

**West Geauga Local School District
Chesterland, Ohio**

EXCELLENCE

Through

Tradition & Innovation

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2004



**Auditor of State
Betty Montgomery**

Board of Education
West Geauga Local School District
8615 Cedar Road
Chesterland, Ohio 44026

We have reviewed the Independent Auditor's Report of the West Geauga Local School District, Geauga County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2003 to June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 21, 2005

This Page is Intentionally Left Blank.

West Geauga Local School District

Chesterland, Ohio

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

Prepared by

Treasurer's Office
Lisa M. Colling
Treasurer

Introductory Section

West Geauga Local School District

Comprehensive Annual Financial Report For The Year Ended June 30, 2004

Table of Contents PAGE

INTRODUCTORY SECTION

Title Page	i
Table of Contents	ii
Letter of Transmittal	v
GFOA Certificate of Achievement	xiv
List of Principal Officials.....	xv
Organizational Chart.....	xvi

FINANCIAL SECTION

Independent Auditor's Report.....	1
Management Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	18
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund	23
Statement of Fund Net Assets – Proprietary Funds.....	25
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27
Statement of Fiduciary Net Assets – Fiduciary Funds	29

West Geauga Local School District

Comprehensive Annual Financial Report For The Year Ended June 30, 2004

<u>Table of Contents (continued)</u>	<u>PAGE</u>
Notes to Basic Financial Statements.....	30
Combining Statements and Individual Fund Schedules:	
Nonmajor Funds – Fund Descriptions.....	60
Combining Balance Sheet – Nonmajor Governmental Funds.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	63
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	68
Combining Balance Sheet – Nonmajor Capital Projects Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	73
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	74
Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:	
General Fund	76
Debt Service Fund.....	78
Special Trusts Special Revenue Fund	79
Rotary Special Revenue Fund	80
Public School Support Special Revenue Fund	81
Other Grants Special Revenue Fund	82
Education Foundation Special Revenue Fund	83
District Managed Activities Special Revenue Fund	84
Auxiliary Services Special Revenue Fund	85
Management Information Systems Special Revenue Fund	86
Data Communications Special Revenue Fund	87
SchoolNet Professional Development Special Revenue Fund	88
Ohio Reads Special Revenue Fund	89
Student Intervention Special Revenue Fund	90
Miscellaneous State Grants Special Revenue Fund	91
Title VI-B Special Revenue Fund	92
Title I Special Revenue Fund	93

West Geauga Local School District

Comprehensive Annual Financial Report For The Year Ended June 30, 2004

<u>Table of Contents (continued)</u>	<u>PAGE</u>
Title VI Special Revenue Fund	94
Drug Free Schools Special Revenue Fund	95
Classroom Reduction Special Revenue Fund	96
Miscellaneous Federal Grants Special Revenue Fund	97
Permanent Improvement Capital Projects Fund	98
Building Capital Projects Fund	99
Schoolnet Plus Capital Projects Fund	100
Food Service Enterprise Fund	101
Uniform School Supplies Enterprise Fund	102
Adult Education Enterprise Fund	103
Self Insurance - Internal Services Fund.....	104

STATISTICAL SECTION

Governmental Activities – Revenues by Source and Expenses by Function – Full Accrual.....	105
General Fund Expenditures by Function and Other Financing Uses – Last Ten Fiscal Years	106
General Fund Revenues by Source and Other Financing Sources – Last Ten Fiscal Years.....	107
Property Tax Levies and Collections – Real and Tangible Personal Property – Last Ten Years	108
Assessed and Estimated Actual Value of Taxable Property – Last Ten Years	109
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years	110
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capital – Last Ten Years	111
Computation of Legal Debt Margin	112
Computation of Direct and Overlapping General Obligation Bonded Debt	113
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to General Fund Expenditures – Last Ten Fiscal Years	114
Demographic Statistics – Last Ten Fiscal Years	115
Property Value, Financial Institution Deposits and Building Permits – Last Ten Calendar Years	116
Principal Taxpayers:	
Real Estate Tax	117
Tangible Personal Property Tax	118
Public Utilities Tax	119
Per Pupil Cost – Last Ten Fiscal Years	120
Teacher Education and Experience	121



Administrative Offices
 8615 Cedar Road
 Chesterland, Ohio 44026
 (440) 729-5900
 FAX (440) 729-5939

January 24, 2005

Board of Education Members
 West Geauga Local School District

We are pleased to submit to you the fifth Comprehensive Annual Financial Report (CAFR) of the West Geauga Local School District for the fiscal year ended June 30, 2004. This CAFR includes an opinion from the state auditor and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the school district. To the best of our knowledge and belief, the enclosed data 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 various funds and account groups of the school district. This report will provide the taxpayers of the West Geauga Local 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 Geauga West Public Library, 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 contains a table of contents, letter of transmittal, list of principal officials, and an organizational chart of the school district.
2. The financial section begins with the report of independent accountants and includes the management's discussion and analysis, the basic financial statements and notes that provide an overview of the school district's financial position and operating results, the combining statements by fund type and other schedules that provide detailed information relative to the basic financial statements.
3. The statistical section presents social and economic data, financial trends and the fiscal capacity of the West Geauga Local School District.

The School District

The West Geauga Local School District is located in western Geauga County and includes all of Chester and Russell townships and portions of surrounding townships (Munson, South Russell, and Hunting Valley). The school district operates two elementary schools (**K-5**), one middle school (6-8) and one high school (9-12).

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

Statutorily, the school district operates under standards prescribed by the Ohio State Board of Education, as provided in Division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code, to provide education services mandated by state and/or federal agencies.

West Geauga High School
 13401 Chillicothe Road
 Chesterland, Ohio 44026
 (440) 729-5950
 FAX (440) 729-5959

West Geauga Middle School
 8611 Cedar Road
 Chesterland, Ohio 44026
 (440) 729-5940
 FAX (440) 729-5909

- v -

R.C. Lindsey Elementary
 11844 Caves Road
 Chesterland, Ohio 44026
 (440) 729-5980
 FAX (440) 729-5989

Westwood Elementary
 13738 Caves Road
 Novelty, Ohio 44072
 (440) 729-5990
 FAX (440) 729-5924

Board of Education Members

Reporting Entity

The West Geauga Local 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 its relationship with all departments, boards, organizations and agencies that make up the West Geauga Local School District.

Excluded from the reporting entity because they are fiscally independent of the school district are West Geauga Athletic Boosters, West Geauga Band Boosters, West Geauga Parent Teacher Organizations and the West Geauga Education Foundation.

The school district is associated with four jointly governed organizations and one insurance purchasing pool. These organizations are: the Lake Geauga Computer Association, the East Shore Regional Transportation System, the Ohio Schools Council and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 14 and 15 to the general purpose financial statements.

A complete discussion of the school district's reporting entity is provided in Note 1 to the general purpose financial statements.

Economic Condition and Outlook

Chester and Russell townships are picturesque rural residential communities with most of the residential areas zoned at three-acre minimums in Russell Township and 1.5 acre minimums in Chester Township. Housing types range from modest homes selling for \$150,000 to multi-million dollar homes. West Geauga Local School District residents also enjoy the presence of West Geauga Commons, a recreational park located in Russell Township. The school district includes small commercial districts located at the intersection of State Routes 306 and 87 in Russell Township and around the intersection of State Routes 306 and 322 in Chester Township.

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. This is a result of House Bill 920, which mandates that any reappraised property increases results in an approximately equal value decrease in millage. Currently, the voted permanent millage in the district has been reduced to the state minimum of 20 mills. As a result, West Geauga Local Schools, as well as school districts throughout Ohio, must place operating funding issues on the ballot at regular intervals to keep pace with inflation and mandated programming and services.

The community last showed its support for the school district by the passage of a \$3,700,000 emergency levy in February 2003 with tax collections beginning in January 2004. A \$1,800,000 emergency levy expired with the final collection occurring in December 2003. Geauga County experienced a reappraisal of real estate in 2002 with tax collections beginning in January 2003. Since the school district is at the 20 mill floor, the lowest millage rate allowable by the State of Ohio, the school district's tax collections were raised to 20 mills in accordance with the law.

Board of Education Members

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The court reaffirmed its first two opinions, declaring the current system of school funding in the State of Ohio to be unconstitutional. The court specifically identified the reliance on local property taxes to be the major impediment to a constitutionally appropriate system. The court further stated that it is the responsibility of the Ohio Legislature to remedy the funding issues regardless as to the budgetary woes of the state. Finally, the court relinquished its jurisdiction over the case. This decision has impacted the school district by putting more of the burden for funding of our school district on the local community with no state "fix" in sight.

Major Initiatives

For the Year The challenge for West Geauga Local Schools to educate children on a stringent budget is getting even more difficult for our school district. The voters approved an additional 6.6 mill emergency operating levy in February 2003. The levy is raising \$3.7 million per year for four years. Tax collection began in January 2004. The West Geauga Board of Education requested the 6.6 mill amount based on the five-year budget projections prepared by the district's treasurer. Funds are being used to maintain current programs only in the district. The school district receives approximately 70% of its revenue from local taxes, while 30% is state funded.

After anticipating the possibility of cuts to schools at the state level, the district received confirmation on March 5, 2003 that Governor Robert Taft ordered \$162 million in cuts to state spending to help balance Ohio's budget, including \$100 million in education cuts. As a result, West Geauga Local Schools lost \$91,303 the fiscal year that runs from July 1, 2002 through June 30, 2003.

Unfortunately, our school district also incurred a reduction in state aid of approximately \$690,000 the fiscal year that runs from July 1, 2003 through June 30, 2004 due to a recalculation of a formula called Gap Aid. The formula is based on millage, the dollars generated by the millage and property reappraisals. The recent reappraisals and the passage of the school levy put the district over the amount that the state uses in its calculation to provide Gap Aid, thus eliminating this portion of state aid to West Geauga Local Schools. This is a significant loss and was unanticipated based on the formula rules provided to the district last year. Regardless, if the levy had not passed, our school district would have suffered a greater financial burden that would not have made up this state subsidy. The loss of the funds by Gap Aid will affect the district for a minimum of the next three years.

West Geauga Local Schools has already taken steps to trim the district's conservative expenditures even further by putting a freeze on purchases and in other areas. Despite the fact that the district keeps a tight watch on funds and will continue to do so, the loss of these funding sources will necessitate continuing to manage our financial resources in a prudent and conservative manner throughout the duration of our February 2003 levy and put a further strain on an already minimal carryover balance.

Because of the loss of state funds and the unexpected rises in expenditures, the West Geauga Board of Education unanimously voted to place a 1.52 emergency operating levy on the November 2004 ballot. Unfortunately, the levy did not pass which made it necessary for the school district to borrow \$1.7 million to manage cash flow issues.

Board of Education Members

Primary accomplishments for 2003 were as follows:

Financial

Received the Certificate of Excellence in Financial Reporting from the Government Finance Officer's Association (GFOA) for the fourth consecutive year.

Received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International (ASBO) for the fourth consecutive year.

Instruction

The district received an overall rating of "excellent" on the August 2004 Local Report Card issued by the Ohio Department of Education by scoring 18 out of 18 state indicators.

The district literacy plan, that was implemented to maximize reading achievement for students in grades K-5, completed its fourth year. The district has seen a steady rise in test scores in this area since the inception of this program.

West Geauga Local Schools is one of only 16% of the nation's 15,573 public school districts to receive the 2004 What Parents Want Award. SchoolMatch of Columbus, Ohio, the nation's largest independent school selection consulting firm, determines the award winners based on the criteria compiled from 95,000 parent questionnaires.

Community

A Finance Task Force was formed which included school district administrators, a West Geauga Board of Education member and members of the community. The purpose of the group was to seek unique and innovative ways to secure and maintain additional funding resources for the school district. The task force studied and addressed alternative revenue sources such as school income tax and open enrollment. Results were presented to the board in spring 2004. Board members are currently reviewing the results and considering the recommendations. Through this process, we will strive to find a solution that is a balanced approach and meets the needs of property owners as well as wage earners.

Regular meetings of the Joint School District and Townships Task Force were held in 2004 to assess community recreational and cultural needs while attempting to maximize the efficient use of public and community resources and bring these needs to fruition. This task force was formed to respond to the results of the written school/township community survey that was mailed to residents in October 2002. The survey consisted of two parts, one focusing on township services and planning issues and the other examining resident opinion in relation to the operation of West Geauga Local Schools. Results of the school/township community survey received in April 2003 and discussions with community groups during a meeting held at the middle school in spring 2003 make it clear that the community sees the value of the school district, townships and local groups working together on common projects.

For the Future The mission of the West Geauga Local Schools is to help students reach their academic and career potential and pursue high ethical standards. To achieve this, we blend traditional practices with proven educational innovations, including technology, in an effort to achieve and maintain a standard of excellence.

Board of Education Members

While holding these high expectations for our students is not new, the way our schools' and student achievement is measured and reported has changed due to the new federal law known as the No Child Left Behind Act (NCLB). President George W. Bush signed NCLB into law in January 2002. The goal of this legislation is to improve the achievement of every child in every classroom in every school. Under Ohio's accountability plan, this meant that on the August 2003 Local Report Card issued by the Ohio Department of Education, each child who took a state test during the 2002-003 school year was reported in our results (including the scores of students with disabilities and those with limited English proficiency). In addition, scores are listed by ethnicity. Individual schools as well as school districts received designations on the August 2003 Local Report Card. As a result, we are not comparing apples to apples with prior report card data. However, this will allow the district to look at our information as a new starting point.

As a result of this legislation, states are required to "raise the bar" by tracking adequate yearly progress (AYP) each year in order to meet the NCLB goal of having all students, including those with disabilities previously exempted, proficient in reading and math by the 2013-14 school year. AYP for 2004 is based on the prior year's results on Ohio's proficiency tests in reading and math.

Under NCLB, it's important for schools as a whole to meet AYP goals each year. If a school does not make AYP for two or more years in a row, the school could face sanctions, such as the loss of federal funding. As with any new legislation that is sweeping and complex, it will take a couple of years to fully understand and implement what schools must do to comply. Also, some areas of the law are still unclear and may be revised. However, the district will use the AYP reports as one more added source of information to provide the best possible education for our children.

While AYP is based on state test results, we believe our students are learning much more than what's measured on a single test on a single day. And while the bar has been raised, making it more difficult to reach all 18 indicators, this new reporting system gives schools an opportunity to make sure that ALL students succeed by tracking and measuring individual student's progress.

The primary focus of West Geauga Local Schools continues to be on educational programming. The district's programming serves our students, parents and community in an effort to continuously improve. This process involves assessing current programs, identifying areas in which to improve, developing options, selecting the best options, gathering measurable data and analyzing the results.

The school district has several programs already in place to help every student achieve at higher proficiency levels and improve results during the next school year. We have had a strong focus on literacy over the last several years, an area in which our test scores have risen considerably. The success of the literacy program will be used as a model to develop and implement a similar program in mathematics. Now as we turn our attention to mathematics, we expect the same steady and sustained improvement over time. One of our first initiatives taken in this regard was to purchase textbooks and instructional materials that are aligned with the new state academic standards recently developed by the Ohio Department of Education. In addition, efforts to provide high quality professional development for our teachers and administrators to make sure that the curriculum and instruction are aligned to state content standards are being implemented.

With passage of the 6.6 mill levy on the February 2003 ballot, we made a pledge to voters to project our operating expenses so that the district could operate through the calendar year 2007. However, due to the loss of state funding and unexpected rises in expenditures, the West Geauga Board of Education placed a 1.52 emergency operating levy on the November 2004 ballot. Unfortunately, the levy failed. Thus, the challenge to provide the funds for our own programs with limited funding, in addition to providing money for unfunded government mandates at a time when state financial support is being reduced, remains a priority for the district.

Board of Education Members

Financial Information

Internal Accounting and Budgetary Control

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

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

Prior to the beginning of each fiscal year, the board of education adopts a temporary appropriations measure for that fiscal year. By statute, permanent appropriations must be adopted upon receipt from the county auditor of an amended certificate of estimated resources based on final assessed values and tax rates. The board of education adopts a permanent appropriations measure in September.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The county auditor must certify that the board of education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the board. Budgets are controlled at the object account level within a function and fund. All purchase order requests must be approved by the appropriate administrator and the superintendent and must be certified by the treasurer. Necessary funds are then encumbered, and purchase orders are 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 fiscal year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

Each account administrator is provided with monthly reports showing the status of the budget accounts for which he/she is responsible. In addition, an online inquiry system is available at each administrative cost center.

The basis of accounting and the various funds and account groups utilized by the West Geauga Local 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.

Board of Education Members

Financial Condition

This is the second 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 that 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 funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

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 reporting model, management is responsible for preparing a discussion and analysis of the school district. This discussion is included in the financial section of this report, providing an assessment of the school district's finances for 2004. Because that discussion focuses on major funds, other non-major funds are discussed briefly in this letter.

Cash Management

The Board has established a cash management program that expedites the collection of local and state funds through electronic fund transfers and daily deposits. Funds are deposited in local financial institutions insured by the Federal Deposit Insurance Corporation as well as collateralized by investments in instruments issued by the United States Government or the State of Ohio.

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 face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Board and designated third party trustees of the financial institution.

Board of Education Members

Risk Management

The school district established a self-insurance internal service fund to account for and finance its health plan with Klais and Company, Inc. as the third party administrator. Effective December 1, 2002 the school district changed to a fully insured preferred provider organization with United Health Care as the health provider and Metlife as the dental provider and pays monthly premiums. Claims were paid by the school district on a weekly basis under the self-insurance program and reported to the board of education monthly.

Professional liability insurance is carried with Hylant Administration and Hartford Insurance through Harcum-Hyre Insurance Agency with limits of \$1,000,000 for each occurrence and \$3,000,000 general aggregate, including employee benefit liability limits, qualified school groups and employers' liability. The umbrella policy for the education liability has a \$1,000,000 limit for each occurrence and \$1,000,000 general aggregate limit. For the employers liability the limit is \$1,000,000; and for the fleet insurance there is a \$1,000,000 limit.

Property and fleet insurance is carried with Indiana Insurance Company through Lake Shore Insurance Agency. Property insurance includes boiler and machinery coverage as well as commercial inland marine coverage with a blanket limit of \$43,146,788 with a \$2,500 deductible. Fleet insurance has a limit of \$1,000,000 with a \$100 deductible for comprehensive and \$250 for collision coverage.

The school district participates in the Ohio School Boards Association Workers' Compensation Group Rating Program. Participation provides a lower premium rate per \$100 of salary than if the district was rated individually.

Independent Audit

State statutes require the school district to be subject to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the school district's accounting and budgetary controls. Independent auditor Ciuni & Panichi, Inc. was selected to render an opinion on the school district's financial statements as of and for the year that ended June 30, 2004. 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 the financial report for the 1983 fiscal year.

Awards

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for a Comprehensive Annual Financial Report. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The school district was awarded the Certificate of Achievement for the fiscal year 2003 report. We believe that our current report conforms to the award requirements, and we are submitting it to GFOA for consideration.

Board of Education Members

ASBO Certificate

The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. This award certifies that the Comprehensive Annual Financial Report substantially conformed to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing business officials.

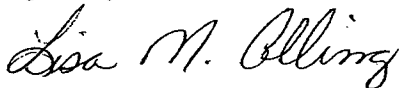
The school district was awarded the Certificate of Excellence for the fiscal year 2003 report.

Acknowledgements

The publication of this report significantly enhances the school district's accountability to the residents of the West Geauga Local School District. The preparation of this report would not have been possible without the work and support of Ciuni & Panichi, Inc. In addition, the staff of the treasurer's office, various administrators and staff members of the school district, the Geauga County Auditor's Office staff and other outside agencies made possible the fair presentation of statistical data.

Finally, sincere appreciation is extended to the members of the West Geauga Board of Education for their support.

