

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT**

CUYAHOGA COUNTY

**SINGLE AUDIT**

JULY 1, 2004 THROUGH JUNE 30, 2005

PREPARED BY: REA & ASSOCIATES, INC.





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Cuyahoga Heights Local School District  
4820 East 71<sup>st</sup> Street  
Cuyahoga Heights, Ohio 44125

We have reviewed the *Independent Auditor's Report* of the Cuyahoga Heights Local School District, Cuyahoga County, prepared by Rea & Associates, Inc. for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY  
Auditor of State

March 16, 2006

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December 7, 2005

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cuyahoga Heights Local School District as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 7, 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 Cuyahoga Heights Local School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Cuyahoga Heights Local School District in a separate letter dated December 7, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cuyahoga Heights Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Cuyahoga Heights Local School District in a separate letter dated December 7, 2005.

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

*Hea & Associates, Inc.*

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

OF THE

CUYAHOGA HEIGHTS, OHIO

LOCAL SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2005

PREPARED BY

TREASURER'S DEPARTMENT

CYNTHIA STRICKLAND, RSBFO, TREASURER

4820 E. 71<sup>ST</sup> ST., CUYAHOGA HEIGHTS, OHIO, 44125



Cuyahoga Heights Schools

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Since 1938

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# INTRODUCTORY SECTION

Cuyahoga Heights Schools

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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Cuyahoga Heights Schools

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# CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

4820 East 71<sup>st</sup> Street  
Cuyahoga Heights, Ohio, 44125

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December 31, 2005

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

We are pleased to submit to you the Cuyahoga Heights Local School District's (the "District") sixth Comprehensive Annual Financial Report (CAFR). This report provides full disclosure of the financial operation of the District for the fiscal year ended June 30, 2005. This report, which includes an opinion from the Independent Public Accounting firm that performed the District's audit, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the taxpayers of the District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be made available to the Chamber of Commerce, major taxpayers, the Cleveland Public Library, Cuyahoga County Colleges and Universities, financial rating services, and other interested parties.

The CAFR is presented in three sections:

1. The Introductory Section, which is unaudited, includes a table of contents, this letter of transmittal (which is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it), a list of principal officials, an organizational chart, the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the CAFR for the fiscal year ended June 30, 2004, and the Certificate of Excellence in Financial Reporting from the Association of School Business Officials for the CAFR for the fiscal year ended June 30, 2004.
2. The Financial Section, which includes the Independent Auditor's Report, management's discussion and analysis, the basic financial statements, the notes to the basic financial statements, the combining statements, and the individual fund schedules.
3. The Statistical Section, which is unaudited, includes statistical tables which reflect financial and demographic information, financial trends, and the fiscal capacity of the District.

## **SCHOOL DISTRICT ORGANIZATION**

The Cuyahoga Heights Local School District is one of 614 public school districts in the State of Ohio and one of 42 school districts in Cuyahoga County. It provides education to approximately 866 students in grades K-12. A half-day class for pre-school children is also provided. The District is located in Cuyahoga County in northeastern Ohio, approximately five miles south of the downtown area of the City of Cleveland. The District's territory encompasses all the territory of the Villages of Cuyahoga Heights, Brooklyn Heights, and Valley View. The District was formed in 1938 and the first graduating class of the District was the class of 1939.

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

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

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

## THE REPORTING ENTITY

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

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

## ECONOMIC OUTLOOK

The boundaries of the District limit opportunities for residential property growth. Industrial enterprises represent over 86 percent of the District's tax duplicate. The unemployment rate for Cuyahoga County was 5.9 percent for calendar year 2004. The unemployment rates during the same time period for the State of Ohio and the United States were 6.1 percent and 5.5 percent, respectively.

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

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

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

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

As of the date of this report, the District is unable to determine what effect, if any, this ongoing litigation will have on its financial operations and on its future State funding under this program. See Note 14 of the notes to the basic financial statements for further detail on the State school funding decision.

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

Birmingham Steel and Wire [a.k.a. American Steel and Wire] was sold to Charter Steel and they began limited production in June, 2002. Charter Steel entered into a PILOT program with the District [approximately \$175,000, annually] when an abatement was granted by Cuyahoga Heights Village.

## **MAJOR INITIATIVES**

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

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

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

1. To infuse technology in all areas of learning (K-12).
2. To raise expectations and achievement levels in all children.
3. To develop stronger communication between students, parents, and teachers in all personal and academic matters.
4. To develop a "blueprint of success" for all children.
5. To emphasize and incorporate basic skills through problem-solving and decision making.
6. To encourage more parent involvement in all phases of their child's development.
7. To assess or audit the curriculum more frequently.

## **A TOTAL QUALITY SCHOOL**

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

## **PROFESSIONAL DEVELOPMENT**

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

## **GUIDANCE PROGRAM**

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

## **CURRICULUM AND INSTRUCTION**

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

### **PRE-KINDERGARTEN PROGRAM**

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

### **KINDERGARTEN THROUGH GRADE FIVE**

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

### **TECHNOLOGY**

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

## STUDENT ASSESSMENT

Student assessment is an ongoing process that occurs continually in the classroom. Standardized testing is just one form of assessment used by our staff to help children meet their fullest potential. The most familiar example of standardized tests are the State-mandated Ohio Proficiency Tests. Ohio is one of twenty-two states in the nation to use such tests to measure academic achievement (writing, reading, math, citizenship, and science). Children are given these statewide tests in grades 4, 6, and 10. Passage of the 10<sup>th</sup> grade test is required for graduation. Shown below are the results from Proficiency Tests given during the 2004-2005 school year:

Percent of Students Passing  
2004-2005 State Proficiency Exam

<u>Grade</u>	<u>Reading</u>	<u>Writing</u>	<u>Mathematics</u>	<u>Science</u>	<u>Citizenship</u>
4	81.2	94.2	85.5	82.4	85.3
6	90.5	92.1	79.4	84.1	85.7
10	98.6	98.6	95.7	92.8	95.7

## FINANCIAL INFORMATION

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

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

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year. Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates. All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the object account level within a function for the general fund and at the fund level for all other funds. All purchase order requests must be approved by the Superintendent and certified by the Treasurer before the necessary funds are encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

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

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

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

## **FINANCIAL REPORTING**

For the fiscal year ending June 30, 2005, the District's financial report is in accordance with the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". The basic financial statements for reporting on the District's financial activities are as follows:

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

*Fund financial statements:* These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include 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.

