

**Chagrin Falls Exempted Village  
School District**

Chagrin Falls, Ohio

**Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2001

Issued By:  
Treasurer's Office  
Stephen L. Osborne





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

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To the Audit Committee and Board of Education  
Chagrin Falls Exempted Village School District  
77 East Washington Street  
Chagrin Falls, Ohio 44022

We have reviewed the Independent Auditor's Report of the Chagrin Falls Exempted Village School District, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

**JIM PETRO**  
Auditor of State

February 1, 2002

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**Chagrin Falls Exempted Village School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2001*  
*Table of Contents*

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	Page
<b>I. Introductory Section</b>	
Table of Contents . . . . .	i
Letter of Transmittal . . . . .	iv
List of Principal Officials . . . . .	xi
Organizational Chart . . . . .	xii
GFOA Certificate of Achievement . . . . .	xiii
 <b>II. Financial Section</b>	
Report of Independent Accountants . . . . .	1
Management’s Discussion and Analysis . . . . .	3
Basic Financial Statements:	
Government - wide Financial Statements:	
Statement of Net Assets . . . . .	11
Statement of Activities . . . . .	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds . . . . .	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds . . . . .	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund . . . . .	19
Statement of Fund Net Assets - Proprietary Funds . . . . .	20
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds . . . . .	22
Statement of Cash Flows - Proprietary Funds . . . . .	24
Statement of Fiduciary Assets and Liabilities - Agency Funds . . . . .	28
Notes to the Basic Financial Statements . . . . .	29

**Chagrin Falls Exempted Village School District**

*Comprehensive Annual Financial Report*

*For the Fiscal Year Ended June 30, 2001*

*Table of Contents*

---

---

Combining Statements and Individual Fund Schedules:

Combining Statements - Nonmajor Funds:

Description of Funds . . . . .	58
Combining Balance Sheet - Nonmajor Governmental Funds . . . . .	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds . . . . .	61
Combining Balance Sheet - Nonmajor Special Revenue Funds . . . . .	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds . . . . .	66
Combining Balance Sheet - Nonmajor Capital Projects Funds . . . . .	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds . . . . .	71
Combining Statement of Changes in Assets and Liabilities - Agency Funds . . . . .	72

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

General Fund . . . . .	74
Special Trust Fund . . . . .	78
Public School Support Fund . . . . .	79
Miscellaneous Grants Fund . . . . .	80
Athletic/District Managed Fund . . . . .	81
Auxiliary Services Fund . . . . .	82
Professional Development Grant Fund . . . . .	83
Educational Management Information Systems Fund . . . . .	84
Data Communication Fund . . . . .	85
Interactive Video Distance Learning Fund . . . . .	86
Ohio Reads Grant Fund . . . . .	87
Summer Intervention Fund . . . . .	88
Miscellaneous State Grants Fund . . . . .	89
Title II Fund . . . . .	90
Title VI-B Fund . . . . .	91
Title VI Fund . . . . .	92
Drug Free Schools Fund . . . . .	93
Preschool Handicapped Grant Fund . . . . .	94
E-Rate Grant Fund . . . . .	95
Miscellaneous Federal Grants Fund . . . . .	96
Bond Retirement Fund . . . . .	97

**Chagrin Falls Exempted Village School District**

*Comprehensive Annual Financial Report*

*For the Fiscal Year Ended June 30, 2001*

*Table of Contents*

---

---

Permanent Improvement Fund . . . . .	98
SchoolNet Fund . . . . .	99
Power-Up Capacity Fund . . . . .	100
Food Service Fund . . . . .	101
Uniform School Supplies Fund . . . . .	102
Adult Education Fund . . . . .	103
Self Insurance Fund . . . . .	104

**III. Statistical Section**

General Fund Revenues by Source and Expenditures by Function - Last Ten Fiscal Years . . . . .	S2
Property Tax Levies and Collections--Last Nine Years . . . . .	S4
Property Tax Rates--Direct and Overlapping Governments--Last Ten Years . . . . .	S5
Assessed and Estimated Actual Value of Taxable Property--Last Nine Years . . . . .	S6
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita--Last Ten Years . . . . .	S7
Computation of Legal Debt Margin . . . . .	S8
Computation of Direct and Overlapping General Obligation Bonded Debt . . . . .	S9
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to General Fund Expenditures-- Last Ten Fiscal Years . . . . .	S10
Demographic Statistics--Last Ten Years . . . . .	S11
Property Value, Financial Institution Deposits and Building Permits--Last Ten Years . . . . .	S12
Principal Taxpayers: Real Estate Tax . . . . .	S13
Tangible Personal Property Tax . . . . .	S14
Public Utilities Tax . . . . .	S15
Cost Per Pupil --Last Ten Fiscal Years . . . . .	S16
Teacher Education and Experience . . . . .	S17



# Chagrin Falls Exempted Village Schools

77 EAST WASHINGTON STREET • CHAGRIN FALLS, OHIO 44022  
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DAVID E. AXNER, Ed.D.  
*Superintendent*  
ANNETTE MORUD  
*Business Manager*  
PAMELA A. HOLDEN  
*Director of Curriculum and Personnel*

**BOARD OF EDUCATION**  
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*Treasurer*

December 11, 2001

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

We are pleased to submit to you the Chagrin Falls Exempted Village School District's Comprehensive Annual Financial Report (CAFR). This report provides full disclosure of the financial operation of the School District for the fiscal year ended June 30, 2001. This CAFR includes an audit opinion from the independent accounting firm of Rea & Associates, Inc. and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the Chagrin Falls Exempted Village School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the local villages and cities comprising the School District, the Cuyahoga and Geauga County Public Libraries, major taxpayers, financial rating services, and other interested parties.

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

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

## **The School District**

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

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

## **The Reporting Entity**

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

The Lake Geauga Computer Association (LGCA) and the Ohio Schools Council are jointly governed organizations whose relationship to the School District is described in Note 17 to the basic financial statements. The School District also participates in the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool that is described in Note 18 to the basic financial statements.

## **Major Initiatives**

The 2000-2001 school year was an exceptional year for the Chagrin Falls Exempted Village School District. The Ohio Department of Education published its rating of school districts based upon academic performance. Once again, the District maintained its *Effective* rating on the Ohio Department of Education Report Card. This acknowledgment is awarded to those districts meeting or exceeding 26 of the 27 performance standards determined by the State. The State Board of Education recognized the District for earning an *Effective* rating for three consecutive years.

In an effort to provide additional benefits to the community and have the community both enjoy and utilize our new and renovated facilities, the District initiated a new Community Education Program. The new program began in October, 2000 and offered 192 courses throughout the school year.

A full study of the gifted program for the District was completed during the 2000-2001 school year. As a result of implications from Ohio House Bill 282 and Ohio Senate Bill 55, expanded identification of the gifted and talented students was initiated. Gifted teachers at the elementary buildings piloted a variety of methods to service identified students, and many exciting new programs will begin during the 2001-2002 school year as a result of this effort.

The science lab at Gurney Elementary School continued to be upgraded and enhanced. As a result, science scores improved significantly on the proficiency tests. New initiatives at Gurney also included the decision to administer the fourth grade reading proficiency test to third grade students. The results were outstanding with 62 percent of the third grade students passing the fourth grade reading test.

The fourth and sixth grade students at the Intermediate School were proficient in all areas of the State proficiency tests. In an effort to promote and encourage community service, a Student Council and Service Learning Club were initiated during the 2000-2001 school year. Their many service activities included a partnership with McKinley Elementary School in Cleveland, Ohio. The Gurney and Intermediate School

Destination Imagination teams had very successful years, with one of the fifth grade teams advancing to world competition in Knoxville, Tennessee and receiving a fourth place award.

The Middle School provided an array of education opportunities to students through the offering of 46 class selections including computer science, modular technology, drama, foreign languages, music, art and consumer science. An emphasis on high academic standards, exploratory courses, individualized instruction and small student-to-teacher ratios contributed to providing a challenging and rewarding environment. The Middle School also had an exceptional year in promoting community service, participating in the Giving Tree, Cleveland Food Bank, Providence House Leukemia Society and Y-Haven projects. Students were also recognized during the year for accomplishments in Power of the Pen and numerous art, music and athletic awards.

Chagrin Falls High School was again recognized as one of the top 100 high schools in the nation by Newsweek magazine. The rating was based on an exceptional Advanced Placement program and the offering of 18 AP classes. The commitment to academic excellence was maintained as highlighted with six National Merit commended students, along with two finalists. One hundred thirty-six (136) students took 308 AP exams. Seventy-eight percent (78%) of the exams taken resulted in scores of 3 or higher and twenty percent ( 20% ) of the exams resulted in a score of 5 (the highest). The senior class performed well on the State proficiency tests and was ranked sixth in the State and second in Cuyahoga County. Our students were first in Ohio on the Citizenship exam. The math department had a student, for the second year, qualify for the American Invitational Mathematics Examination. This is an extremely prestigious invitation that is extended to only the most talented mathematics students in the country. Over eighty-five percent ( 85%) of graduating seniors took part in the senior project, which provided them with an opportunity to experience on-the-job training in various career settings. Regional qualification in both baseball and softball and perfect ratings in band, choir, strings and art highlighted the high school co-curricular season.

The Chagrin Falls Parent Teacher Organization (PTO), Dad's Club, the Chagrin Falls Education Foundation, Music Lovers, and the Chagrin Falls Boosters continue to be major support groups to the School District, contributing over \$500,000 in equipment and services since inception. Projects included funding for playground equipment, musical instruments, audio-visual equipment, classroom supplies, field trips assemblies for students, and supplemental professional development opportunities for interested faculty members. The Foundation also provided several thousand dollars in grants for special projects for teachers. The Business Advisory Council continues to improve the mutual working relationship between the community and schools, where both parties gain additional information and skills.

### **Future Projects**

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

The 2001-2002 school year will see the implementation of the Community Para-professional Program. Interested members of the community who have a college degree will receive training and certification to substitute in the classroom for limited periods of time, allowing the teaching staff to attend in-service and professional development activities. Also new to the District will be an Interactive Video/Distance Learning lab at the High School. This will allow students, staff and community members to participate in a number of learning enrichment activities via technology. The District will also be reviewing its Strategic Plan during the 2001-2002 school year, re-engineering the special education department, and reviewing the curriculum in the social studies and art programs.

From a financial viewpoint, the District will continue to monitor and impact, where possible, the Ohio Supreme Court's decision regarding school funding and the legislative implementation of solutions. The District will also seek the Certificate of Excellence in Financial Reporting for the School District's 2001 Comprehensive Annual Financial Report based on the new reporting model.

## **Economic Conditions and Outlook**

The Chagrin Falls Exempted Village School District area is an affluent residential community encompassing 27.5 square miles. The School District is rich in heritage, while maintaining an "old time" atmosphere with specialty shopping. Approximately 85 percent of the area is residential and 15 percent of the area is business in valuation. Personal income levels average above \$112,000 based on the 1999 Ohio Department of Taxation records, which maintains the Chagrin Falls Exempted Village School District as eighth in the State among 612 school districts. The School District has been ranked among the top eight school districts for the past thirteen years.

Property values have continued to grow within the School District since 1980. The most recent reappraisals for Geauga and Cuyahoga County were completed in 1999 and 2000, respectively. Economic conditions have weakened during the past year, and a recovery will depend upon a number of events, both nationally and worldwide. Enrollment has increased at a manageable rate to the School District. New families moving into the School District and the construction of new homes contribute to our steady growth. The 2000-01 enrollment of 1,919 students reflects a decrease of 16 students compared to the 1999-00 school year, and an increase of 427 students compared to the 1990-91 school year.

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

The funding structure of public education in Ohio is such that school districts receive very little revenue growth as a result of inflationary increases in their tax base. As a result, school districts throughout Ohio must place funding issues on the ballot to receive significant revenue growth. Chagrin Falls Exempted Village School District garners excellent levy support from its constituents. Constituents of the School District have approved all operating levies that have been submitted to the voters, in advance of the School District experiencing financial shortcomings.

## **Financial Information**

### ***Internal Accounting and Budgetary Control***

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

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

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

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, a

permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within three months after the start of the fiscal year.

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

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

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

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

### ***Financial Condition***

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

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

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

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

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion is presented after the Independent Public Accountant's report and provides an assessment of the School District's finances for 2001 and a discussion of current issues that affect the District's outlook for the future. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

### ***Financial Highlights – Internal Service Fund***

At the conclusion of fiscal year 2001, the only internal service fund carried on the financial records related to self-insurance. This fund accounts for the revenues and expenses related to the provision of prescription drug

benefits to the School District employees. The internal service fund had deficit net assets of (\$9,360) at June 30, 2001, compared with deficit net assets of (\$40,970) at June 30, 2000, reflecting an increase in net assets of \$31,610. The Board has increased charged premiums in fiscal year 2002 to alleviate the deficit.

### ***Financial Highlights – Fiduciary Fund***

The School District functions as fiscal agent for student funds, representing a variety of student groups. The agency funds had assets totaling \$54,966 at fiscal year end.

### **Cash Management**

The Board of Education has an active cash management program which consists of expediting the receipt of revenues and prudently depositing cash which is insured by the Federal Deposit Insurance Corporation as well as investing available cash in instruments issued by the United States Government. The total amount of interest earned by the District's funds was \$347,742 for the year ended June 30, 2001; \$298,393 was directly to the general fund, the remainder of which was credited to the scholarship, building and food service funds. The program is beneficial because of access to daily balances which enables the Board of Education to maintain minimum account balances and invest to the maximum extent.

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

### **Risk Management**

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

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

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

### **Pension Plans**

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

### **Independent Audit**

State statutes require the School District to be subjected to an annual audit by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Rea & Associates, Inc. was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2001. The opinion appears at the beginning of the financial section of this report.

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

## **Awards**

### ***Certificate of Achievement***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chagrin Falls Exempted Village School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2000. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

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

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

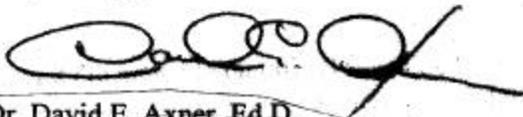
## **Acknowledgments**

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

Special appreciation is expressed to the Local Government Services Division of State Auditor Jim Petro's office for assistance in planning, designing and reviewing this financial report.