Respectfully submitted,



Lisa M. Colling
West Geauga Local School District Treasurer



Dr. Anthony Podojil
West Geauga Local School District Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Geauga Local School
District, Ohio

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

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



Nancy L. Zelle

President

Jeffrey R. Emer

Executive Director

West Geauga Local School District

Principal Officials
June 30, 2004

Board of Education

Mrs. Sally Gillmore President
Mr. William Beers Vice President
Mrs. Kathy Leavenworth Member
Mr. Dean Patterson Member
Mr. Benjamin Pintabona Member

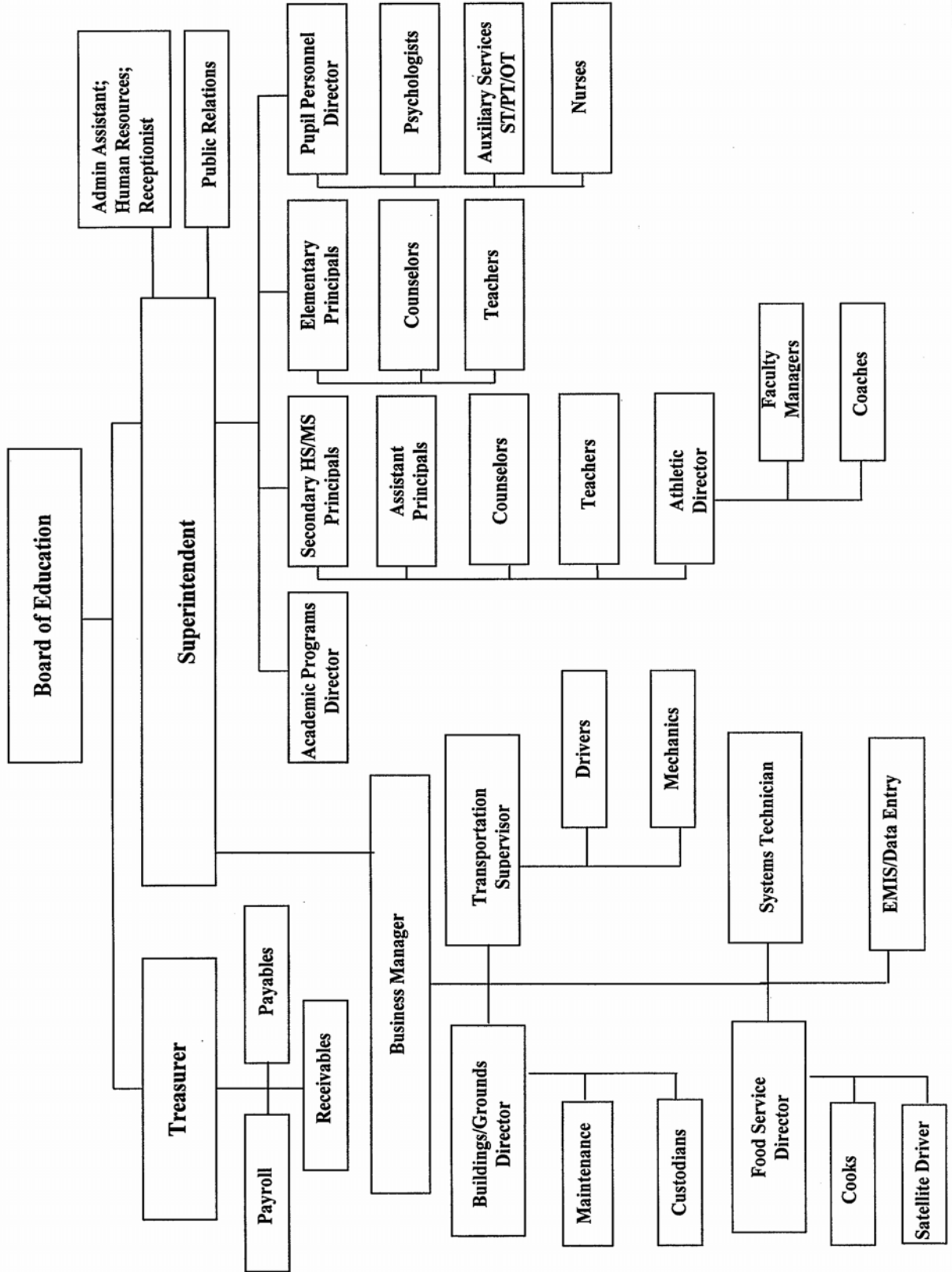
Treasurer

Mrs. Lisa M. Colling

Superintendent

Dr. Anthony Podojil

West Geauga Local School District



This page intentionally left blank

Financial Section

This Page is Intentionally Left Blank.

Independent Auditor's Report

Board of Education
West Geauga Local School District
Chesterland, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Geauga Local School District (the "District") as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the *Table of Contents*. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2005 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

West Geauga Local School District

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

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

Cini & Parichi, Inc.

Cleveland, Ohio
January 24, 2005

West Geauga Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004

Unaudited

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

Financial Highlights

Key financial highlights for 2004 are as follows:

- In total, net assets increased \$136,301. Net assets of governmental activities increased \$189,135, which represents a 53.3% increase from 2003. Net assets of business-type activities decreased \$52,834, which represents an 8.5% decrease from 2003.
- General revenues accounted for \$22,956,593 in revenue or 91.9% of all revenues. Program specific revenues in the form of charges for services and operating grants accounted for \$2,029,467 in revenue or 8.1% of all revenues. The total of all revenues was \$24,986,060 for 2004.
- The District had \$24,180,083 of expenses related to government activities. \$1,412,658 of these expenses were offset by charges for services or operating grants. General revenues supporting governmental activities (primarily property taxes, unrestricted grants and entitlements) of \$22,956,560 were sufficient to provide for the balance of these programs resulting in an \$189,135 increase in net assets from \$354,930 in 2003 to \$544,065 in 2004.
- The District had \$669,676 of expenses related to business-type activities. \$616,809 of these expenses were offset by charges for services or operating grants. General revenues include only investment earnings of \$33. Total revenues were not adequate to provide for these programs resulting in a \$52,834 decrease in net assets from \$620,476 in 2003 to \$567,642 in 2004.
- The District had two major governmental funds, the general fund and the debt service fund. The general fund had \$18,460,549 in revenues and \$20,376,265 in expenses. The general fund's fund balance increased \$409,976 from \$(321,967) as of June 30, 2003 to \$88,009 at June 30, 2004. The debt service's fund balance decreased \$625,151 from \$1,419,098 at June 30, 2003 to \$793,947 at June 30, 2004.
- In February 2003 the District passed a \$3,700,000 emergency levy for operating purposes. Collections began in January 2004 and will continue through December 2007. This levy will be used for operating expenses.

West Geauga Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004

Unaudited

Using this Comprehensive Annual Financial Report

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

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

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities

While reading these reports the most important questions asked about the District's finances are, "How did we do financially during 2004" and "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer these questions. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or diminishing. Non-financial factors such as property tax base, current property tax laws in Ohio which restrict revenue growth, student enrollment changes and facility conditions should be considered when reviewing the overall position of the District.

In the Statement of Net Assets and the Statement of Activities the District is divided into two types of activities, governmental activities and business-type activities. Governmental activities, the larger of the two, include instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. Business-type activities include those services that are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. Food services are included in business-type activities.

West Geauga Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004

Unaudited

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 18. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, proprietary and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

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

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore the statements will essentially match the business-type activities portion of the entity-wide statements.

West Geauga Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004

Unaudited

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, total assets exceeded liabilities by \$1,111,707 at June 30, 2004 and \$975,406 at June 30, 2003.

A comparative analysis of fiscal year 2004 to 2003 follows:

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current Assets	\$ 18,374,169	\$ 17,711,930	\$ 22,847	\$ 14,716	\$ 18,397,016	\$ 17,726,646
Capital Assets	15,510,027	16,025,293	595,066	629,286	16,105,093	16,654,579
Total Assets	<u>33,884,196</u>	<u>33,737,223</u>	<u>617,913</u>	<u>644,002</u>	<u>34,502,109</u>	<u>34,381,225</u>
Current Liabilities	18,567,284	17,459,268	50,271	23,526	18,617,555	17,482,794
Long Term Liabilities	14,772,847	15,923,025	-	-	14,772,847	15,923,025
Total Liabilities	<u>33,340,131</u>	<u>33,382,293</u>	<u>50,271</u>	<u>23,526</u>	<u>33,390,402</u>	<u>33,405,819</u>
Net Assets:						
Invested in Capital						
Assets, net of debt	1,660,293	974,708	595,066	629,286	2,255,359	1,603,994
Restricted	1,540,885	1,835,012	-	-	1,540,885	1,835,012
Unrestricted (Deficit)	<u>(2,657,113)</u>	<u>(2,454,790)</u>	<u>(27,424)</u>	<u>(8,810)</u>	<u>(2,684,537)</u>	<u>(2,463,600)</u>
Total Net Assets	<u>\$ 544,065</u>	<u>\$ 354,930</u>	<u>\$ 567,642</u>	<u>\$ 620,476</u>	<u>\$ 1,111,707</u>	<u>\$ 975,406</u>

A portion of the District's net assets reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The unrestricted net assets may be used to meet the District's ongoing activities.

The following table gives readers further details regarding the results of activities for the current and previous year and what makes up the changes in net assets.

West Geauga Local School District

Management's Discussion & Analysis

For the Fiscal Year Ended June 30, 2004

Unaudited

	<u>Governmental Activities 2004</u>	<u>Business-Type Activities 2004</u>	<u>Governmental Activities 2003</u>	<u>Business-Type Activities 2003</u>
Revenues				
Program Revenues				
Charges for Services	\$ 498,068	\$ 582,698	\$ 1,111,697	\$ 564,894
Operating Grants	914,590	34,111	977,843	29,445
Total Program Revenues	<u>1,412,658</u>	<u>616,809</u>	<u>2,089,540</u>	<u>594,339</u>
General Revenues				
Property Taxes	16,442,435	-	14,957,367	-
Grants and Entitlements	6,356,770	-	6,194,312	-
Investment Earnings	42,538	33	59,244	66
Miscellaneous	114,817	-	116,479	-
Total General Revenues	<u>22,956,560</u>	<u>33</u>	<u>21,327,402</u>	<u>66</u>
Total Revenues	<u>24,369,218</u>	<u>616,842</u>	<u>23,416,942</u>	<u>594,405</u>
Expenses				
Program Expenses				
Instruction:				
Regular	9,791,785	-	9,252,284	-
Special	2,185,290	-	1,679,235	-
Vocational	342,768	-	261,332	-
Other	546,664	-	328,953	-
Support Services:				
Pupil	1,813,446	-	1,660,194	-
Instructional Staff	803,286	-	790,613	-
Board of Education	64,333	-	62,082	-
Administration	1,667,237	-	2,451,753	-
Fiscal Services	578,176	-	506,582	-
Business	163,048	-	169,774	-
Operation & Maintenance	2,089,865	-	2,103,318	-
Pupil Transportation	1,740,675	-	1,560,380	-
Central	95,619	-	96,266	-
Community Services	526,011	-	521,942	-
Extracurricular Activities	766,421	-	695,640	-
Interest and Fiscal Charges	1,005,459	-	952,036	-
Food Service	-	505,037	-	444,457
Uniform School Supplies	-	164,637	-	160,824
Adult Education	-	2	-	5,732
Total Expenses	<u>24,180,083</u>	<u>669,676</u>	<u>23,092,384</u>	<u>611,013</u>
Change in Net Assets	<u>\$ 189,135</u>	<u>\$ (52,834)</u>	<u>\$ 324,558</u>	<u>\$ (16,608)</u>

West Geauga Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004

Unaudited

Governmental Activities

Net assets of the District's governmental activities increased \$189,135. Total governmental expenses of \$24,180,083 were primarily offset by program revenues of \$1,412,658 and general revenues of \$22,956,560. Program revenues supported 5.8% of the total governmental expenses.

The primary sources of revenue for governmental activities are property taxes and grants and entitlements. These two revenue sources combine to account for 93.6% of total governmental revenue. Property taxes supported 68.0% of total expenses while grants and entitlements supported 26.3% of total expenses. These two revenue sources combined to support 94.3% of total governmental expenses.

Property tax laws in Ohio create the need to periodically seek voter approval for additional operating funds. Tax revenues generated from a levy do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation providing the District the same amount of tax dollars as originally approved. School districts, such as ours, that are dependent upon property taxes as a primary source of revenue must periodically return to the ballot and ask voters for additional resources to maintain current programs. Since the District must rely heavily on voter approval of operating tax issues management of the resources is of paramount concern to District' administration and the voting public. The District utilizes a five-year cash financial forecast to estimate revenues and control expenditures.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues including tax revenue, investment earnings and unrestricted State entitlements must support the net cost of program services.

West Geauga Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004

Unaudited

	Governmental Activities		Governmental Activities	
	Total Cost of Services 2004	Net Cost of Services 2004	Total Cost of Services 2003	Net Cost of Services 2003
Program Expenses				
Instruction:				
Regular	\$ 9,791,785	\$ 9,558,497	\$ 9,252,284	\$ 8,952,697
Special	2,185,290	1,860,931	1,679,235	1,376,371
Vocational	342,768	342,768	261,332	233,130
Other	546,664	546,664	328,953	328,953
Support Services:				
Pupil	1,813,446	1,813,446	1,660,194	1,656,594
Instructional Staff	803,286	740,661	790,613	736,498
Board of Education	64,333	51,911	62,082	(577,945)
Administration	1,667,237	1,667,237	2,451,753	2,451,753
Fiscal Services	578,176	568,868	506,582	497,022
Business	163,048	163,048	169,774	169,774
Operation & Maintenance	2,089,865	1,654,411	2,103,318	1,696,407
Pupil Transportation	1,740,675	1,735,437	1,560,380	1,511,019
Central Services	95,619	83,619	96,266	89,266
Community Services	526,011	522,610	521,942	486,854
Extracurricular Activities	766,421	451,858	695,640	442,415
Interest and Fiscal Charges	1,005,459	1,005,459	952,036	952,036
Total Expenses	<u>\$ 24,180,083</u>	<u>\$ 22,767,425</u>	<u>\$ 23,092,384</u>	<u>\$ 21,002,844</u>

Business-Type Activities

Business-type activities include food service operation, uniform supplies and adult education. These programs had revenues of \$616,842 and expenses of \$669,676 for fiscal year 2004, and revenues of \$594,405 and expenses of \$611,013 for fiscal year 2003. The food service operations had expenses of \$505,037 and revenues of \$443,312 for fiscal year 2004, and expenses of \$444,457 and revenues of \$424,064 for fiscal year 2003. This resulted in a decrease to net assets for the fiscal year 2004 of \$61,725. The uniform supplies operations had expenses of \$164,637 and revenues of \$171,497 for fiscal year 2004, and expenses of \$160,824 and revenues of \$166,435 for fiscal year 2003. This resulted in an increase to net assets for fiscal year 2004 of \$6,860. The adult education operations had expenses of \$2 and revenues of \$2,000 for fiscal year 2004, and expenses of \$5,732 and revenues of \$3,840 for fiscal year 2003. This resulted in a increase to net assets for fiscal year 2004 of \$1,998. Management assesses the performance of each of these funds to ensure that they are run efficiently.

West Geauga Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004

Unaudited

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$1,285,713 which is a \$323,526 decrease from last year's total of \$1,609,239. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2004 and 2003.

	<u>Fund Balance</u> <u>June 30, 2004</u>	<u>Fund Balance</u> <u>June 30, 2003</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 88,009	\$ (321,967)	\$ 409,976
Debt Service	793,947	1,419,098	(625,151)
Other Governmental	<u>403,757</u>	<u>512,108</u>	<u>(108,351)</u>
Total	\$ <u>1,285,713</u>	\$ <u>1,609,239</u>	\$ <u>(323,526)</u>

General Fund

The District's general fund balance increase is due to many factors. The tables and graphs that follow assist in illustrating the financial activities and balance of the general fund.

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<i>Revenues</i>			
Taxes	\$ 12,340,134	\$ 12,476,625	(1.1)%
Interest Earnings	40,267	55,235	(27.1)
Intergovernmental	6,007,043	5,958,464	.8
Other Revenue	<u>73,105</u>	<u>158,038</u>	(53.7)
Total	\$ <u>18,460,549</u>	\$ <u>18,648,362</u>	

The property tax revenue is down \$136,491 due to change in Emergency Levies. The District anticipates tax collections in fiscal year 2004 will be similar to fiscal year 2003. Interest earnings decreased \$14,968 due to dramatic decreases in interest rates by the Federal Reserve Bank. Intergovernmental revenues and other revenues increased \$48,579 and decreased \$84,933 respectively due to an increase in state aid and miscellaneous fees.

West Geauga Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004

Unaudited

The graph below illustrates general fund expenditures.

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<i>Expenditures by Object</i>			
Instruction	\$ 11,680,512	\$ 10,684,243	9.3%
Support Services	8,117,325	8,044,238	.9
Operation of Non-Instructional Services	123,207	128,499	(4.1)
Extracurricular Activities	454,987	441,465	3.1
Refund of Prior Year Receipts	<u>234</u>	<u>-</u>	100.0
Total	<u>\$ 20,376,265</u>	<u>\$ 19,298,445</u>	

Expenditures are up \$1,077,820 or 5.6% over the prior year due to salary and benefit increases associated with existing staff and significant health insurance increases. The increase in purchased services associated with special education.

Debt Service Fund

The District's debt service fund balance decreased by \$625,151 due to debt payments. The revenues of the fund are property taxes, calculated by the county auditor, and state homestead and rollback money computed as a percentage of the tax due to the fund. The expenses of the fund include debt principal and interest payments as well as county auditor and treasurer fees. Due to property reassessments and a refinancing of the School Improvement Bonds in 2001 the District reduced the tax rate by one half of one mill during the fiscal year. The remaining fund balance will be used to make upcoming debt payments as they become due.

Other Funds

Other governmental funds consist of special revenue and capital projects funds. The increase/decrease in fund balance is primarily due to project needs in the fiscal year.

General Fund Budget Information

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District amended its revenue estimates to reflect changes in originally anticipated revenues from taxes, interest and state sources. The final budget for expenditures increased by \$2,198,742 over the

West Geauga Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004

Unaudited

original budget primarily due to the Tax Anticipation Note issued in December 2003. Other appropriations required changes in functional categories due to spending patterns.

The District utilizes the five-year forecast as the original document from which to form the operating budget. After updating of the forecast for changes in revenue and expenditure assumptions the operating budget begins at the school level. Each school in the district receives a per pupil allocation augmented with resources for special education students in the specific buildings. The departments then receive the remainder of funds to bring the budget into balance with the five-year forecast. The site and department budgets are reviewed periodically to ensure management becomes aware of any significant variations during the year.

Capital Assets

The District has \$16,105,093 invested in capital assets net of depreciation, with \$15,510,027 attributed to governmental activities. Acquisitions for governmental activities totaled \$501,176 and depreciation was \$1,016,442. The majority of the acquisitions were for furniture and computer equipment replacement throughout the District. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 8).

Debt Administration

At June 30, 2004, the District had \$14,365,000 in outstanding bonds payable. Of this total, \$1,230,000 is due within one year and \$13,135,000 is due through fiscal year 2013. The District paid \$1,135,000 in principal on bonds outstanding during the fiscal year. Detailed information regarding long term debt and notes payable activity is included in the notes to the basic financial statements (Note 14).

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total value of real and personal property. At June 30, 2004, the District's general obligation debt was below the legal limit.

Restrictions and Other Limitations

With the passage of the February 2003 emergency levy, the District is in the position to continue to provide continuing a high quality of educational programs. However, the future financial stability of the District is not without challenges.

The first challenge is for management to ensure resources can be preserved as long as possible. Operating and capital budgets are being utilized by management to manage financial resources effectively. The District has convened a finance task force to explore and examine issues facing the District in the short and long term and to provide recommendations to the Board of Education on the findings.

The second challenge facing the District is based in the local economy. The District has experienced minimal growth during the past several years. Projections indicate that the growth rate of the District will

West Geauga Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004

Unaudited

remain level for the next ten years. If this pattern changes, adjustments may have to be made to the financial models upon which assumptions have been made. Also, a sustained economic slowdown could result in revenue forecasts having to be revised downward. Either of these scenarios could cause the District to scale down the educational program offerings or seek additional resources.

The last challenge facing the District is the future of state funding. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding system is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient..." The District is unable to determine what effect, if any, this decision will have on future funding from the State. Additionally, in April 2003 the State reduced funding for the remainder of the fiscal year ended June 30, 2003. The current State biennial budget resulted in a \$266,819 reduction in funding for the District in fiscal year 2004. Continued uncertainty exists regarding future State funding.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Treasurer Lisa Colling, West Geauga Local School District, 8615 Cedar Road, Chesterland, Ohio 44026 or call (440) 729-5900.