As part of this reporting model, management is responsible for preparing a discussion and analysis of the District. This discussion appears after the Independent Auditor's Report in the financial section of this report. The management's discussion and analysis provides an assessment of the District's finances for fiscal year 2005.

## **USE OF THIS REPORT**

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

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

## **INDEPENDENT AUDIT**

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

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

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cuyahoga Heights Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and all applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR will again meet the Certificate of Achievement program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) has awarded a Certificate of Excellence in Financial Reporting to the Cuyahoga Heights Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. The award is granted only after an extensive review of the report by an expert panel of Certified Public Accountants and practicing school business officials. We believe that our current CAFR will again meet the Certificate of Excellence program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

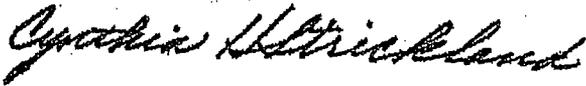
## ACKNOWLEDGMENTS

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

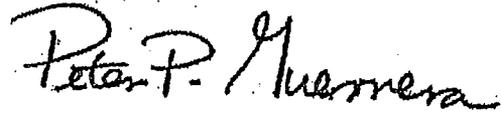
Special appreciation is expressed to Mr. Alexander J. Fait, of Julian & Grube, Inc., who compiled this report, and to Mr. Brian Huff, of Rea & Associates, Inc., who audited this report.

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

Respectfully,



Cynthia H. Strickland, RSBFO  
Treasurer



Peter P. Guerrero  
Superintendent

**CUYAHOGA HEIGHTS  
LOCAL SCHOOL DISTRICT**

**LIST OF PRINCIPAL OFFICIALS**

**JUNE 30, 2005**

**BOARD OF EDUCATION**

Dr. Stephen Kenzig.....President  
Mr. Reno Contipelli.....Vice-President  
Mr. Ronald Krzynowek.....Member  
Mr. Kenneth Perk.....Member  
Mr. Tom G. Thacker II.....Member

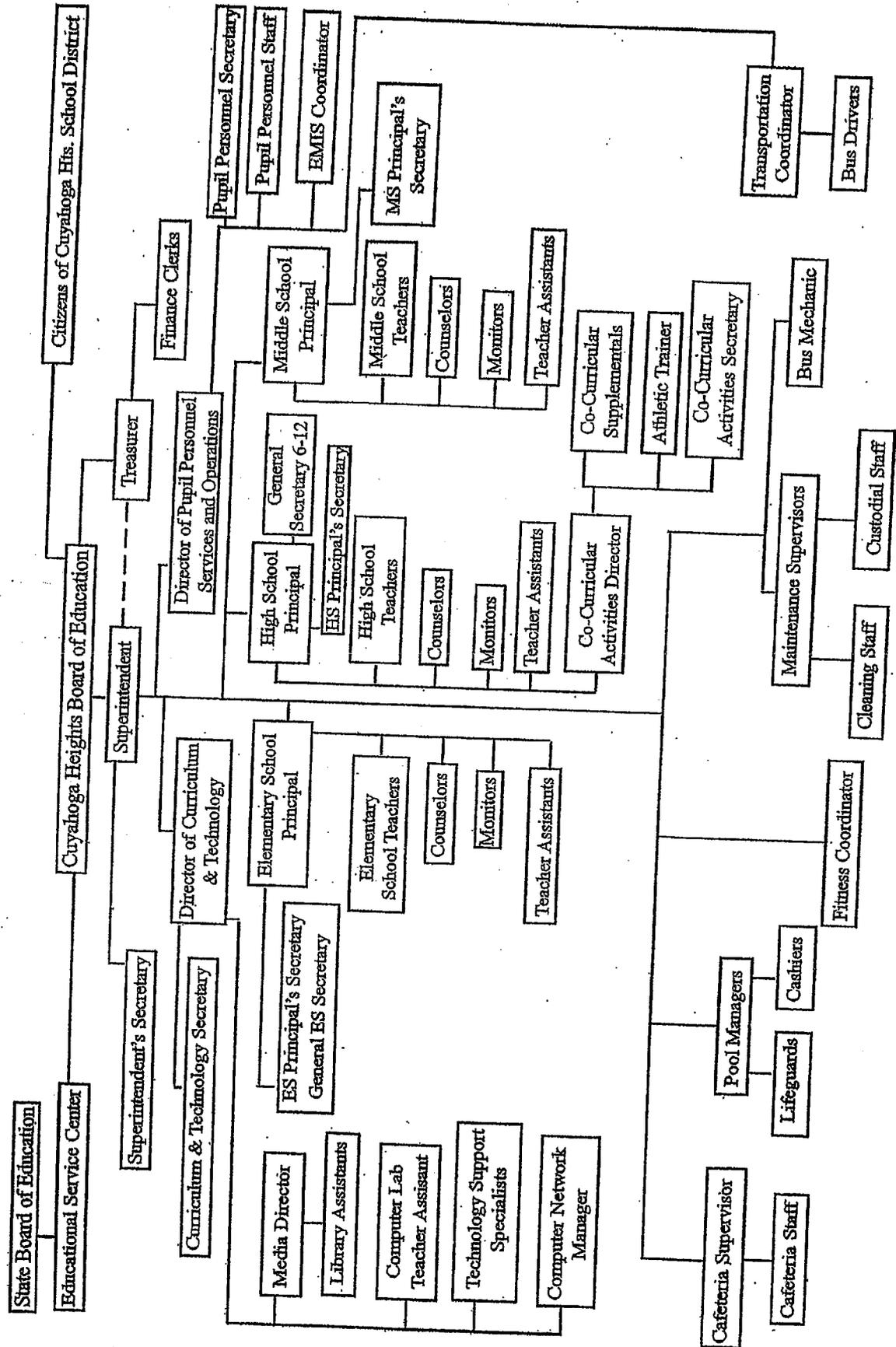
**TREASURER**

Ms. Cynthia H. Strickland, RSBFO

**ADMINISTRATION**

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

# ORGANIZATIONAL CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cuyahoga Heights  
Local School District,  
Ohio

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

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



*Nancy L. Zelle*

President

*Jeffrey R. Emmer*

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

**Cuyahoga Heights, Ohio Local School District**

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

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

President

Executive Director

Cuyahoga Heights Schools

Excellence in Education

Since 1938

A Hall of Fame School

# FINANCIAL SECTION

Cuyahoga Heights Schools

Excellence in Education

Since 1938

A Hall of Fame School

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 7, 2005

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

## INDEPENDENT AUDITOR'S REPORT

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2005 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages F3 through F12 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Hea & Associates, Inc.*