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

Respectfully,



Dr. David E. Axner, Ed D  
Superintendent



Mr. Stephen L. Osborne  
Treasurer

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

*Principal Officials*

*June 30, 2001*

***Board of Education***

Ms. Tamilyn Munson ..... President  
Mr. Jack Schron, Jr ..... Vice President  
Ms. Melinda Smith ..... Member  
Ms. Bethany Hurtuk, Ph.D ..... Member  
Mr. Pearce Leary ..... Member

***Treasurer***

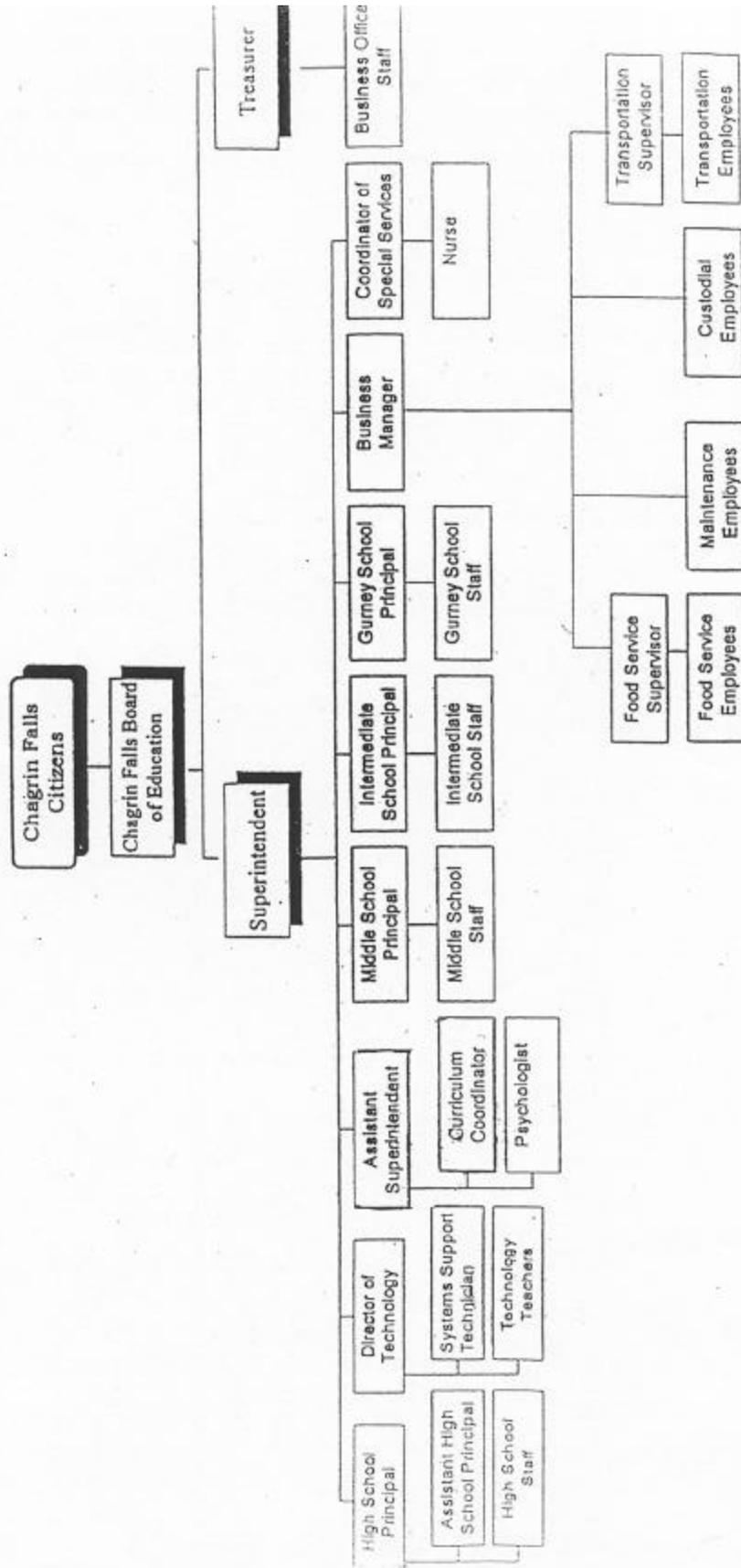
Mr. Stephen L. Osborne

***Administration***

Mr. David Axner, Ed D. .... Superintendent

# CHAGRIN FALLS EXEMPTED VILLAGE SCHOOLS

## ORGANIZATIONAL CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chagrin Falls, Ohio  
Exempted Village School  
District, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

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.



*Imelda Aruete*  
President

*Jeffrey L. Esser*  
Executive Director

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 11, 2001

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

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of Chagrin Falls Exempted Village School District, as of and for the year ended June 30, 2001, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Chagrin Falls Exempted Village School District, as of June 30, 2001, and the results of its operations and the cash flows of its business type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basic financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis – For State and Local Governments*, Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2000. This results in a change to the School District's method of accounting for certain nonexchange revenues and a change in the format and content of the basic financial statements. At June 30, 2000, there was no effect on fund balance as a result of implementing GASB Statements 37 and 38.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2001 on our consideration of the District's internal control over financial reporting and our testes of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

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

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

*Rea & Associates, Inc.*

**Chagrin Falls Exempted Village School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2001*  
*Unaudited*

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The discussion and analysis of the Chagrin Falls Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2001. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key Financial Highlights for 2001 are as follows:

- In total, net assets decreased \$435,817. Net assets of governmental activities decreased \$463,843, which represents a 7.1 percent decrease from 2000. Net assets of business-type activities increased \$28,026 or 14 percent from 2000.
- General Revenues accounted for \$17.6 million in revenue or 92 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1.5 million or 8 percent of total revenues of \$19.1 million.
- Total program expenses were \$19.5 million, \$18.9 million in Governmental Activities, \$.6 million in Business Type Activities.
- Outstanding bonded debt decreased to \$23,775,000 from \$24,450,000.

### **Using this Comprehensive Annual Financial Report (CAFR)**

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

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

### ***Reporting the School District as a Whole***

#### *Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2001?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar

## Chagrin Falls Exempted Village School District

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2001  
Unaudited*

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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.

These two statements report the School District's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio 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 is divided into two distinct kinds of activities:

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

### ***Reporting the School District's Most Significant Funds***

#### *Fund Financial Statements*

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

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

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

**Chagrin Falls Exempted Village School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2001*  
*Unaudited*

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for 2001 compared to 2000:

**(Table 1)**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2001	2000	2001	2000	2001	2000
<b>Assets</b>						
Current and Other Assets	\$19,325,373	\$19,710,849	\$80,436	\$42,368	\$19,405,809	\$19,753,217
Capital Assets	25,588,765	25,984,925	203,534	216,120	25,792,299	26,201,045
Total Assets	44,914,138	45,695,774	283,970	258,488	45,198,108	45,954,262
<b>Liabilities</b>						
Long-Term Liabilities	(24,710,619)	(25,543,523)	(6,939)	(8,473)	(24,717,558)	(25,551,996)
Other Liabilities	(14,765,380)	(14,250,269)	(48,368)	(49,378)	(14,813,748)	(14,299,647)
Total Liabilities	(39,475,999)	(39,793,792)	(55,307)	(57,851)	(39,531,306)	(39,851,643)
<b>Net Assets</b>						
Invested in Capital						
Assets Net of Debt	1,661,446	1,346,860	203,534	208,123	1,864,980	1,554,983
Restricted	2,328,980	2,857,719	0	0	2,328,980	2,857,719
Unrestricted (Deficit)	1,447,713	1,697,403	25,129	(7,486)	1,472,842	1,689,917
Total Net Assets	\$5,438,139	\$5,901,982	\$228,663	\$200,637	\$5,666,802	\$6,102,619

Total assets decreased by \$0.7 million with governmental assets comprising all of that amount. Equity in pooled cash and cash equivalents was the majority of the decrease which was \$459,280. A decrease of approximately \$400,000 in total capital assets reflects depreciation exceeding additional purchases. Total liabilities decreased by \$0.3 million with governmental liabilities comprising all of that amount. This decrease was primarily the result of decreased deferred revenue.

The net assets of the School District business-type activities increased by \$28,000 or 14 percent. This increase reflects an increase in lunch prices during the 2001 fiscal year, as well as an increase in consumable supplies in the uniform school supplies accounts. It also reflects the initial year of the adult/community education program. The adult/community program began in October, 2000 with limited offerings, expanding its program in the winter and spring of 2001.

**Chagrin Falls Exempted Village School District**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2001*

*Unaudited*

Table 2 shows the changes in net assets for fiscal year 2001. Since this is the first year the School District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2000 are not available. This table will present two fiscal years in side-by-side comparisons in successive reporting years. This will enable the reader to draw further conclusions about the District's current financial status and possibly project future problems.

**(Table 2)**  
**Governmental and Business-Type Activities**

	Governmental Activities 2001	Business-Type Activities 2001	Total 2001
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$382,113	\$596,425	\$978,538
Operating Grants	469,647	23,922	493,569
Capital Grants	65,926	0	65,926
General Revenue:			
Property Taxes	13,555,239	0	13,555,239
Grants and Entitlements	3,655,753	0	3,655,753
Other	374,254	2,312	376,566
<b>Total Revenues</b>	<b>\$18,502,932</b>	<b>\$622,659</b>	<b>\$19,125,591</b>
<b>Expenses</b>			
Instruction	10,643,161	0	10,643,161
Support Services:		0	
Pupils and Instructional Staff	1,681,961	0	1,681,961
Board of Education, Administration and Fiscal	1,781,726	0	1,781,726
Operation and Maintenance of Plant	2,094,832	0	2,094,832
Pupil Transportation	827,971	0	827,971
Operation of Non-Instructional Services	185,448	0	185,448
Extracurricular Activities	392,947	0	392,947
Interest and Fiscal Charges	1,358,729	0	1,358,729
Food Service	0	459,191	459,191
Uniform School Supplies	0	65,405	65,405
Adult Community Education	0	70,037	70,037
<b>Total Expenses</b>	<b>18,966,775</b>	<b>594,633</b>	<b>19,561,408</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(\$463,843)</b>	<b>\$28,026</b>	<b>(\$435,817)</b>

**Chagrin Falls Exempted Village School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2001  
Unaudited*

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

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 73 percent of revenues for governmental activities for the Chagrin Falls Schools in fiscal year 2001.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2000 have not been made since they are not available.

**(Table 3)  
Governmental Activities**

Programs	Total Cost of Services 2001	Net Cost of Services 2001
Instruction	\$10,643,161	\$10,470,911
Support Services:		
Pupils and Instructional Staff	1,681,961	1,344,416
Board of Education, Administration and Fiscal	1,781,726	1,774,216
Operation and Maintenance of Plant	2,094,832	2,084,032
Pupil Transportation	827,971	808,160
Operation of Non-Instructional Services	185,448	0
Extracurricular Activities	392,947	208,625
Interest and Fiscal Charges	<u>1,358,729</u>	<u>1,358,729</u>
Total Expenses	<u>\$18,966,775</u>	<u>\$18,049,089</u>

Instruction comprises 56 percent of governmental program expenses. Interest/Fiscal expense was 7 percent. Interest expense was attributable to the outstanding bonds and fiscal expenses include payments to the County Auditors for administrative fees.

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

**Chagrin Falls Exempted Village School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2001*  
*Unaudited*

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## **Business-Type Activities**

Business-type activities include our new adult/community education programs, the food service operation and the sale of uniform school supplies. These programs had revenues of \$622,659 and expenses of \$594,633 for fiscal year 2001. As discussed earlier, management increased food service fees by \$.25 in August, 2000, and implemented a new food service program for the parochial school in the School District. The Adult/Community education program was initiated in October, 2000 and incurred start-up costs that will be covered by future revenues (increased programming). Business activities receive no support from tax revenues.

## **The School District's Funds**

Information about the School District's major funds start on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$18.4 million and expenditures of \$19.5 million.

## **General Fund Budgeting Highlights**

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

During the course of fiscal year 2001, the School District amended its general fund budget numerous times, none significant. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, budget basis revenue was \$15.8 million, under original budget estimates of \$16 million. Of this \$200,000 shortfall, most was attributable to less State funding than anticipated. Transportation funding was decreased during the year to account for State budget reductions, and prior year special education adjustments were not received until the next fiscal year. Also, interest earnings dropped significantly – as interest rates were adjusted to aid a fledging economy.

Final appropriations of \$16.2 million, were \$0.6 million higher than the \$15.6 million in the original budget. Salaries, special education excess costs, and utility costs proved to be higher than expected. A number of aide positions were added during the year to assist with students with special needs. The cost of natural gas for heating skyrocketed during the year, with the hope that it has leveled off for the 2002 fiscal year. Special education costs were also significantly higher than anticipated. The number of students needing additional services at external locations grew at a rapid rate.

## **Capital Assets and Debt Administration**

### **Capital Assets**

At the end of fiscal year 2001, the School District had \$25.8 million invested in land, buildings, equipment and textbooks. \$25.6 million of this was for governmental activities, with the remainder attributable to business type activities. Table 4 shows fiscal year 2001 balances compared with 2000.

**Chagrin Falls Exempted Village School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2001*  
*Unaudited*

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

	Governmental Activities		Business-Type Activities		Total	
	2001	2000	2001	2000	2001	2000
Land	\$1,386,635	\$1,386,635	\$0	\$0	\$1,386,635	\$1,386,635
Buildings and Improvements	22,041,922	22,529,674	0	0	22,041,922	22,529,674
Furniture and Equipment	1,358,115	1,378,971	203,534	216,120	1,561,649	1,595,091
Vehicles	562,939	538,720	0	0	562,939	538,720
Textbooks	239,154	150,925	0	0	239,154	150,925
<b>Totals</b>	<b>\$25,588,765</b>	<b>\$25,984,925</b>	<b>\$203,534</b>	<b>\$216,120</b>	<b>\$25,792,299</b>	<b>\$26,201,045</b>

The \$408,746 decrease in capital assets was attributable to depreciation expense exceeding additional purchases.

A change in Ohio law required school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks. For fiscal year 2001, this amounted to \$373,407 for each set aside. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvements. For the textbooks, the School District disbursed \$329,869, with the remainder scheduled to be carried forward into the 2002 fiscal year.

**Debt**

At June 30, 2001, the School District had \$23,775,000 in bonds outstanding, \$695,000 due within one year. During fiscal year 2001, \$675,000 of general obligation bonds were retired. Table 5 summarizes bonds outstanding.

**(Table 5)**  
**Outstanding Debt, at June 30**

	Governmental Activities 2001	Governmental Activities 2000
General Obligation Bonds:		
1988 Additions/Facilities	\$2,795,000	\$2,975,000
1997 Renovations - Series 1	2,200,000	2,300,000
1997 Renovations - Series 2	18,780,000	19,175,000

In 1988, the School District passed a bond issue providing \$4,250,000 for renovations to the four buildings in the District. In 1997, the School District passed a bond issue providing \$21,800,000 for the construction of a new Middle School, classroom additions at Gurney Elementary and the refurbishing of the former Middle School (now known as the Intermediate School).

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2001  
Unaudited*

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At June 30, 2001, the School District's overall legal debt margin was \$13,423,063 and the unvoted debt margin was \$400,324. The School District maintains a AA3 bond rating.

### **Current Issues**

The Chagrin Falls Exempted Village School District is in good financial condition. As the preceding information shows, the School District relies heavily on its local property taxpayers. With the passage of a 4.2 mill operating levy in November, 1999, the School District has been able to continue and expand its educational programs. However, the financial future is not without its challenges.

The \$1.5 million dollars that the November, 1999 operating levy generated is fixed. State law (House Bill 920) fixes the amount of this increase, forcing it to remain nearly constant, with the exception of new construction. Management must diligently plan expenses so that this levy stretches for the four years it was planned. This has been made increasingly difficult with mandates in gifted education, rising utility costs, and increasing special education services required for our students.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth (which is unlike our District). Whether the State has met the standards of the Ohio Supreme Court remains debatable.