This page intentionally left blank

West Geauga Local School District

Statement of Net Assets

June 30, 2004

	Primary Government		Total
	Governmental Activities	Business - Type Activities	
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,708,907	\$ 46,971	\$ 1,755,878
Accounts Receivable	21,571	2,553	24,124
Intergovernmental Receivable	40,322	4,252	44,574
Internal Balances	44,000	(44,000)	-
Inventory Held for Resale	-	13,071	13,071
Materials and Supplies Inventory	10,675	-	10,675
Taxes Receivable	16,548,694	-	16,548,694
Capital Assets:			
Depreciable Capital Assets, Net	15,143,647	595,066	15,738,713
Nondepreciable Capital Assets	<u>366,380</u>	<u>-</u>	<u>366,380</u>
Total Assets	<u>33,884,196</u>	<u>617,913</u>	<u>34,502,109</u>
<u>Liabilities</u>			
Accounts Payable	160,419	3,792	164,211
Accrued Wages and Benefits	1,321,778	-	1,321,778
Accrued Compensated Absences	-	13,096	13,096
Intergovernmental Payable	377,028	1,229	378,257
Deferred Revenue	14,467,551	-	14,467,551
Accrued Pension	-	32,154	32,154
Special Termination Benefits Payable	87,500	-	87,500
Accrued Interest Payable	265,018	-	265,018
Notes Payable	750,000	-	750,000
Long-Term Liabilities:			
Due Within One Year	1,637,847	-	1,637,847
Due In More Than One Year	<u>14,272,990</u>	<u>-</u>	<u>14,272,990</u>
Total Liabilities	<u>33,340,131</u>	<u>50,271</u>	<u>33,390,402</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	1,660,293	595,066	2,255,359
Restricted for:			
Debt Service	1,477,350	-	1,477,350
Other Purposes	63,535	-	63,535
Unrestricted (Deficit)	<u>(2,657,113)</u>	<u>(27,424)</u>	<u>(2,684,537)</u>
Total Net Assets	\$ <u>544,065</u>	\$ <u>567,642</u>	\$ <u>1,111,707</u>

The Notes to the Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Activities

For the Fiscal Year Ended June 30, 2004

	<u>Expense</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Governmental Activities</u>				
Instruction:				
Regular Education	\$ 9,791,785	\$ 152,457	\$ 80,831	\$ (9,558,497)
Special Education	2,185,290	9,987	314,372	(1,860,931)
Vocational Education	342,768	-	-	(342,768)
Other Instruction	546,664	-	-	(546,664)
Support Services:				
Pupil	1,813,446	-	-	(1,813,446)
Instructional Staff	803,286	-	62,625	(740,661)
Board of Education	64,333	12,422	-	(51,911)
Administration	1,667,237	-	-	(1,667,237)
Fiscal	578,176	-	9,308	(568,868)
Business	163,048	-	-	(163,048)
Operation and Maintenance of Plant	2,089,865	-	435,454	(1,654,411)
Pupil Transportation	1,740,675	5,238	-	(1,735,437)
Central	95,619	-	12,000	(83,619)
Operation of Non-Instructional Services:				
Community Services	526,011	3,401	-	(522,610)
Extracurricular Activities	766,421	314,563	-	(451,858)
Interest and Fiscal Charges	<u>1,005,459</u>	<u>-</u>	<u>-</u>	<u>(1,005,459)</u>
Total Governmental Activities	<u>24,180,083</u>	<u>498,068</u>	<u>914,590</u>	<u>(22,767,425)</u>
<u>Business-Type Activities</u>				
Food Service	505,037	409,201	34,111	-
Uniform School Supplies	164,637	171,497	-	-
Adult Education	<u>2</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>669,676</u>	<u>582,698</u>	<u>34,111</u>	<u>-</u>
 Totals	 \$ <u>24,849,759</u>	 \$ <u>1,080,766</u>	 \$ <u>948,701</u>	 <u>(22,767,425)</u>

General Revenues

Property Tax Levied for:

General Purpose	12,369,741
Debt Service	3,516,457
Capital Projects	556,237
Grants and Entitlements not Restricted to Specific Programs	6,356,770
Investment Earnings	42,538
Miscellaneous	<u>114,817</u>
Total General Revenues	<u>22,956,560</u>

Change in Net Assets 189,135

Net Assets at Beginning of Year 354,930

Net Assets at End of Year \$ 544,065

The Notes to the Financial Statements are an Integral Part of this Statement

<u>Business- Type Activities</u>	<u>Total</u>
\$ -	\$ (9,558,497)
-	(1,860,931)
-	(342,768)
-	(546,664)
-	(1,813,446)
-	(740,661)
-	(51,911)
-	(1,667,237)
-	(568,868)
-	(163,048)
-	(1,654,411)
-	(1,735,437)
-	(83,619)
-	(522,610)
-	(451,858)
-	<u>(1,005,459)</u>
-	<u>(22,767,425)</u>
(61,725)	(61,725)
6,860	6,860
<u>1,998</u>	<u>1,998</u>
<u>(52,867)</u>	<u>(52,867)</u>
<u>(52,867)</u>	<u>(22,820,292)</u>
-	12,369,741
-	3,516,457
-	556,237
-	6,356,770
33	42,571
-	<u>114,817</u>
<u>33</u>	<u>22,956,593</u>
(52,834)	136,301
<u>620,476</u>	<u>975,406</u>
\$ <u><u>567,642</u></u>	\$ <u><u>1,111,707</u></u>

West Geauga Local School District

Balance Sheet – Governmental Funds

June 30, 2004

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 43,372	\$ 1,263,837	\$ 401,698	\$ 1,708,907
Taxes Receivable	13,336,030	2,692,655	520,009	16,548,694
Accounts Receivable	19,998	-	1,573	21,571
Intergovernmental Receivable	-	-	40,322	40,322
Interfund Receivable	359,071	-	4,530	363,601
Materials and Supplies Inventory	10,675	-	-	10,675
Total Assets	<u>\$ 13,769,146</u>	<u>\$ 3,956,492</u>	<u>\$ 968,132</u>	<u>\$ 18,693,770</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 88,453	\$ -	\$ 71,966	\$ 160,419
Accrued Wages and Benefits	1,302,570	-	19,208	1,321,778
Intergovernmental Payable	370,091	-	6,937	377,028
Interfund Payable	-	-	25,187	25,187
Deferred Revenue	11,832,523	2,412,545	441,077	14,686,145
Special Termination Benefits Payable	87,500	-	-	87,500
Notes Payable	-	750,000	-	750,000
Total Liabilities	<u>13,681,137</u>	<u>3,162,545</u>	<u>564,375</u>	<u>17,408,057</u>
Fund Balances:				
Reserve for Encumbrances	27,932	-	24,905	52,837
Reserve for Inventory	10,675	-	-	10,675
Reserve for Property Taxes	1,503,507	280,110	78,932	1,862,549
Unreserved; Undesignated (Deficit) Reported in:				
General Fund	(1,454,105)	-	-	(1,454,105)
Special Revenue Funds	-	-	185,918	185,918
Debt Service Fund	-	513,837	-	513,837
Capital Projects Funds	-	-	114,002	114,002
Total Fund Balances	<u>88,009</u>	<u>793,947</u>	<u>403,757</u>	<u>1,285,713</u>
Total Liabilities and Fund Balances	<u>\$ 13,769,146</u>	<u>\$ 3,956,492</u>	<u>\$ 968,132</u>	<u>\$ 18,693,770</u>

The Notes to the Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

June 30, 2004

Total Governmental Funds Balances \$ 1,285,713

Amounts Reported for Governmental Activities in the Statement of Net Assets is different because:

Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. 15,510,027

Other Long-Term Assets are not available to pay for current-period expenditures and therefore are deferred in the Funds. 218,594
Property Taxes

In the Statement of Activities, Interest is accrued on outstanding bonds, whereas in Governmental Funds, an interest expenditure is reported when due. (265,018)

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Statement of Net Assets. (294,414)

Long-Term Liabilities are not due and payable in the current period and are therefore not reported in the Funds.

General Obligation Bonds	\$ (14,365,000)
Energy Conservation Loan Payable	(80,000)
Intergovernmental Payable	(237,587)
Special Termination Benefits	(100,000)
Compensated Absences	<u>(1,128,250)</u>

Total (15,910,837)

Net Assets of Governmental Activities \$ 544,065

West Geauga Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For The Fiscal Year Ended June 30, 2004

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Taxes	\$ 12,340,134	\$ 3,516,457	\$ 556,237	\$ 16,412,828
Tuition	-	-	9,987	9,987
Transportation Fees	5,238	-	-	5,238
Earnings on Investments	40,267	-	2,271	42,538
Extracurricular Activities	-	-	402,083	402,083
Classroom Materials and Fees	18,204	-	-	18,204
Miscellaneous	32,445	-	76,330	108,775
Intergovernmental	6,007,043	238,290	1,053,646	7,298,979
Refund of Prior Year Expenditures	17,218	-	-	17,218
Total Revenues	<u>18,460,549</u>	<u>3,754,747</u>	<u>2,100,554</u>	<u>24,315,850</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	8,823,122	-	401,632	9,224,754
Special Education	1,974,106	-	174,055	2,148,161
Vocational Education	336,620	-	-	336,620
Other Instruction	546,664	-	-	546,664
Support Services:				
Pupils	1,521,664	-	249,908	1,771,572
Instructional Staff	677,585	-	104,792	782,377
Board of Education	40,868	-	-	40,868
Administration	1,598,919	-	34,873	1,633,792
Fiscal Services	531,529	30,414	8,592	570,535
Business	162,249	-	-	162,249
Operations and Maintenance				
- Plant	1,976,533	-	226,655	2,203,188
Pupil Transportation	1,547,000	-	150,636	1,697,636
Central Services	60,978	-	20,470	81,448
Community Services	123,207	-	451,898	575,105
Extracurricular Activities	454,987	-	305,826	760,813
Refund of Prior Year Receipts	234	-	3,876	4,110
Debt Service:				
Principal Payment	-	1,215,000	-	1,215,000
Interest and Fiscal Charges	-	884,484	-	884,484
Total Expenditures	<u>20,376,265</u>	<u>2,129,898</u>	<u>2,133,213</u>	<u>24,639,376</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(1,915,716)</u>	<u>1,624,849</u>	<u>(32,659)</u>	<u>(323,526)</u>

Continued

West Geauga Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 (continued)
 For The Fiscal Year Ended June 30, 2004

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Other Financing Sources (Uses)</u>				
Transfers-In	2,333,000	-	7,308	2,340,308
Transfers-Out	<u>(7,308)</u>	<u>(2,250,000)</u>	<u>(83,000)</u>	<u>(2,340,308)</u>
Total Other Financing Sources (Uses)	<u>2,325,692</u>	<u>(2,250,000)</u>	<u>(75,692)</u>	<u>-</u>
Net Change in Fund Balance	409,976	(625,151)	(108,351)	(323,526)
Fund Balance (Deficit), Beginning of Year	<u>(321,967)</u>	<u>1,419,098</u>	<u>512,108</u>	<u>1,609,239</u>
Fund Balance, End of Year	\$ <u>88,009</u>	\$ <u>793,947</u>	\$ <u>403,757</u>	\$ <u>1,285,713</u>

West Geauga Local School District

Reconciliation of Statement of Revenues, Expenditures and Changes In Fund Balances Governmental Funds

For The Fiscal Year Ended June 30, 2004

Net Change in Fund Balances - Total Governmental Funds \$ (323,526)

Amounts Reported for Governmental Activities in the
Statement of Activities is different because:

Governmental Funds report Capital Outlay as expenditures.
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 outlays in the current period.

Capital Outlay	\$ 501,176	
Depreciation	<u>(1,016,442)</u>	
Total		(515,266)

Revenues in the Statement of Activities that do not provide
current financial resources are not reported as revenues in the
Funds.

Property and Other Taxes		1,988
--------------------------	--	-------

Repayment of Bond and Loan Principal are expenditures in the
Governmental Funds, but the repayment reduces Long-Term
Liabilities in the Statement of Net Assets.

		1,215,000
--	--	-----------

Internal Service Funds are used by management to charge to
costs of certain activities, such as insurance to individual funds.
The net revenue (expense) of the Internal Service Fund is
reported with Governmental Activities.

		55,490
--	--	--------

Some expenses reported in the Statement of Activities do not
require the use of current financial resources and therefore are
not reported as expenditures in Governmental Funds.

Compensated Absences	(63,863)	
Intergovernmental Payable	(59,713)	
Accrued Interest on Bonds	<u>(120,975)</u>	
Total		<u>(244,551)</u>

Change in Net Assets of Governmental Activities	\$	<u>189,135</u>
---	----	----------------

West Geauga Local School District

Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund

For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 13,062,660	\$ 11,860,854	\$ 11,954,600	\$ 93,746
Intergovernmental	5,015,494	5,052,618	6,007,043	954,425
Earnings on Investments	35,291	35,541	40,210	4,669
Classroom Materials and Fees	16,463	16,579	18,757	2,178
Miscellaneous	15,062	15,168	17,161	1,993
Transportation Fees	3,218	3,240	3,666	426
Total Revenues	<u>18,148,188</u>	<u>16,984,000</u>	<u>18,041,437</u>	<u>1,057,437</u>
Expenditures:				
Current:				
Instruction:				
Regular Education	8,218,057	8,884,378	8,884,378	-
Special Education	1,608,973	2,030,933	2,020,526	10,407
Vocational Education	230,340	336,382	336,382	-
Other Instruction	135,000	546,694	546,694	-
Support Services:				
Pupils	1,509,660	1,549,957	1,549,957	-
Instructional Staff	655,210	693,352	693,352	-
Board of Education	42,190	41,317	41,317	-
Administration	1,792,605	1,603,770	1,603,581	189
Fiscal Services	495,311	527,775	527,775	-
Business	151,962	167,441	167,301	140
Operation and Maintenance - Plant	2,000,757	2,030,625	2,025,556	5,069
Pupil Transportation	1,387,823	1,576,471	1,565,224	11,247
Central Services	69,384	61,229	61,229	-
Community Services	75,000	123,931	123,207	724
Extracurricular Activities	56,534	453,293	453,293	-
Total Expenditures	<u>18,428,806</u>	<u>20,627,548</u>	<u>20,599,772</u>	<u>27,776</u>
Excess of Revenues Over (Under) Expenditures	<u>(280,618)</u>	<u>(3,643,548)</u>	<u>(2,558,335)</u>	<u>1,085,213</u>

Continued

West Geauga Local School District

Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund (continued)

For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers – In	1,603,340	1,625,737	2,333,000	707,263
Advances – In	170,212	175,099	112,670	(62,429)
Refund of Prior Year Expenditures	15,112	15,219	17,218	1,999
Transfers – Out	(7,308)	(7,308)	(7,308)	-
Advances – Out	-	(75,000)	(66,037)	8,963
Refund of Prior Year Receipts	-	(234)	(234)	-
Total Other Financing Sources (Uses)	<u>1,781,356</u>	<u>1,733,513</u>	<u>2,389,309</u>	<u>655,796</u>
Net Change in Fund Balance	1,500,738	(1,910,035)	(169,026)	1,741,009
Cash Fund Balance at Beginning of Year	<u>22,296</u>	<u>22,296</u>	<u>22,296</u>	-
Cash Fund Balance at End of Year:				
Unreserved	1,523,034	(1,887,739)	(146,730)	1,741,009
Prior Year Encumbrances Appropriated	<u>147,630</u>	<u>147,630</u>	<u>147,630</u>	-
Total Unencumbered Cash Fund Balance	\$ <u>1,670,664</u>	\$ <u>(1,740,109)</u>	\$ <u>900</u>	\$ <u>1,741,009</u>

The Notes to the Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Fund Net Assets – Proprietary Funds

June 30, 2004

	Business-Type Activities			Total	Governmental - Activities Internal Service Fund
	Food Service	Uniform Supplies	Adult Education		
<u>Assets</u>					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 46,959	\$ 12	\$ 46,971	\$ -
Accounts Receivable	-	2,553	-	2,553	-
Intergovernmental Receivable	4,252	-	-	4,252	-
Inventory Held for Resale	13,071	-	-	13,071	-
Total Current Assets	17,323	49,512	12	66,847	-
Noncurrent Assets:					
Depreciable Capital Assets, Net	595,066	-	-	595,066	-
Total Assets	612,389	49,512	12	661,913	-
<u>Liabilities</u>					
Current Liabilities:					
Accounts Payable	3,425	367	-	3,792	-
Accrued Compensated Absences	13,096	-	-	13,096	-
Intergovernmental Payable	1,229	-	-	1,229	-
Interfund Payable	25,000	19,000	-	44,000	294,414
Accrued Pension	32,154	-	-	32,154	-
Total Current Liabilities	74,904	19,367	-	94,271	294,414
<u>Net Assets</u>					
Invested in Capital Assets, Net of Related Debt	595,066	-	-	595,066	-
Unrestricted (Deficit)	(57,581)	30,145	12	(27,424)	(294,414)
Total Net Assets	\$ 537,485	\$ 30,145	\$ 12	\$ 567,642	\$ (294,414)

The Notes to the Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds

For The Fiscal Year Ended June 30, 2004

	Business-Type Activities				Governmental - Activities Internal Service Fund
	Food Service	Uniform Supplies	Adult Education	Total	
<u>Operating Revenues</u>					
Food Service	\$ 409,201	\$ -	\$ -	\$ 409,201	\$ -
Classroom Materials and Fees	-	171,497	-	171,497	-
Miscellaneous	-	-	2,000	2,000	12,422
Total Operating Revenues	<u>409,201</u>	<u>171,497</u>	<u>2,000</u>	<u>582,698</u>	<u>12,422</u>
<u>Operating Expenses</u>					
Salaries and Wages	204,175	-	-	204,175	-
Fringe Benefits	94,709	-	-	94,709	-
Contractual Services	173,815	367	-	174,182	-
Supplies and Materials	14,925	164,270	-	179,195	-
Other Operating Expenses	-	-	2	2	-
Depreciation Expense	34,220	-	-	34,220	-
Total Operating Expenses	<u>521,844</u>	<u>164,637</u>	<u>2</u>	<u>686,483</u>	<u>-</u>
Operating Income (Loss)	<u>(112,643)</u>	<u>6,860</u>	<u>1,998</u>	<u>(103,785)</u>	<u>12,422</u>
<u>Non-Operating Revenues (Expenses)</u>					
Intergovernmental Revenue	34,111	-	-	34,111	-
Refund of Prior Year Expenditures	-	-	-	-	43,068
Federal Donated Commodities	16,807	-	-	16,807	-
Earnings on Investments	33	-	-	33	-
Total Non-Operating Revenues	<u>50,951</u>	<u>-</u>	<u>-</u>	<u>50,951</u>	<u>43,068</u>
Change in Net Assets	(61,692)	6,860	1,998	(52,834)	55,490
Total Net Assets (Deficit) at Beginning of Year	<u>599,177</u>	<u>23,285</u>	<u>(1,986)</u>	<u>620,476</u>	<u>(349,904)</u>
Total Net Assets (Deficit) at End of Year	\$ <u>537,485</u>	\$ <u>30,145</u>	\$ <u>12</u>	\$ <u>567,642</u>	\$ <u>(294,414)</u>

The Notes to the Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement Cash Flows – Proprietary Funds

For The Fiscal Year Ended June 30, 2004

	<u>Business-Type Activities</u>				<u>Governmental - Activities Internal Service Fund</u>
	<u>Food Service</u>	<u>Uniform Supplies</u>	<u>Adult Education</u>	<u>Total</u>	
Increase (Decrease) in Cash and Cash Equivalents:					
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 409,201	\$ 170,935	\$ -	\$ 580,136	\$ 25,522
Cash Received from Tuition Payments	-	-	2,180	2,180	-
Cash Payments to Suppliers for Goods and Services	(170,390)	(164,627)	-	(335,017)	-
Cash Payments to Employees for Services	(275,566)	-	-	(275,566)	-
Cash Payments for Other Operating Expenses	-	-	(10)	(10)	-
Net Cash Provided by (Used for) Operating Activities	<u>(36,755)</u>	<u>6,308</u>	<u>2,170</u>	<u>(28,277)</u>	<u>25,522</u>
Cash Flows from NonCapital Financing Activities:					
Operating Grants Received	34,792	-	-	34,792	-
Cash received for refund of prior year expenditures	-	-	-	-	43,068
Advances In	-	40,000	-	40,000	-
Advances Out	-	(30,000)	(2,160)	(32,160)	(68,621)
Net Cash Provided by (Used for) NonCapital Financing Activities	<u>34,792</u>	<u>10,000</u>	<u>(2,160)</u>	<u>42,632</u>	<u>(25,553)</u>
Cash Flows from Investing Activities:					
Interest on Investment	11	-	-	11	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,952)	16,308	10	14,366	(31)
Cash and Cash Equivalents, Beginning of Year	<u>1,952</u>	<u>30,651</u>	<u>2</u>	<u>32,605</u>	<u>31</u>
Cash and Cash Equivalents, End of Year	\$ <u>-</u>	\$ <u>46,959</u>	\$ <u>12</u>	\$ <u>46,971</u>	\$ <u>-</u>

Continued

The Notes to the Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement Cash Flows – Proprietary Funds (continued)

For The Fiscal Year Ended June 30, 2004

	<u>Business-Type Activities</u>				<u>Governmental - Activities Internal Service Fund</u>
	<u>Food Service</u>	<u>Uniform Supplies</u>	<u>Adult Education</u>	<u>Total</u>	
Reconciliation of Net Income (Loss) to Net Cash Provided By (Used For) Operating Activities:					
Operating Income (Loss)	\$ (112,643)	\$ 6,860	\$ 1,998	\$ (103,785)	\$ 12,422
Adjustments:					
Depreciation	34,220	-	-	34,220	-
Federal Donated Commodities	16,807	-	-	16,807	-
Changes in Assets/Liabilities:					
(Increase)Decrease in Accounts Receivable	-	(562)	180	(382)	762
(Increase)/Decrease in Prepaids	-	-	-	-	12,463
(Increase)Decrease in Inventory	(1,882)	-	-	(1,882)	(125)
Increase (Decrease) in Accounts Payable	3,425	10	-	3,435	-
Increase (Decrease) in Compensated Absences Payable	741	-	-	741	-
Increase (Decrease) in Accrued Pension	21,811	-	-	21,811	-
Increase (Decrease) in Intergovernmental Payable	766	-	(8)	758	-
Total Adjustments:	<u>75,888</u>	<u>(552)</u>	<u>172</u>	<u>75,508</u>	<u>13,100</u>
Net Cash Provided By (Used For) Operating Activities	\$ <u>(36,755)</u>	\$ <u>6,308</u>	\$ <u>2,170</u>	\$ <u>(28,277)</u>	\$ <u>25,522</u>

Schedule of Noncash Financing Activities

During the year, the food services enterprise fund received donated commodities of \$16,807.