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

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

**Financial Highlights**

Key financial highlights for 2005 are as follows:

- In total, net assets of governmental activities increased \$1,117,094 which represents a 7.41% increase from 2004.
- General revenues accounted for \$15,119,740 in revenue or 95.54% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$705,072 or 4.46% of total revenues of \$15,824,812.
- The District had \$14,707,718 in expenses related to governmental activities; only \$705,072 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$15,119,740 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$14,607,665 in revenues and other financing sources and \$13,226,265 in expenditures and other financing uses. During fiscal 2005, the general fund's fund balance increased \$1,372,580 from \$4,338,961 to \$5,711,541.

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

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

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

**Reporting the District as a Whole**

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

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

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

***Fund Financial Statements***

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

***Governmental Funds***

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

***Proprietary Funds***

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

***Reporting the District's Fiduciary Responsibilities***

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F25-F55 of this report.

**The District as a Whole**

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

The table below provides a summary of the District's net assets for 2005 and 2004.

	<b>Net Assets</b>	
	Governmental Activities 2005	Governmental Activities 2004
<b><u>Assets</u></b>		
Current and other assets	\$ 27,396,313	\$ 27,019,544
Capital assets	<u>5,113,454</u>	<u>5,655,453</u>
Total assets	<u>32,509,767</u>	<u>32,674,997</u>
<b><u>Liabilities</u></b>		
Current liabilities	12,169,917	12,916,070
Long-term liabilities	<u>4,138,434</u>	<u>4,674,605</u>
Total liabilities	<u>16,308,351</u>	<u>17,590,675</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	2,384,038	2,413,155
Restricted	3,268,268	3,410,010
Unrestricted	<u>10,549,110</u>	<u>9,261,157</u>
Total net assets	<u>\$ 16,201,416</u>	<u>\$ 15,084,322</u>

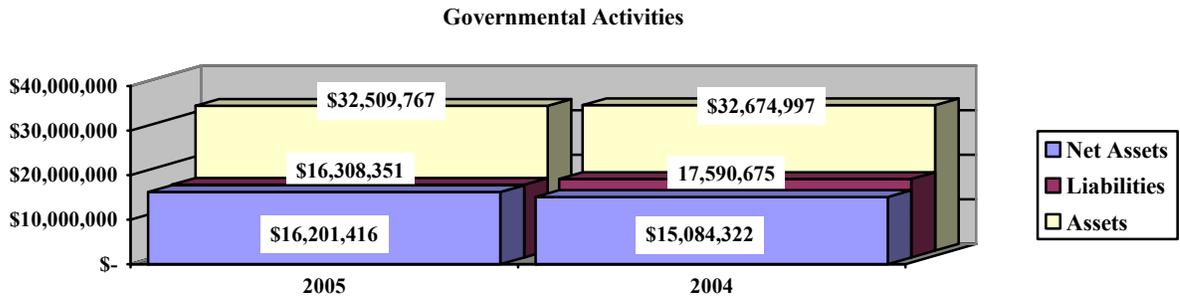
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the District's assets exceeded liabilities by \$16,201,416. At year-end, unrestricted net assets were \$10,549,110.

At year-end, capital assets represented 15.73% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2005, were \$2,384,038. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$3,268,268, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$10,549,110 may be used to meet the District's ongoing obligations to the students and creditors.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED



The table below shows the change in net assets for fiscal year 2005 and 2004.

**Change in Net Assets**

	Governmental Activities 2005	Governmental Activities 2004
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 535,897	\$ 467,379
Operating grants and contributions	160,880	157,218
Capital grants and contributions	8,295	-
General revenues:		
Property taxes	13,118,481	12,572,014
Grants and entitlements	1,695,142	1,693,106
Investment earnings	175,730	99,268
Other	130,387	63,405
Total revenues	<u>15,824,812</u>	<u>15,052,390</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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**Change in Net Assets**

	<u>Governmental Activities 2005</u>	<u>Governmental Activities 2004</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	5,838,255	5,869,465
Special	680,459	687,407
Adult	2	-
Other	252,397	170,213
Support services:		
Pupil	1,061,112	1,187,486
Instructional staff	770,127	794,617
Board of education	49,590	54,524
Administration	1,229,688	1,303,747
Fiscal	550,112	541,022
Business	122,223	137,322
Operations and maintenance	2,021,402	1,944,839
Pupil transportation	751,603	742,184
Central	35,305	44,575
Operations of non-instructional services	166,091	167,100
Extracurricular activities	802,769	888,586
Food service operations	291,518	322,173
Interest and fiscal charges	85,065	241,747
Total expenses	<u>14,707,718</u>	<u>15,097,007</u>
Change in net assets	1,117,094	(44,617)
Net assets at beginning of year	<u>15,084,322</u>	<u>15,128,939</u>
Net assets at end of year	<u>\$ 16,201,416</u>	<u>\$ 15,084,322</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$1,117,094. Total governmental expenses of \$14,707,718 were offset by program revenues of \$705,072 and general revenues of \$15,119,740. Program revenues supported 4.79% of the total governmental expenses.