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

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

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

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

### **Contacting the School District's Financial Management**

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

## Chagrin Falls Exempted Village School District

### Statement of Net Assets

June 30, 2001

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$4,616,795	\$70,038	\$4,686,833
Accounts Receivable	30,048	5,246	35,294
Intergovernmental Receivable	58,500	0	58,500
Taxes Receivable	14,597,596	0	14,597,596
Internal Balances	10,133	(10,133)	0
Prepaid Items	3,348	0	3,348
Inventory Held for Resale	0	14,520	14,520
Materials and Supplies			
Inventory	8,953	765	9,718
Nondepreciable Capital Assets	1,386,635	0	1,386,635
Depreciable Capital Assets, Net	24,202,130	203,534	24,405,664
<i>Total Assets</i>	<u>44,914,138</u>	<u>283,970</u>	<u>45,198,108</u>
<b>Liabilities</b>			
Accounts Payable	181,361	2,418	183,779
Contracts Payable	168,315	0	168,315
Accrued Wages	1,244,193	23,376	1,267,569
Intergovernmental Payable	430,594	19,216	449,810
Deferred Revenue	12,627,229	3,358	12,630,587
Accrued Interest Payable	111,755	0	111,755
Claims Payable	1,933	0	1,933
Long-Term Liabilities:			
Due Within One Year	833,714	0	833,714
Due In More Than One Year	23,876,905	6,939	23,883,844
<i>Total Liabilities</i>	<u>39,475,999</u>	<u>55,307</u>	<u>39,531,306</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	1,661,446	203,534	1,864,980
Restricted for:			
Capital Projects	794,624	0	794,624
Debt Service	1,245,543	0	1,245,543
Other Purposes	288,813	0	288,813
Unrestricted	1,447,713	25,129	1,472,842
<i>Total Net Assets</i>	<u>\$5,438,139</u>	<u>\$228,663</u>	<u>\$5,666,802</u>

See accompanying notes to the basic financial statements

**Chagrin Falls Exempted Village School District**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2001*

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Instruction:				
Regular	\$9,432,792	\$64,217	\$59,442	\$45,941
Special	1,155,300	0	2,650	0
Vocational	55,069	0	0	0
Support Services:				
Pupils	927,785	162,652	7,815	0
Instructional Staff	754,176	0	166,904	174
Board of Education	57,583	0	0	0
Administration	1,309,319	0	7,510	0
Fiscal	414,824	0	0	0
Operation and Maintenance of Plant	2,094,832	0	10,800	0
Pupil Transportation	827,971	0	0	19,811
Operation of Non-Instructional Services				
	185,448	0	185,448	0
Extracurricular Activities	392,947	155,244	29,078	0
Interest and Fiscal Charges	1,358,729	0	0	0
<i>Total Governmental Activities</i>	<u>18,966,775</u>	<u>382,113</u>	<u>469,647</u>	<u>65,926</u>
<b>Business-Type Activities</b>				
Food Service	459,191	446,752	23,922	0
Uniform School Supplies	65,405	65,833	0	0
Adult and Community Education	70,037	83,840	0	0
<i>Total Business-Type Activities</i>	<u>594,633</u>	<u>596,425</u>	<u>23,922</u>	<u>0</u>
<b>Totals</b>	<u><u>\$19,561,408</u></u>	<u><u>\$978,538</u></u>	<u><u>\$493,569</u></u>	<u><u>\$65,926</u></u>

**General Revenues**

Property Taxes Levied for:

General Purposes

Debt Service

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

*Total General Revenues*

Change in Net Assets

*Net Assets Beginning of Year - (See Note 3)*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$9,263,192)	\$0	(\$9,263,192)
(1,152,650)	0	(1,152,650)
(55,069)	0	(55,069)
(757,318)	0	(757,318)
(587,098)	0	(587,098)
(57,583)	0	(57,583)
(1,301,809)	0	(1,301,809)
(414,824)	0	(414,824)
(2,084,032)	0	(2,084,032)
(808,160)	0	(808,160)
0	0	0
(208,625)	0	(208,625)
(1,358,729)	0	(1,358,729)
(18,049,089)	0	(18,049,089)
0	11,483	11,483
0	428	428
0	13,803	13,803
0	25,714	25,714
(18,049,089)	25,714	(18,023,375)
11,634,491	0	11,634,491
1,920,748	0	1,920,748
3,655,753	0	3,655,753
345,430	2,312	347,742
28,824	0	28,824
17,585,246	2,312	17,587,558
(463,843)	28,026	(435,817)
5,901,982	200,637	6,102,619
\$5,438,139	\$228,663	\$5,666,802

**Chagrin Falls Exempted Village School**

*Balance Sheet  
Governmental Funds  
June 30, 2001*

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,192,182	\$966,915	\$916,955
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	247,723	0	0
Receivables:			
Taxes	12,609,199	1,988,397	0
Accounts	29,344	0	0
Intergovernmental	0	0	0
Interfund Receivable	17,455	0	0
Prepaid Items	3,348	0	0
Materials and Supplies Inventory	8,953	0	0
<i>Total Assets</i>	<u>\$15,108,204</u>	<u>\$2,955,312</u>	<u>\$916,955</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$181,034	\$0	\$0
Accrued Wages	1,232,590	0	0
Intergovernmental Payable	286,786	0	0
Deferred Revenue	11,359,894	1,786,415	0
Contracts Payable	0	0	168,315
<i>Total Liabilities</i>	<u>13,060,304</u>	<u>1,786,415</u>	<u>168,315</u>
 <b>Fund Balances:</b>			
Reserved for Encumbrances	291,058	0	109,803
Reserved for Inventory	8,953	0	0
Reserved for Property Taxes	1,097,231	191,435	0
Reserved for Textbooks	47,943	0	0
Reserved for Budget Stabilization	199,780	0	0
Unreserved, Undesignated, Reported in:			
General Fund	402,935	0	0
Special Revenue Funds	0	0	0
Debt Service Fund	0	977,462	0
Capital Projects Funds	0	0	638,837
<i>Total Fund Balances</i>	<u>2,047,900</u>	<u>1,168,897</u>	<u>748,640</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$15,108,204</u>	<u>\$2,955,312</u>	<u>\$916,955</u>

See accompanying notes to the basic financial statements

**Chagrin Falls Exempted Village School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2001*

Other Governmental Funds	Total Governmental Funds		
		<b>Total Governmental Funds Balances</b>	\$4,244,096
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$293,020	\$4,369,072	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,588,765
0	247,723	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
0	14,597,596	Grants	58,500
704	30,048	Delinquent property taxes	<u>519,080</u>
58,500	58,500		<u>577,580</u>
105	17,560		
0	3,348	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.	(9,360)
0	8,953		
<u>\$352,329</u>	<u>\$19,332,800</u>	Due to other governments includes contractually required pension contributions which are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(140,568)
\$327	\$181,361	Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:	
11,603	1,244,193	General Obligation Bonds	(23,775,000)
3,240	290,026	Compensated Absences	(783,300)
58,500	13,204,809	Capital Leases Payable	(152,319)
0	168,315	Accrued Interest Payable	<u>(111,755)</u>
<u>73,670</u>	<u>15,088,704</u>		
44,327	445,188	Total	<u>(24,822,374)</u>
0	8,953		
0	1,288,666	<i>Net Assets of Governmental Activities</i>	<u>\$5,438,139</u>
0	47,943		
0	199,780		
0	402,935		
200,068	200,068		
0	977,462		
<u>34,264</u>	<u>673,101</u>		
<u>278,659</u>	<u>4,244,096</u>		
<u>\$352,329</u>	<u>\$19,332,800</u>		

**Chagrin Falls Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2001*

	General	Debt Service	Permanent Improvement
<b>Revenues</b>			
Taxes	\$11,631,985	\$1,916,368	\$0
Intergovernmental	3,442,985	185,870	0
Interest	298,393	0	43,084
Tuition and Fees	48,658	0	0
Extracurricular Activities	0	0	0
Rentals	14,020	0	0
Contributions and Donations	0	0	0
Miscellaneous	9,674	0	0
<i>Total Revenues</i>	<u>15,445,715</u>	<u>2,102,238</u>	<u>43,084</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	8,223,487	0	0
Special	1,162,013	0	0
Vocational	55,069	0	0
Support Services:			
Pupil	710,585	0	0
Instructional Staff	669,023	0	0
Board of Education	57,571	0	0
Administration	1,237,048	0	0
Fiscal	418,715	9,520	0
Operation and Maintenance of Plant	2,046,261	0	0
Pupil Transportation	762,138	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	436,710	0	0
Capital Outlay	31,426	0	711,573
Debt Service:			
Principal Retirement	67,172	675,000	0
Interest and Fiscal Charges	2,144	1,359,690	0
<i>Total Expenditures</i>	<u>15,879,362</u>	<u>2,044,210</u>	<u>711,573</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(433,647)</u>	<u>58,028</u>	<u>(668,489)</u>
<b>Other Financing Sources (Uses)</b>			
Inception of Capital Lease	31,426	0	0
Transfers In	0	24,500	0
Transfers Out	(45,578)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(14,152)</u>	<u>24,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(447,799)</u>	<u>82,528</u>	<u>(668,489)</u>
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	2,499,213	1,086,369	1,417,129
Decrease in Reserve for Inventory	(3,514)	0	0
<i>Fund Balances End of Year</i>	<u>\$2,047,900</u>	<u>\$1,168,897</u>	<u>\$748,640</u>

See accompanying notes to the basic financial statements

**Chagrin Falls Exempted Village School District**  
*Reconciliation of the Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2001*

Other Governmental Funds	Total Governmental Funds		
		<b>Net Change in Fund Balances - Total Governmental Funds</b>	(\$984,465)
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$0	\$13,548,353	Governmental funds report capital outlays as expenditures.	
473,898	4,102,753	However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	
3,953	345,430	Fixed Asset Additions	826,964
0	48,658	Current Year Depreciation	<u>(1,223,124)</u>
320,430	320,430		(396,160)
0	14,020		
46,478	46,478	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
1,750	11,424	Grants	58,500
<u>846,509</u>	<u>18,437,546</u>	Delinquent property taxes	<u>6,886</u>
			65,386
55,417	8,278,904	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
0	1,162,013	Bond Principal	675,000
0	55,069	Capital Leases	<u>67,172</u>
207,417	918,002	Total	742,172
106,924	775,947	In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.	
0	57,571		3,105
7,480	1,244,528	Some expenses reported in the statement of activities do not the use of current financial resources and therefore are not reported as expenditures in governmental funds;	
0	428,235	Capital Leases	(31,426)
10,800	2,057,061	Compensated Absences	122,158
0	762,138	Pension Obligation	(12,709)
223,963	223,963	Change in Inventory	<u>(3,514)</u>
195,443	632,153	Total	74,509
10,848	753,847	The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of the internal service fund is reported with governmental activities.	
0	742,172		<u>31,610</u>
0	1,361,834	<i>Change in Net Assets of Governmental Activities</i>	<u><u>(\$463,843)</u></u>
<u>818,292</u>	<u>19,453,437</u>		
28,217	(1,015,891)		
0	31,426		
21,078	45,578		
0	(45,578)		
<u>21,078</u>	<u>31,426</u>		
49,295	(984,465)		
229,364	5,232,075		
0	(3,514)		
<u>\$278,659</u>	<u>\$4,244,096</u>		

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**Chagrin Falls Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2001*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$12,022,513	\$11,864,050	\$11,944,539	\$80,489
Intergovernmental	3,625,850	3,605,554	3,445,635	(159,919)
Interest	300,000	300,000	298,663	(1,337)
Tuition and Fees	72,500	19,000	19,389	389
Rentals	15,000	13,000	13,957	957
Miscellaneous	6,000	13,000	12,696	(304)
<i>Total Revenues</i>	<u>16,041,863</u>	<u>15,814,604</u>	<u>15,734,879</u>	<u>(79,725)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	7,310,830	7,754,935	7,754,935	0
Special	1,175,755	1,343,263	1,343,263	0
Vocational	86,056	120,187	120,187	0
Support Services:				
Pupils	702,028	703,456	702,027	1,429
Instructional Staff	771,016	781,016	781,016	0
Board of Education	97,117	87,117	87,117	0
Administration	1,408,467	1,409,529	1,408,467	1,062
Fiscal	466,225	466,506	464,329	2,177
Business	750	750	750	0
Operation and Maintenance of Plant	2,118,698	2,120,005	2,118,176	1,829
Pupil Transportation	981,843	985,368	985,368	0
Central	24,083	24,117	24,083	34
Operation of Non-Instructional Services	13,151	11,151	11,151	0
Extracurricular Activities	453,820	452,295	452,295	0
<i>Total Expenditures</i>	<u>15,609,839</u>	<u>16,259,695</u>	<u>16,253,164</u>	<u>6,531</u>
<i>Excess of Revenues Over (Under) Expenditur</i>	<u>432,024</u>	<u>(445,091)</u>	<u>(518,285)</u>	<u>(73,194)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	30,299	30,299
Operating Transfers Out	(45,578)	(45,578)	(45,578)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(45,578)</u>	<u>(45,578)</u>	<u>(15,279)</u>	<u>30,299</u>
<i>Net Change in Fund Balance</i>	<u>386,446</u>	<u>(490,669)</u>	<u>(533,564)</u>	<u>(42,895)</u>
<i>Fund Balance Beginning of Year</i>	<u>2,264,588</u>	<u>2,264,588</u>	<u>2,264,588</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>242,567</u>	<u>242,567</u>	<u>242,567</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,893,601</u></u>	<u><u>\$2,016,486</u></u>	<u><u>\$1,973,591</u></u>	<u><u>(\$42,895)</u></u>

See accompanying notes to the basic financial statements

**Chagrin Falls Exempted Village School District**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*June 30, 2001*

	Business-Type Activities -	
	Food Service	Uniform School Supplies
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$54,607	\$1,323
Receivables:		
Accounts	153	0
Interfund	1,204	0
Inventory Held for Resale	2,429	12,091
Materials and Supplies Inventory	765	0
<i>Total Current Assets</i>	59,158	13,414
Non-Current Assets		
Capital Assets, Net	203,534	0
<i>Total Assets</i>	262,692	13,414
<b>Liabilities</b>		
Accounts Payable	338	736
Accrued Wages	21,067	0
Interfund Payable	0	11,337
Intergovernmental Payable	17,471	0
Deferred Revenue	899	2,459
Claims Payable	0	0
<i>Total Current Liabilities</i>	39,775	14,532
Long-Term Liabilities		
Compensated Absences Payable	6,939	0
<i>Total Liabilities</i>	46,714	14,532
<b>Net Assets</b>		
Invested in Capital Assets	203,534	0
Unrestricted (Deficit)	12,444	(1,118)
<i>Total Net Assets (Deficit)</i>	\$215,978	(\$1,118)

See accompanying notes to the basic financial statements

<u>Enterprise Funds</u>		Governmental Activities - Internal Service Fund
<u>Adult Education</u>	<u>Total</u>	
\$14,108	\$70,038	\$0
5,093	5,246	0
0	1,204	0
0	14,520	0
0	765	0
19,201	91,773	0
0	203,534	0
19,201	295,307	0
1,344	2,418	0
2,309	23,376	0
0	11,337	7,427
1,745	19,216	0
0	3,358	0
0	0	1,933
5,398	59,705	9,360
0	6,939	0
5,398	66,644	9,360
0	203,534	0
13,803	25,129	(9,360)
<u>\$13,803</u>	<u>\$228,663</u>	<u>(\$9,360)</u>

**Chagrin Falls Exempted Village School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2001*

	Business-Type Activities -	
	Food Service	Uniform School Supplies
<b>Operating Revenues</b>		
Tuition	\$0	\$0
Sales	446,752	65,833
Charges for Services	0	0
<i>Total Operating Revenues</i>	<u>446,752</u>	<u>65,833</u>
<b>Operating Expenses</b>		
Salaries	160,535	0
Fringe Benefits	45,496	0
Purchased Services	5,255	736
Materials and Supplies	9,761	13,932
Cost of Sales	225,558	50,737
Depreciation	12,586	0
Claims	0	0
<i>Total Operating Expenses</i>	<u>459,191</u>	<u>65,405</u>
<i>Operating Income (Loss)</i>	<u>(12,439)</u>	<u>428</u>
<b>Non-Operating Revenues</b>		
Donated Commodities	8,557	0
Interest	2,312	0
Operating Grants	15,365	0
<i>Total Non-Operating Revenues</i>	<u>26,234</u>	<u>0</u>
<i>Change in Net Assets</i>	13,795	428
<i>Net Assets (Deficit) Beginning of Year (Restated See Note 3)</i>	<u>202,183</u>	<u>(1,546)</u>
<i>Net Assets (Deficit) End of Year</i>	<u><u>\$215,978</u></u>	<u><u>(\$1,118)</u></u>

See accompanying notes to the basic financial statements

<u>Enterprise Funds</u>		
<u>Adult Education</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$83,840	\$83,840	\$0
0	512,585	0
0	0	180,651
<u>83,840</u>	<u>596,425</u>	<u>180,651</u>
27,692	188,227	0
5,681	51,177	0
36,588	42,579	0
76	23,769	0
0	276,295	0
0	12,586	0
0	0	149,041
<u>70,037</u>	<u>594,633</u>	<u>149,041</u>
<u>13,803</u>	<u>1,792</u>	<u>31,610</u>
0	8,557	0
0	2,312	0
0	15,365	0
<u>0</u>	<u>26,234</u>	<u>0</u>
13,803	28,026	31,610
0	200,637	(40,970)
<u>\$13,803</u>	<u>\$228,663</u>	<u>(\$9,360)</u>

