945,320	\$ -	\$ -	\$ 7,945,320	1.01%	\$ 22,700,914	\$ -	\$ -	\$ 22,700,914
Yorkshire Woods Apartments	7,147,040	-	-	7,147,040	0.91%	20,420,114	-	-	20,420,114
Ohio Bell Telephone	-	-	5,635,130	5,635,130	0.72%	-	-	6,403,557	6,403,557
Portage Towers Apartments Inc.	4,564,650	-	-	4,564,650	0.58%	13,041,857	-	-	13,041,857
Heslop Inc	3,991,860	-	-	3,991,860	0.51%	11,405,314	-	-	11,405,314
Riverside Community Urban Redevelopment	3,931,320	-	-	3,931,320	0.50%	11,232,343	-	-	11,232,343
Brookledge II	3,894,850	-	-	3,894,850	0.50%	11,128,143	-	-	11,128,143
HD Development of Mayland	3,824,800	-	-	3,824,800	0.49%	10,928,000	-	-	10,928,000
State Road Associates Et al	3,692,450	-	-	3,692,450	0.47%	10,549,857	-	-	10,549,857
Plaza Chapel Hill Co.	3,296,630	-	-	3,296,630	0.42%	9,418,943	-	-	9,418,943
Total Top Ten Taxpayers	\$ 42,288,920	\$ -	\$ 5,635,130	\$ 47,924,050	6.11%	\$ 120,825,485	\$ -	\$ 6,403,557	\$ 127,229,042
Total All Assessed Valuations	\$ 739,322,600	\$ 36,288,936	\$ 10,606,300	\$ 786,217,836	100.00%				

Cuyahoga Falls City School District
Computation of Direct and Overlapping Bonded Debt
June 30, 2004

<u>Jurisdiction</u>	<u>Assessed Valuation (1)</u>	<u>Net General Tax Supported Debt (2)</u>	<u>Percent Overlapping</u>	<u>Amount Applicable Cuyahoga Falls City School District</u>
Direct:				
Cuyahoga Falls City School District	\$ 786,217,836	\$ 7,542,531	100.00%	\$ 7,542,531
Overlapping:				
Summit County	11,876,411,268	78,200,000	6.62%	5,176,836
Metro Regional Transit Authority	11,876,411,268	1,980,000	6.62%	131,076
Cuyahoga Falls City	1,001,701,390	<u>13,844,200</u>	70.46%	<u>9,754,290</u>
Total overlapping:		<u>94,024,200</u>		<u>15,062,202</u>
Total direct and overlapping debt:		<u>\$ 101,566,731</u>		<u>\$ 22,604,733</u>

Sources: Summit County Fiscal Officer

(1) Assessed values are reported as of December 31, 2003.

(2) All debt reported as of December 31, 2003, except Cuyahoga Falls City School District which is reported at June 30, 2004.

Cuyahoga Falls City School District

Enrollment Statistics

Last Ten Fiscal Years

<u>Year</u>	<u>General Fund Expenditures</u>	<u>Average Daily Membership</u>	<u>Per Pupil Cost</u>
2004	\$ 40,048,387	5,257	\$ 7,618
2003	36,565,603	5,123	7,138
2002	33,402,931	5,244	6,370
2001	33,124,984	5,463	6,064
2000	32,134,773	5,315	6,046
1999	30,328,390	5,597	5,419
1998	28,706,156	5,777	4,969
1997	28,216,326	5,826	4,843
1996	27,494,701	5,924	4,641
1995	27,224,640	5,862	4,644

Source: School District Financial Records

Cuyahoga Falls City School District

Teacher Education and Experience

June 30, 2004

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total Teachers</u>
Bachelor's Degree	44	10.65%
Bachelor's Degree plus 15 hours	8	1.94%
Bachelor's Degree plus 150 hours	158	38.26%
Master's Degree	111	26.88%
Master's Degree plus 15 hours	55	13.32%
Master's Degree plus 30 hours	35	8.47%
Ph.D.	2	0.48%
Total number of teachers	<u>413</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total Teachers</u>
0 to 5	134	32.45%
6 to 10	83	20.09%
11 and over	196	47.46%
Total number of teachers	<u>413</u>	<u>100.00%</u>

Source: School District Personnel Records

Cuyahoga Falls City School District

School District Report Card Data

2003-2004 Academic Year

Performance Standard	The School District	Minimum State Performance Standard
<hr/>		
Grade 4 Proficiency		
Citizenship	61.5%	75.0%
Mathematics	63.3%	75.0%
Reading	73.4%	75.0%
Writing	78.8%	75.0%
Science	63.5%	75.0%
<hr/>		
Grade 6 Proficiency		
Citizenship	72.6%	75.0%
Mathematics	63.6%	75.0%
Reading	69.2%	75.0%
Writing	93.7%	75.0%
Science	62.4%	75.0%
<hr/>		
Grade 9 Proficiency (1)		
Citizenship	96.1%	85.0%
Mathematics	90.5%	85.0%
Reading	98.6%	85.0%
Writing	98.0%	85.0%
Science	93.8%	85.0%
Student Attendance Rate	95.2%	93.0%
Graduation Rate	89.6%	90.0%

(1) Results for 10th grade students who took the test as 8th, 9th and 10th graders.

Source: Ohio Department of Education, Division of Information Management Services.

Cuyahoga Falls City School District

Directory of School Facilities

June 30, 2004

<u>FACILITY</u>	<u>ADDRESS</u>	<u>PRINCIPAL</u>	<u>GRADES</u>
Cuyahoga Falls High School	2300 4th Street Cuyahoga Falls, OH 44221	Mr. Nicolas Valentine	9-12
Bolich Middle School	2630 13th Street Cuyahoga Falls, OH 44223	Mr. Chris McBurney	6-8
Roberts Middle School	3333 Charles Street Cuyahoga Falls, OH 44221	Mr. Tom Ratcliff	6-8
Sill Middle School	1910 Searl Street Cuyahoga Falls, OH 44221	Mrs. Dyanne Schoterman	6-8
Dewitt Elementary School	425 Falls Ave Cuyahoga Falls, OH 44221	Mr. James McCartney	K-5
Lincoln Elementary School	3131 Baily Road Cuyahoga Falls, OH 44221	Mrs. Rose Heintz	K-5
Newberry Elementary School	2800 13th Street Cuyahoga Falls, OH 44223	Mr. Frank A. Margida	K-5
Preston Elementary School	800 Tallmadge Road Cuyahoga Falls, OH 44221	Mr. Kirk Bennett	K-5
Price Elementary School	2610 Delmore Street Cuyahoga Falls, OH 44221	Mr. David Lightel	K-5
Richardson Elementary School	2226 23rd Street Cuyahoga Falls, OH 44223	Ms. Mitzie Zdravje	K-5
Silver Lake Elementary School	2970 Overlook Road Cuyahoga Falls, OH 44224	Mr. John Tomits	K-5

Source: Cuyahoga Falls City School District records



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2004**