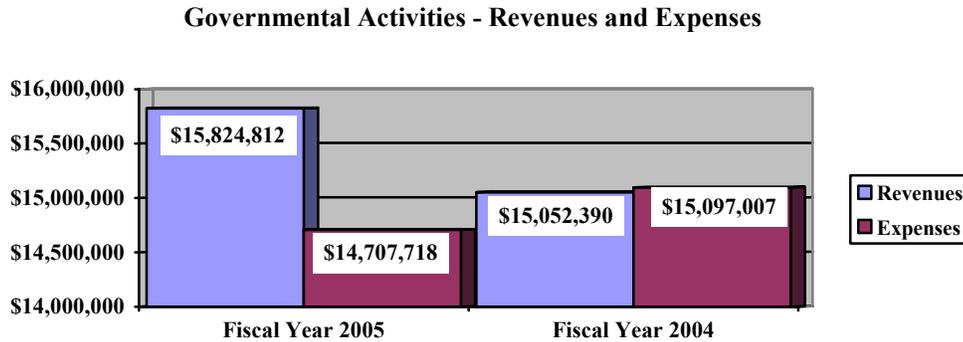
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 93.61% of total governmental revenue. Real estate property is reappraised every six years.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,771,113 or 46.04% of total governmental expenses for fiscal 2005.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The graph below presents the District's governmental activities revenue and expenses for fiscal year 2005 and 2004.



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

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 5,838,255	\$ 5,563,131	\$ 5,869,465	\$ 5,706,378
Special	680,459	638,465	687,407	642,656
Adult	2	2	-	-
Other	252,397	252,397	170,213	169,173
Support services:				
Pupil	1,061,112	1,002,870	1,187,486	1,133,394
Instructional staff	770,127	734,493	794,617	752,601
Board of education	49,590	49,590	54,524	54,524
Administration	1,229,688	1,229,688	1,303,747	1,303,747
Fiscal	550,112	550,112	541,022	541,022
Business	122,223	122,223	137,322	137,322
Operations and maintenance	2,021,402	2,021,402	1,944,839	1,941,712
Pupil transportation	751,603	751,603	742,184	742,184
Central	35,305	21,305	44,575	30,575
Operations of non-instructional services	166,091	166,091	167,100	159,915
Extracurricular activities	802,769	751,644	888,586	807,227
Food service operations	291,518	62,565	322,173	108,233
Interest and fiscal charges	85,065	85,065	241,747	241,747
<b>Total expenses</b>	<u>\$ 14,707,718</u>	<u>\$ 14,002,646</u>	<u>\$ 15,097,007</u>	<u>\$ 14,472,410</u>

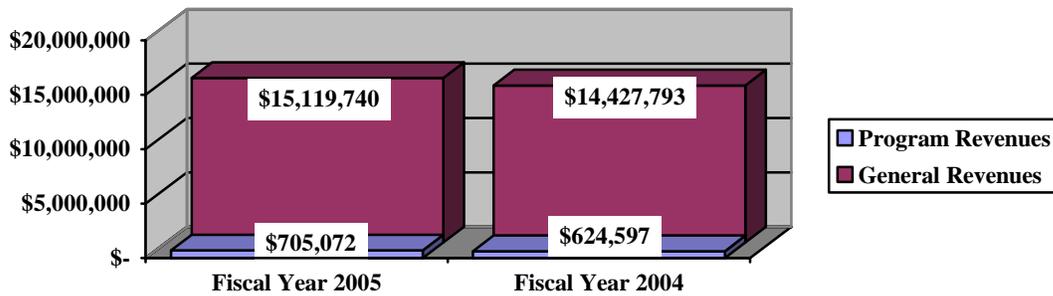
**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The dependence upon tax and other general revenues for governmental activities is apparent, 95.32% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 95.21%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2005 and 2004.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page F15) reported a combined fund balance of \$8,636,664, which is higher than last year's total of \$7,489,131. The June 30, 2004 fund balances have been restated as described in Note 3.A. to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2005 and 2004.

	Fund Balance <u>June 30, 2005</u>	Restated Fund Balance <u>June 30, 2004</u>	Increase <u>(Decrease)</u>
General	\$ 5,711,541	\$ 4,338,961	\$ 1,372,580
Other Governmental	<u>2,925,123</u>	<u>3,150,170</u>	<u>(225,047)</u>
Total	<u>\$ 8,636,664</u>	<u>\$ 7,489,131</u>	<u>\$ 1,147,533</u>

**General Fund**

The District's general fund's fund balance increased by \$1,372,580. The primary reason for this increase is an increase in revenues, specifically tax revenues, in 2005 compared to 2004. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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	2005	Restated 2004	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 12,522,885	\$ 10,088,392	24.13 %
Tuition	245,766	148,643	65.34 %
Earnings on investments	123,189	123,457	(0.22) %
Intergovernmental	1,664,042	1,663,961	0.00 %
Other revenues	<u>51,614</u>	<u>50,090</u>	3.04 %
Total	<u>\$ 14,607,496</u>	<u>\$ 12,074,543</u>	20.98 %
<b><u>Expenditures</u></b>			
Instruction	\$ 6,481,594	\$ 6,041,968	7.28 %
Support services	5,674,173	5,739,928	(1.15) %
Operation of non-instructional services	121,390	117,582	3.24 %
Extracurricular activities	622,322	660,726	(5.81) %
Debt service	<u>-</u>	<u>7,128</u>	(100.00) %
Total	<u>\$ 12,899,479</u>	<u>\$ 12,567,332</u>	2.64 %

***General Fund Budgeting Highlights***

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

During the course of fiscal 2005, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$14,832,565, which is higher than the original budgeted revenues estimate of \$13,625,759. Actual revenues and other financing sources for fiscal 2005 was \$14,573,872. This represents a \$258,693 decrease from final budgeted revenues.

General fund original and final appropriations (appropriated expenditures plus other financing uses) were \$13,665,303. The actual budget basis expenditures and other financing uses for fiscal year 2005 totaled \$13,393,066, which was \$272,237 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2005, the District had \$5,113,454 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2005 balances compared to 2004:

	<b>Capital Assets at June 30 (Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Land	\$ 798,600	\$ 798,600
Land improvements	602,765	650,245
Building and improvements	2,702,826	2,908,323
Furniture and equipment	680,540	928,384
Vehicles	<u>328,723</u>	<u>369,901</u>
Total	<u>\$5,113,454</u>	<u>\$5,655,453</u>

Total additions to capital assets for 2005 were \$166,264 and total disposals were \$693 (net of accumulated depreciation). The overall decrease in capital assets of \$541,999 is primarily due to the recording of \$707,570 in depreciation expense for fiscal 2005.