**Chagrin Falls Exempted Village School District**

*Statement of Cash Flows*

*Proprietary Funds*

*For the Fiscal Year Ended June 30, 2001*

	<u>Business-Type Activities -</u>	
	<u>Food Service</u>	<u>Uniform School Supplies</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$446,599	\$65,833
Cash Received from Tuition Payments	0	0
Cash Received from Interfund Transactions	0	0
Cash Payments to Employees for Services	(159,496)	0
Cash Payments for Employee Benefits	(47,075)	0
Cash Payments for Goods and Services	(230,424)	(64,669)
Cash Payments for Claims	0	0
<i>Net Cash Provided by Operating Activities</i>	<u>9,604</u>	<u>1,164</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating Grants Received	15,365	0
Repayment of Advance	0	0
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>15,365</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>		
Interest on Investments	<u>2,312</u>	<u>0</u>
<i>Net Increase in Cash and Cash Equivalents</i>	27,281	1,164
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>27,326</u>	<u>159</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$54,607</u>	<u>\$1,323</u>

<u>Enterprise Funds</u>		
<u>Adult Education</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$0	\$512,432	\$0
78,747	78,747	0
0	0	180,651
(25,383)	(184,879)	0
(3,936)	(51,011)	0
(35,320)	(330,413)	0
0	0	(150,352)
<u>14,108</u>	<u>24,876</u>	<u>30,299</u>
0	15,365	0
<u>0</u>	<u>0</u>	<u>(30,299)</u>
<u>0</u>	<u>15,365</u>	<u>(30,299)</u>
<u>0</u>	<u>2,312</u>	<u>0</u>
14,108	42,553	0
<u>0</u>	<u>27,485</u>	<u>0</u>
<u>\$14,108</u>	<u>\$70,038</u>	<u>\$0</u>

(continued)

**Chagrin Falls Exempted Village School District**

*Statement of Cash Flows*

*Proprietary Funds (continued)*

*For the Fiscal Year Ended June 30, 2001*

	<u>Business-Type Activities -</u>	
	<u>Food Service</u>	<u>Uniform School Supplies</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	(\$12,439)	\$428
Adjustments:		
Depreciation	12,586	0
Donated Commodities Used During Year	8,557	0
(Increase) Decrease in Assets:		
Accounts Receivable	(153)	0
Inventory Held for Resale	957	0
Materials and Supplies Inventory	298	0
Increase (Decrease) in Liabilities:		
Accounts Payable	338	736
Accrued Wages	1,039	0
Compensated Absences Payable	(1,534)	0
Intergovernmental Payable	(45)	0
Claims Payable	0	0
<i>Net Cash Provided by Operating Activities</i>	<u>\$9,604</u>	<u>\$1,164</u>

See accompanying notes to the basic financial statements

<u>Enterprise Funds</u>		
<u>Adult Education</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$13,803	\$1,792	\$31,610
0	12,586	0
0	8,557	0
(5,093)	(5,246)	0
0	957	0
0	298	0
1,344	2,418	0
2,309	3,348	0
0	(1,534)	0
1,745	1,700	0
0	0	(1,311)
<u>\$14,108</u>	<u>\$24,876</u>	<u>\$30,299</u>

**Chagrin Falls Exempted Village School District**

*Statement of Fiduciary Assets and Liabilities*

*Agency Funds*

*June 30, 2001*

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<b>Assets</b>	
Equity Pooled in Cash and Cash Equivalents	<u>\$54,966</u>
 <b>Liabilities</b>	
Undistributed Monies	\$3,067
Due to Students	<u>51,899</u>
<i>Total Liabilities</i>	<u>\$54,966</u>

See accompanying notes to the basic financial statements

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

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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### **Note 1 - Description of The School District**

Chagrin Falls Exempted Village School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies. Each member is elected to a four year term. The Board of Education controls the School District's four instructional support facilities staffed by 103 classified employees, 150 certified full-time teaching personnel and 13 administrators who provide services to 1,919 students and other community members.

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

#### ***Reporting Entity***

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

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

### **Note 2 - Summary of Significant Accounting Policies**

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

## Chagrin Falls Exempted Village School District

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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#### **A. Basis of Presentation**

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

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

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

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

#### **B. Fund Accounting**

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

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

## Chagrin Falls Exempted Village School District

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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

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

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

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

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

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

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

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

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

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

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

## Chagrin Falls Exempted Village School District

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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#### ***C. Measurement Focus***

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

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

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

#### ***D. Basis of Accounting***

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

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

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

## Chagrin Falls Exempted Village School District

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

#### ***E. Budgetary Data***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

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

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

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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#### ***F. Cash and Cash Equivalents***

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

During fiscal year 2001, investments were limited to Commercial Paper, repurchase agreements, Victory Federal Mutual Funds, Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Association Notes, U. S. Treasury Notes, STAROhio, the State Treasurer's Investment Pool, and certificates of deposit.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001. Certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$298,393, which includes \$176,100 assigned from other School District funds.

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

#### ***G. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

#### ***H. Inventory***

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

**I. Restricted Assets**

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

**J. Capital Assets**

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

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

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land	N/A	N/A
Buildings and Improvements	10 - 40 years	N/A
Furniture and Equipment	5 - 20 years	20 years
Vehicles	13 years	N/A
Textbooks	5 years	N/A

**K. Interfund Balances**

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

**L. Compensated Absences**

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and if

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

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

***M. Accrued Liabilities and Long-term Obligations***

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

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

***N. Net Assets***

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

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

***O. Fund Balance Reserves***

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

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

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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

#### ***P. Operating Revenues and Expenses***

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

#### ***Q. Contributions of Capital***

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

#### ***R. Interfund Activity***

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

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

#### ***S. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2001.

#### ***T. 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.

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

**Note 3 - Change in Accounting Principle and Restatement of Fund Balances/Net Assets**

**Changes in Accounting Principles** For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures" and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements." At June 30, 2000, there was no effect on fund balance as a result of implementing GASB Statements 37 and 38.

GASB 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the School District's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2000, caused by the elimination of the internal service fund and conversion to the accrual basis of accounting.

**Restatement of Fund Balance** During fiscal year 2001 it was determined that intergovernmental receivables were understated at June 30, 2000 in the general fund. This restatement had the following effect on fund balance of the major and nonmajor funds of the School District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2000	\$2,437,404	\$1,086,369	\$1,417,129	\$229,364	\$5,170,266
GASB 33 Adjustments:					
Intergovernmental Receivable	2,650	0	0	0	2,650
Implementation of Interpretation 6	59,159	0	0	0	59,159
Adjusted Fund Balance, June 30, 2000	<u>\$2,499,213</u>	<u>\$1,086,369</u>	<u>\$1,417,129</u>	<u>\$229,364</u>	5,232,075
GASB 34 Adjustments:					
Capital Assets					25,984,925
Capital Leases					(188,065)
Compensated Absences					(905,458)
Internal Service Fund					(40,970)
Pension Obligations					(127,859)
Long-Term (Deferred) Assets					512,194
Long-Term Liabilities					<u>(24,564,860)</u>
Governmental Activities Net Assets, June 30, 2000					<u>\$5,901,982</u>

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

During fiscal year 2001, it was determined that compensated absences and fixed assets were understated for business-type activities. The restatements had the following effect on net assets of business-type activities as it was previously reported.

	Food Service	Uniform School Supplies	Total
Net Assets June 30, 2000 as previously reported	\$99,069	(\$1,546)	\$97,523
Compensated Absences	(6,919)	0	(6,919)
Fixed Assets	<u>110,033</u>	<u>0</u>	<u>110,033</u>
Restated Net Assets, June 30, 2000	<u>\$202,183</u>	<u>(\$1,546)</u>	<u>\$200,637</u>

**Note 4 - Accountability**

Title VI-B and miscellaneous federal grants special revenue funds had a deficit fund balance of \$1,083 and \$112, respectively, at June 30, 2001. The deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

Uniform school supplies enterprise fund and the self insurance internal service fund had deficit net assets of \$1,118 and \$9,360, respectively, at June 30, 2001. The deficit net assets resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. Management is analyzing these funds to eliminate future deficits.

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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

	<u>General</u>
GAAP Basis	(\$447,799)
Net Adjustment for Revenue Accruals	251,231
Fair Value Adjustment for Investments	6,507
Advance In	30,299
Net Adjustment for Expenditure Accruals	86,005
Adjustment for Encumbrances	<u>(459,807)</u>
Budget Basis	<u><u>(\$533,564)</u></u>

**Note 6 - Deposits and Investments**

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

## Chagrin Falls Exempted Village School District

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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

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

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

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

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$331,904 and the bank balance was \$355,368. Of the bank balance:

1. \$148,192 of the bank balance was covered by depository insurance; and
2. \$207,176 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

	Category 1	Category 2	Carrying Value	Fair Value
Commercial Paper	\$998,600	\$0	\$998,600	\$998,600
Repurchase Agreements	150,209		150,209	150,209
Victory Federal Money Market Closed End	31,540		31,540	31,540
Federal Farm Credit Bank Notes		127,291	127,291	127,291
Federal Home Loan Bank Notes		609,375	609,375	609,375
Federal Home Loan Mortgage Corporation Notes		150,516	150,516	150,516
Federal National Mortgage Association Notes		305,532	305,532	305,532
Victory Federal Money Market Open End		653,520	653,520	653,520
U.S. Treasury Notes		150,984	150,984	150,984
STAROhio		1,228,578	1,228,578	1,228,578
Totals	\$1,180,349	\$3,225,796	\$4,406,145	\$4,406,145

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

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$4,741,799	\$0
Cash on Hand	(3,750)	
Investments which are part of a cash management pool:		
Commercial Paper	(998,600)	998,600
Repurchase Agreements	(150,209)	150,209
Victory Federal Money Market Closed End	(31,540)	31,540
Federal Farm Credit Bank Notes	(127,291)	127,291
Federal Home Loan Bank Notes	(609,375)	609,375
Federal Home Loan Mortgage Corporation Notes	(150,516)	150,516
Federal National Mortgage Association Notes	(305,532)	305,532
Victory Federal Money Market Open End	(653,520)	653,520
U.S. Treasury Notes	(150,984)	150,984
STAROhio	(1,228,578)	1,228,578
<i>GASB Statement No. 3</i>	<u>\$331,904</u>	<u>\$4,406,145</u>

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2000, on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second Half Collections		2001 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$345,547,240	94.80%	\$382,568,900	95.57%
Public Utility	8,504,240	2.33	8,017,290	2.00
Tangible Personal Property	10,445,953	2.87	9,737,879	2.43
	<u>\$364,497,433</u>	<u>100.00%</u>	<u>\$400,324,069</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$92.80		\$92.30	

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. This year, the June 2001 tangible personal property tax settlement was not received until July of 2001.

The School District receives property taxes from Cuyahoga and Geauga Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The late settlement and the amount available as an advance at June 30 are recognized as revenue.

The amount available as an advance at June 30, 2001, was \$1,288,666 and is recognized as revenue. \$1,097,231 was available to the general fund and \$191,435 was available to the bond retirement debt service fund.

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

**Note 8 - Receivables**

Receivables at June 30, 2001, consisted of taxes, accounts (rent and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Intergovernmental receivables consisted of \$58,500 in the interactive video distance learning fund for operating grants.

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2001, was as follows:

	Balance 6/30/00	Additions	Deductions	Balance 6/30/01
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,386,635	\$0	\$0	\$1,386,635
<i>Capital Assets, being depreciated</i>				
Building and Improvements	26,224,966	191,509	0	26,416,475
Furniture and Equipment	3,138,813	386,974	(651)	3,525,136
Vehicles	1,315,454	138,195	0	1,453,649
Textbooks	481,702	110,286	0	591,988
<i>Total Capital Assets, being depreciated</i>	<u>\$31,160,935</u>	<u>\$826,964</u>	<u>(\$651)</u>	<u>\$31,987,248</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(\$3,695,292)	(\$679,261)	\$0	(\$4,374,553)
Furniture and Equipment	(1,759,842)	(407,830)	651	(2,167,021)
Vehicles	(776,734)	(113,976)	0	(890,710)
Textbooks	(330,777)	(22,057)	0	(352,834)
Total Accumulated Depreciation	<u>(6,562,645)</u>	<u>(1,223,124)*</u>	<u>651</u>	<u>(7,785,118)</u>
Total Capital Assets being depreciated, net	<u>24,598,290</u>	<u>(396,160)</u>	<u>0</u>	<u>24,202,130</u>
Governmental Activities Capital Assets, Net	<u>\$25,984,925</u>	<u>(\$396,160)</u>	<u>\$0</u>	<u>\$25,588,765</u>
Total Capital Assets being Depreciated				
<b>Business-Type Activities</b>				
Furniture and Equipment	\$333,706	\$0	\$0	\$333,706
Less Accumulated Depreciation	(117,586)	(12,586)	0	(130,172)
Business-Type Activities Capital Assets, Net	<u>\$216,120</u>	<u>(\$12,586)</u>	<u>\$0</u>	<u>\$203,534</u>

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$988,800
Special	6,358
Support Services:	
Pupil	8,227
Instructional Staff	30,915
Board of Election	36
Administration	53,332
Fiscal	1,744
Operation and Maintenance of Plant	24,764
Pupil Transportation	101,543
Operation of Non-Instructional Services	3,110
Extracurricular Activities	4,295
	<hr/>
Total Depreciation Expense	<u>\$1,223,124</u>

**Note 10 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2001, the School District contracted with the following insurance companies:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage Amount</u>
Indiana Insurance	Property Coverage	
	Blanket Building and Contents	\$44,524,580
	Extra Expense	1,000,000
	Valuable Papers	100,000
	Inland Marine	1,553,714
Travelers Insurance	Boiler and Machinery	\$30,000,000
Ohio Casualty	Public Employee Dishonesty	250,000
	Money and Securities	5,000
Coregis Insurance Company	Automobile Liability	2,000,000

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage Amount</u>
Nationwide Insurance Company	Education Liability	
	Each Occurrence	\$2,000,000
	Fire Damage	100,000
	Medical Expense	5,000
	General Aggregate	5,000,000
	Umbrella Liability	2,000,000

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

***B. Workers' Compensation***

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

***C. Prescription Drug***

The School District participates in a self-insurance program for prescription drug benefits. PCS Health Systems of Worthington, Ohio, the third-party administrator of the program, reviews and pays claims. The prescription drug plan utilizes a \$10/5 deductible per prescription. The School District pays \$106.93 for family coverage and \$43.03 for single coverage per month which represents 80 percent of the premium required for family coverage and 100 percent of the premium required for single coverage.

The claims liability of \$1,933 reported in the internal service fund at June 30, 2001, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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Changes in the fund's claims liability amount during fiscal 1999, 2000, and 2001 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
1999	\$5,177	\$121,554	\$124,468	\$2,263
2000	2,263	150,652	149,671	3,244
2001	3,244	149,041	150,352	1,933

**Note 11 - Other Employee Benefits**

***A. Compensated Absences***

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 270 days. Upon retirement, employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 270 days.

***B. Insurance Benefits***

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Met Life Insurance Company, in the amount of \$75,000 for all certified and union exempt employees, all administrators, and treasurer, \$100,000 for the superintendent, and \$30,000 for non-certified employees.

All employees are offered a wellness program by the School District. This program provides preventive medical treatments and is entirely covered by the School District.

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

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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**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 defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent 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, 2001, 2000, and 1999 were \$113,913, \$145,478 and \$183,894 respectively; 62 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$43,281 represents the unpaid contribution for fiscal year 2001.