The Notes to the Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Fiduciary Net Assets – Fiduciary Funds

June 30, 2004

	<u>Student Managed Activity - Agency Fund</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 42,028
Accounts Receivable	<u>195</u>
Total Assets	\$ <u><u>42,223</u></u>
<u>Liabilities</u>	
Accounts Payable	\$ 1,178
Due to Students	<u>41,045</u>
Total Liabilities	\$ <u><u>42,223</u></u>

The Notes to the Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Notes to Basic Financial Statements

June 30, 2004

Note 1: Description of The School District

The West Geauga Local School District (the “School District”) operates under a locally elected five-member Board form of government and provides educational services as authorized by State or federal agencies. The Board controls the School District’s four instructional facilities, staffed by 120 classified personnel, certified teaching personnel and 173 administrative employees to provide services to students and other community members.

The School District is located in Geauga County, including all of Chesterland and Russell Townships and portions of Munson, South Russell, and Hunting Valley, Ohio. The enrollment for the School District during the 2004 fiscal year was 2,517. The School District operates two elementary schools (K-5), one middle school (6-8), and one high school (9-12).

Note 2: Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued after 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 more significant of the School District’s accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity”. When applying GASB Statement No. 14, management has considered all potential component units. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the debt, the issuance of debt, or the levying of taxes. Based upon the application of these criteria, the District has no component units. The financial statements of the reporting entity include only those of the District (the primary government). The School District is not involved in the budgeting or the management of Parent-Teacher Organizations or booster clubs. The School District is also not responsible for any debt and has no influence over these organizations or clubs. The following organizations are described due to their relationship to the District.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 2: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Jointly Governed Organizations

Lake Geauga Computer Association – The Lake Geauga Computer Association (the “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 18 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 West Geauga Local School District’s continued participation. In fiscal year 2004, the School District paid \$107,655 to the Association. To obtain financial information, write to Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

East Shore Regional Transportation System – The East Shore Regional Transportation System (“ESRTA”) is a jointly governed organization that was formed for the purpose of providing a transportation system for the handicapped children in the 16 member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. ESRTA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. To obtain financial information, write to Kirtland Board of Education, 9252 Chillicothe Road, Kirtland, Ohio 44094.

East Shore Center – The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation of the government board. East Shore Center is not accumulating significant financial resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. Financial information can be obtained by writing the fiscal agent, East Shore SERRC, 7900 Euclid-Chardon Road, Kirtland, OH 44094

Ohio Schools Council – The Ohio Schools Council Association (Council) is a jointly governed organization among school districts. The jointly governed organization was formed to bring 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 2004, the School District paid \$2,780 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.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 2: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

The School District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2001. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

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

West Geauga Joint Recreation Council – The West Geauga Joint Recreation Council (the "Council") is a jointly governed organization. The School District appoints one member of the six-member board. The purpose of the Council is to further athletic and recreational opportunities. The School District has not contributed to the Council in fiscal year 2003. The School District's degree of control is limited to its representation on the board. The Council's continued existence is not dependent on the School District's continued participation. To obtain financial information, write to West Geauga Joint Recreational Board, P.O. Box 384, Chesterland, Ohio 44026.

Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the 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.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal years. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the following categories governmental, proprietary and fiduciary.

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

General Fund The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available 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 resources, and the payment of, school improvement general obligation bond, or principal, interest, and related costs.

The other governmental funds of the School District account for financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds and grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary funds:

Enterprise Funds The enterprise funds are used to account for any activity for which a fee is charged to external users for goods and 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 and Community Education Fund This fund accounts for educational opportunities offered on a tuition basis to preschoolers, youths and adults living within the community.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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 only internal service fund of the School District accounts for a self-insurance program which provides dental and prescription drug benefits to employees. The District is phasing out this fund during fiscal year 2004 as a result of no longer being self-insured.

Fiduciary Funds Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only agency fund accounts for resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

C. Basis of Presentation and Measurement Focus

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

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

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

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 2: Summary of Significant Accounting Policies (continued)

C. Basis of Presentation and Measurement Focus (continued)

Fund Financial Statements. Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. 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 activities.

Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

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 non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

Property taxes and delinquent property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 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.

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

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2004 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 2: Summary of Significant Accounting Policies (continued)

E. Budgets (continued)

2. By no later than January 20, the Board-adopted budget is filed with the Geauga County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2004.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures for general fund and at the fund level for all other funds, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term inter-fund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the legal level of budgetary control for a fund must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2004.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 2: Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

During fiscal year 2004, investments were limited to STAROhio (the State Treasury Asset Reserve of Ohio).

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 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, 2004.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$40,267, which includes \$34,678 assigned from other School District funds.

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as “cash and cash equivalents with fiscal agents” and represents deposits or short-term investments in certificates of deposit.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are 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. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the General Fund include amounts required by State statute to be set aside for textbooks and instructional materials. See Note 17 for additional information regarding set-asides.

H. Inventory

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

On fund financial statements, 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. Inventories consist of donated food, purchased food, school supplies held for resale and expensed when used.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 2: Summary of Significant Accounting Policies (continued)

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions 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 \$500. 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 capitalized. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

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

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

J. 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 any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

In accordance with the provisions of GASB Statement 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 it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 2: Summary of Significant Accounting Policies (continued)

K. Compensated Absences (continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits in the School District's termination policy. The School District reports a liability for accumulated unused sick leave for classified, certified and administrative employees who will be eligible to retire within five years.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have an accumulated leave are paid. The non-current portion of the liability is not reported. In the food service enterprise fund, the entire amount of compensated absences is recorded as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. 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 appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials and property taxes.

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

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 2: Summary of Significant Accounting Policies (continued)

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 when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service, classroom materials and fees for uniform school supplies, extracurricular activities and miscellaneous for adult education and miscellaneous for self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenditures not meeting this definition are reported as non-operating.

P. Interfund Transactions

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 the food service enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. 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 School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2004.

R. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 3: Accountability and Compliance

A. Accountability

Fund Deficits - The following funds had deficit fund balances/net assets at June 30, 2004:

Special Revenue Fund:

Title I	\$	2,963
Title VI		130
Internal Service Fund		294,414

The deficit fund balance in the Title I and Title VI special revenue funds were a result of the application of GAAP, namely the accruing salaries, benefits and accounts payable at June 30, 2004. These deficits will be eliminated with future revenues. The deficit fund balance in the internal service fund will eventually be eliminated as the district is no longer self-insured.

B. Compliance

The following funds had original and final appropriations plus encumbrances in excess of estimated resources plus carryover balances contrary to Section 5705.39, Ohio Revised Code:

	<u>Original</u>	<u>Final</u>
General Fund	\$ -	\$ 1,740,109
Debt Service Fund	-	985,864
Rotary Special Revenue Fund	63,479	-
Other Grants Special Revenue Fund	3,265	-
Education Foundation Special Revenue Fund	8,187	-
District Managed Activities Special Revenue Fund	10,597	43,062
Title VI Special Revenue Fund	17,215	-
Drug Free School Special Revenue Fund	-	1,373
Classroom Reduction Special Revenue Fund	8,991	-
Miscellaneous Federal Grant Special Revenue Fund	472	1,055
Building Capital Projects Fund	-	96,000
Schoolnet Plus Capital Projects Fund	37,356	-
Uniform School Supplies Enterprise Fund	44,349	-
Self Insurance Internal Service Fund	31,999	7,882

The Rotary Special Revenue Fund and the Self Insurance Internal Service Fund had expenditures plus encumbrances in excess of final appropriations contrary to Section 5705.41 (B), Ohio Revised Code, in the amount of \$5,250 and \$47,371, respectively.

Note 4: 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.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 4: Budgetary Basis of Accounting (continued)

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

The following tables summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

	Net Change in Fund Balance Major Governmental Fund
	<u>General</u>
GAAP Basis	\$ 409,976
<u>Increase (Decrease) Due to</u>	
Revenue accruals	(401,894)
Advance in	112,670
Expenditure accruals	(181,269)
Advance out	(66,037)
Encumbrances	<u>(42,472)</u>
Budget Basis	\$ <u>(169,026)</u>

Note 5: Deposits and Investments

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

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

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 5: Deposits and Investments (continued)

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

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

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

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

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 5: Deposits and Investments (continued)

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.

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*.

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$20,711 and the bank balance was \$94,500. The entire bank balance was covered by federal depository insurance. 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 The School District's investments are required to be categorized below 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. The School District invests in STAROhio, the State Treasurer's Investment Pool, which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Fair Value
Investment in STAROhio (Non-Categorized)	\$ <u>1,777,195</u>

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 1,797,906	\$ -
Investments which are part of the cash management pool:		
STAROhio	(1,777,195)	1,777,195
GASB Statement No. 3	\$ <u>20,711</u>	\$ <u>1,777,195</u>

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 6: 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 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 2004 for real and public utility property taxes represents collections of calendar 2003 taxes. Property tax payments received during calendar 2004 for tangible personal property (other than public utility property) are for calendar 2004 taxes.

2004 real property taxes are levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after April 1, 2004, and are collected in 2004 with real property taxes.

2004 tangible personal property taxes are levied after April 1, 2003, on the value listed as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are twenty-five percent of true value, and twenty-three percent of true value for inventory.

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

	2003 Second-Half Collections		2004 Second-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 558,995,410	95.60%	\$ 566,927,270	95.63%
Public Utility Personal	17,196,620	2.94%	17,311,410	2.92%
Tangible Personal Property	<u>8,511,190</u>	<u>1.46%</u>	<u>8,610,270</u>	<u>1.45%</u>
	<u>\$ 584,703,220</u>	<u>100.00%</u>	<u>\$ 592,848,950</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed valuation	\$ 50.00		\$ 53.45	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits 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 semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including West Geauga Local School District. The County Auditor periodically advances to the School District its portion of taxes. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 6: Property Taxes (continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, they are not intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

The amount available to the School District as an advance at June 30, 2004, was \$1,862,549. \$1,503,507 was available to the general fund, \$280,110 was available to the bond retirement fund and \$78,932 was available to the permanent improvement capital projects fund.

Note 7: Receivables

Receivables at June 30, 2004, consisted of taxes and accounts (rent, student fees and intergovernmental receivables). All receivables are considered collectible in full due to the ability to foreclose for the non-payment of taxes the stable condition of the state programs and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities		
Taxes – Current and Delinquent	\$	16,548,694
Accounts		21,571
Intergovernmental		40,322
Business-Type Activities		
Accounts		2,553
Intergovernmental		4,252
Total Receivables	\$	<u>16,617,392</u>

Note 8: Capital Assets

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

	Balance <u>June 30, 2003</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2004</u>
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ <u>366,380</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>366,380</u>
Capital Assets, being depreciated:				
Land Improvements	2,127,755	64,980	-	2,192,735
Buildings and Buildings Improvements	16,454,529	10,998	-	16,465,527
Furniture and Equipment	4,680,030	297,798	-	4,977,828
Vehicles	<u>1,788,232</u>	<u>127,400</u>	<u>-</u>	<u>1,915,632</u>
Total Capital Assets, being depreciated	<u>25,050,546</u>	<u>501,176</u>	<u>-</u>	<u>25,551,722</u>

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 8: Capital Assets (continued)

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2004</u>
Less Accumulated Depreciation:				
Land Improvements	(1,184,224)	(89,543)	-	(1,273,767)
Buildings	(2,909,365)	(77,927)	-	(2,987,292)
Building Improvements	(1,928,921)	(286,792)	-	(2,215,713)
Furniture and Fixtures and Equipment	(2,686,702)	(419,517)	-	(3,106,219)
Vehicles	<u>(682,421)</u>	<u>(142,663)</u>	<u>-</u>	<u>(825,084)</u>
Total Accumulated Depreciation	<u>(9,391,633)</u>	<u>(1,016,442)</u>	<u>-</u>	<u>(10,408,075)</u>
Total Capital Assets, being depreciated, net	<u>15,658,913</u>	<u>(515,266)</u>	<u>-</u>	<u>15,143,647</u>
Governmental Activities Capital Assets, Net	\$ <u>16,025,293</u>	\$ <u>(515,266)</u>	\$ <u>-</u>	\$ <u>15,510,027</u>
<u>Business-Type Activities</u>				
Equipment	\$ <u>990,743</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>990,743</u>
Less Accumulated Depreciation:				
Equipment	<u>(361,457)</u>	<u>(34,220)</u>	<u>-</u>	<u>(395,677)</u>
Business-Type Activities Capital Assets, Net	\$ <u>629,286</u>	\$ <u>(34,220)</u>	\$ <u>-</u>	\$ <u>595,066</u>

Depreciation expense was charged to governmental functions as follows:

Instruction;	
Regular Education	\$ 641,009
Special Education	8,705
Vocational Education	6,148
Support Services:	
Pupils	6,236
Instructional Staff	50,715
Board of Education	23,465
Administration	26,585
Fiscal Services	1,061
Business	815
Operation and Maintenance – Plant	29,496
Pupil Transportation	155,721
Central Services	14,219
Community Services	33,485
Extracurricular Activities	<u>18,421</u>
Total Depreciation Expense	\$ <u>1,016,442</u>

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 9: Interfund Assets/Liabilities

A. Interfund receivable/payable consisted of the following at June 30, 2004 as reported on the fund statement:

<u>Receivable Fund</u>	<u>Amount</u>
General Fund	\$ 359,071
Other Governmental Funds	<u>4,530</u>
	\$ <u><u>363,601</u></u>

<u>Payable Funds</u>	
Other Governmental Funds	25,187
Food Service Fund	25,000
Uniform Supplies Fund	19,000
Governmental Activities – Internal Service Fund	<u>294,414</u>
	\$ <u><u>363,601</u></u>

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

B. Operating Transactions

Following is a summary of operating transfers for all funds for June 30, 2004:

	<u>General Fund</u>	<u>Transfer In: Other Governmental Funds</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ -	\$ 7,308	\$ 7,308
Debt Service Fund	2,250,000	-	2,250,000
Nonmajor Governmental Funds	<u>83,000</u>	<u>-</u>	<u>83,000</u>
Total All Funds	\$ <u><u>2,333,000</u></u>	\$ <u><u>7,308</u></u>	\$ <u><u>2,340,308</u></u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

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. Professional liability insurance is carried with Hylant Administration and Hartford Insurance through Harcum-Hyre Insurance Agency and has limits of \$1,000,000 for each occurrence and \$3,000,000 general aggregate, including employee benefit liability limits, qualified school groups, and employers' liability. The umbrella policy for the education liability has a \$1,000,000 limit for each occurrence and \$1,000,000 general aggregate limit; for the employers liability the limit is \$1,000,000; and for the fleet insurance there is a \$1,000,000 limit.

Property and fleet insurance is carried with Indiana Insurance Company through Lake Shore Insurance Agency. Property insurance includes boiler and machinery coverage as well as commercial inland marine coverage with a blanket limit of \$43,146,788 with a \$2,500 deductible. Fleet insurance has a limit of \$1,000,000 with a \$100 deductible for comprehensive and \$250 for collision coverage.

Settled claims have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

B. Medical

The School District has elected to contract with United Healthcare, Inc. to provide medical benefits for employees through a fully insured program. The maintenance of these benefits is accounted for in the self-insurance fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$80,000 per employee.

Settled claims have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

C. Workers' Compensation

For fiscal year 2004, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2). 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 & Co. provides administrative, cost control and actuarial services to the GRP.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 11: Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$434,901, \$410,428 and \$420,747, respectively; 100 percent has been contributed for fiscal year 2004, 2003 and 2002.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 11: Defined Benefit Pension Plans (continued)

B. State Teachers Retirement System (continued)

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2003, the portion used to fund pension obligations was 9.3 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,321,376, \$1,356,218, and \$1,313,625, respectively; 100 percent has been contributed for fiscal year 2004, 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$9,960 made by the School District and \$9,486 made by the plan members.

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, 2004, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining Board members contribute to SERS.

Note 12: Post-Employment 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.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 12: Post-Employment Benefits (continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004 (latest information available), the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$94,384 for fiscal year 2004.

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

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. 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 fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll, a decrease of .92 percent from fiscal year 2003. 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 2004, the minimum pay was established at \$25,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$203,412.

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

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 13: 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 ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and most administrators do not earn vacation time. All certified and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made to classified employees for one-fourth of their accumulated sick leave with a maximum accumulation of 250 days. Classified employees are paid within 120 days of the retirement date. Upon retirement, payment is made to certified employees for one-fourth of their accumulated sick leave with a maximum accumulation of 247 days. Certified employees are paid over a three year period with the first payment deferred until August of the year following their effective retirement date. Upon retirement, payment is made to administrators for a scheduled percentage based upon their years of West Geauga service.

B. Early Retirement Incentive

The West Geauga Local School District Board of Education approved an Early Retirement Incentive program in fiscal year 1998 for certified employees. The Retirement Incentive is based upon first-time retirement eligibility under STRS and notification of retirement in writing by March 15. The retirement incentive is paid in two installments in January of each year following the effective retirement date. Classified employees also receive a retirement incentive that is paid in January of the year following the date of retirement as long as the employees meet the criteria for retirement and notifies the Board on or before June 30. The payments are made from the general fund.

Note 14: Long-Term Obligations

The original issue date, interest rates, and original issuance amount for each of the City's bonds follows:

<u>Debt Issue</u>	<u>Original Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
General Obligation Bonds			
Public Library Bonds Road	1986	7.625%	\$ 630,000
School Improvement Bonds	1994	5.15% - 5.95%	16,350,000
School Improvement Refunding Bonds	2001	4.90% - 8.25%	4,360,000
Energy Conservation Bonds	1994	5.521%	320,000

The changes in long-term obligations of the School District during fiscal year 2004 were as follows:

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 14: Long-Term Obligations (continued)

	Balance 06/30/03	Additions	Deletions	Balance 06/30/04	Amounts Due Within One Year
Governmental Activities:					
<u>General Obligation Bonds</u>					
Public Library Bonds	\$ 490,000	\$ -	\$ 70,000	\$ 420,000	\$ 70,000
School Improvement Bonds	10,650,000	-	1,065,000	9,585,000	1,160,000
School Improvement Bonds Refunding Bonds	<u>4,360,000</u>	<u>-</u>	<u>-</u>	<u>4,360,000</u>	<u>-</u>
Total General Obligation Bonds	<u>15,500,000</u>	<u>-</u>	<u>1,135,000</u>	<u>14,365,000</u>	<u>1,230,000</u>
<u>Other Long-Term Obligations</u>					
Energy Conservation Loan Payable	160,000	-	80,000	80,000	80,000
Compensated Absences	1,064,387	208,994	145,131	1,128,250	90,260
Intergovernmental Payable	177,874	59,713	-	237,587	237,587
Special Termination Benefits	<u>100,000</u>	<u>87,500</u>	<u>87,500</u>	<u>100,000</u>	<u>-</u>
Total Other Long-Term Obligation	<u>1,502,261</u>	<u>356,207</u>	<u>312,631</u>	<u>1,545,837</u>	<u>407,847</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 17,002,261</u>	<u>\$ 356,207</u>	<u>\$ 1,447,631</u>	<u>\$ 15,910,837</u>	<u>\$ 1,637,847</u>

The bonds and loan will be paid from the debt service fund. Compensated absences and special termination benefits will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid.

In 2001, the School District defeased a portion of a General Obligation Bond issue by placing the proceeds of the new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the 1994 school improvement bonds. For financial reporting purposes, these bonds are considered to be defeased and the liability for the refunded portion of these bonds has been removed from the general long-term obligations account group. As of June 30, 2004, the amount of defeased debt outstanding amounted to \$2,480,000.