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

***Debt Administration***

At June 30, 2005, the District had \$2,754,236 in general obligation bonds and energy conservation bonds outstanding. Of this total, \$514,907 is due within one year and \$2,239,329 is due within greater than one year. The following table summarizes the bonds and capital leases outstanding.

	<b>Outstanding Debt, at Year End</b>	
	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
General obligation bonds	\$ 2,589,820	\$ 3,036,562
Energy conservation bonds	<u>164,416</u>	<u>337,298</u>
Total	<u>\$ 2,754,236</u>	<u>\$ 3,373,860</u>

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

**Current Financial Related Activities**

Overall the District is strong financially. The District faces many challenges in the future. As the preceding information shows, the District relies heavily on taxes. An increase in property tax revenue began in fiscal year 2004 due to the passage of a 4.9 mill general operating levy in May, 2003. This additional tax revenue along with the District's cash balance, will provide the District with the necessary funds to meet its operating expenses through fiscal year 2006. However, the future financial stability of the District is not without challenges.

The first challenge is the reduction of revenue on personal property. The State of Ohio has eliminated, through legislative action, the taxable tangible valuation. The State will hold school districts "harmless" by reimbursing them tangible tax revenue for four years that commercial and business entities are not required to pay under the new law. The reimbursements will be calculated on the difference between calendar year 2004 valuations and the valuation in the year which the reimbursement is being paid. During the same four year period, the tangible tax valuation will be reduced by 2% per year. When the "hold-harmless" payments from the State come to a close, school districts will only receive tangible tax revenue on the reduced valuation. By 2018, there won't be any tangible tax valuation on which to collect tax revenue.

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

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

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

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

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's taxpayers, and 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 Ms. Cynthia Strickland, Treasurer, Cuyahoga Heights Local School District, 4820 E. 71st Street, Cleveland, Ohio 44125-1095.

BASIC  
FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
JUNE 30, 2005

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . .	\$ 9,317,933
Cash with fiscal agent . . . . .	14,742
Receivables:	
Taxes . . . . .	17,863,854
Accounts . . . . .	11,900
Intergovernmental. . . . .	29,856
Accrued interest. . . . .	21,074
Prepayments. . . . .	28,754
Materials and supplies inventory . . . . .	55,371
Unamortized bond issuance costs . . . . .	52,829
Capital assets:	
Land . . . . .	798,600
Depreciable capital assets, net . . . . .	4,314,854
Total capital assets, net. . . . .	<u>5,113,454</u>
Total assets . . . . .	<u>32,509,767</u>
<b>Liabilities:</b>	
Accounts payable . . . . .	77,554
Contracts payable . . . . .	14,742
Accrued wages and benefits. . . . .	1,233,008
Pension obligation payable . . . . .	189,842
Intergovernmental payable . . . . .	97,521
Deferred revenue . . . . .	10,511,655
Claims payable . . . . .	30,378
Accrued interest payable . . . . .	15,217
Long-term liabilities:	
Due within one year . . . . .	705,811
Due in more than one year. . . . .	<u>3,432,623</u>
Total liabilities . . . . .	<u>16,308,351</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt . . . . .	2,384,038
Restricted for:	
Debt service . . . . .	1,021,332
Capital projects . . . . .	2,056,488
Locally funded programs . . . . .	24,070
State funded programs. . . . .	5,599
Federally funded programs . . . . .	23,242
Student activities . . . . .	72,009
Set-asides . . . . .	65,528
Unrestricted. . . . .	<u>10,549,110</u>
Total net assets . . . . .	<u>\$ 16,201,416</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 6,161,543	\$ 2,909,598	\$ 9,071,141
Cash with fiscal agent . . . . .	14,742	-	14,742
Receivables:			
Taxes . . . . .	17,119,875	743,979	17,863,854
Accounts . . . . .	10,688	1,177	11,865
Intergovernmental. . . . .	3,245	26,611	29,856
Accrued interest. . . . .	21,074	-	21,074
Interfund loans . . . . .	3,390	-	3,390
Prepayments . . . . .	28,754	-	28,754
Materials and supplies inventory. . . . .	45,648	9,723	55,371
Restricted assets:			
Equity in pooled cash and cash equivalents. . . . .	65,528	-	65,528
Total assets. . . . .	<u>\$ 23,474,487</u>	<u>\$ 3,691,088</u>	<u>\$ 27,165,575</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 32,466	\$ 45,088	\$ 77,554
Contracts payable. . . . .	14,742	-	14,742
Accrued wages and benefits . . . . .	1,227,773	5,235	1,233,008
Compensated absences payable. . . . .	91,247	-	91,247
Pension obligation payable . . . . .	181,281	8,561	189,842
Intergovernmental payable . . . . .	95,837	1,684	97,521
Interfund loans payable. . . . .	-	3,390	3,390
Deferred revenue . . . . .	16,119,600	702,007	16,821,607
Total liabilities . . . . .	<u>17,762,946</u>	<u>765,965</u>	<u>18,528,911</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	230,017	218,570	448,587
Reserved for prepayments . . . . .	28,754	-	28,754
Reserved for materials and supplies inventory. . . . .	45,648	9,723	55,371
Reserved for debt service . . . . .	-	699,276	699,276
Reserved for tax revenue unavailable for appropriation. . . . .	881,847	37,772	919,619
Reserved for BWC refunds . . . . .	55,144	-	55,144
Reserved for school bus purchases . . . . .	10,384	-	10,384
Unreserved, undesignated, reported in:			
General fund . . . . .	4,459,747	-	4,459,747
Special revenue funds. . . . .	-	101,619	101,619
Capital projects funds. . . . .	-	1,858,163	1,858,163
Total fund balances . . . . .	<u>5,711,541</u>	<u>2,925,123</u>	<u>8,636,664</u>
Total liabilities and fund balances . . . . .	<u>\$ 23,474,487</u>	<u>\$ 3,691,088</u>	<u>\$ 27,165,575</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2005