***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, 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. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$738,497, \$451,311 and \$438,786, respectively; 83.91 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$118,809 represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

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

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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#### ***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

#### **Note 13 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependants are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$349,814 during the 2001 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.80 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$280,448.

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS had approximately 50,000 participants currently receiving health care benefits.

**Note 14 - Long - Term Obligations**

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

	Principal Outstanding 6/30/00	Additions	Reductions	Principal Outstanding 6/30/01	Amounts Due in One Year
<b>Governmental Activities</b>					
General Obligation Bonds:					
1988 Additions/Facilities 7.50%	\$2,975,000	\$0	(\$180,000)	\$2,795,000	\$190,000
1997 Renovations 5.37%	2,300,000	0	(100,000)	2,200,000	100,000
1997 Renovations 5.39%	19,175,000	0	(395,000)	18,780,000	405,000
Total General Obligation Bonds	24,450,000	0	(675,000)	23,775,000	695,000
Compensated Absences	905,458	0	122,158	783,300	67,236
Capital Leases	188,065	31,426	67,172	152,319	71,478
Total Governmental Activities					
Long-Term Liabilities	<u>\$25,543,523</u>	<u>\$31,426</u>	<u>(\$485,670)</u>	<u>\$24,710,619</u>	<u>\$833,714</u>
<b>Business-Type Activities</b>					
Compensated Absences	<u>\$8,473</u>	<u>\$0</u>	<u>(\$1,534)</u>	<u>\$6,939</u>	<u>\$0</u>

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

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

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

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

The School District's overall debt margin was \$13,423,063 with an unvoted debt margin of \$400,324 at June 30, 2001. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2001 are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>General</u> <u>Obligation Bonds</u>
2002	\$2,016,968
2003	2,051,774
2004	2,033,606
2005	2,033,701
2006	2,026,300
2007-2011	10,145,033
2012-2016	8,127,886
2017-2021	8,080,479
2022-2023	3,216,438
Total Principal and Interest	39,732,185
Less: Interest	15,957,185
Total Principal Outstanding	<u>\$23,775,000</u>

**Note 15 - Capitalized Leases**

Capital lease obligations relate to copier equipment and a vehicle which are leased under long-term agreements. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". Capital lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

<u>Year</u>	<u>Amount</u>
2002	\$74,276
2003	45,371
2004	26,341
2005	7,882
2006	6,041
Total Minimum Lease Payments	159,911
Less: Amount Representing Interest	(7,592)
Present Value of minimum lease payments	<u>\$152,319</u>

The assets being acquired have been capitalized in the general fund in the amount of \$221,091, which is the present value of the minimum lease payments at the inception of each lease.

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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**Note 16 - Jointly Governed Organizations**

**A. *Lake Geauga Computer Association***

The Lake Geauga Computer Association (LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. The School District paid \$18,000 to LGCA during fiscal year 2001. Financial information can be obtained from Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

**B. *Ohio Schools Council***

The Ohio Schools Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2001, the School District paid \$750 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio, 44131.

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998 and the natural gas program which was implemented during fiscal year 2000.

The electric purchase program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

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

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

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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

**Note 17 - Insurance Purchasing Pool**

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

**Note 18 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

**B. Litigation**

The Chagrin Falls Exempted Village School District is party to legal proceedings. The School District 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.

**Note 19 - Interfund Transfers**

Transfers made during fiscal year 2001 were \$24,500 to the bond retirement fund and \$21,078 to the athletic/district managed fund from the general fund. These transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

**Chagrin Falls Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

**Note 20 - Interfund Balances**

On the fund financial statements the general fund reported an interfund receivable at June 30, 2001 of \$11,337. The uniform school supplies enterprise fund had an interfund payable of the same amount. The loan was due to the timing of collections from students.

On the fund financial statements the general fund reported an interfund receivable at June 30, 2001 of \$6,118. The internal service fund had an interfund payable of the same amount. The loan was due to the timing of claims.

On the fund financial statements the auxiliary services special revenue fund reported an interfund receivable at June 30, 2001 of \$105. The internal service fund had an interfund payable of the same amount. The loan was due to the timing of claims.

On the fund financial statements the food service enterprise fund reported an interfund receivable at June 30, 2001 of \$1,204. The internal service fund had an interfund payable of the same amount. The loan was due the timing of claims.

**Note 21 - Set-Asides**

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

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbook/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2000	\$199,780	\$0	\$4,405
Current Year Set-aside Requirement	0	373,407	373,407
Qualifying Disbursements	0	(825,478)	(329,869)
Totals	<u>\$199,780</u>	<u>(\$452,071)</u>	<u>\$47,943</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$199,780</u>	<u>\$0</u>	<u>\$47,943</u>
Set-Aside Reserve Balance as of June 30, 2001	<u>\$199,780</u>	<u>\$0</u>	<u>\$47,943</u>

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

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2001*

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The School District had qualifying disbursements during the year that reduced the capital improvements set-aside amount below zero. These extra amounts may not be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$247,723.

#### **Note 22 - Subsequent Event**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 11, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirements that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**Chagrin Falls Exempted Village  
School District**

**Combining Statements and Individual Fund Schedules**

**Chagrin Falls Exempted Village School District**

**Combining Statements - Nonmajor Funds**

**Nonmajor Special Revenue Funds**

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

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

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

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

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

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

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

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

***Data Communication Fund*** - This fund accounts for monies appropriated for Ohio Educational Computer Network Connections.

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

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

***Summer Intervention Fund*** - This fund accounts for State monies used to provide summer school for those children in need of additional assistance.

**Chagrin Falls Exempted Village School District**

**Nonmajor Special Revenue Funds**

(continued)

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

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

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

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

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

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

**E-Rate Grant Fund** - This fund accounts for Federal funds which support the telecommunications activities within the School District.

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

**Nonmajor Capital Projects Funds**

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

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

**Power-Up Capacity Fund** - This fund accounts for State monies to be used for electrical upgrades throughout the School District.

**Chagrin Falls Exempted Village School District**

*Combining Balance Sheet*

*Nonmajor Governmental Funds*

*June 30, 2001*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$247,036	\$45,984	\$293,020
Receivables:			
Accounts	704	0	704
Intergovernmental	58,500	0	58,500
Interfund	105	0	105
<i>Total Assets</i>	<u>\$306,345</u>	<u>\$45,984</u>	<u>\$352,329</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	\$327	\$0	\$327
Accrued Wages	11,603	0	11,603
Intergovernmental Payable	3,240	0	3,240
Deferred Revenue	58,500	0	58,500
<i>Total Liabilities</i>	<u>73,670</u>	<u>0</u>	<u>73,670</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	32,607	11,720	44,327
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	200,068	0	200,068
Capital Projects Funds	0	34,264	34,264
<i>Total Fund Balances</i>	<u>232,675</u>	<u>45,984</u>	<u>278,659</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$306,345</u>	<u>\$45,984</u>	<u>\$352,329</u>

**Chagrin Falls Exempted Village School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Fiscal Year Ended June 30, 2001*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$427,783	\$46,115	\$473,898
Interest	3,953	0	3,953
Extracurricular Activities	320,430	0	320,430
Contributions and Donations	46,478	0	46,478
Miscellaneous	1,750	0	1,750
<i>Total Revenues</i>	<u>800,394</u>	<u>46,115</u>	<u>846,509</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	55,417	0	55,417
Support Services:			
Pupils	207,417	0	207,417
Instructional Staff	106,924	0	106,924
Administration	7,480	0	7,480
Operation and Maintenance of Plant	10,800	0	10,800
Operation of Non-Instructional			
Services	223,963	0	223,963
Extracurricular Activities	195,443	0	195,443
Capital Outlay	0	10,848	10,848
<i>Total Expenditures</i>	<u>807,444</u>	<u>10,848</u>	<u>818,292</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(7,050)	35,267	28,217
<b>Other Financing Sources</b>			
Operating Transfers In	21,078	0	21,078
<i>Net Change in Fund Balances</i>	14,028	35,267	49,295
<i>Fund Balances Beginning of Year</i>	<u>218,647</u>	<u>10,717</u>	<u>229,364</u>
<i>Fund Balances End of Year</i>	<u><u>\$232,675</u></u>	<u><u>\$45,984</u></u>	<u><u>\$278,659</u></u>

**Chagrin Falls Exempted Village School District**

*Combining Balance Sheet*

*Nonmajor Special Revenue Funds*

*June 30, 2001*

	<u>Special Trust</u>	<u>Public School Support</u>	<u>Athletic/ District Managed</u>	<u>Auxiliary Services</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$93,751	\$27,226	\$60,858	\$15,562
Receivables:				
Accounts	0	704	0	0
Intergovernmental	0	0	0	0
Interfund Receivable	0	0	0	105
<i>Total Assets</i>	<u>\$93,751</u>	<u>\$27,930</u>	<u>\$60,858</u>	<u>\$15,667</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages	0	0	0	0
Intergovernmental Payable	0	35	35	518
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>35</u>	<u>35</u>	<u>518</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	7,819	1,754	15,562
Unreserved, Undesignated (Deficit)	93,751	20,076	59,069	(413)
<i>Total Fund Balances (Deficit)</i>	<u>93,751</u>	<u>27,895</u>	<u>60,823</u>	<u>15,149</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$93,751</u>	<u>\$27,930</u>	<u>\$60,858</u>	<u>\$15,667</u>

Professional Development Grant	Interactive Video Distance Learning	Ohio Reads Grant	Miscellaneous State Grants	Title II	Title VI-B
\$10,367	\$6,500	\$242	\$154	\$6,964	\$10,009
0	0	0	0	0	0
0	58,500	0	0	0	0
0	0	0	0	0	0
<u>\$10,367</u>	<u>\$65,000</u>	<u>\$242</u>	<u>\$154</u>	<u>\$6,964</u>	<u>\$10,009</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	9,370
838	0	9	35	0	1,722
0	58,500	0	0	0	0
<u>838</u>	<u>58,500</u>	<u>9</u>	<u>35</u>	<u>0</u>	<u>11,092</u>
1,472	6,000	0	0	0	0
8,057	500	233	119	6,964	(1,083)
<u>9,529</u>	<u>6,500</u>	<u>233</u>	<u>119</u>	<u>6,964</u>	<u>(1,083)</u>
<u>\$10,367</u>	<u>\$65,000</u>	<u>\$242</u>	<u>\$154</u>	<u>\$6,964</u>	<u>\$10,009</u>

(continued)

**Chagrin Falls Exempted Village School District**

*Combining Balance Sheet*

*Nonmajor Special Revenue Funds (continued)*

*June 30, 2001*

	Title VI	Drug Free Schools	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$10,839	\$2,395	\$2,169	\$247,036
Receivables:				
Accounts	0	0	0	704
Intergovernmental	0	0	0	58,500
Interfund Receivable	0	0	0	105
<i>Total Assets</i>	<u>\$10,839</u>	<u>\$2,395</u>	<u>\$2,169</u>	<u>\$306,345</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$327	\$0	\$0	\$327
Accrued Wages	0	0	2,233	11,603
Intergovernmental Payable	0	0	48	3,240
Deferred Revenue	0	0	0	58,500
<i>Total Liabilities</i>	<u>327</u>	<u>0</u>	<u>2,281</u>	<u>73,670</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	0	32,607
Unreserved, Undesignated (Deficit)	10,512	2,395	(112)	200,068
<i>Total Fund Balances (Deficit)</i>	<u>10,512</u>	<u>2,395</u>	<u>(112)</u>	<u>232,675</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$10,839</u>	<u>\$2,395</u>	<u>\$2,169</u>	<u>\$306,345</u>

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**Chagrin Falls Exempted Village School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2001*

	Special Trust	Public School Support	Miscellaneous Grants	Athletic/ District Managed	Auxiliary Services
<b>Revenues</b>					
Intergovernmental	\$0	\$0	\$5,000	\$0	\$223,785
Interest	2,582	0	0	0	1,371
Extracurricular Activities	0	182,624	0	137,806	0
Contributions and Donations	17,400	0	0	29,078	0
Miscellaneous	1,000	0	0	750	0
<i>Total Revenues</i>	<u>20,982</u>	<u>182,624</u>	<u>5,000</u>	<u>167,634</u>	<u>225,156</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	1,914	1,719	5,000	0	0
Support Services:					
Pupils	19,561	179,061	0	0	0
Instructional Staff	0	0	0	0	0
Administration	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0	213,935
Extracurricular Activities	0	0	0	195,443	0
<i>Total Expenditures</i>	<u>21,475</u>	<u>180,780</u>	<u>5,000</u>	<u>195,443</u>	<u>213,935</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(493)	1,844	0	(27,809)	11,221
<b>Other Financing Sources</b>					
Operating Transfers In	0	0	0	21,078	0
<i>Net Change in Fund Balances</i>	(493)	1,844	0	(6,731)	11,221
<i>Fund Balances Beginning of Year</i>	<u>94,244</u>	<u>26,051</u>	<u>0</u>	<u>67,554</u>	<u>3,928</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$93,751</u>	<u>\$27,895</u>	<u>\$0</u>	<u>\$60,823</u>	<u>\$15,149</u>

Professional Development Grant	Educational Management Information Systems	Data Communication	Interactive Video Distance Learning	Ohio Reads Grant	Summer Intervention
\$10,974	\$7,510	\$12,000	\$6,500	\$925	\$481
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
10,974	7,510	12,000	6,500	925	481
0	0	12,000	0	1,900	481
0	0	0	0	0	0
13,710	0	0	0	0	0
0	7,480	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
13,710	7,480	12,000	0	1,900	481
(2,736)	30	0	6,500	(975)	0
0	0	0	0	0	0
(2,736)	30	0	6,500	(975)	0
12,265	(30)	0	0	1,208	0
\$9,529	\$0	\$0	\$6,500	\$233	\$0

(continued)

**Chagrin Falls Exempted Village School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Fiscal Year Ended June 30, 2001*

	Miscellaneous State Grants	Title II	Title VI-B	Title VI
<b>Revenues</b>				
Intergovernmental	\$3,844	\$4,708	\$99,502	\$11,750
Interest	0	0	0	0
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>3,844</u>	<u>4,708</u>	<u>99,502</u>	<u>11,750</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	3,725	155	0	6,168
Support Services:				
Pupils	0	0	169	0
Instructional Staff	0	0	93,214	0
Administration	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Operation of Non-Instructional Services	0	0	8,716	1,312
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>3,725</u>	<u>155</u>	<u>102,099</u>	<u>7,480</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	119	4,553	(2,597)	4,270
<b>Other Financing Sources</b>				
Operating Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	119	4,553	(2,597)	4,270
<i>Fund Balances Beginning of Year</i>	<u>0</u>	<u>2,411</u>	<u>1,514</u>	<u>6,242</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$119</u></u>	<u><u>\$6,964</u></u>	<u><u>(\$1,083)</u></u>	<u><u>\$10,512</u></u>

Drug Free Schools	Preschool Handicapped Grant	E-Rate Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$7,652	\$9,018	\$10,800	\$13,334	\$427,783
0	0	0	0	3,953
0	0	0	0	320,430
0	0	0	0	46,478
0	0	0	0	1,750
<u>7,652</u>	<u>9,018</u>	<u>10,800</u>	<u>13,334</u>	<u>800,394</u>
0	8,968	0	13,387	55,417
8,626	0	0	0	207,417
0	0	0	0	106,924
0	0	0	0	7,480
0	0	10,800	0	10,800
0	0	0	0	223,963
0	0	0	0	195,443
<u>8,626</u>	<u>8,968</u>	<u>10,800</u>	<u>13,387</u>	<u>807,444</u>
(974)	50	0	(53)	(7,050)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,078</u>
(974)	50	0	(53)	14,028
<u>3,369</u>	<u>(50)</u>	<u>0</u>	<u>(59)</u>	<u>218,647</u>
<u>\$2,395</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$112)</u>	<u>\$232,675</u>