The School District's overall legal debt margin was \$39,785,352 with an unvoted debt margin of \$5,255,640 at June 30, 2004. Principal and interest requirements to retire the bonds outstanding and the early retirement incentive payable at June 30, 2004, are as follows:

	Principal		Interest		Totals
	General Obligation Bonds	Energy Conservation Loan	General Obligation Bonds	Energy Conservation Loan	
2005	\$ 1,230,000	\$ 80,000	\$ 797,364	\$ 2,360	\$ 2,109,724
2006	1,300,000	-	726,284	-	2,026,284
2007	1,475,000	-	647,113	-	2,122,113
2008	1,560,000	-	559,256	-	2,119,256
2009	1,620,000	-	467,331	-	2,087,331
2010-2013	<u>7,180,000</u>	<u>-</u>	<u>882,382</u>	<u>-</u>	<u>8,062,382</u>
Total	<u>\$ 14,365,000</u>	<u>\$ 80,000</u>	<u>\$ 4,079,730</u>	<u>\$ 2,360</u>	<u>\$ 18,527,090</u>

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 15: Notes Payable

In accordance with Ohio law, general obligation note debt service (interest and fiscal charges) was recorded in the Debt Service Fund. GASB Codification B50.101 requires the Debt Service Fund present general obligation long-term debt principal and interest retirement only and that anticipation notes payable be shown as liabilities of the funds which receive the note proceeds. Accordingly, tax anticipation notes have been reported in the debt service fund. The tax anticipation notes were issued in December 2003 for \$2,250,000 maturing in December 2004, with an interest rate of 1.82 percent. Balance outstanding at June 30, 2004 was \$750,000.

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding Beginning of Year</u>	<u>Addition During Year</u>	<u>Redemption During Year</u>	<u>Outstanding End of Period</u>
Tax Anticipation Note	1.82%	12/01/03	12/01/04	\$ -	\$ 2,250,000	\$ (1,500,000)	\$ 750,000

Note 16: 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, 2004.

B. Litigation

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

Note 17: Set Aside Calculations

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by 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. In prior years, the School District was also required to set-aside money for budget stabilization.

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

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2004

Note 17: Set Aside Calculations (continued)

	<u>Capital Improvements Reserve</u>	<u>Textbook/ Instructional Materials Reserve</u>
Set-aside Reserve Balance as of June 30, 2003	\$ -	\$ (80,074)
Current Year Set-aside Requirement	364,091	364,091
Qualifying Disbursements	<u>(492,356)</u>	<u>(298,711)</u>
Totals	\$ <u><u>(128,265)</u></u>	\$ <u><u>(14,694)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	\$ <u><u>-</u></u>	\$ <u><u>(14,694)</u></u>
Set-aside Reserve Balance as of June 30, 2004	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirements of future years. This negative balance is therefore not presented as being carried forward to future years. No reserve balance for the two set-asides is necessary at the end of the fiscal year.

Note 18: State School Funding Decision

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

Note 19: Subsequent Events

On December 8, 2004, the District issued \$1,700,000 in tax anticipation notes, with an interest rate of 3.75 percent and a maturity date of June 29, 2005.

This page intentionally left blank

West Geauga Local School District

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

West Geauga Local School District

Combining Statements - Nonmajor Funds

Nonmajor Special Revenue Funds

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

Rotary Fund This fund accounts for monies from local sources which provides for field trips for the students.

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

Other Grants Fund This fund accounts for monies received to promote community involvement and to support activities between the school and community.

Educational Foundation Fund This fund accounts for local monies received for specific grant requests made by staff members to the Educational Foundation.

District Managed Activities 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 State monies used to provide services and materials for pupils attending non-public schools within the School District.

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 State monies appropriated for Ohio Educational Computer Network Connections.

SchoolNet Professional Development Fund This fund accounts for State monies to assist staff in gaining knowledge of technology.

Ohio Reads Fund This fund accounts for State monies to improve reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public schools and costs associated with volunteer coordination, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

Student Intervention Fund This fund accounts for student intervention services.

Miscellaneous State Grants Fund This fund accounts for other State Grants which are not required to be accounted for in a separate fund.

West Geauga Local School District

Combining Statements - Nonmajor Funds (continued)

Nonmajor Special Revenue Funds (continued)

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

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

Title VI Fund This fund accounts for Federal monies used to 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 used to support the implementation of programs for drug abuse education and prevention.

Classroom Reduction Fund This fund accounts for Federal monies to hire additional classroom teachers in grades 1-3, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants Fund This fund accounts for other Federal Grants, which are not required to be accounted for in a separate fund.

Nonmajor Capital Projects Funds

Permanent Improvement Fund This fund accounts for property taxes levied to be used for various capital improvements within the School District.

Building Fund This fund accounts for financial resources to be used for the purchase of major capital equipment and facilities renovation.

SchoolNet Plus Fund This fund accounts for State monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

West Geauga Local School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2004

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 281,276	\$ 120,422	\$ 401,698
Taxes Receivable	-	520,009	520,009
Accounts Receivable	1,573	-	1,573
Intergovernmental Receivable	40,322	-	40,322
Interfund Receivable	4,530	-	4,530
Total Assets	\$ <u>327,701</u>	\$ <u>640,431</u>	\$ <u>968,132</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ 71,506	\$ 460	\$ 71,966
Accrued Wages and Benefits	19,208	-	19,208
Intergovernmental Payable	6,937	-	6,937
Interfund Payable	25,187	-	25,187
Deferred Revenue	-	441,077	441,077
Total Liabilities	<u>122,838</u>	<u>441,537</u>	<u>564,375</u>
Fund Balances:			
Reserve for Encumbrances	18,945	5,960	24,905
Reserve for Property Taxes	-	78,932	78,932
Unreserved; Undesignated	<u>185,918</u>	<u>114,002</u>	<u>299,920</u>
Total Fund Balances	<u>204,863</u>	<u>198,894</u>	<u>403,757</u>
Total Liabilities and Fund Balances	\$ <u>327,701</u>	\$ <u>640,431</u>	\$ <u>968,132</u>

West Geauga Local School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds

For The Fiscal Year Ended June 30, 2004

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Revenues</u>			
Taxes	\$ -	\$ 556,237	\$ 556,237
Tuition	9,987	-	9,987
Earnings on Investments	2,271	-	2,271
Extracurricular Activities	402,083	-	402,083
Miscellaneous	76,330	-	76,330
Intergovernmental	<u>986,522</u>	<u>67,124</u>	<u>1,053,646</u>
Total Revenues	<u>1,477,193</u>	<u>623,361</u>	<u>2,100,554</u>
<u>Expenditures</u>			
Current			
Instruction:			
Regular Education	208,046	193,586	401,632
Special Education	159,278	14,777	174,055
Support Services:			
Pupils	248,138	1,770	249,908
Instructional Staff	27,761	77,031	104,792
Administration	30,418	4,455	34,873
Fiscal Services	-	8,592	8,592
Operations and Maintenance – Plant	2,794	223,861	226,655
Pupil Transportation	-	150,636	150,636
Central Services	20,470	-	20,470
Community Services	451,898	-	451,898
Extracurricular Activities	305,826	-	305,826
Refund of Prior Years Receipts	<u>3,876</u>	<u>-</u>	<u>3,876</u>
Total Expenditures	<u>1,458,505</u>	<u>674,708</u>	<u>2,133,213</u>
Excess of Revenues Over (Under) Expenditures	<u>18,688</u>	<u>(51,347)</u>	<u>(32,659)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers-In	7,308	-	7,308
Transfers-Out	<u>-</u>	<u>(83,000)</u>	<u>(83,000)</u>
Total Other Financing Sources (Uses)	<u>7,308</u>	<u>(83,000)</u>	<u>(75,692)</u>
Net Change in Fund Balances	25,996	(134,347)	(108,351)
Fund Balance, Beginning of Year	<u>178,867</u>	<u>333,241</u>	<u>512,108</u>
Fund Balance, End of Year	\$ <u>204,863</u>	\$ <u>198,894</u>	\$ <u>403,757</u>

West Geauga Local School District

Combining Balance Sheet – Nonmajor Special Revenue Funds

June 30, 2004

	<u>Special Trusts</u>	<u>Rotary</u>	<u>Public School Support</u>	<u>Other Grants</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash				
Equivalents	\$ 46,449	\$ 18,784	\$ 18,086	\$ 6,483
Accounts Receivable	225	-	1,000	-
Intergovernmental Receivable	-	-	-	-
Interfund Receivable	-	4,530	-	-
Total Assets	<u>\$ 46,674</u>	<u>\$ 23,314</u>	<u>\$ 19,086</u>	<u>\$ 6,483</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 151	\$ 5,330	\$ 9	\$ -
Accrued Wages and Benefits	-	-	-	-
Intergovernmental Payable	-	1,366	-	-
Interfund Payable	-	-	-	-
Total Liabilities	<u>151</u>	<u>6,696</u>	<u>9</u>	<u>-</u>
Fund Balances:				
Reserve for Encumbrances	-	10	941	-
Unreserved; Undesignated (Deficit)	<u>46,523</u>	<u>16,608</u>	<u>18,136</u>	<u>6,483</u>
Total Fund Balances (Deficit)	<u>46,523</u>	<u>16,618</u>	<u>19,077</u>	<u>6,483</u>
 Total Liabilities and Fund Balances	 <u>\$ 46,674</u>	 <u>\$ 23,314</u>	 <u>\$ 19,086</u>	 <u>\$ 6,483</u>

<u>Education Foundation</u>	<u>District Managed Activities</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Data Communication</u>
\$ 3,403	\$ 66,749	\$ 88,452	\$ -	\$ -
-	120	228	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 3,403</u>	<u>\$ 66,869</u>	<u>\$ 88,680</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 11,144	\$ 50,651	\$ -	\$ -
-	-	-	-	-
-	18	92	-	-
-	-	-	-	-
<u>-</u>	<u>11,162</u>	<u>50,743</u>	<u>-</u>	<u>-</u>
-	497	3,933	-	-
<u>3,403</u>	<u>55,210</u>	<u>34,004</u>	<u>-</u>	<u>-</u>
<u>3,403</u>	<u>55,707</u>	<u>37,937</u>	<u>-</u>	<u>-</u>
<u>\$ 3,403</u>	<u>\$ 66,869</u>	<u>\$ 88,680</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

West Geauga Local School District

Combining Balance Sheet – Nonmajor Special Revenue Funds (continued)

June 30, 2004

	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>	<u>Student Intervention</u>	<u>Miscellaneous State Grants</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 247	\$ 1,124	\$ 9,516	\$ 1,777
Accounts Receivable	-	-	-	-
Intergovernmental Receivable	-	-	20,651	-
Interfund Receivable	-	-	-	-
Total Assets	<u>\$ 247</u>	<u>\$ 1,124</u>	<u>\$ 30,167</u>	<u>\$ 1,777</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 3,162	\$ -
Accrued Wages and Benefits	-	-	-	-
Intergovernmental Payable	12	36	1,028	-
Interfund Payable	-	-	<u>14,462</u>	-
Total Liabilities	<u>12</u>	<u>36</u>	<u>18,652</u>	<u>-</u>
Fund Balances:				
Reserve for Encumbrances	-	1,022	6,354	-
Unreserved; Undesignated (Deficit)	<u>235</u>	<u>66</u>	<u>5,161</u>	<u>1,777</u>
Total Fund Balances (Deficit)	<u>235</u>	<u>1,088</u>	<u>11,515</u>	<u>1,777</u>
Total Liabilities and Fund Balances	<u>\$ 247</u>	<u>\$ 1,124</u>	<u>\$ 30,167</u>	<u>\$ 1,777</u>

<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools</u>	<u>Classroom Reduction</u>	<u>Miscellaneous Federal Grants</u>	<u>Totals</u>
\$ 9,908	\$ 803	\$ -	\$ 4,737	\$ 3,758	\$ 1,000	\$ 281,276
-	-	-	-	-	-	1,573
7,327	-	6,002	3,935	1,558	849	40,322
-	-	-	-	-	-	4,530
<u>\$ 17,235</u>	<u>\$ 803</u>	<u>\$ 6,002</u>	<u>\$ 8,672</u>	<u>\$ 5,316</u>	<u>\$ 1,849</u>	<u>\$ 327,701</u>
\$ -	\$ 244	\$ -	\$ -	\$ -	\$ 815	\$ 71,506
12,293	2,893	-	-	4,022	-	19,208
2,857	629	130	-	769	-	6,937
-	-	<u>6,002</u>	<u>3,929</u>	-	<u>794</u>	<u>25,187</u>
<u>15,150</u>	<u>3,766</u>	<u>6,132</u>	<u>3,929</u>	<u>4,791</u>	<u>1,609</u>	<u>122,838</u>
-	516	-	4,737	750	185	18,945
<u>2,085</u>	<u>(3,479)</u>	<u>(130)</u>	<u>6</u>	<u>(225)</u>	<u>55</u>	<u>185,918</u>
<u>2,085</u>	<u>(2,963)</u>	<u>(130)</u>	<u>4,743</u>	<u>525</u>	<u>240</u>	<u>204,863</u>
<u>\$ 17,235</u>	<u>\$ 803</u>	<u>\$ 6,002</u>	<u>\$ 8,672</u>	<u>\$ 5,316</u>	<u>\$ 1,849</u>	<u>\$ 327,701</u>

West Geauga Local School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds

For The Fiscal Year Ended June 30, 2004

	Special Trusts	Rotary	Public School Support	Other Grants
<u>Revenues</u>				
Tuition	\$ -	\$ 9,987	\$ -	\$ -
Earnings on Investments	848	-	-	-
Extracurricular Activities	-	111,936	-	-
Miscellaneous	3,401	8,021	35,393	5,099
Intergovernmental	-	-	-	-
Total Revenues	<u>4,249</u>	<u>129,944</u>	<u>35,393</u>	<u>5,099</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	-	127,120	19,042	2,248
Special Education	-	-	-	-
Support Services:				
Pupils	315	-	-	-
Instructional Staff	-	-	21	546
Administration	-	-	9,479	-
Operations and Maintenance - Plant	-	-	-	-
Central Services	-	-	-	-
Community Services	4,381	-	-	-
Extracurricular Activities	-	-	-	-
Refund of Prior Years Receipts	-	70	-	50
Total Expenditures	<u>4,696</u>	<u>127,190</u>	<u>28,542</u>	<u>2,844</u>
Excess of Revenues Over (Under)				
Expenditures	(447)	2,754	6,851	2,255
<u>Other Financing Sources (Uses)</u>				
Transfers-In	-	5,375	-	-
Net Change in Fund Balances	(447)	8,129	6,851	2,255
Fund Balance (Deficit), Beginning of Year	<u>46,970</u>	<u>8,489</u>	<u>12,226</u>	<u>4,228</u>
Fund Balance (Deficit), End of Year	<u>\$ 46,523</u>	<u>\$ 16,618</u>	<u>\$ 19,077</u>	<u>\$ 6,483</u>

<u>Educational Foundation</u>	<u>District Managed Activities</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Data Communication</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,423	-	-
-	290,147	-	-	-
14,090	10,326	-	-	-
-	-	432,660	9,308	12,000
<u>14,090</u>	<u>300,473</u>	<u>434,083</u>	<u>9,308</u>	<u>12,000</u>
4,285	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	868	-
-	-	-	-	-
-	-	-	8,470	12,000
7,670	-	410,343	-	-
-	305,826	-	-	-
-	-	3,756	-	-
<u>11,955</u>	<u>305,826</u>	<u>414,099</u>	<u>9,338</u>	<u>12,000</u>
2,135	(5,353)	19,984	(30)	-
-	1,933	-	-	-
2,135	(3,420)	19,984	(30)	-
<u>1,268</u>	<u>59,127</u>	<u>17,953</u>	<u>30</u>	<u>-</u>
\$ <u><u>3,403</u></u>	\$ <u><u>55,707</u></u>	\$ <u><u>37,937</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Continued

West Geauga Local School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds (continued)

For The Fiscal Year Ended June 30, 2004

	SchoolNet Professional Development	Ohio Reads	Summer Intervention	Miscellaneous State Grants
<u>Revenues</u>				
Tuition	\$ -	\$ -	\$ -	\$ -
Earnings on Investments	-	-	-	-
Extracurricular Activities	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental	<u>4,140</u>	<u>14,500</u>	<u>44,313</u>	<u>2,794</u>
Total Revenues	<u>4,140</u>	<u>14,500</u>	<u>44,313</u>	<u>2,794</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	-	15,428	32,798	-
Special Education	-	-	-	-
Support Services:				
Pupils	-	-	-	-
Instructional Staff	6,112	12	-	-
Administration	-	-	-	-
Operations and Maintenance – Plant	-	-	-	2,794
Central Services	-	-	-	-
Community Services	-	-	-	-
Extracurricular Activities	-	-	-	-
Refund of Prior Years Receipts	-	-	-	-
Total Expenditures	<u>6,112</u>	<u>15,440</u>	<u>32,798</u>	<u>2,794</u>
Excess of Revenues Over (Under)				
Expenditures	(1,972)	(940)	11,515	-
<u>Other Financing Sources (Uses)</u>				
Transfers-In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,972)	(940)	11,515	-
Fund Balance (Deficit), Beginning of Year	<u>2,207</u>	<u>2,028</u>	<u>-</u>	<u>1,777</u>
Fund Balance (Deficit), End of Year	\$ <u>235</u>	\$ <u>1,088</u>	\$ <u>11,515</u>	\$ <u>1,777</u>

<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools</u>	<u>Classroom Reduction</u>	<u>Miscellaneous Federal Grants</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,987
-	-	-	-	-	-	2,271
-	-	-	-	-	-	402,083
-	-	-	-	-	-	76,330
<u>341,991</u>	<u>51,782</u>	<u>9,251</u>	<u>10,409</u>	<u>50,640</u>	<u>2,734</u>	<u>986,522</u>
<u>341,991</u>	<u>51,782</u>	<u>9,251</u>	<u>10,409</u>	<u>50,640</u>	<u>2,734</u>	<u>1,477,193</u>
-	-	-	7,125	-	-	208,046
56,505	48,207	14,582	-	39,984	-	159,278
245,648	-	2,175	-	-	-	248,138
2,244	1,010	1,036	-	13,993	2,787	27,761
20,071	-	-	-	-	-	30,418
-	-	-	-	-	-	2,794
-	-	-	-	-	-	20,470
22,373	5,458	1,673	-	-	-	451,898
-	-	-	-	-	-	305,826
-	-	-	-	-	-	3,876
<u>346,841</u>	<u>54,675</u>	<u>19,466</u>	<u>7,125</u>	<u>53,977</u>	<u>2,787</u>	<u>1,458,505</u>
(4,850)	(2,893)	(10,215)	3,284	(3,337)	(53)	18,688
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,308</u>
(4,850)	(2,893)	(10,215)	3,284	(3,337)	(53)	25,996
<u>6,935</u>	<u>(70)</u>	<u>10,085</u>	<u>1,459</u>	<u>3,862</u>	<u>293</u>	<u>178,867</u>
\$ <u>2,085</u>	\$ <u>(2,963)</u>	\$ <u>(130)</u>	\$ <u>4,743</u>	\$ <u>525</u>	\$ <u>240</u>	\$ <u>204,863</u>

West Geauga Local School District

Combining Balance Sheet – Nonmajor Capital Projects Funds

June 30, 2004

	<u>Permanent Improvement</u>	<u>Building</u>	<u>School Net Plus</u>	<u>Total</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash				
Equivalents	\$ 120,422	\$ -	\$ -	\$ 120,422
Taxes receivable	<u>520,009</u>	<u>-</u>	<u>-</u>	<u>520,009</u>
Total Assets	<u>\$ 640,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 640,431</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 460	\$ -	\$ -	\$ 460
Deferred Revenue	<u>441,077</u>	<u>-</u>	<u>-</u>	<u>441,077</u>
Total Liabilities	<u>441,537</u>	<u>-</u>	<u>-</u>	<u>441,537</u>
Fund Balances:				
Reserve for Encumbrances	5,960	-	-	5,960
Reserve for Property Taxes	78,932	-	-	78,932
Unreserved; Undesignated	<u>114,002</u>	<u>-</u>	<u>-</u>	<u>114,002</u>
Total Fund Balances	<u>198,894</u>	<u>-</u>	<u>-</u>	<u>198,894</u>
Total Liabilities and Fund Balances	<u>\$ 640,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 640,431</u>