<b>Total governmental fund balances</b>		\$	8,636,664
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			5,113,454
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	6,271,581	
Intergovernmental		20,434	
Accrued interest		18,872	
Total			6,310,887
An internal service fund is used by management to charge the costs of dental and vision insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities on the statement of net assets.			149,986
Unamortized premiums on bond issuances are not recognized in the funds.			(108,440)
Unamortized bond issuance costs are not recognized in the funds.			52,829
Accrued interest payable is not due and payable in the current period and is therefore not recognized in the funds.			(15,217)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		2,589,820	
Energy conservation bonds		164,416	
Compensated absences		1,184,511	
Total			(3,938,747)
<b>Net assets of governmental activities</b>		<b>\$</b>	<b>16,201,416</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 12,522,885	\$ 747,318	\$ 13,270,203
Tuition . . . . .	245,766	175	245,941
Charges for services . . . . .	-	184,404	184,404
Earnings on investments . . . . .	123,189	48,109	171,298
Extracurricular . . . . .	10,047	77,245	87,292
Classroom materials and fees . . . . .	4,679	-	4,679
Other local revenues . . . . .	36,888	120,269	157,157
Intergovernmental - State . . . . .	1,664,042	73,541	1,737,583
Intergovernmental - Federal . . . . .	-	96,754	96,754
Total revenues . . . . .	<u>14,607,496</u>	<u>1,347,815</u>	<u>15,955,311</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	5,596,169	9,510	5,605,679
Special . . . . .	633,028	43,101	676,129
Adult . . . . .	-	2	2
Other . . . . .	252,397	-	252,397
Support Services:			
Pupil . . . . .	876,491	192,245	1,068,736
Instructional staff . . . . .	674,010	50,920	724,930
Board of education . . . . .	46,850	2,740	49,590
Administration . . . . .	1,230,607	12,458	1,243,065
Fiscal . . . . .	542,951	-	542,951
Business . . . . .	100,599	49,056	149,655
Operations and maintenance . . . . .	1,501,935	515,880	2,017,815
Pupil transportation . . . . .	700,730	224	700,954
Central . . . . .	-	35,305	35,305
Operation of non-instructional services . . . . .	121,390	6,434	127,824
Extracurricular activities . . . . .	622,322	136,291	758,613
Food service operations . . . . .	-	257,211	257,211
Debt service:			
Principal retirement . . . . .	-	512,882	512,882
Interest and fiscal charges . . . . .	-	76,666	76,666
Total expenditures . . . . .	<u>12,899,479</u>	<u>1,900,925</u>	<u>14,800,404</u>
Excess of revenues over (under) expenditures . . . . .	<u>1,708,017</u>	<u>(553,110)</u>	<u>1,154,907</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	331,844	331,844
Transfers (out) . . . . .	(326,786)	(5,058)	(331,844)
Proceeds from sale of capital assets . . . . .	169	96	265
Total other financing sources (uses) . . . . .	<u>(326,617)</u>	<u>326,882</u>	<u>265</u>
Net change in fund balances . . . . .	1,381,400	(226,228)	1,155,172
<b>Fund balances at beginning of year (restated) . . . . .</b>	4,338,961	3,150,170	7,489,131
<b>Increase (decrease) in reserve for inventory . . . . .</b>	(8,820)	1,181	(7,639)
<b>Fund balances at end of year . . . . .</b>	<u>\$ 5,711,541</u>	<u>\$ 2,925,123</u>	<u>\$ 8,636,664</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

<b>Net change in fund balances - total governmental funds</b>	\$	1,155,172
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	\$ 166,264	
Depreciation expense	(707,570)	
Total		(541,306)
The net effect of various miscellaneous transactions involving capital assets (i.e.: disposals, sales, trade-ins and donations) is to decrease net assets.		
Disposals	(9,754)	
Accumulated depreciation on disposals	9,061	
Total		(693)
Governmental funds report expenditures for inventory when purchased. However, on the statement of activities they are reported as an expense when consumed.		
		(7,639)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(151,722)	
Intergovernmental	16,526	
Accrued interest	4,432	
Total		(130,764)
Repayment of bond principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets.		
		512,882
On the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported on the statement of activities.		
Decrease in accrued interest payable	846	
Accreted interest on capital appreciation bonds	(17,190)	
Amortization of premium on bonds	15,492	
Amortization of bond issuance costs	(7,547)	
Total		(8,399)
Some expenses reported on the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		116,234
The internal service fund used by management to charge the costs of dental and vision insurance premiums to individual funds is not reported on the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		
		21,607
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>1,117,094</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 11,616,048	\$ 12,644,857	\$ 12,424,320	\$ (220,537)
Tuition . . . . .	224,355	244,226	239,966	(4,260)
Earnings on investments . . . . .	124,392	135,409	133,047	(2,362)
Extracurricular . . . . .	9,393	10,225	10,047	(178)
Classroom materials and fees . . . . .	4,375	4,762	4,679	(83)
Other local revenues . . . . .	6,953	7,569	7,437	(132)
Intergovernmental - State . . . . .	1,552,751	1,690,276	1,660,797	(29,479)
Total revenues . . . . .	<u>13,538,267</u>	<u>14,737,324</u>	<u>14,480,293</u>	<u>(257,031)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,839,826	5,537,094	5,513,266	23,828
Special . . . . .	693,324	648,869	639,397	9,472
Other . . . . .	130,572	355,204	341,664	13,540
Support Services:				
Pupil . . . . .	867,745	969,751	947,274	22,477
Instructional staff . . . . .	667,983	714,211	683,984	30,227
Board of education . . . . .	60,262	65,163	59,013	6,150
Administration . . . . .	1,360,128	1,262,177	1,240,364	21,813
Fiscal . . . . .	575,309	546,686	542,548	4,138
Business . . . . .	106,648	136,005	102,159	33,846
Operations and maintenance . . . . .	1,569,796	1,562,678	1,515,012	47,666
Pupil transportation . . . . .	724,766	754,047	732,549	21,498
Operation of non-instructional services . . . . .	127,198	126,778	115,035	11,743
Extracurricular activities . . . . .	646,647	655,964	630,555	25,409
Total expenditures . . . . .	<u>13,370,204</u>	<u>13,334,627</u>	<u>13,062,820</u>	<u>271,807</u>
Excess of revenues over expenditures . . . . .	168,063	1,402,697	1,417,473	14,776
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets . . . . .	158	172	169	(3)
Transfers in . . . . .	249	271	266	(5)
Transfers (out) . . . . .	(274,187)	(326,786)	(326,786)	-
Advances in . . . . .	59,183	64,425	63,301	(1,124)
Advances (out) . . . . .	(20,402)	(3,390)	(3,390)	-
Refund of prior year expenditures . . . . .	27,902	30,373	29,843	(530)
Refund of prior year receipts . . . . .	(510)	(500)	(70)	430
Total other financing sources (uses) . . . . .	<u>(207,607)</u>	<u>(235,435)</u>	<u>(236,667)</u>	<u>(1,232)</u>
Net change in fund balance . . . . .	(39,544)	1,167,262	1,180,806	13,544
<b>Fund balance at beginning of year . . . . .</b>	4,516,053	4,516,053	4,516,053	-
<b>Prior year encumbrances appropriated . . . . .</b>	269,181	269,181	269,181	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 4,745,690</u>	<u>\$ 5,952,496</u>	<u>\$ 5,966,040</u>	<u>\$ 13,544</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2005