**Chagrin Falls Exempted Village School District**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*June 30, 2001*

	<u>SchoolNet</u>	<u>Power-Up Capacity</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$37,952</u>	<u>\$8,032</u>	<u>\$45,984</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>	\$0	\$0	\$0
<b>Fund Balances:</b>			
Reserved for Encumbrances	11,720	0	11,720
Unreserved, Undesignated	<u>26,232</u>	<u>8,032</u>	<u>34,264</u>
<i>Total Fund Balances</i>	<u>37,952</u>	<u>8,032</u>	<u>45,984</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$37,952</u>	<u>\$8,032</u>	<u>\$45,984</u>

**Chagrin Falls Exempted Village School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Fiscal Year Ended June 30, 2001*

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	SchoolNet	Power-Up Capacity	Total Nonmajor Capital Projects Funds
<b>Revenues</b>			
Taxes	\$0	\$0	\$0
Intergovernmental	46,115	0	46,115
<i>Total Revenues</i>	46,115	0	46,115
<b>Expenditures</b>			
Capital Outlay	10,848	0	10,848
<i>Net Change in Fund Balances</i>	35,267	0	35,267
<i>Fund Balances Beginning of Year</i>	2,685	8,032	10,717
<i>Fund Balances End of Year</i>	\$37,952	\$8,032	\$45,984

**Chagrin Falls Exempted Village School District**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Fiscal Year Ended June 30, 2001*

	Beginning Balance 7/1/01	Additions	Deductions	Ending Balance 6/30/01
<b>Rotary</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,750	\$26,097	\$28,780	\$3,067
<b>Liabilities</b>				
Undistributed Monies	\$5,750	\$26,097	\$28,780	\$3,067
<b>Student Activities</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$59,213	\$100,080	\$107,394	\$51,899
<b>Liabilities</b>				
Due to Students	\$59,213	\$100,080	\$107,394	\$51,899
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$64,963	\$126,177	\$136,174	\$54,966
<b>Liabilities</b>				
Undistributed Monies	\$5,750	\$26,097	\$28,780	\$3,067
Due to Students	59,213	100,080	107,394	51,899
<i>Total Liabilities</i>	\$64,963	\$126,177	\$136,174	\$54,966

**Chagrin Falls Exempted Village School District**

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

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2001*

	Original	Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$12,022,513	\$11,864,050	\$11,944,539	\$80,489
Intergovernmental	3,625,850	3,605,554	3,445,635	(159,919)
Interest	300,000	300,000	298,663	(1,337)
Tuition and Fees	72,500	19,000	19,389	389
Rentals	15,000	13,000	13,957	957
Miscellaneous	6,000	13,000	12,696	(304)
<i>Total Revenues</i>	<u>16,041,863</u>	<u>15,814,604</u>	<u>15,734,879</u>	<u>(79,725)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	5,470,501	5,877,790	5,877,790	0
Fringe Benefits	1,368,760	1,369,820	1,369,820	0
Purchased Services	26,834	30,081	30,081	0
Materials and Supplies	286,040	296,412	296,412	0
Capital Outlay - New	152,653	173,329	173,329	0
Capital Outlay - Replacement	569	2,030	2,030	0
Other	5,473	5,473	5,473	0
Total Regular	<u>7,310,830</u>	<u>7,754,935</u>	<u>7,754,935</u>	<u>0</u>
Special:				
Salaries and Wages	626,549	626,549	626,549	0
Fringe Benefits	152,873	152,873	152,873	0
Purchased Services	376,458	541,124	541,124	0
Materials and Supplies	8,608	9,262	9,262	0
Capital Outlay - New	11,267	13,455	13,455	0
Total Special	<u>1,175,755</u>	<u>1,343,263</u>	<u>1,343,263</u>	<u>0</u>
Vocational:				
Purchased Services	86,056	120,187	120,187	0
Total Instruction	<u>\$8,572,641</u>	<u>\$9,218,385</u>	<u>\$9,218,385</u>	<u>\$0</u>

(continued)

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Support Services:				
Pupils:				
Salaries and Wages	\$460,401	\$460,401	\$460,401	\$0
Fringe Benefits	124,941	124,941	124,941	0
Purchased Services	75,895	75,895	75,895	0
Materials and Supplies	9,668	9,668	9,668	0
Capital Outlay - New	29,775	31,203	29,774	1,429
Capital Outlay - Replacement	1,348	1,348	1,348	0
Total Pupils	<u>702,028</u>	<u>703,456</u>	<u>702,027</u>	<u>1,429</u>
Instructional Staff:				
Salaries and Wages	539,191	544,191	544,191	0
Fringe Benefits	148,206	153,206	153,206	0
Purchased Services	43,309	43,309	43,309	0
Materials and Supplies	40,310	40,310	40,310	0
Total Instructional Staff	<u>771,016</u>	<u>781,016</u>	<u>781,016</u>	<u>0</u>
Board of Education:				
Salaries and Wages	5,830	5,830	5,830	0
Fringe Benefits	3,293	3,293	3,293	0
Purchased Services	59,826	54,826	54,826	0
Materials and Supplies	8,002	8,002	8,002	0
Capital Outlay - New	1,722	1,722	1,722	0
Other	18,444	13,444	13,444	0
Total Board of Education	<u>97,117</u>	<u>87,117</u>	<u>87,117</u>	<u>0</u>
Administration:				
Salaries and Wages	880,305	880,305	880,305	0
Fringe Benefits	285,113	285,113	285,113	0
Purchased Services	226,382	227,398	226,382	1,016
Materials and Supplies	14,187	14,233	14,187	46
Capital Outlay - New	2,480	2,480	2,480	0
Total Administration	<u>\$1,408,467</u>	<u>\$1,409,529</u>	<u>\$1,408,467</u>	<u>\$1,062</u>

(continued)

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2001*

	Original	Final	Actual	Variance Favorable (Unfavorable)
<b>Fiscal:</b>				
Salaries and Wages	\$177,713	\$177,713	\$177,713	\$0
Fringe Benefits	57,726	57,726	55,830	1,896
Purchased Services	227,440	227,670	227,440	230
Materials and Supplies	3,296	3,296	3,296	0
Capital Outlay - New	50	101	50	51
Other	0	0	0	0
<b>Total Fiscal</b>	<b>466,225</b>	<b>466,506</b>	<b>464,329</b>	<b>2,177</b>
<b>Business:</b>				
Purchased Services	750	750	750	0
<b>Operation and Maintenance of Plant:</b>				
Salaries and Wages	939,124	939,124	939,124	0
Fringe Benefits	291,887	291,887	291,887	0
Purchased Services	722,973	722,624	722,624	0
Materials and Supplies	112,538	114,194	112,365	1,829
Capital Outlay - New	14,045	14,045	14,045	0
Capital Outlay - Replacement	38,131	38,131	38,131	0
<b>Total Operation and Maintenance of Plant</b>	<b>2,118,698</b>	<b>2,120,005</b>	<b>2,118,176</b>	<b>1,829</b>
<b>Pupil Transportation:</b>				
Salaries and Wages	586,294	586,294	586,294	0
Fringe Benefits	152,707	156,232	156,232	0
Purchased Services	34,747	34,747	34,747	0
Materials and Supplies	80,050	80,050	80,050	0
Capital Outlay - New	569	569	569	0
Capital Outlay - Replacement	127,476	127,476	127,476	0
<b>Total Pupil Transportation</b>	<b>981,843</b>	<b>985,368</b>	<b>985,368</b>	<b>0</b>
<b>Central:</b>				
Purchased Services	24,083	24,117	24,083	34
<b>Total Support Services</b>	<b>\$6,570,227</b>	<b>\$6,577,864</b>	<b>\$6,571,333</b>	<b>\$6,531</b>

(continued)

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2001*

	Original	Final	Actual	Variance Favorable (Unfavorable)
Operation of Non-Instructional Services:				
Salaries and Wages	\$11,615	\$9,615	\$9,615	\$0
Fringe Benefits	1,536	1,536	1,536	0
Total Operation of Non-Instructional Services	13,151	11,151	11,151	0
Extracurricular Activities:				
Sport Oriented Activities:				
Salaries and Wages	381,396	379,871	379,871	0
Fringe Benefits	58,428	58,428	58,428	0
Purchased Services	13,996	13,996	13,996	0
Total Extracurricular Activities	453,820	452,295	452,295	0
<i>Total Expenditures</i>	15,609,839	16,259,695	16,253,164	6,531
<i>Excess of Revenues Over (Under) Expenditures</i>	432,024	(445,091)	(518,285)	(73,194)
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	30,299	30,299
Operating Transfers Out	(45,578)	(45,578)	(45,578)	0
<i>Total Other Financing Sources (Uses)</i>	(45,578)	(45,578)	(15,279)	30,299
<i>Net Change in Fund Balance</i>	386,446	(490,669)	(533,564)	(42,895)
<i>Fund Balance Beginning of Year</i>	2,264,588	2,264,588	2,264,588	0
Prior Year Encumbrances Appropriated	242,567	242,567	242,567	0
<i>Fund Balance End of Year</i>	<u>\$2,893,601</u>	<u>\$2,016,486</u>	<u>\$1,973,591</u>	<u>(\$42,895)</u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Special Trust Fund*  
*For the Fiscal Year Ended June 30, 2001*

	Original	Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Interest	\$2,582	\$2,582	\$2,582	\$0
Contributions and Donations	21,418	21,418	17,400	(4,018)
Miscellaneous	1,000	1,000	1,000	0
<i>Total Revenues</i>	<u>25,000</u>	<u>25,000</u>	<u>20,982</u>	<u>(4,018)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular				
Salaries and Wages	2,400	2,400	1,600	800
Fringe Benefits	500	500	224	276
Purchased Services	16,550	16,550	0	16,550
Materials and Supplies	2,100	2,200	90	2,110
Total Instruction	<u>21,550</u>	<u>21,650</u>	<u>1,914</u>	<u>19,736</u>
Support Services:				
Pupils:				
Purchased Services	232	232	232	0
Materials and Supplies	120	120	120	0
Capital Outlay - New	52,450	68,450	37,500	30,950
Other	648	648	0	648
Total Support Services	<u>53,450</u>	<u>69,450</u>	<u>37,852</u>	<u>31,598</u>
<i>Total Expenditures</i>	<u>75,000</u>	<u>91,100</u>	<u>39,766</u>	<u>51,334</u>
<i>Net Change in Fund Balance</i>	(50,000)	(66,100)	(18,784)	47,316
<i>Fund Balance Beginning of Year</i>	94,435	94,435	94,435	0
Prior Year Encumbrances Appropriated	<u>18,100</u>	<u>18,100</u>	<u>18,100</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$62,535</u>	<u>\$46,435</u>	<u>\$93,751</u>	<u>\$47,316</u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Public School Support Fund*  
*For the Fiscal Year Ended June 30, 2001*

	Original	Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Extracurricular Activities	\$162,000	\$170,000	\$182,384	\$12,384
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	3,305	2,144	1,500	644
Fringe Benefits	210	210	210	0
Total Instruction	3,515	2,354	1,710	644
Support Services:				
Pupils:				
Salaries and Wages	6,354	6,354	6,350	4
Fringe Benefits	922	922	922	0
Purchased Services	134,258	142,554	141,282	1,272
Materials and Supplies	32,879	33,836	33,674	162
Other	2,072	6,359	6,359	0
Total Support Services	176,485	190,025	188,587	1,438
<i>Total Expenditures</i>	180,000	192,379	190,297	2,082
<i>Net Change in Fund Balance</i>	(18,000)	(22,379)	(7,913)	14,466
<i>Fund Balance Beginning of Year</i>	26,158	26,158	26,158	0
Prior Year Encumbrances Appropriated	1,162	1,162	1,162	0
<i>Fund Balance End of Year</i>	\$9,320	\$4,941	\$19,407	\$14,466

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Miscellaneous Grants Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$4,000	\$5,000	\$5,000	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	4,000	4,700	4,700	0
Materials and Supplies	0	300	300	0
<i>Total Expenditures</i>	<u>4,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Athletic/District Managed Fund*  
*For the Fiscal Year Ended June 30, 2001*

	Original	Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Extracurricular Activities	\$116,728	\$159,085	\$137,806	(\$21,279)
Contributions and Donations	29,078	29,078	29,078	0
Miscellaneous	8,116	750	750	0
<i>Total Revenues</i>	<u>153,922</u>	<u>188,913</u>	<u>167,634</u>	<u>(21,279)</u>
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	950	950	950	0
Fringe Benefits	84	84	84	0
Purchased Services	11,926	11,679	11,679	0
Materials and Supplies	11,228	11,230	11,201	29
Total Academic and Subject Oriented Activities	<u>24,188</u>	<u>23,943</u>	<u>23,914</u>	<u>29</u>
Sports Oriented Activities:				
Salaries and Wages	5,972	5,840	5,840	0
Fringe Benefits	843	843	843	0
Purchased Services	65,745	66,091	65,569	522
Materials and Supplies	77,299	77,336	77,143	193
Capital Outlay - New	5,295	5,295	5,295	0
Total Sports Oriented Activities	<u>155,154</u>	<u>155,405</u>	<u>154,690</u>	<u>715</u>
School and Public Service Co-Curricular Activities:				
Purchased Services	2,169	2,169	2,169	0
Materials and Supplies	18,489	16,863	16,863	0
Total School and Public Service Co-Curricular Activities	<u>20,658</u>	<u>19,032</u>	<u>19,032</u>	<u>0</u>
<i>Total Expenditures</i>	<u>200,000</u>	<u>198,380</u>	<u>197,636</u>	<u>744</u>
<i>Excess of Revenues Under Expenditures</i>	(46,078)	(9,467)	(30,002)	(20,535)
<b>Other Financing Sources</b>				
Operating Transfers In	21,078	21,078	21,078	0
<i>Net Change in Fund Balance</i>	(25,000)	11,611	(8,924)	(20,535)
<i>Fund Balance Beginning of Year</i>	65,398	65,398	65,398	0
Prior Year Encumbrances Appropriated	2,630	2,630	2,630	0
<i>Fund Balance End of Year</i>	<u>\$43,028</u>	<u>\$79,639</u>	<u>\$59,104</u>	<u>(\$20,535)</u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Auxiliary Services Fund*  
*For the Fiscal Year Ended June 30, 2001*

	Original	Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$215,000	\$233,629	\$223,785	(\$9,844)
Interest	0	1,371	1,371	0
<i>Total Revenues</i>	<u>215,000</u>	<u>235,000</u>	<u>225,156</u>	<u>(9,844)</u>
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	16,838	16,838	16,838	0
Fringe Benefits	4,786	4,786	4,786	0
Purchased Services	45,667	50,874	50,874	0
Materials and Supplies	42,121	53,767	52,923	844
Capital Outlay - New	101,000	101,100	101,100	0
Other	4,588	4,588	4,588	0
<i>Total Expenditures</i>	<u>215,000</u>	<u>231,953</u>	<u>231,109</u>	<u>844</u>
<i>Net Change in Fund Balance</i>	0	3,047	(5,953)	(9,000)
<i>Fund Balance Beginning of Year</i>	746	746	746	0
Prior Year Encumbrances Appropriated	<u>5,207</u>	<u>5,207</u>	<u>5,207</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$5,953</u>	<u>\$9,000</u>	<u>\$0</u>	<u>(\$9,000)</u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Professional Development Grant Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$12,270	\$12,270	\$10,974	(\$1,296)
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	13,770	6,000	6,000	0
Fringe Benefits	420	420	420	0
Purchased Services	10,345	10,345	7,924	2,421
<i>Total Expenditures</i>	<u>24,535</u>	<u>16,765</u>	<u>14,344</u>	<u>2,421</u>
<i>Net Change in Fund Balance</i>	(12,265)	(4,495)	(3,370)	1,125
<i>Fund Balance Beginning of Year</i>	<u>12,265</u>	<u>12,265</u>	<u>12,265</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$7,770</u></u>	<u><u>\$8,895</u></u>	<u><u>\$1,125</u></u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Educational Management Information Systems Fund  
For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$5,500	\$7,510	\$7,510	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Administration:				
Salaries and Wages	5,400	6,264	6,264	0
Fringe Benefits	0	28	28	0
Purchased Services	0	1,218	1,218	0
<i>Total Expenditures</i>	<u>5,400</u>	<u>7,510</u>	<u>7,510</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	100	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$100</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Data Communication Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Intergovernmental	\$12,000	\$12,000	\$12,000	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular				
Purchased Services	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Interactive Video Distance Learning Fund  
For the Fiscal Year Ended June 30, 2001*