West Geauga Local School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds

For The Fiscal Year Ended June 30, 2004

	<u>Permanent Improvement</u>	<u>Building</u>	<u>School Net Plus</u>	<u>Total</u>
<u>Revenues</u>				
Taxes	\$ 556,237	\$ -	\$ -	\$ 556,237
Intergovernmental	<u>67,124</u>	<u>-</u>	<u>-</u>	<u>67,124</u>
Total Revenues	<u>623,361</u>	<u>-</u>	<u>-</u>	<u>623,361</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	192,820	-	766	193,586
Special Education	14,777	-	-	14,777
Support Services:				
Pupils	1,770	-	-	1,770
Instructional Staff	75,153	-	1,878	77,031
Administration	4,455	-	-	4,455
Fiscal Services	8,592	-	-	8,592
Operations and Maintenance - Plant	210,861	13,000	-	223,861
Pupil Transportation	<u>150,636</u>	<u>-</u>	<u>-</u>	<u>150,636</u>
Total Expenditures	<u>659,064</u>	<u>13,000</u>	<u>2,644</u>	<u>674,708</u>
Excess of Revenues Over (Under)				
Expenditures	(35,703)	(13,000)	(2,644)	(51,347)
<u>Other Financing Sources (Uses)</u>				
Transfers-Out	<u>-</u>	<u>(83,000)</u>	<u>-</u>	<u>(83,000)</u>
Net Change in Fund Balance	(35,703)	(96,000)	(2,644)	(134,347)
Fund Balance, Beginning of Year	<u>234,597</u>	<u>96,000</u>	<u>2,644</u>	<u>333,241</u>
Fund Balance, End of Year	\$ <u>198,894</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>198,894</u>

West Geauga Local School District

Combining Statement of Changes in Assets and Liabilities –
All Agency Funds

For The Fiscal Year Ended June 30, 2004

	<u>Balance</u> <u>06/30/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/04</u>
<u>Student Activities</u>				
Assets:				
Equity in Pooled Cash and				
Cash Equivalents	\$ 35,850	\$ 126,895	\$ 120,717	\$ 42,028
Accounts Receivable	<u>411</u>	<u>195</u>	<u>411</u>	<u>195</u>
Total Assets	<u>\$ 36,261</u>	<u>\$ 127,090</u>	<u>\$ 121,128</u>	<u>\$ 42,223</u>
Liabilities:				
Accounts Payable	\$ 446	\$ 1,178	\$ 446	\$ 1,178
Due to Students	<u>35,815</u>	<u>5,230</u>	<u>-</u>	<u>41,045</u>
Total Liabilities	<u>\$ 36,261</u>	<u>\$ 6,408</u>	<u>\$ 446</u>	<u>\$ 42,223</u>

West Geauga Local School District

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

West Geauga Local School District

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 13,062,660	\$ 11,860,854	\$ 11,954,600	\$ 93,746
Intergovernmental	5,015,494	5,052,618	6,007,043	954,425
Earnings on Investments	35,291	35,541	40,210	4,669
Classroom Materials and Fees	16,463	16,579	18,757	2,178
Miscellaneous	15,062	15,168	17,161	1,993
Transportation Fees	3,218	3,240	3,666	426
Total Revenues	<u>18,148,188</u>	<u>16,984,000</u>	<u>18,041,437</u>	<u>1,057,437</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	8,218,057	8,884,378	8,884,378	-
Special Education	1,608,973	2,030,933	2,020,526	10,407
Vocational Education	230,340	336,382	336,382	-
Other Instruction	135,000	546,694	546,694	-
Support Services:				
Pupils	1,509,660	1,549,957	1,549,957	-
Instructional Staff	655,210	693,352	693,352	-
Board of Education	42,190	41,317	41,317	-
Administration	1,792,605	1,603,770	1,603,581	189
Fiscal Services	495,311	527,775	527,775	-
Business	151,962	167,441	167,301	140
Operation and Maintenance - Plant	2,000,757	2,030,625	2,025,556	5,069
Pupil Transportation	1,387,823	1,576,471	1,565,224	11,247
Central Services	69,384	61,229	61,229	-
Community Services	75,000	123,931	123,207	724
Extracurricular Activities	56,534	453,293	453,293	-
Total Expenditures	<u>18,428,806</u>	<u>20,627,548</u>	<u>20,599,772</u>	<u>27,776</u>
Excess of Revenues Over (Under) Expenditures	<u>(280,618)</u>	<u>(3,643,548)</u>	<u>(2,558,335)</u>	<u>1,805,213</u>

Continued

West Geauga Local School District

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual (continued) For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Other Financing Sources (Uses)</u>				
Transfers – In	1,603,340	1,625,737	2,333,000	707,263
Advances – In	170,212	175,099	112,670	(62,429)
Refund of Prior Year Expenditures	15,112	15,219	17,218	1,999
Transfers – Out	(7,308)	(7,308)	(7,308)	-
Advances – Out	-	(75,000)	(66,037)	8,963
Refund of Prior Year Receipts	-	(234)	(234)	-
Total Other Financing Sources (Uses)	<u>1,781,356</u>	<u>1,733,513</u>	<u>2,389,309</u>	<u>655,796</u>
Net Change in Fund Balance	1,500,738	(1,910,035)	(169,026)	1,741,009
Cash Fund Balance at Beginning of Year	<u>22,296</u>	<u>22,296</u>	<u>22,296</u>	<u>-</u>
Cash Fund Balance at End of Year:				
Unreserved	1,523,034	(1,887,739)	(146,730)	1,741,009
Prior Year Encumbrances Appropriated	<u>147,630</u>	<u>147,630</u>	<u>147,630</u>	<u>-</u>
Total Unencumbered Cash Fund Balance	\$ <u>1,670,664</u>	\$ <u>(1,740,109)</u>	\$ <u>900</u>	\$ <u>1,741,009</u>

West Geauga Local School District

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 1,892,140	\$ 3,417,599	\$ 3,424,921	\$ 7,322
Intergovernmental	22,409	23,550	238,290	214,740
Total Revenues	<u>1,914,549</u>	<u>3,441,149</u>	<u>3,663,211</u>	<u>222,062</u>
<u>Expenditures</u>				
Current:				
Support Services:				
Fiscal Services	11,028	30,414	30,414	-
Debt Service:				
Repayment of Debt	<u>1,305,193</u>	<u>3,599,484</u>	<u>3,599,484</u>	<u>-</u>
Total Expenditures	<u>1,316,221</u>	<u>3,629,898</u>	<u>3,629,898</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>598,328</u>	<u>(188,749)</u>	<u>33,313</u>	<u>222,062</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Notes	211,591	222,361	2,250,000	2,027,639
Transfers – Out	<u>(815,863)</u>	<u>(2,250,000)</u>	<u>(2,250,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(604,272)</u>	<u>(2,027,639)</u>	<u>-</u>	<u>2,027,639</u>
Net Change in Fund Balance	(5,944)	(2,216,388)	33,313	2,249,701
Fund Balance at Beginning of Year	<u>1,230,524</u>	<u>1,230,524</u>	<u>1,230,524</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>1,224,580</u>	\$ <u>(985,864)</u>	\$ <u>1,263,837</u>	\$ <u>2,249,701</u>

West Geauga Local School District

Special Trusts Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Miscellaneous	\$ 4,146	\$ 4,146	\$ 3,401	\$ (745)
Interest	<u>854</u>	<u>854</u>	<u>700</u>	<u>(154)</u>
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>4,101</u>	<u>(899)</u>
<u>Expenditures</u>				
Current:				
Support Services:				
Pupils	722	182	164	18
Community Services	<u>19,278</u>	<u>4,863</u>	<u>4,381</u>	<u>482</u>
Total Expenditures	<u>20,000</u>	<u>5,045</u>	<u>4,545</u>	<u>500</u>
Net Change in Fund Balance	(15,000)	(45)	(444)	(399)
Fund Balance at Beginning of Year	<u>46,893</u>	<u>46,893</u>	<u>46,893</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>31,893</u></u>	\$ <u><u>46,848</u></u>	\$ <u><u>46,449</u></u>	\$ <u><u>(399)</u></u>

West Geauga Local School District

Rotary Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Tuition	\$ 5,132	\$ 9,785	\$ 9,987	\$ 202
Extracurricular Activities	57,550	109,757	112,024	2,267
Miscellaneous	<u>4,120</u>	<u>7,859</u>	<u>8,021</u>	<u>162</u>
Total Revenues	<u>66,802</u>	<u>127,401</u>	<u>130,032</u>	<u>2,631</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Salaries	8,614	7,660	7,975	(315)
Employees' Retirement and Insurance	1,692	1,504	1,566	(62)
Purchased Services	128,442	114,222	118,912	(4,690)
Supplies and Materials	<u>4,927</u>	<u>4,381</u>	<u>4,561</u>	<u>(180)</u>
Total Expenditures	<u>143,675</u>	<u>127,767</u>	<u>133,014</u>	<u>(5,247)</u>
Excess of Revenues Over (Under) Expenditures	<u>(76,873)</u>	<u>(366)</u>	<u>(2,982)</u>	<u>(2,616)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers – In	2,761	5,266	5,375	109
Advances – In	437	833	850	17
Refund of Prior Year Receipts	(76)	(67)	(70)	(3)
Advances – Out	<u>(6,250)</u>	<u>(6,250)</u>	<u>(6,250)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(3,128)</u>	<u>(218)</u>	<u>(95)</u>	<u>123</u>
Net Change in Fund Balance	(80,001)	(584)	(3,077)	(2,493)
Fund Balance at Beginning of Year	7,426	7,426	7,426	-
Prior Year Encumbrances Appropriated	<u>9,096</u>	<u>9,096</u>	<u>9,096</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>(63,479)</u>	\$ <u>15,938</u>	\$ <u>13,445</u>	\$ <u>(2,493)</u>

West Geauga Local School District

Public School Support Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Miscellaneous	\$ 20,000	\$ 20,000	\$ 34,568	\$ 14,568
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	20,169	20,783	20,293	490
Support Services:				
Administration	9,810	10,108	9,870	238
Instructional Staff	21	22	21	1
Total Expenditures	30,000	30,913	30,184	729
Net Change in Fund Balance	(10,000)	(10,913)	4,384	15,297
Fund Balance at Beginning of Year	11,920	11,920	11,920	-
Prior Year Encumbrances Appropriated	833	833	833	-
Fund Balance at End of Year	\$ 2,753	\$ 1,840	\$ 17,137	\$ 15,297

West Geauga Local School District

Other Grants Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Miscellaneous	\$ 20,000	\$ 23,500	\$ 5,099	\$ (18,401)
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	21,706	5,352	2,248	3,104
Support Services:				
Instructional Staff	5,311	1,310	550	760
Total Expenditures	27,017	6,662	2,798	3,864
Excess of Revenues Over (Under) Expenditures	(7,017)	16,838	2,301	(14,537)
<u>Other financing sources (uses)</u>				
Refund of Prior Year Receipts	(483)	(119)	(50)	69
Net Change in Fund Balance	(7,500)	16,719	2,251	(14,468)
Fund Balance at Beginning of Year	3,685	3,685	3,685	-
Prior Year Encumbrances Appropriated	550	550	550	-
Fund Balance at End of Year	\$ (3,265)	\$ 20,954	\$ 6,486	\$ (14,468)

West Geauga Local School District

Education Foundation Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Miscellaneous	\$ 20,000	\$ 28,250	\$ 14,090	\$ (14,160)
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	11,084	4,618	4,618	-
Community Services	18,409	7,670	7,670	-
Extracurricular Activities	507	211	211	-
Total Expenditures	<u>30,000</u>	<u>12,499</u>	<u>12,499</u>	<u>-</u>
Net Change in Fund Balance	(10,000)	15,751	1,591	(14,160)
Fund Balance at Beginning of Year	1,044	1,044	1,044	-
Prior Year Encumbrances Appropriated	<u>769</u>	<u>769</u>	<u>769</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>(8,187)</u></u>	\$ <u><u>17,564</u></u>	\$ <u><u>3,404</u></u>	\$ <u><u>(14,160)</u></u>

West Geauga Local School District

District Managed Activities Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Miscellaneous	\$ 6,979	\$ 7,308	\$ 10,326	\$ 3,018
Extracurricular Activities	<u>197,136</u>	<u>206,424</u>	<u>291,682</u>	<u>85,258</u>
Total Revenues	<u>204,115</u>	<u>213,732</u>	<u>302,008</u>	<u>88,276</u>
<u>Expenditures</u>				
Current:				
Extracurricular Activities	<u>270,232</u>	<u>313,298</u>	<u>311,617</u>	<u>1,681</u>
Excess of Revenues Over (Under) Expenditures	<u>(66,117)</u>	<u>(99,566)</u>	<u>(9,609)</u>	<u>89,957</u>
<u>Other Financing Sources (Uses)</u>				
Transfers – In	20,885	21,869	30,901	9,032
Transfers – Out	(28,968)	(28,968)	(28,968)	-
Advances – Out	<u>(800)</u>	<u>(800)</u>	<u>(800)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(8,883)</u>	<u>(7,899)</u>	<u>1,133</u>	<u>9,032</u>
Net Change in Fund Balance	(75,000)	(107,465)	(8,476)	98,989
Fund Balance at Beginning of Year	61,542	61,542	61,542	-
Prior Year Encumbrances Appropriated	<u>2,861</u>	<u>2,861</u>	<u>2,861</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>(10,597)</u>	\$ <u>(43,062)</u>	\$ <u>55,927</u>	\$ <u>98,989</u>

West Geauga Local School District

Auxiliary Services Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Interest	\$ 1,232	\$ 1,232	\$ 1,284	\$ 52
Intergovernmental	<u>414,968</u>	<u>414,968</u>	<u>432,658</u>	<u>17,690</u>
Total Revenues	<u>416,200</u>	<u>416,200</u>	<u>433,942</u>	<u>17,742</u>
<u>Expenditures</u>				
Current:				
Community Services	<u>421,165</u>	<u>412,601</u>	<u>412,500</u>	<u>101</u>
Excess of Revenues Over (Under) Expenditures	(4,965)	3,599	21,442	17,843
<u>Other Financing Sources (Uses)</u>				
Refund of Prior Year Expenditures	<u>(3,835)</u>	<u>(3,757)</u>	<u>(3,756)</u>	<u>1</u>
Net Change in Fund Balance	(8,800)	(158)	17,686	17,844
Fund Balance at Beginning of Year	3,043	3,043	3,043	-
Prior Year Encumbrances Appropriated	<u>35,263</u>	<u>35,263</u>	<u>35,263</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>29,506</u>	\$ <u>38,148</u>	\$ <u>55,992</u>	\$ <u>17,844</u>

West Geauga Local School District

Management Information Systems Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 4,000	\$ 14,500	\$ 9,308	\$ (5,192)
<u>Expenditures</u>				
Current:				
Support Services:				
Administration	1,348	868	868	-
Central Services	13,152	8,470	8,470	-
Total Expenditures	14,500	9,338	9,338	-
Net Change in Fund Balance	(10,500)	5,162	(30)	(5,192)
Fund Balance at Beginning of Year	-	-	-	-
Prior Year Encumbrances Appropriated	30	30	30	-
Fund Balance at End of Year	\$ (10,470)	\$ 5,192	\$ -	\$ (5,192)

West Geauga Local School District

Data Communications Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ <u>-</u>	\$ <u>14,000</u>	\$ <u>12,000</u>	\$ <u>(2,000)</u>
<u>Expenditures</u>				
Current:				
Support Services:				
Central	<u>14,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Net Change in Fund Balance	(14,000)	2,000	-	(2,000)
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>(14,000)</u>	\$ <u>2,000</u>	\$ <u>-</u>	\$ <u>(2,000)</u>

West Geauga Local School District

SchoolNet Professional Development Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
For The Fiscal Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ <u>4,000</u>	\$ <u>8,000</u>	\$ <u>4,140</u>	\$ <u>(3,860)</u>
<u>Expenditures</u>				
Current:				
Support Services:				
Instructional Staff	<u>10,000</u>	<u>6,106</u>	<u>6,106</u>	<u>-</u>
Net Change in Fund Balance	(6,000)	1,894	(1,966)	(3,860)
Fund Balance at Beginning of Year	292	292	292	-
Prior Year Encumbrances Appropriated	<u>1,920</u>	<u>1,920</u>	<u>1,920</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>(3,788)</u></u>	\$ <u><u>4,106</u></u>	\$ <u><u>246</u></u>	\$ <u><u>(3,860)</u></u>

West Geauga Local School District

Ohio Reads Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 19,000	\$ 19,000	\$ 14,500	\$ (4,500)
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	27,488	27,676	27,574	102
Support Services:				
Instructional Staff	<u>12</u>	<u>12</u>	<u>12</u>	<u>-</u>
Total Expenditures	<u>27,500</u>	<u>27,688</u>	<u>27,586</u>	<u>102</u>
Net Change in Fund Balance	(8,500)	(8,688)	(13,086)	(4,398)
Fund Balance at Beginning of Year	11	11	11	-
Prior Year Encumbrances Appropriated	<u>13,176</u>	<u>13,176</u>	<u>13,176</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>4,687</u></u>	\$ <u><u>4,499</u></u>	\$ <u><u>101</u></u>	\$ <u><u>(4,398)</u></u>

West Geauga Local School District

Student Intervention Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
For The Fiscal Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ <u>-</u>	\$ <u>-</u>	\$ <u>23,662</u>	\$ <u>23,662</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	<u>-</u>	<u>39,694</u>	<u>38,123</u>	<u>1,571</u>
Excess of Revenues Over (Under) Expenditures	-	(39,694)	(14,461)	25,233
<u>Other financing sources (uses)</u>				
Advances – In	<u>-</u>	<u>-</u>	<u>14,461</u>	<u>14,461</u>
Net Change in Fund Balance	-	(39,694)	-	39,694
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>-</u></u>	\$ <u><u>(39,694)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>39,694</u></u>

West Geauga Local School District

Miscellaneous State Grants Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
For The Fiscal Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ <u>2,500</u>	\$ <u>3,500</u>	\$ <u>2,794</u>	\$ <u>(706)</u>
<u>Expenditures</u>				
Current:				
Supporting Services:				
Operation and Maintenance - Plant	<u>5,000</u>	<u>2,794</u>	<u>2,794</u>	<u>-</u>
Net Change in Fund Balance	(2,500)	706	-	(706)
Fund Balance at Beginning of Year	<u>1,777</u>	<u>1,777</u>	<u>1,777</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>(723)</u></u>	\$ <u><u>2,483</u></u>	\$ <u><u>1,777</u></u>	\$ <u><u>(706)</u></u>

West Geauga Local School District

Title VI-B Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 300,000	\$ 352,000	\$ 344,664	\$ (7,336)
<u>Expenditures</u>				
Current:				
Instruction:				
Special Education	58,822	57,635	56,033	1,602
Support Services:				
Pupils	257,477	252,284	245,270	7,014
Instructional Staff	2,895	2,837	2,758	79
Administration	21,020	20,596	20,023	573
Community Services	23,486	23,013	22,373	640
Total Expenditures	363,700	356,365	346,457	9,908
Net Change in Fund Balance	(63,700)	(4,365)	(1,793)	2,572
Fund Balance at Beginning of Year	7,585	7,585	7,585	-
Prior Year Encumbrances Appropriated	4,116	4,116	4,116	-
Fund Balance at End of Year	\$ (51,999)	\$ 7,336	\$ 9,908	\$ 2,572

West Geauga Local School District

Title I Special Revenue Fund

Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) And Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 65,000	\$ 65,000	\$ 51,782	\$ (13,218)
<u>Expenditures</u>				
Current:				
Instruction:				
Special Education	46,100	44,791	44,755	36
Support Services:				
Instructional Staff	4,278	4,156	4,153	3
Community Services	<u>5,622</u>	<u>5,462</u>	<u>5,458</u>	<u>4</u>
Total Expenditures	<u>56,000</u>	<u>54,409</u>	<u>54,366</u>	<u>43</u>
Net Change in Fund Balance	9,000	10,591	(2,584)	(13,175)
Fund Balance at Beginning of Year	1	1	1	-
Prior Year Encumbrances Appropriated	<u>2,628</u>	<u>2,628</u>	<u>2,628</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>11,629</u>	\$ <u>13,220</u>	\$ <u>45</u>	\$ <u>(13,175)</u>

West Geauga Local School District

Title VI Special Revenue Fund

Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) And Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 3,403	\$ 6,622	\$ 3,247	\$ (3,375)
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	379	197	197	-
Special Education	27,810	14,452	14,452	-
Support Service:				
Instructional Staff	1,994	1,037	1,036	1
Pupils	4,185	2,175	2,175	-
Community Services	3,219	1,673	1,673	-
Total Expenditures	37,587	19,534	19,533	1
Excess of Revenues Over (Under)				
Expenditures	(34,184)	(12,912)	(16,286)	(3,374)
<u>Other Financing Sources (Uses)</u>				
Transfers – In	8,811	17,145	8,412	(8,733)
Advances – In	6,286	12,233	6,002	(6,231)
Transfers – Out	(8,412)	(8,412)	(8,412)	-
Total Other Financing Sources (Uses)	6,685	20,966	6,002	(14,964)
Net Change in Fund Balance	(27,499)	8,054	(10,284)	(18,338)
Fund Balance at Beginning of Year	8,367	8,367	8,367	-
Prior Year Encumbrances Appropriated	1,917	1,917	1,917	-
Fund Balance at End of Year	\$ (17,215)	\$ 18,338	\$ -	\$ (18,338)