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents . . . . .	\$ 181,264
Receivables:	
Accounts . . . . .	<u>35</u>
Total assets . . . . .	<u>181,299</u>
<b>Liabilities:</b>	
Current liabilities:	
Claims payable. . . . .	30,378
Deferred revenue. . . . .	<u>935</u>
Total liabilities . . . . .	<u>31,313</u>
<b>Net assets:</b>	
Unrestricted . . . . .	<u>149,986</u>
Total net assets . . . . .	<u><u>\$ 149,986</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 189,359
Total operating revenues. . . . .	<u>189,359</u>
<b>Operating expenses:</b>	
Claims . . . . .	<u>167,752</u>
Total operating expenses . . . . .	<u>167,752</u>
Operating income / change in net assets. . .	21,607
<b>Net assets at beginning of year . . . . .</b>	<u>128,379</u>
<b>Net assets at end of year . . . . .</b>	<u><u>\$ 149,986</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 189,309
Cash payments for claims. . . . .	<u>(164,004)</u>
Net cash provided by operating activities . . . . .	<u>25,305</u>
Net increase in cash and cash equivalents . . . . .	25,305
<b>Cash and cash equivalents at beginning of year. . . . .</b>	<u>155,959</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 181,264</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income . . . . .	\$ 21,607
Changes in assets and liabilities:	
Decrease in accounts receivable . . . . .	353
Decrease in accrued wages and benefits . . . . .	(528)
Increase in claims payable . . . . .	4,276
Decrease in deferred revenue . . . . .	<u>(403)</u>
Net cash provided by operating activities . . . . .	<u><u>\$ 25,305</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2005

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents. . . . .	\$ 185,488	\$ 47,590
Receivables:		
Accrued interest . . . . .	5,959	-
Accounts . . . . .	-	12
Total assets . . . . .	191,447	\$ 47,602
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 103
Intergovernmental payable . . . . .	-	4,882
Due to students . . . . .	-	42,617
Total liabilities . . . . .	-	\$ 47,602
<b>Net Assets:</b>		
Held in trust for scholarships. . . . .	191,447	
Total net assets . . . . .	\$ 191,447	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 15,309
Contributions and gifts. . . . .	12,438
Total additions. . . . .	27,747
<b>Deductions:</b>	
Scholarships awarded . . . . .	9,657
Change in net assets . . . . .	18,090
<b>Net assets at beginning of year . . . . .</b>	<b>173,357</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 191,447</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Cuyahoga Heights Schools

Excellence in Education

Since 1938

A Hall of Fame School

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

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

The District ranks as the 529th largest by enrollment among the 614 public school districts in the state. It currently operates 1 elementary school, 1 middle school and 1 comprehensive high school. The District employs 65 non-certified and 74 certified (including administrative) full-time and part-time employees to provide services to approximately 866 students from pre-school (age 4) to grade 12 and various community groups.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

*JOINTLY GOVERNED ORGANIZATIONS*

Ohio Schools' Council

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

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

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

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

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

Cuyahoga Valley Career Center

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

Lakeshore Northeast Ohio Computer Association

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

*PUBLIC ENTITY RISK POOLS*

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

Suburban Health Consortium

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

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

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

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

**B. Fund Accounting**

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

*GOVERNMENTAL FUNDS*

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

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

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

*PROPRIETARY FUNDS*

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

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

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

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

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

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

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

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

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

**D. Basis of Accounting**

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

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

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

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

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CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

**E. Budgets**

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

Tax Budget:

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

Estimated Resources:

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

Appropriations:

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

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

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

**F. Cash and Investments**

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

During fiscal year 2005, investments were limited to nonnegotiable certificates of deposits, federal agency securities, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

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

Under existing Ohio statutes all investment earning are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$123,189, which includes \$8,306 assigned from other District funds.

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

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

**G. Inventory**

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

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

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

**H. Capital Assets**

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

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

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

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2005, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**L. Fund Balance Reserves**

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

**M. Net Assets**

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

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

**N. Prepayments**

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

**O. Estimates**

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

**P. Restricted Assets**

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

**Q. Interfund Activity**

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

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2005.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2005, the District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Technical Bulletin 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

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

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the District, however additional note disclosure can be found in Note 4. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and non-major funds of the District as they were previously reported as of June 30, 2004:

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2004	\$ 4,365,863	\$ 3,156,197	\$ 7,522,060
GASB Technical Bulletin No. 2004-2	<u>(26,902)</u>	<u>(6,027)</u>	<u>(32,929)</u>
Restated Fund Balance, June 30, 2004	<u>\$ 4,338,961</u>	<u>\$ 3,150,170</u>	<u>\$ 7,489,131</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

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

<u>Nonmajor Funds</u>	<u>Deficit</u>
Food Service	\$ 3,540
Summer Intervention	152
Alternative Schools	561
Drug Free School Grant	605
Miscellaneous Federal Grants	600

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

**A. Cash on Hand**

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

**B. Cash with Fiscal Agent**

At fiscal year-end, \$14,742 was on deposit with the District's fiscal agent for natural gas purchases. This amount is not included in the "Deposits with Financial Institutions" reported below and is not part of the internal cash pool reported on the statement of net assets and the governmental balance sheet as "Equity in Pooled Cash and Cash Equivalents".