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	Original	Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$6,500	\$6,500	\$6,500	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular				
Purchased Services	6,500	6,500	6,000	500
<i>Net Change in Fund Balance</i>	0	0	500	500
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$500	\$500

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Ohio Reads Grant Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$3,850	\$3,850	\$925	(\$2,925)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular				
Salaries and Wages	1,325	1,500	1,500	0
Fringe Benefits	0	8	8	0
Purchased Services	0	417	249	168
Materials and Supplies	0	325	251	74
<i>Total Expenditures</i>	<u>1,325</u>	<u>2,250</u>	<u>2,008</u>	<u>242</u>
<i>Net Change in Fund Balance</i>	2,525	1,600	(1,083)	(2,683)
<i>Fund Balance Beginning of Year</i>	<u>1,325</u>	<u>1,325</u>	<u>1,325</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,850</u></u>	<u><u>\$2,925</u></u>	<u><u>\$242</u></u>	<u><u>(\$2,683)</u></u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Summer Intervention Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Intergovernmental	\$481	\$481	\$481	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular				
Salaries and Wages	481	481	481	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Miscellaneous State Grants Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Intergovernmental	\$3,845	\$3,845	\$3,844	(\$1)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular				
Purchased Services	<u>1,922</u>	<u>3,845</u>	<u>3,690</u>	<u>155</u>
<i>Net Change in Fund Balance</i>	1,923	0	154	154
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,923</u></u>	<u><u>\$0</u></u>	<u><u>\$154</u></u>	<u><u>\$154</u></u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title II Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$5,000	\$5,600	\$4,708	(\$892)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	<u>7,152</u>	<u>2,600</u>	<u>2,555</u>	<u>45</u>
<i>Net Change in Fund Balance</i>	(2,152)	3,000	2,153	(847)
<i>Fund Balance Beginning of Year</i>	2,411	2,411	2,411	0
Prior Year Encumbrances Appropriated	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,659</u></u>	<u><u>\$7,811</u></u>	<u><u>\$6,964</u></u>	<u><u>(\$847)</u></u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI-B Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$100,000	\$100,000	\$99,502	(\$498)
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	169	169	169	0
Instructional Staff:				
Salaries and Wages	102,067	92,567	92,285	282
Fringe Benefits	1,967	1,967	1,967	0
Total Instructional Staff	104,034	94,534	94,252	282
Total Support Services	104,203	94,703	94,421	282
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	8,944	8,944	8,716	228
<i>Total Expenditures</i>	<u>113,147</u>	<u>103,647</u>	<u>103,137</u>	<u>510</u>
<i>Net Change in Fund Balance</i>	(13,147)	(3,647)	(3,635)	12
<i>Fund Balance Beginning of Year</i>	13,642	13,642	13,642	0
Prior Year Encumbrances Appropriated	2	2	2	0
<i>Fund Balance End of Year</i>	<u>\$497</u>	<u>\$9,997</u>	<u>\$10,009</u>	<u>\$12</u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$10,500	\$12,000	\$11,750	(\$250)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	798	798	0	798
Purchased Services	14,465	6,307	6,168	139
Total Instruction	15,263	7,105	6,168	937
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	1,312	1,312	1,312	0
<i>Total Expenditures</i>	16,575	8,417	7,480	937
<i>Net Change in Fund Balance</i>	(6,075)	3,583	4,270	687
<i>Fund Balance Beginning of Year</i>	6,242	6,242	6,242	0
<i>Fund Balance End of Year</i>	\$167	\$9,825	\$10,512	\$687

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Drug Free Schools Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$9,720	\$9,720	\$7,652	(\$2,068)
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils:				
Purchased Services	<u>11,020</u>	<u>8,868</u>	<u>8,626</u>	<u>242</u>
<i>Net Change in Fund Balances</i>	(1,300)	852	(974)	(1,826)
<i>Fund Balance Beginning of Year</i>	<u>3,369</u>	<u>3,369</u>	<u>3,369</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,069</u></u>	<u><u>\$4,221</u></u>	<u><u>\$2,395</u></u>	<u><u>(\$1,826)</u></u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Preschool Handicapped Grant Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Intergovernmental	\$9,000	\$9,018	\$9,018	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	<u>9,000</u>	<u>9,018</u>	<u>9,018</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*E-Rate Grant Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Intergovernmental	\$25,000	\$10,800	\$10,800	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Operations and Maintenance of Plant:				
Purchased Services	14,874	10,800	10,800	0
<i>Net Change in Fund Balance</i>	10,126	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$10,126</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Miscellaneous Federal Grants*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$13,384	\$13,384	\$13,334	(\$50)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	<u>13,334</u>	<u>14,017</u>	<u>12,705</u>	<u>1,312</u>
<i>Net Change in Fund Balance</i>	50	(633)	629	1,262
<i>Fund Balance Beginning of Year</i>	<u>1,540</u>	<u>1,540</u>	<u>1,540</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,590</u></u>	<u><u>\$907</u></u>	<u><u>\$2,169</u></u>	<u><u>\$1,262</u></u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Bond Retirement Fund*  
*For the Fiscal Year Ended June 30, 2001*

	Original	Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$1,902,949	\$1,905,376	\$1,918,004	\$12,628
Taxes	266,802	266,802	266,802	0
<i>Total Revenues</i>	<u>2,169,751</u>	<u>2,172,178</u>	<u>2,184,806</u>	<u>12,628</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	9,520	9,520	9,520	0
Debt Service:				
Principal Retirement	697,109	697,109	697,109	0
Interest and Fiscal Charges	1,377,836	1,361,111	1,361,111	0
Total Debt Service	<u>2,074,945</u>	<u>2,058,220</u>	<u>2,058,220</u>	<u>0</u>
<i>Total Expenditures</i>	<u>2,084,465</u>	<u>2,067,740</u>	<u>2,067,740</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	85,286	104,438	117,066	12,628
<b>Other Financing Sources</b>				
Operating Transfers In	24,500	24,500	24,500	0
<i>Net Change in Fund Balance</i>	109,786	128,938	141,566	12,628
<i>Fund Balance Beginning of Year</i>	<u>825,349</u>	<u>825,349</u>	<u>825,349</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$935,135</u></u>	<u><u>\$954,287</u></u>	<u><u>\$966,915</u></u>	<u><u>\$12,628</u></u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund*  
*For the Fiscal Year Ended June 30, 2001*

	Original	Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Interest	\$0	\$176,000	\$46,581	(\$129,419)
<b>Expenditures</b>				
Current:				
Capital Outlay:				
Architecture and Engineering Services:				
Purchased Services	76,744	80,386	74,509	5,877
Building Acquisition and Construction Services:				
Purchased Services	3,055	3,055	3,055	0
Capital Outlay - New	85,161	99,061	82,396	16,665
Total Building Acquisition and Construction Services	88,216	102,116	85,451	16,665
Building Improvement Services				
Capital Outlay - New	401,289	408,063	260,983	147,080
Capital Outlay - Replacement	544,119	494,102	494,102	0
Total Building Improvement Services	945,408	902,165	755,085	147,080
<i>Total Expenditures</i>	1,110,368	1,084,667	915,045	169,622
<i>Net Change in Fund Balance</i>	(1,110,368)	(908,667)	(868,464)	40,203
<i>Fund Balance Beginning of Year</i>	1,356,571	1,356,571	1,356,571	0
Prior Year Encumbrances Appropriated	150,219	150,219	150,219	0
<i>Fund Balance End of Year</i>	\$396,422	\$598,123	\$638,326	\$40,203

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*SchoolNet Fund*  
*For the Fiscal Year Ended June 30, 2001*

	Original	Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$37,000	\$37,000	\$46,115	\$9,115
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	2,685	11,795	11,795	0
Capital Outlay - New	0	10,884	10,732	152
Total Regular	2,685	22,679	22,527	152
Support Services:				
Instructional Staff:				
Capital Outlay - New	0	41	41	0
<i>Total Expenditures</i>	2,685	22,720	22,568	152
<i>Net Change in Fund Balance</i>	34,315	14,280	23,547	9,267
<i>Fund Balance Beginning of Year</i>	2,685	2,685	2,685	0
<i>Fund Balance End of Year</i>	\$37,000	\$16,965	\$26,232	\$9,267

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Power-Up Capacity Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$5,448	\$5,448	\$0	(\$5,448)
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	<u>8,832</u>	<u>8,832</u>	<u>800</u>	<u>8,032</u>
<i>Net Change in Fund Balance</i>	(3,384)	(3,384)	(800)	2,584
<i>Fund Balance Beginning of Year</i>	<u>8,832</u>	<u>8,832</u>	<u>8,832</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,448</u></u>	<u><u>\$5,448</u></u>	<u><u>\$8,032</u></u>	<u><u>\$2,584</u></u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Sales	\$425,000	\$407,323	\$446,599	\$39,276
Interest	2,312	2,312	2,312	0
Operating Grants	15,365	15,365	15,365	0
<i>Total Revenues</i>	<u>442,677</u>	<u>425,000</u>	<u>464,276</u>	<u>39,276</u>
<b>Expenses</b>				
Salaries:				
Food Service Operations	167,500	167,500	159,496	8,004
Fringe Benefits:				
Food Service Operations	50,600	50,600	47,075	3,525
Purchased Services:				
Food Service Operations	5,931	5,931	5,255	676
Materials and Supplies:				
Food Service Operations	225,969	226,369	225,507	862
<i>Total Expenses</i>	<u>450,000</u>	<u>450,400</u>	<u>437,333</u>	<u>13,067</u>
<i>Net Change in Fund Equity</i>	(7,323)	(25,400)	26,943	52,343
<i>Fund Equity Beginning of Year</i>	26,926	26,926	26,926	0
Prior Year Encumbrances Appropriated	400	400	400	0
<i>Fund Equity End of Year</i>	<u>\$20,003</u>	<u>\$1,926</u>	<u>\$54,269</u>	<u>\$52,343</u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Uniform School Supplies Fund*  
*For the Fiscal Year Ended June 30, 2001*

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	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Sales	\$60,000	\$70,000	\$65,833	(\$4,167)
<b>Expenses</b>				
Materials and Supplies:				
Regular Instruction	<u>60,000</u>	<u>70,000</u>	<u>65,419</u>	<u>4,581</u>
<i>Net Change in Fund Equity</i>	0	0	414	414
<i>Fund Equity Beginning of Year</i>	<u>159</u>	<u>159</u>	<u>159</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$159</u></u>	<u><u>\$159</u></u>	<u><u>\$573</u></u>	<u><u>\$414</u></u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Adult Education Fund*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Tuition	\$75,000	\$75,000	\$78,747	\$3,747
<b>Expenses</b>				
Salaries:				
Adult/Continuing Instruction	30,383	25,383	25,383	0
Fringe Benefits:				
Adult/Continuing Instruction	5,776	5,776	3,936	1,840
Purchased Services:				
Adult/Continuing Instruction	38,615	38,615	38,615	0
Materials and Supplies:				
Adult/Continuing Instruction	226	226	226	0
<i>Total Expenses</i>	<u>75,000</u>	<u>70,000</u>	<u>68,160</u>	<u>1,840</u>
<i>Net Change in Fund Equity</i>	0	5,000	10,587	5,587
<i>Fund Equity Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$0</u>	<u>\$5,000</u>	<u>\$10,587</u>	<u>\$5,587</u>

**Chagrin Falls Exempted Village School District**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Self Insurance Fund*  
*For the Fiscal Year Ended June 30, 2001*

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	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Charges for Services	\$185,000	\$185,000	\$180,651	(\$4,349)
<b>Expenses</b>				
Fringe Benefits	<u>185,000</u>	<u>185,000</u>	<u>180,651</u>	<u>4,349</u>
<i>Net Change in Fund Equity</i>	0	0	0	0
<i>Fund Equity Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Chagrin Falls Exempted Village School District**

**Statistical Section**

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the School District.

**Chagrin Falls Exempted Village School District**

General Fund

Revenues by Source and Expenditures by Function(1)

Last Ten Fiscal Years(2)

	2001	2000	1999	1998
<b>Revenues</b>				
Taxes	\$11,631,985	\$11,260,565	\$10,783,859	\$10,312,668
Intergovernmental	3,442,985	3,395,414	3,109,998	3,116,380
Interest	298,393	312,237	273,696	787,077
Tuition and Fees	48,658	139,810	16,012	86,350
Extracurricular Activities	0	0	0	0
Rentals	14,020	15,781	10,029	7,303
Charges for Services	0	0	0	0
Contributions and Donations	0	7,750	0	0
Miscellaneous	9,674	10,977	29,831	224,310
<i>Total</i>	<u>\$15,445,715</u>	<u>\$15,142,534</u>	<u>\$14,223,425</u>	<u>\$14,534,088</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	\$8,223,487	\$7,504,857	\$7,293,985	\$7,041,780
Special	1,162,013	935,067	730,823	665,632
Vocational	55,069	93,237	50,860	83,922
Support Services:				
Pupils	710,585	638,631	523,662	543,151
Instructional Staff	669,023	717,882	604,530	550,762
Board of Education	57,571	69,321	73,104	60,420
Administration	1,237,048	1,443,945	1,195,752	1,025,296
Fiscal	418,715	426,562	449,769	410,866
Business	0	17,726	700	1,250
Operation and				
Maintenance of Plant	2,046,261	1,924,526	1,650,103	1,687,855
Pupil Transportation	762,138	942,333	858,975	758,032
Central	0	20,571	18,913	16,962
Operation of Non-				
Instructional Services	0	9,753	8,129	7,362
Extracurricular Activities	436,710	440,744	383,500	399,816
Capital Outlay	31,426	0	0	110,836
Debt Service	69,316	52,557	31,774	53,987
<i>Total</i>	<u>\$15,879,362</u>	<u>\$15,237,712</u>	<u>\$13,874,579</u>	<u>\$13,417,929</u>

Source: School District Financial Records

(1) Information is based on modified accrual, information for full accrual for governmental activities will be presented when there are enough years of information to make comparisons.

(2) 1996 through 2001 reported on a GAAP Basis; All others on Cash Basis.