West Geauga Local School District

Drug Free School Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 6,544	\$ 6,544	\$ 7,438	\$ 894
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	7,611	10,267	10,262	5
Support Services:				
Community Services	1,187	1,601	1,600	1
Total Expenditures	8,798	11,868	11,862	6
Excess of Revenues Over (Under) Expenditures	(2,254)	(5,324)	(4,424)	900
<u>Other Financing Sources (Uses)</u>				
Advances – In	3,456	3,456	3,929	473
Advances – Out	(3,102)	(3,102)	(3,102)	-
Total Other Financing Sources (Uses)	354	354	827	473
Net Change in Fund Balance	(1,900)	(4,970)	(3,597)	1,373
Fund Balance at Beginning of Year	1	1	1	-
Prior Year Encumbrances Appropriated	3,596	3,596	3,596	-
Fund Balance at End of Year	\$ 1,697	\$ (1,373)	\$ -	\$ 1,373

West Geauga Local School District

Classroom Reduction Special Revenue Fund

Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) And Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 49,676	\$ 59,138	\$ 61,513	\$ 2,375
<u>Expenditures</u>				
Current:				
Instruction:				
Special Education	42,135	42,492	42,491	1
Support Services:				
Instructional Staff	18,281	18,436	18,436	-
Total Expenditures	60,416	60,928	60,927	1
Excess of Revenues Over (Under) Expenditures	(10,740)	(1,790)	586	2,376
<u>Other Financing Sources (Uses)</u>				
Transfers – In	2,824	3,362	3,497	135
Transfers – Out	(3,497)	(3,497)	(3,497)	-
Advances – Out	(1,737)	(1,737)	(1,737)	-
Total Other Financing Sources (Uses)	(2,410)	(1,872)	(1,737)	135
Net Change in Fund Balance	(13,150)	(3,662)	(1,151)	2,511
Fund Balance at Beginning of Year	-	-	-	-
Prior Year Encumbrances Appropriated	4,159	4,159	4,159	-
Fund Balance at End of Year	\$ (8,991)	\$ 497	\$ 3,008	\$ 2,511

West Geauga Local School District

Miscellaneous Federal Grant Special Revenue Fund

Schedule Of Revenues, Expenditures And Changes In Fund Balance -
Budget (Non-GAAP Budgetary Basis) And Actual
For The Fiscal Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ <u>1,269</u>	\$ <u>1,586</u>	\$ <u>1,885</u>	\$ <u>299</u>
<u>Expenditures</u>				
Current:				
Support Services:				
Instructional Staff	<u>2,472</u>	<u>3,555</u>	<u>2,972</u>	<u>583</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,203)</u>	<u>(1,969)</u>	<u>(1,087)</u>	<u>882</u>
<u>Other Financing Sources (Uses)</u>				
Transfers – In	197	246	293	47
Transfers – Out	534	668	794	126
Advances – Out	<u>(293)</u>	<u>(293)</u>	<u>(293)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>438</u>	<u>621</u>	<u>794</u>	<u>173</u>
Net Change in Fund Balance	(765)	(1,348)	(293)	1,055
Fund Balance at Beginning of Year	<u>293</u>	<u>293</u>	<u>293</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>(472)</u>	\$ <u>(1,055)</u>	\$ <u>-</u>	\$ <u>1,055</u>

West Geauga Local School District

Permanent Improvement Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 508,600	\$ 515,650	\$ 517,713	\$ 2,063
Intergovernmental	<u>72,444</u>	<u>76,215</u>	<u>67,124</u>	<u>(9,091)</u>
Total Revenues	<u>581,044</u>	<u>591,865</u>	<u>584,837</u>	<u>(7,028)</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	219,305	203,017	202,835	182
Special Education	15,977	14,790	14,777	13
Support Services:				
Pupils	1,914	1,772	1,770	2
Instructional Staff	84,365	78,099	78,029	70
Administration	4,817	4,459	4,455	4
Fiscal Services	9,290	8,600	8,592	8
Operation and Maintenance – Plant	234,968	217,517	217,322	195
Pupil Transportation	<u>162,864</u>	<u>150,769</u>	<u>150,635</u>	<u>134</u>
Total Expenditures	<u>733,500</u>	<u>679,023</u>	<u>678,415</u>	<u>608</u>
Net Change in Fund Balance	(152,456)	(87,158)	(93,578)	(6,420)
Fund Balance at Beginning of Year	152,538	152,538	152,538	-
Prior Year Encumbrance Appropriated	<u>55,112</u>	<u>55,112</u>	<u>55,112</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>55,194</u>	\$ <u>120,492</u>	\$ <u>114,072</u>	\$ <u>(6,420)</u>

West Geauga Local School District

Building Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Expenditures</u>				
Current:				
Support services:				
Operation and Maintenance – Plant	\$ -	\$ -	\$ 13,000	\$ (13,000)
<u>Other Financing Sources (Uses)</u>				
Refund of Prior Year Expenditures	-	-	96,000	96,000
Transfers Out	-	(96,000)	(83,000)	13,000
Total Other Financing Sources (Uses)	-	(96,000)	13,000	109,000
Net Change in Fund Balance	-	(96,000)	-	(96,000)
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ (96,000)	\$ -	\$ (96,000)

West Geauga Local School District

Schoolnet Plus Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
For The Fiscal Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ -	\$ 38,000	\$ -	\$ (38,000)
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Education	11,589	766	766	-
Support Services:				
Instructional Staff	<u>28,411</u>	<u>1,878</u>	<u>1,878</u>	<u>-</u>
Total Expenditures	<u>40,000</u>	<u>2,644</u>	<u>2,644</u>	<u>-</u>
Net Change in Fund Balance	(40,000)	35,356	(2,644)	(38,000)
Fund Balance at Beginning of Year	<u>2,644</u>	<u>2,644</u>	<u>2,644</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>(37,356)</u>	\$ <u>38,000</u>	\$ <u>-</u>	\$ <u>(38,000)</u>

West Geauga Local School District

Food Service Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Food Service	\$ 497,673	\$ 497,673	\$ 409,201	\$ (88,472)
Interest	13	13	11	(2)
Intergovernmental	<u>42,314</u>	<u>42,314</u>	<u>34,792</u>	<u>(7,522)</u>
Total Revenues	<u>540,000</u>	<u>540,000</u>	<u>444,004</u>	<u>(95,996)</u>
<u>Expenditures</u>				
Salaries	222,738	203,844	204,175	(331)
Employees' Retirement and Insurance	77,881	71,275	71,391	(116)
Purchased Services	<u>185,881</u>	<u>170,113</u>	<u>170,391</u>	<u>(278)</u>
Total Expenditures	<u>486,500</u>	<u>445,232</u>	<u>445,957</u>	<u>(725)</u>
Net Change in Fund Balance	53,500	94,768	(1,953)	(96,721)
Fund Balance at Beginning of Year	126	126	126	-
Prior Year Encumbrances Appropriated	<u>1,827</u>	<u>1,827</u>	<u>1,827</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>55,453</u>	\$ <u>96,721</u>	\$ <u>-</u>	\$ <u>(96,721)</u>

West Geauga Local School District

Uniform School Supplies Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (negative)
	Original	Final		
<u>Revenues</u>				
Classroom Materials and Fees	\$ 121,557	\$ 158,025	\$ 170,938	\$ 12,913
<u>Expenditures</u>				
Supplies and Materials	190,341	165,580	164,730	850
Excess of Revenues Over (Under)				
Expenditures	(68,784)	(7,555)	6,208	13,763
<u>Other Financing Sources (Uses)</u>				
Advances – In	28,443	36,975	40,000	3,025
Advances – Out	(34,659)	(30,151)	(30,000)	151
Total Other Financing Sources (Uses)	(6,216)	6,824	10,000	3,176
Net Change in Fund Balance	(75,000)	(731)	16,208	16,939
Fund Balance at Beginning of Year	29,843	29,843	29,843	-
Prior Year Encumbrances Appropriated	808	808	808	-
Fund Balance at End of Year	\$ (44,349)	\$ 29,920	\$ 46,859	\$ 16,939

West Geauga Local School District

Adult Education Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Extracurricular Activities	\$ 619	\$ 619	\$ 180	\$ (439)
Miscellaneous	<u>6,881</u>	<u>6,881</u>	<u>2,000</u>	<u>(4,881)</u>
Total Revenues	7,500	7,500	2,180	(5,320)
<u>Expenditures</u>				
Other	<u>12</u>	<u>10</u>	<u>10</u>	<u>-</u>
Excess of Revenues Over (Under) Expenses	7,488	7,490	2,170	(5,320)
<u>Other Financing Sources (Uses)</u>				
Advances – Out	<u>(2,488)</u>	<u>(2,172)</u>	<u>(2,160)</u>	<u>12</u>
Net Change in Fund Balance	5,000	5,318	10	(5,308)
Fund Balance at Beginning of Year	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>5,002</u></u>	\$ <u><u>5,320</u></u>	\$ <u><u>12</u></u>	\$ <u><u>(5,308)</u></u>

West Geauga Local School District

Self Insurance – Internal Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual For The Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Miscellaneous	\$ -	\$ -	\$ 25,523	\$ 25,523
Excess of Revenues Over (Under) Expenses	-	-	25,523	25,523
<u>Other Financing Sources (Uses)</u>				
Refund of Prior Years Expenditures	53,985	13,338	43,068	29,730
Advances – Out	(86,015)	(21,251)	(68,622)	(47,371)
Total Other Financing Sources (Uses)	(32,030)	(7,913)	(25,554)	(17,641)
Net Change in Fund Balance	(32,030)	(7,913)	(31)	7,882
Fund Balance at Beginning of Year	31	31	31	-
Fund Balance at End of Year	\$ (31,999)	\$ (7,882)	\$ -	\$ 7,882

Statistical Section

West Geauga Local School District

Governmental Activities – Revenues by Source and Expenses by Function – Full Accrual

For The Fiscal Year Ended June 30, 2004

Table 1

	<u>2004</u>	<u>2003</u>
Program revenues		
Charges for services	\$ 498,068	\$ 1,111,697
Operating grants and contributions	914,590	977,843
General revenues		
Taxes	16,442,435	14,957,367
Intergovernmental	6,356,770	6,194,312
Investment earnings	42,538	59,244
Miscellaneous	<u>114,817</u>	<u>116,479</u>
Total	<u>24,369,218</u>	<u>23,416,942</u>
Expenses/expenditures		
Current:		
Regular education	9,791,785	9,252,284
Special education	2,185,290	1,679,235
Vocational education	342,768	261,332
Other	546,664	328,953
Support services:		
Pupil	1,813,446	1,660,194
Instructional staff	803,286	790,613
Board of education	64,333	62,082
Administration	1,667,237	2,451,753
Fiscal	578,176	506,582
Business	163,048	169,774
Operation and maintenance of plant	2,089,865	2,103,318
Pupil transportation	1,740,675	1,560,380
Central	95,619	96,266
Operation of non-instructional services	526,011	521,942
Extracurricular activities	766,421	695,640
Interest and fiscal charges	<u>1,005,459</u>	<u>952,036</u>
Total	<u>24,180,083</u>	<u>23,092,384</u>
Change in net assets	\$ <u><u>189,135</u></u>	\$ <u><u>324,558</u></u>

Source: School District financial records

West Geauga Local School District

General Fund Expenditures by Function and Other Financial Uses

Last Ten Fiscal Years

Table 2

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Current:										
Instruction:										
Regular	\$ 8,823,122	\$ 6,674,252	\$ 8,253,475	\$ 7,798,813	\$ 7,509,900	\$ 7,218,407	\$ 7,243,503	\$ 7,165,680	\$ 6,960,111	\$ 6,611,575
Special	1,974,106	1,594,696	1,390,518	1,377,249	1,074,353	1,208,429	1,125,044	925,467	812,213	759,724
Vocational	336,620	255,184	210,065	333,248	276,151	128,420	123,647	117,709	118,814	112,074
Other Instruction	546,664	328,953	147,317	-	-	-	-	-	-	-
Support Services:										
Pupil	1,521,664	1,432,218	1,291,617	1,341,268	999,370	902,250	884,338	895,018	884,979	748,352
Instructional Staff	677,585	681,087	718,572	709,085	556,282	441,940	525,956	499,182	518,481	405,289
Board of Education	40,868	38,617	41,356	60,929	27,701	39,250	42,603	27,227	26,192	25,239
Administration	1,598,919	1,812,685	1,749,899	2,036,548	1,590,936	1,380,664	1,248,868	1,166,799	1,101,596	1,057,302
Fiscal	531,529	440,259	469,176	439,989	401,221	324,791	285,664	421,982	366,987	338,687
Business	162,249	168,347	145,290	130,595	55,095	63,696	105,022	117,590	136,611	113,604
Operation and										
Maintenance of Plant	1,976,533	1,968,971	1,931,999	2,027,205	1,749,392	1,792,039	1,787,803	1,671,230	1,333,443	1,405,129
Pupil Transportation	1,547,000	1,414,888	1,317,482	1,194,175	1,144,946	1,045,345	1,083,192	1,124,090	1,089,771	1,061,786
Central	60,978	61,421	69,747	81,792	87,567	83,067	95,456	91,304	81,807	74,143
Operation of Non-										
Instructional Services	123,207	128,499	74,921	79,122	2,276	-	-	-	-	-
Extracurricular Activities	454,987	441,465	485,055	470,181	385,882	385,590	344,640	330,720	334,807	298,470
Refund of Prior Year Receipts	234	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	595	-	3,988	32,181
Other Financing Uses	7,308	8,709	107,795	-	60,000	50,000	32,000	121,753	450	2,856
Total	\$ <u>20,383,573</u>	\$ <u>17,450,251</u>	\$ <u>18,404,284</u>	\$ <u>18,080,199</u>	\$ <u>15,921,072</u>	\$ <u>15,063,888</u>	\$ <u>14,928,331</u>	\$ <u>14,675,751</u>	\$ <u>13,770,250</u>	\$ <u>13,046,411</u>

Source: School District Financial Records

(1) 1998 through 2004 reported on a modified accrual basis; all others on cash basis.

West Geauga Local School District

General Fund Revenues by Source and Other Financing Sources

Last Ten Fiscal Years

Table 3

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Taxes	\$ 12,340,134	\$ 10,834,102	\$ 11,325,245	\$ 12,053,199	\$ 11,127,567	\$ 9,670,179	\$ 8,741,318	\$ 8,483,864	\$ 8,060,355	\$ 7,921,001
Intergovernmental	6,007,043	5,749,535	5,228,692	5,069,627	5,044,433	4,685,116	4,230,582	4,008,111	3,903,496	4,029,006
Tuition	-	-	21,133	25,955	30,146	28,799	8,875	13,548	81,539	56,635
Interest	40,267	55,235	113,627	314,055	221,137	213,613	231,955	278,706	270,033	214,926
Contributions and Donations	-	-	-	-	-	289	-	-	-	-
Charges for Services	-	-	-	24,851	16,812	14,723	-	-	-	-
Rentals	-	-	-	16,480	11,916	22,228	-	-	-	-
Miscellaneous	73,105	158,038	40,373	27,042	21,717	33,170	163,541	46,121	57,088	106,539
Other Financing Sources	<u>2,333,000</u>	<u>182,880</u>	<u>50,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,311,245</u>	<u>1,491,068</u>	<u>1,349,611</u>	<u>1,293,387</u>
Total	\$ <u>20,793,549</u>	\$ <u>16,979,790</u>	\$ <u>16,779,397</u>	\$ <u>17,531,209</u>	\$ <u>16,473,728</u>	\$ <u>14,668,117</u>	\$ <u>14,687,516</u>	\$ <u>14,321,418</u>	\$ <u>13,722,122</u>	\$ <u>13,621,494</u>

Source: School District Financial Records

(1) 1998 through 2004 reported on a modified accrual basis; all others on cash basis.

West Gauga Local School District

Property Tax Levies And Collections – Real and Tangible Personal Property⁽¹⁾

Last Ten Years

Table 4

<u>Year⁽²⁾</u>	<u>Current Levy</u>	<u>Delinquent Levy⁽³⁾</u>	<u>Total Levy</u>	<u>Current Collection</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection as a Percent of Current Levy</u>
2003	\$ 16,700,725	\$ 514,487	\$ 17,215,212	\$ 16,262,840	97.37%	\$ 293,960	\$ 16,556,800	99.13%
2002	15,769,050	484,802	16,253,852	15,477,378	98.17%	295,452	15,774,830	100.04%
2001	15,776,428	518,965	16,295,393	15,535,593	98.35%	267,483	15,803,076	100.04%
2000	16,877,420	481,787	17,359,207	16,565,053	98.15%	271,805	16,836,858	99.76%
1999	13,375,368	410,467	13,785,835	13,159,668	98.39%	203,549	13,363,217	99.91%
1998	12,860,499	447,441	13,307,940	12,684,228	98.63%	248,945	12,933,173	100.57%
1997	12,867,917	472,056	13,339,973	12,658,026	98.37%	251,248	12,909,274	100.32%
1996	12,038,930	431,117	12,470,047	11,828,361	98.25%	203,844	12,032,205	99.94%
1995	11,824,968	394,482	12,219,450	11,601,131	98.11%	205,869	11,807,000	99.85%
1994	10,158,131	351,000	10,509,131	9,946,721	97.92%	181,735	10,128,456	99.71%

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2004 information cannot be presented because all collections have not been made by June 30.
- (3) 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.

West Geauga Local School District

Assessed and Estimated Actual Value of Taxable Property

Last Ten Years

Table 5

<u>Year</u>	<u>Real Property</u>		<u>Public Utility Property</u>		<u>Tangible Personal Property</u>		<u>Total</u>		<u>Ratio</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value⁽¹⁾</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
2004	\$ 566,927,270	\$ 1,619,792,200	\$ 17,311,410	\$ 19,672,057	\$ 8,610,270	\$ 34,441,080	\$ 592,848,950	\$ 1,673,905,337	35.41%
2003	558,995,410	1,597,129,742	17,196,620	19,541,613	8,511,190	34,044,760	584,703,220	1,650,716,115	35.42%
2002	507,603,620	1,450,296,057	18,999,890	21,590,784	8,432,440	33,729,760	535,035,950	1,505,616,601	35.54%
2001	501,425,900	1,432,645,429	22,866,870	25,985,080	7,559,400	30,237,600	531,852,170	1,488,868,109	35.72%
2000	494,080,470	1,411,658,486	23,719,970	26,954,511	7,462,270	28,849,080	525,262,710	1,468,462,077	35.77%
1999	420,639,630	1,201,827,514	25,496,420	28,973,205	7,777,070	31,108,280	453,913,120	1,261,908,999	35.97%
1998	415,476,820	1,187,076,629	25,762,260	29,275,295	6,851,410	27,405,640	448,090,490	1,243,757,564	36.03%
1997	411,336,370	1,175,246,771	29,080,100	33,045,568	6,480,170	25,920,680	446,896,640	1,234,213,019	36.21%
1996	374,795,820	1,070,845,200	30,290,840	34,421,409	6,604,320	26,417,280	411,690,980	1,131,683,889	36.38%
1995	369,723,390	1,056,352,543	28,800,100	32,727,386	7,115,248	28,460,992	405,638,738	1,117,540,921	36.30%

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

- (1) 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.

West Geauga Local School District

Property Tax Rates – Direct and Overlapping Governments

Last Ten Years

Table 6

<u>Year</u>	<u>School Levy</u>	<u>Recreation District</u>	<u>Russell Township</u>	<u>Library</u>	<u>County Levy</u>	<u>Total Levy</u>	<u>Debt Service Included in Total Levy</u>		
							<u>School</u>	<u>County</u>	<u>Total</u>
2004	\$ 53.45	\$ 0.20	\$ 21.09	\$ 1.00	\$ 15.10	\$ 90.84	\$ 3.55	\$ 0.30	\$ 3.85
2003	50.00	0.20	21.09	1.00	14.60	86.89	3.55	0.30	3.85
2002	50.77	0.20	21.09	1.00	14.40	87.46	4.05	0.30	4.35
2001	50.77	0.20	20.15	1.00	13.40	85.52	4.05	0.30	4.35
2000	53.24	0.20	20.15	1.00	12.65	87.24	4.05	0.30	4.35
1999	50.30	0.20	20.15	1.00	12.45	84.10	4.05	0.30	4.35
1998	50.30	0.20	20.15	1.00	12.45	84.10	4.05	0.30	4.35
1997	50.30	0.20	20.15	1.00	12.45	84.10	4.05	0.30	4.35
1996	50.65	0.20	19.95	1.00	12.85	84.65	4.05	0.30	4.35
1995	50.65	0.20	19.95	1.00	10.85	82.65	4.05	0.30	4.35

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

West Geauga Local School District

Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capital

Last Ten Years

Table 7

<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>
2004	\$ 13,651,053	\$ 592,848,950	16,841	2.30%	\$ 810.58
2003	14,240,902	584,703,220	16,841	2.43%	845.60
2002	15,511,014	535,035,950	16,841	2.90%	921.03
2001	16,686,029	531,852,170	16,841	3.14%	990.80
2000	17,873,065	525,262,710	16,841	3.40%	1,061.28
1999	19,315,369	453,913,120	17,612	4.26%	1,096.69
1998	20,020,200	448,090,490	17,438	4.47%	1,148.08
1997	21,204,462	446,896,640	17,273	4.74%	1,227.61
1996	21,798,702	411,690,980	17,012	5.29%	1,281.37
1995	22,242,910	405,638,738	16,693	5.48%	1,332.47

Sources: (1) School District Records
 (2) Geauga County Auditor
 (3) U.S. Census Data

West Geauga Local School District

Computation of Legal Debt Margin

June 30, 2004

Table 8

Assessed Valuation	\$ <u>592,848,950</u>
Debt Limit – 9% of Assessed Value	\$ 53,356,405
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	14,365,000
Energy Conservation Bonds	80,000
Less: Amount Available in Debt Service Fund	<u>(793,947)</u>
Total	13,651,053
Exemptions:	
Energy Conservation Bonds	<u>80,000</u>
Amount of Debt Subject to the Limit	<u>13,571,053</u>
Overall Debt Margin	\$ <u>39,785,352</u>
Debt Limit – .10% of Assessed Value ⁽¹⁾	\$ 592,849
Amount of Debt Applicable	<u>-</u>
Unvoted Debt Margin	\$ <u>592,849</u>
Additional Limit for Unvoted Energy Conservation Bonds:	
Debt Limit – .9% of Assessed Valuation	\$ 5,335,640
Energy Conservation Bonds	<u>80,000</u>
Additional Unvoted Debt Margin	\$ <u>5,255,640</u>

Source: Geauga County Auditor and School District Financial Records

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

West Geauga Local School District

Computation of Direct and Overlapping General Obligation Bonded Debt

June 30, 2004

Table 9

<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>
Direct:			
West Geauga Local School District	\$ <u>26,510,000</u>	100.00%	\$ <u>26,510,000</u>
Overlapping:			
Geauga County	<u>7,416,552</u>	21.99%	<u>1,630,900</u>
Total	\$ <u><u>33,926,552</u></u>		\$ <u><u>28,140,900</u></u>

Source: Geauga 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 2002 collection year.

West Geauga Local School District

Ratio of Annual Debt Service Expenditures For General Obligation Bonded Debt to General Fund Expenditures

Last Ten Fiscal Years

Table 10

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures(1)</u>	<u>General Fund Expenditures (Percentage)</u>
2004	\$ 1,215,000	\$ 2,384,484	\$ 3,599,484	\$ 20,383,573	17.66%
2003	1,100,000	962,491	2,062,491	19,307,154	10.68%
2002 ⁽²⁾	540,000	1,007,329	1,547,329	18,404,284	8.41%
2001 ⁽²⁾	1,305,000	1,162,207	2,467,207	18,080,199	13.65%
2000 ⁽²⁾	1,065,000	1,122,504	2,187,504	15,921,072	13.74%
1999 ⁽²⁾	935,000	1,192,343	2,127,343	15,063,888	14.12%
1998 ⁽²⁾	815,000	1,216,442	2,031,442	14,928,331	13.61%
1997	630,000	1,251,168	1,881,168	14,675,751	12.82%
1996	260,000	1,272,614	1,532,614	13,770,250	11.13%
1995	75,000	84,828	159,828	13,046,411	1.23%

Source: School District Financial Records

- (1) Includes other financing uses
- (2) 1998 through 2004 on a modified accrual basis

West Geauga Local School District

Demographic Statistics

Last Ten Fiscal Years

Table 11

<u>Year</u>	<u>Geauga County Population¹</u>	<u>West Geauga LSD Area Population²</u>	<u>School Enrollment³</u>	<u>Geauga County Unemployment Rate⁴</u>
2004	93,941	16,841	2,530	3.70%
2003	92,980	16,841	2,650	3.70%
2002	92,180	16,841	2,552	3.60%
2001	90,895	16,841	2,523	2.70%
2000	89,598	16,841	2,423	2.80%
1999	87,913	17,612	2,377	3.00%
1998	86,054	17,438	2,422	3.50%
1997	86,054	17,273	2,456	3.60%
1996	84,260	17,012	2,344	3.80%
1995	83,400	16,693	2,278	3.80%

Sources:

¹ Estimated Figure from U.S. Census Bureau

² U.S. Census data.

³ School District Records

⁴ Ohio Bureau of Employment Services, as of November 2004

West Geauga Local School District

Property Value, Financial Institution Deposits and Building Permits

Last Ten Calendar Years

Table 12

<u>Year</u>	<u>Property Value (Real Estate Only)</u> ⁽¹⁾	<u>Financial Institution Deposits Banks</u>	<u>Geauga County Permits Issued</u>	<u>Chester Township Permits Issued</u>	<u>Russell Township Permits Issued</u>	<u>Munson Township Permits Issued</u>
2004	\$ 592,848,950	\$ 286,335,000	\$ 150,229,559	\$ 8,094,855	\$ 7,222,184	\$ 10,577,500
2003	558,995,410	262,437,000	175,906,232	7,805,893	8,332,156	13,645,498
2002	507,603,620	253,635,000	212,264,882	8,437,078	10,744,519	11,264,100
2001	494,080,470	222,518,000	199,824,566	5,685,804	25,307,900	14,800,417
2000	420,639,630	249,478,000	65,015,002	9,256,802	11,340,731	5,079,955
1999	415,476,820	254,641,000	47,503,140	9,179,227	11,053,412	3,387,691
1998	411,336,370	222,203,000	38,142,850	7,767,521	11,570,127	-
1997	374,795,820	212,614,000	41,162,110	9,743,742	15,544,927	580,000
1996	369,723,390	194,409,000	35,438,050	17,977,166	6,691,679	180,000
1995	361,355,520	188,020,000	28,009,880	8,460,261	11,380,801	-

Sources: Federal Reserve Bank of Cleveland.
 Geauga County Auditor, Building Department reports

⁽¹⁾ Represents assessed value

West Geauga Local School District

Principal Taxpayers: Real Estate Tax

As of December 31, 2004

Table 13

<u>Name of Taxpayer</u>	<u>Assessed Value¹</u>	<u>Percent of Total Assessed Value</u>
Petronzio Management	\$ 1,619,600	0.28%
Consolidated Investment	1,532,360	0.27%
West Geauga Plaza	1,383,450	0.24%
TGUJ Ltd.	1,312,320	0.23%
Lucia S. Nash	1,291,510	0.22%
Gary Waxman	904,540	0.15%
Christopher H. Muzzin	892,500	0.15%
Angelo and Anna Cianci	835,110	0.14%
Robert J. Vadas	831,260	0.14%
John R. Fairfield	775,190	0.13%
Total	\$ <u>11,377,840</u>	<u>1.95%</u>

Source: Geauga County Auditor

¹ Assessed values are for the 2004 collection year

West Geauga Local School District

Principal Taxpayers: Tangible Personal Property Tax

As of December 31, 2004

Table 14

<u>Name of Taxpayer</u>	<u>Assessed Value¹</u>	<u>Percent of Total Assessed Value</u>
Channel Products, Inc.	\$ 461,400	5.35%
Truline Industries, Inc.	430,450	4.99%
Parnanos LP	385,030	4.47%
Discount Drug Mart, Inc.	307,220	3.56%
Admar Distributing Company, Inc.	212,350	2.46%
General Bookbinding Company	175,050	2.03%
Revco Discount Drug Center, Inc.	161,690	1.87%
OCI Leasing, Inc.	152,490	1.77%
Bloom Brother Supply, Inc.	140,670	1.63%
Rite Aid of Ohio, Inc.	125,330	1.45%
Total	\$ <u>2,551,680</u>	<u>29.58%</u>

Source: Geauga County Auditor

¹ Assessed values are for the 2004 collection year

West Geauga Local School District

Principal Taxpayers: Public Utilities Tax

As of December 31, 2004

Table 15

<u>Name of Taxpayer</u>	<u>Assessed Value¹</u>	<u>Percent of Total Assessed Value</u>
Cleveland Electric Illuminating Company	\$ 10,724,670	61.95%
American Transmission	2,493,310	14.40%
Ohio Bell Telephone	2,072,290	11.97%
Western Reserve Telephone Company	982,520	5.67%
Dominion East Ohio Gas Company	<u>739,610</u>	<u>4.27%</u>
Total	\$ <u><u>17,012,400</u></u>	<u><u>98.26%</u></u>

Source: Geauga County Auditor

¹ Assessed values are for the 2004 collection year

West Geauga Local School District

Per Pupil Cost

Last Ten Fiscal Years

Table 16

<u>Year</u>	<u>General Fund Expenditures¹</u>	<u>Average Daily Student Enrollment</u>	<u>Per Pupil Cost</u>
2004	\$ 20,383,573	2,530	\$ 8,057
2003	19,307,154	2,650	7,286
2002	18,404,284	2,552	7,212
2001	18,080,199	2,523	7,166
2000	15,921,072	2,423	6,571
1999	15,063,888	2,377	6,337
1998	14,928,331	2,422	6,164
1997	14,675,751	2,456	5,975
1996	13,770,250	2,344	5,875
1995	13,046,411	2,278	5,727

Source: School District Financial Records

¹ Includes Other Financing Uses

West Geauga Local School District

Teacher Education and Experience

June 30, 2004

Table 17

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	17	10%
150 Hours	12	7%
Bachelor + 18	17	10%
Master's Degree	49	29%
Master + 15	37	22%
Master + 30	16	10%
Master + 54	10	6%
National Board Certified	<u>9</u>	<u>6%</u>
Total	<u>167</u>	<u>100%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 – 5	42	25%
6 – 10	61	37%
11 and Over	<u>64</u>	<u>38%</u>
Total	<u>167</u>	<u>100%</u>

Source: School District Personnel Records

**West Geauga Local School District
Gauga County, Ohio**

Single Audit Reports

June 30, 2004

West Geauga Local School District

For The Year Ended June 30, 2004

Table of Contents

<u>TITLE</u>	<u>PAGE</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3-4
Schedule of Expenditures of Federal Awards	5
Notes to the Schedule of Expenditures of Federal Awards	6
Schedule of Findings OMB Circular A-133 Section .505	7-8
Schedule of Prior Audit Findings OMB Circular A-133 Section .315(b).....	9
Response to Findings Associated with Audit Conducted in Accordance with <i>Government Auditing Standards</i> for the Year Ended June 30, 2004	10

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

Board of Education
West Geauga Local School District
Chesterland, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Geauga Local School District (the "District") as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 24, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the West Geauga Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated January 24, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Geauga Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2004-1 through 2004-3.

Board of Education
West Geauga Local School District

This report is intended solely for the information and use of the Board of Education, Audit Committee, Auditor of State's Office, Management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cini & Parichi, Inc.

Cleveland, Ohio
January 24, 2005

**Report on Compliance with Requirements Applicable to
Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133**

Board of Education
West Geauga Local School District
Chesterland, Ohio

Compliance

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

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

In our opinion, the West Geauga Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

Board of Education
West Geauga Local School District

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Geauga Local School District as of and for the year ended June 30, 2004, and have issued our report thereon dated January 24, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the West Geauga Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the West Geauga Local School District's Board of Education, Audit Committee, Management, Auditor of State's Office, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cini & Panichi, Inc.

Cleveland, Ohio
January 24, 2005

West Geauga Local School District

Schedule of Expenditures of Federal Awards

For The Year Ended June 30, 2004

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Non-cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture:						
Passed-Through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution	10.550	N/A	\$ -	\$ 16,807	\$ -	\$ 16,807
School Lunch Program	10.555	LL-P4-03	9,508	-	9,508	-
	10.555	LL-P4-04	24,499	-	24,499	-
Subtotal National School Lunch Program			34,007	-	34,007	-
Total U.S. Department of Agriculture – Nutrition Cluster			34,007	16,807	34,007	16,807
U.S. Department of Education:						
Passed-Through Ohio Department of Education:						
Grants to Local Educational Agencies						
Title I	84.010	C1-S1-03	-	-	2,628	-
Title I	84.010	C1-S1-04	51,782	-	50,979	-
Total Title I			51,782	-	53,608	-
Title VI-B	84.027	6B-SF-02P	10,000	-	21,701	-
IDEA Part B	84.027	6B-SF-03P	334,664	-	324,756	-
Total VI-B			344,664	-	346,457	-
Drug-Free Schools Grant	84.186	DR-S1-2003	3,295	-	6,892	-
Drug-Free Schools Grant	84.186	DR-S1-2004	8,072	-	3,335	-
Total Drug-Free Schools Grant			11,368	-	10,227	-
Innovative Education Program Strategy	84.298	C2-S1-2003	-	-	10,282	-
Innovative Education Program Strategy	84.298	C2-S1-2004	17,663	-	17,663	-
Total Innovative Education Program Strategy			17,663	-	27,945	-
Title II-D	84.318	TJ-S1-2003	-	-	293	-
Title II-D	84.318	TJ-S1-2004	2,972	-	1,971	-
Total Title II-D			2,972	-	2,264	-
Title II-A	84.367	TR-S1-2003	12,432	-	16,591	-
Title II-A	84.367	TR-S1-2004	52,578	-	48,820	-
Total Title II-A			65,010	-	65,412	-
Total U.S. Department of Education			493,459	-	505,913	-
Total Expenditures of Federal Awards			\$ 527,466	\$ 16,807	\$ 539,920	\$ 16,807

The accompanying notes are an integral part of this schedule

West Geauga Local School District

Notes To The Schedule of Expenditures of Federal Awards

For The Year Ended June 30, 2004

Note 1: Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Non-Cash Support

The District receives non-cash support in the form of food subsidies from the National School Lunch Program ("NSLP"), CFDA 10.550. The value of the food subsidies is determined by using the fair market value of the food items as quoted by local food suppliers.

CFDA – Catalog of Federal Domestic Assistance

West Geauga Local School District

Schedule of Findings
OMB Circular A-133 Section .505

June 30, 2004

1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .501?	No
(d)(I)(vii)	Major Programs	Title VI - B CFDA No. 84.027
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A:>\$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

West Geauga Local School District

Schedule of Findings (Continued)
OMB Circular A-133 Section .505

June 30, 2004

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

2004-1	Per ORC Section 5705.41(C), no subdivision is to expend money except by a proper warrant drawn against an appropriate fund. During our testing of expenditures, Ciuni & Panichi, Inc. noted instances where the District expended monies out of the General Fund and made adjustments, at year-end, to correctly classify the expenditures out of the appropriate fund.																																													
2004-2	<p>Per ORC Section 5705.39, total appropriation from each fund shall not exceed the total estimated revenue. The following funds had original and final appropriations plus encumbrances in excess of estimated resources plus carryover balances:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 20%;"><u>Original</u></th> <th style="text-align: right; width: 20%;"><u>Final</u></th> </tr> </thead> <tbody> <tr> <td>General Fund</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ 1,740,109</td> </tr> <tr> <td>Debt Service Fund</td> <td style="text-align: right;">-</td> <td style="text-align: right;">985,864</td> </tr> <tr> <td>Rotary Special Revenue Fund</td> <td style="text-align: right;">63,479</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Other Grants Special Revenue Fund</td> <td style="text-align: right;">3,265</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Education Foundation Special Revenue Fund</td> <td style="text-align: right;">8,187</td> <td style="text-align: right;">-</td> </tr> <tr> <td>District Managed Activities Special Revenue Fund</td> <td style="text-align: right;">10,597</td> <td style="text-align: right;">43,062</td> </tr> <tr> <td>Title VI Special Revenue Fund</td> <td style="text-align: right;">17,215</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Drug Free School Special Revenue Fund</td> <td style="text-align: right;">-</td> <td style="text-align: right;">1,373</td> </tr> <tr> <td>Classroom Reduction Special Revenue Fund</td> <td style="text-align: right;">8,991</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Miscellaneous Federal Grant Special Revenue Fund</td> <td style="text-align: right;">472</td> <td style="text-align: right;">1,055</td> </tr> <tr> <td>Building Capital Projects Fund</td> <td style="text-align: right;">-</td> <td style="text-align: right;">96,000</td> </tr> <tr> <td>Schoolnet Plus Capital Projects Fund</td> <td style="text-align: right;">37,356</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Uniform School Supplies Enterprise Fund</td> <td style="text-align: right;">44,349</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Self Insurance Internal Service Fund</td> <td style="text-align: right;">31,999</td> <td style="text-align: right;">7,882</td> </tr> </tbody> </table>		<u>Original</u>	<u>Final</u>	General Fund	\$ -	\$ 1,740,109	Debt Service Fund	-	985,864	Rotary Special Revenue Fund	63,479	-	Other Grants Special Revenue Fund	3,265	-	Education Foundation Special Revenue Fund	8,187	-	District Managed Activities Special Revenue Fund	10,597	43,062	Title VI Special Revenue Fund	17,215	-	Drug Free School Special Revenue Fund	-	1,373	Classroom Reduction Special Revenue Fund	8,991	-	Miscellaneous Federal Grant Special Revenue Fund	472	1,055	Building Capital Projects Fund	-	96,000	Schoolnet Plus Capital Projects Fund	37,356	-	Uniform School Supplies Enterprise Fund	44,349	-	Self Insurance Internal Service Fund	31,999	7,882
	<u>Original</u>	<u>Final</u>																																												
General Fund	\$ -	\$ 1,740,109																																												
Debt Service Fund	-	985,864																																												
Rotary Special Revenue Fund	63,479	-																																												
Other Grants Special Revenue Fund	3,265	-																																												
Education Foundation Special Revenue Fund	8,187	-																																												
District Managed Activities Special Revenue Fund	10,597	43,062																																												
Title VI Special Revenue Fund	17,215	-																																												
Drug Free School Special Revenue Fund	-	1,373																																												
Classroom Reduction Special Revenue Fund	8,991	-																																												
Miscellaneous Federal Grant Special Revenue Fund	472	1,055																																												
Building Capital Projects Fund	-	96,000																																												
Schoolnet Plus Capital Projects Fund	37,356	-																																												
Uniform School Supplies Enterprise Fund	44,349	-																																												
Self Insurance Internal Service Fund	31,999	7,882																																												
2004-3	Per ORC Section 5705.41 (B), no subdivision or taxing unit is to expend money unless it has been appropriated. The Rotary Special Revenue Fund and the Self Insurance Internal Service Fund had expenditures plus encumbrances in excess of final appropriations in the amounts of \$5,250 and \$47,371, respectively.																																													

3. FINDINGS FOR FEDERAL AWARDS

There were no findings for federal awards to report in 2004.

West Geauga Local School District

Schedule of Prior Audit Findings OMB Circular A-133 Section .315(b)

June 30, 2004

Finding No.	Finding Summary	Fully Corrected	Explanation
2003-1	Per ORC Section 5705.41(C), no subdivision is to expend money except by a proper warrant drawn against an appropriate fund. During our testing of expenditures, Ciuni & Panichi, Inc. noted instances where the District expended monies out of the General Fund and made adjustments, at year-end, to correctly classify the expenditures out of the appropriate fund.	NO	Lisa Colling, Treasurer, as of July 1, 2004, is properly classifying expenditures for fiscal year 2005.
2003-2	Per ORC Section 5705.39, total appropriation from each fund should not exceed the total estimated revenue. The general fund had appropriations plus encumbrances exceed the estimated resources plus carryover balances in the amount of \$333,934.	NO	See schedule of findings.

West Geauga Local School District
 8615 Cedar Road
 Chesterland, Ohio 44026
 (440) 729 -6815

**Response To Findings Associated With Audit Conducted
 In Accordance With *Government Auditing Standards*
 For The Year Ended June 30, 2004**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2004-1	Lisa Colling, Treasurer, is properly classifying expenditures for fiscal year 2005.	Fiscal year 2005	Lisa Colling, Treasurer
2004-2	Lisa Colling, Treasurer, is implementing new budget monitoring procedures for fiscal year 2005.	Fiscal year 2005	Lisa Colling, Treasurer
2004-3	Lisa Colling, Treasurer, is implementing new budget monitoring procedures for fiscal year 2005.	Fiscal year 2005	Lisa Colling, Treasurer



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**WEST GEAUGA LOCAL SCHOOL DISTRICT
GEAUGA 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
APRIL 5, 2005**