1997	1996	1995	1994	1993	1992
\$10,449,962	\$9,947,077	\$9,066,734	\$8,399,307	\$7,636,197	\$7,340,233
2,857,207	2,830,496	2,647,737	2,493,981	2,461,105	2,446,149
181,674	171,130	137,254	138,259	202,685	337,917
87,737	50,560	44,248	23,674	18,271	2,150
0	0	0	900	3,510	0
15,549	72,679	62,235	42,433	3,783	0
0	0	0	9,873	33,500	0
0	0	0	0	0	0
6,798	40,298	19,927	55,647	146,042	52,199
<u>\$13,598,927</u>	<u>\$13,112,240</u>	<u>\$11,978,135</u>	<u>\$11,164,074</u>	<u>\$10,505,093</u>	<u>\$10,178,648</u>
\$6,863,809	\$6,475,586	\$6,526,293	\$6,509,083	\$6,075,929	\$5,489,944
571,148	495,444	448,942	458,710	500,456	385,776
66,769	76,827	38,188	22,255	25,604	51,469
525,571	502,942	489,727	600,487	492,255	479,833
528,501	435,512	519,137	521,743	506,372	452,169
72,577	61,296	44,058	39,376	40,542	44,080
1,174,410	1,119,112	994,615	1,055,307	1,192,942	1,014,469
364,143	352,413	369,486	351,226	343,103	330,848
0	810	810	810	700	600
1,671,468	1,617,632	1,633,306	1,581,725	1,521,683	1,481,915
753,677	643,026	579,790	669,478	647,980	522,878
17,958	17,749	29,299	45,780	33,304	17,000
7,392	7,371	6,440	6,786	5,694	0
333,179	316,742	328,113	323,358	287,272	251,176
0	18,000	0	0	0	0
35,725	34,825	32,125	26,013	7,992	0
<u>\$12,986,327</u>	<u>\$12,175,287</u>	<u>\$12,040,329</u>	<u>\$12,212,137</u>	<u>\$11,681,828</u>	<u>\$10,522,157</u>

**Chagrin Falls Exempted Village School District**  
*Property Tax Levies and Collections*  
*Real and Tangible Personal Property (1)*  
*Last Nine Years (2)*

<u>Year (3)</u>	<u>Total Tax Levy</u>	<u>Current Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percent of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes (4)</u>	<u>Percent of Outstanding Delinquent Taxes to Total Tax Levy</u>
2000	\$16,316,023	\$15,384,560	94.68%	\$357,567	\$15,742,127	96.48%	\$431,303	2.64%
1999	14,530,724	13,543,133	93.20	475,513	14,018,646	96.48	230,751	1.59
1998	14,083,263	13,235,117	93.98	247,088	13,482,205	95.73	417,960	2.97
1997	11,772,598	11,509,984	97.77	311,206	11,821,190	100.41	371,035	3.15
1996	12,110,986	11,386,529	94.02	230,583	11,617,112	95.92	422,468	3.49
1995	11,982,218	11,127,650	92.87	239,555	11,367,205	94.87	454,208	3.79
1994	9,492,731	9,017,577	94.99	131,505	9,149,082	96.38	329,004	3.47
1993	9,385,338	8,823,834	94.02	128,481	8,952,315	95.39	349,492	3.72
1992	9,327,668	8,668,936	92.94	220,423	8,889,359	95.30	417,464	4.48

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through State and reported as Intergovernmental Revenue.
- (2) Information prior to 1992 is not available.
- (3) Represents collection year. 2001 information cannot be presented because all collections have not been made by June 30.
- (4) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

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

Year	School Levy	Cuyahoga County Levy	Geauga County Levy	City Levy	Total Levy	Debt Service Included in Total Levy			
						School	County	City	Total
2001	\$92.30	\$17.60	\$14.40	\$10.50	\$134.80	\$5.55	\$0.27	\$2.20	\$8.02
2000	92.80	16.70	13.65	10.60	133.75	6.05	0.27	2.30	8.62
1999	88.00	16.70	13.45	10.70	128.85	5.45	0.30	2.40	8.15
1998	88.90	18.00	13.45	10.70	131.05	5.75	0.90	0.00	6.65
1997	83.90	18.00	13.45	6.50	121.85	1.35	0.90	0.00	2.25
1996	83.90	18.00	13.85	3.30	119.05	1.35	0.87	0.00	2.22
1995	83.90	18.20	11.85	3.30	117.25	1.35	0.76	0.00	2.11
1994	76.70	17.80	11.85	3.30	109.65	1.55	0.68	0.00	2.23
1993	76.70	17.80	11.20	3.30	109.00	1.55	0.71	0.00	2.26
1992	62.70	1.00	16.80	3.30	83.80	0.15	0.80	0.00	0.95

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

**Chagrin Falls Exempted Village School District**  
*Assessed and Estimated Actual Value of Taxable Property*  
*Last Nine Years (1)*

Year	Real Property		Public Utility Property		Tangible Personal Property		Total		Ratio
	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)	
2001	\$382,568,900	\$1,093,054,000	\$8,017,290	\$9,110,557	\$9,737,879	\$38,951,516	\$400,324,069	\$1,141,116,073	35%
2000	345,547,240	987,277,829	8,504,240	9,663,909	10,445,953	41,783,812	364,497,433	1,038,725,550	35
1999	322,021,960	920,062,743	8,789,110	9,987,625	9,536,826	38,147,304	340,347,896	968,197,672	35
1998	317,890,080	908,257,371	9,112,050	10,354,602	9,021,757	36,087,028	336,023,887	954,699,001	35
1997	299,079,840	854,513,829	8,507,228	9,667,305	9,403,380	37,613,520	316,990,448	901,794,654	35
1996	287,391,730	821,119,229	9,253,200	10,515,000	8,899,606	35,598,424	305,544,536	867,232,653	35
1995	271,717,070	776,334,486	10,179,100	11,567,159	7,792,312	31,169,248	289,688,482	819,070,893	35
1994	255,326,570	729,504,486	9,842,170	11,184,284	7,511,075	30,044,300	272,679,815	770,733,070	35
1993	240,276,840	686,505,257	10,015,040	11,380,727	7,884,917	31,539,668	258,176,797	729,425,652	35

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

(1) Information prior to 1993 is not available.

(2) This amount is calculated based on the following percentages:  
Real estate is assessed at 35 percent of actual value.  
Public utility personal is assessed at 88 percent of actual value.  
Tangible personal property is assessed at 25 percent of actual value.

**Chagrin Falls Exempted Village School District**

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

<u>Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Population (3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2001	\$22,606,103	\$400,324,069	14,481	5.65%	\$1,561.09
2000	23,363,631	364,497,433	12,552	6.41	1,861.35
1999	24,001,369	340,347,896	12,096	7.05	1,984.24
1998	24,504,199	336,023,887	11,938	7.29	2,052.62
1997	3,095,299	316,990,448	11,938	0.98	259.28
1996	3,258,434	305,544,536	11,938	1.07	272.95
1995	3,386,786	289,688,482	11,938	1.17	283.70
1994	3,509,099	272,679,815	11,938	1.29	293.94
1993	3,652,789	258,176,797	11,576	1.41	315.55
1992	3,748,608	N/A	11,576	N/A	323.83

Source:

- (1) School District Financial Records.
- (2) Cuyahoga County Auditor.
- (3) U.S. Census of Population, 1990 Federal Census.

N/A - Not Available

**Chagrin Falls Exempted Village School District**

*Computation of Legal Debt Margin*

*June 30, 2001*

Assessed Valuation	<u><u>\$400,324,069</u></u>
Overall Debt Limit - 9% of Assessed Value (1)	\$36,029,166
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	23,775,000
Amount Available in Debt Service Fund	<u>(1,168,897)</u>
Amount of Debt Subject to the Limit	<u>22,606,103</u>
Overall Debt Margin	<u><u>\$13,423,063</u></u>
Debt Limit - .10% of Assessed Value (1)	\$400,324
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u><u>\$400,324</u></u>

Source: Cuyahoga County Auditor and School District Financial Records.

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

**Chagrin Falls Exempted Village School District**  
*Computation of Direct and Overlapping General Obligation Bonded Debt*  
*December 31, 2000*

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
<u>Direct:</u>			
Chagrin Falls Exempted Village	<u>\$23,775,000</u>	100.00%	<u>\$23,775,000</u>
<u>Overlapping:</u>			
Cuyahoga County	231,044,636	1.40	3,234,625
Regional Transit Authority	98,030,000	1.40	1,372,420
Bentleyville Village	480,000	100.00	480,000
Chagrin Falls Village	3,225,000	100.00	3,225,000
Moreland Hills Village	<u>2,205,000</u>	19.44	<u>428,652</u>
Total Overlapping	<u>334,984,636</u>		<u>8,740,697</u>
Total	<u>\$358,759,636</u>		<u>\$32,515,697</u>

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2000 collection year.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures (Percentage)</u>
2001	\$675,000	\$1,359,690	\$2,034,690	\$15,879,362	12.81%
2000	390,000	1,400,967	1,790,967	15,237,712	11.75
1999	255,000	1,445,037	1,700,037	13,874,579	12.25
1998	140,000	1,007,582	1,147,582	13,417,929	8.55
1997	130,000	265,811	395,811	12,986,327	3.05
1996	125,000	272,063	397,063	12,175,287	3.26
1995	110,000	280,875	390,875	12,040,329	3.25
1994	105,000	288,938	393,938	12,212,137	3.23
1993	95,000	296,438	391,438	11,681,828	3.35
1992	90,000	303,375	393,375	10,522,157	3.74

Source: School District Financial Records.

**Chagrin Falls Exempted Village School District**

*Demographic Statistics*

*Last Ten Years*

<u>Year</u>	<u>Cuyahoga County Population (1)</u>	<u>Geauga County Population (1)</u>	<u>Bentleyville Village Population (2)</u>	<u>Chagrin Falls Village Population (2)</u>	<u>Moreland Hills Village Population (2)</u>	<u>Russell Township Population (2)</u>	<u>School Enrollment (3)</u>	<u>Cuyahoga County Unemployment Rate (4)</u>	<u>Geauga County Unemployment Rate (4)</u>
2001	1,386,096	90,895	900	4,652	3,400	5,529	1,919	4.6%	3.0%
2000	1,386,096	89,598	900	4,652	3,400	3,600	1,935	4.6	2.8
1999	1,386,096	87,913	900	4,652	3,400	3,600	1,866	4.5	3.0
1998	1,397,694	86,054	1,017	4,146	3,354	3,579	1,901	4.0	3.5
1997	1,398,169	86,054	1,017	3,993	3,349	3,579	1,855	5.0	3.6
1996	1,398,169	84,260	1,017	3,993	3,349	3,579	1,864	4.7	3.8
1995	1,403,239	83,400	1,017	3,993	3,349	3,579	1,752	5.8	3.8
1994	1,414,141	83,241	1,017	3,993	3,349	3,579	1,683	6.8	5.1
1993	1,414,141	82,094	674	4,146	3,354	3,402	1,627	7.6	5.8
1992	1,412,140	82,094	674	4,146	3,354	3,402	1,534	7.3	5.4

(1) Cleveland Plain Dealer Newspaper.

(2) U.S. Census of Population, Alta Vista.

(3) School District Records.

(4) Department of Job and Family Services.

**Chagrin Falls Exempted Village School District**

*Property Value, Financial Institution Deposits*

*and Building Permits*

*Last Ten Years*

<u>Year</u>	<u>Property Value (1) (Real Estate Only)</u>	<u>Cuyahoga County Financial Institution Deposits (000's) Banks</u>	<u>Geauga County Financial Institution Deposits (000's) Banks</u>	<u>Value of Building Permits Issued</u>
2000	\$345,547,240	\$61,942,764	\$222,519	N/A
1999	322,021,960	57,021,360	249,478	5,653,800
1998	317,890,080	56,770,353	254,641	3,411,210
1997	317,890,080	53,941,971	222,203	2,708,780
1996	299,079,840	27,068,211	212,614	4,011,177
1995	287,391,730	22,458,573	194,409	2,296,200
1994	271,717,070	20,885,453	188,020	3,868,000
1993	255,326,570	21,009,421	184,462	3,653,000
1992	240,276,840	19,379,280	132,005	N/A
1991	N/A	18,392,243	112,970	N/A

Source: Ohio Department of Job and Family Services, Federal Reserve Bank of Cleveland and the Geauga County Building Department and the Akron Board of Review.

(1) Represents assessed value. Information prior to 1993 is unavailable.

N/A - Not Available.

**Chagrin Falls Exempted Village School District**

*Principal Taxpayers*

*Real Estate Tax*

*December 31, 2000*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Assessed Value</u>
Encore Retirement Partners	\$4,325,960	1.13%
Chagrin Falls Shopping Plaza, LTD	1,408,360	0.37
Edmund A. Leopold	1,406,030	0.37
Western Reserve Company	1,284,640	0.34
Meridia Health System	1,159,830	0.30
Alterra Health Care (Clare Bridge of Bainbridge)	802,910	0.21
River Street Partners, LLC	642,880	0.17
The Bar Group LLC	640,230	0.17
Epsilon of Chagrin Falls, Inc	429,140	0.11
Artificial Plant Co.	<u>380,310</u>	<u>0.10</u>
Total	<u>\$12,480,290</u>	<u>3.27%</u>
<i>Total Real Assessed Value</i>	<u>\$382,568,900</u>	

Source: Cuyahoga and Geauga County Auditors.

(1) Assessed values are for the 2001 collection year.

**Chagrin Falls Exempted Village School District**

*Principal Taxpayers*

*Tangible Personal Property Tax*

*December 31, 2000*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Tangible Assessed Value</u>
Stride Tool, Inc.	\$826,460	10.31%
Cablevision of the Midwest, Inc.	246,880	3.08
IVEX Paper Mill Corp.	143,289	1.79
IBI Brake Products	118,650	1.48
Alterra Healthcare Corp.	73,040	0.91
Brewster & Stroud Co.	53,339	0.67
Althans Insurance Agency	47,500	0.59
Telerama, Inc.	41,374	0.52
Lad Lavicka, Inc.	36,110	0.45
Cameo CC	30,780	0.38
Drs. Slaten & Fury, Inc.	<u>30,200</u>	<u>0.38</u>
Total	<u>\$1,647,622</u>	<u>20.56%</u>
<i>Total Tangible Assessed Value</i>	<u>\$8,017,290</u>	

Source: Cuyahoga and Geauga County Auditors.

(1) Assessed values are for the 2001 collection year.

**Chagrin Falls Exempted Village School District**

*Principal Taxpayers*

*Public Utilities Tax*

*December 31, 2000*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating Company	\$4,483,450	46.04%
Ohio Bell Telephone Company	641,310	6.59
East Ohio Gas Company	671,490	6.90
Western Reserve Telephone Company	248,660	2.55
GTE Mobilnet of Ohio	<u>119,210</u>	<u>1.22</u>
Total	<u>\$6,164,120</u>	<u>63.30%</u>
<i>Total Public Utility Assessed Value</i>	<u>\$9,737,879</u>	

Source: Cuyahoga and Geauga County Auditors.

(1) Assessed values are for the 2001 collection year.

**Chagrin Falls Exempted Village School District**

*Cost Per Pupil  
Last Ten Fiscal Years*

<u>Year</u>	<u>General Fund Expenditures</u>	<u>Average Daily Student Enrollment</u>	<u>Cost Per Pupil</u>
2001	\$15,879,362	1,919	\$8,275
2000	15,237,712	1,935	7,875
1999	13,874,579	1,866	7,435
1998	13,417,929	1,901	7,058
1997	12,986,327	1,855	7,001
1996	12,175,287	1,864	6,532
1995	12,040,329	1,752	6,872
1994	12,212,137	1,683	7,256
1993	11,681,828	1,627	7,180
1992	10,522,157	1,534	6,859

Source: School District Financial Records.

**Chagrin Falls Exempted Village School District**

*Teacher Education and Experience*

*June 30, 2001*

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	30	20.00%
Bachelor + 10	9	6.00
Bachelor + 20	14	9.33
Bachelor + 30	16	10.60
Master's Degree	45	30.00
Master's + 10	21	14.00
Master's + 20	7	4.70
Master's + 30	7	4.70
Ph.D.	<u>1</u>	<u>0.67</u>
Total	<u><u>150</u></u>	<u><u>100.00%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	48	32.00%
6 - 10	26	17.33
11 and Over	<u>76</u>	<u>50.67</u>
	<u><u>150</u></u>	<u><u>100.00%</u></u>

Source: School District Personnel Records.

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 11, 2001

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

## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

We have audited the basic financial statements of Chagrin Falls Exempted Village School District, as of and for the year ended June 30, 2001, and have issued our report thereon dated December 11, 2001. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether Chagrin Falls Exempted Village School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Chagrin Falls Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Chagrin Falls Exempted Village School District in a separate letter dated December 11, 2001.

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

*Rea & Associates, Inc.*

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**CHAGRIN FALLS EXEMPTED VILLAGE SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 7, 2002**