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Deposits with Financial Institutions**

At June 30, 2005, the carrying amount of all District deposits was \$2,982,611. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2005, \$319,000 of the District’s bank balance of \$3,115,982 was covered by the Federal Deposit Insurance Corporation, while \$2,796,982 was exposed to custodial risk as discussed below.

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

**D. Investments**

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

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>
FHLB	\$ 989,494	\$ 989,494	\$ -	\$ -
FHLMC	3,361,910	2,371,035	990,875	-
FNMA	1,488,230	496,350	-	991,880
STAR Ohio	727,836	727,836	-	-
	<u>\$ 6,567,470</u>	<u>\$ 4,584,715</u>	<u>\$ 990,875</u>	<u>\$ 991,880</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District’s investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District’s investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned STAR Ohio an AAAM money market rating.

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 989,494	15.07%
FHLMC	3,361,910	51.19%
FNMA	1,488,230	22.66%
STAR Ohio	<u>727,836</u>	<u>11.08%</u>
	<u>\$ 6,567,470</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2005:

<u>Cash and Investments per Note Disclosure</u>	
Carrying amount of deposits	\$ 2,982,611
Investments	6,567,470
Cash on hand	<u>930</u>
Total	<u>\$ 9,551,011</u>
<u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$ 9,317,933
Private-purpose trust funds	185,488
Agency funds	<u>47,590</u>
Total	<u>\$ 9,551,011</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances at June 30, 2005 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 3,390</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2005 are reported on the Statement of Net Assets.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B.** Interfund transfers for the year ended June 30, 2005, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
Transfers from General Fund to:	
Nonmajor Governmental Funds	\$ 326,786
Transfers from Nonmajor Governmental Funds to:	
Nonmajor Governmental Funds	<u>5,058</u>
	<u>\$ 331,844</u>

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

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES - (Continued)**

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available as an advance at June 30, 2005 was \$881,847 in the general fund, and \$37,772 in the Bond Retirement debt service fund (a nonmajor governmental fund). These amounts are reported as revenue. The amount available for advance at June 30, 2004 was \$589,299 in the general fund, and \$25,241 in the Bond Retirement debt service fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary depending upon when the tax bills are sent by the County Auditor.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

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

	2004 Second Half Collections		2005 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real property	\$ 282,317,880	58.71	\$ 285,760,080	60.58
Public utility personal property	31,854,220	6.62	30,043,900	6.37
Tangible personal property	<u>166,742,333</u>	<u>34.67</u>	<u>155,938,714</u>	<u>33.05</u>
Total assessed valuation	<u>\$ 480,914,433</u>	<u>100.00</u>	<u>\$ 471,742,694</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:	\$23.90		\$23.90	

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**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2005 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

**Governmental Activities:**

Taxes	\$ 17,863,854
Accounts	11,900
Intergovernmental	29,856
Accrued interest	<u>21,074</u>
 Total	 <u>\$ 17,926,684</u>

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

**NOTE 8 - CAPITAL ASSETS**

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

	Balance 06/30/04	Additions	Deductions	Balance 06/30/05
<b>Governmental Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 798,600	\$ -	\$ -	\$ 798,600
<i>Capital assets, being depreciated:</i>				
Land improvements	949,602	-	-	949,602
Building and improvements	12,708,714	-	-	12,708,714
Furniture and equipment	3,582,632	145,807	(9,754)	3,718,685
Vehicles	<u>934,103</u>	<u>20,457</u>	<u>-</u>	<u>954,560</u>
Total capital assets, being depreciated	<u>18,175,051</u>	<u>166,264</u>	<u>(9,754)</u>	<u>18,331,561</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(299,357)	(47,480)	-	(346,837)
Building and improvements	(9,800,391)	(205,497)	-	(10,005,888)
Furniture and equipment	(2,654,248)	(392,958)	9,061	(3,038,145)
Vehicles	<u>(564,202)</u>	<u>(61,635)</u>	<u>-</u>	<u>(625,837)</u>
Total accumulated depreciation	<u>(13,318,198)</u>	<u>(707,570)</u>	<u>9,061</u>	<u>(14,016,707)</u>
Governmental activities capital assets, net	<u>\$ 5,655,453</u>	<u>\$ (541,306)</u>	<u>\$ (693)</u>	<u>\$ 5,113,454</u>

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**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 422,044
Special	7,572
<u>Support Services:</u>	
Pupil	12,542
Instructional Staff	47,885
Administration	16,760
Fiscal	6,616
Business	4,735
Operations and Maintenance	9,970
Pupil Transportation	65,124
Operation of Non-Instructional Services	38,657
Extracurricular Activities	51,885
Food Service Operations	<u>23,780</u>
Total depreciation expense	<u>\$ 707,570</u>

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**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. During fiscal year 2005, the following changes occurred in governmental activities long-term obligations. Compensated absences will be paid from the fund in which the employee is paid, usually the general fund.

	<u>Balance at</u> <u>06/30/04</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>06/30/05</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<b>Governmental Activities:</b>					
<u>General Obligation Bonds:</u>					
Current interest					
refunding bonds, series 2004	\$ 2,795,000	\$ -	\$ (340,000)	\$ 2,455,000	\$ 350,491
Capital appreciation					
refunding bonds, series 2004	110,000	-	-	110,000	-
Capital appreciation					
refunding bonds accreted interest	7,630	17,190	-	24,820	-
Energy conservation bonds	<u>337,298</u>	<u>-</u>	<u>(172,882)</u>	<u>164,416</u>	<u>164,416</u>
Total general obligation bonds	<u>3,249,928</u>	<u>17,190</u>	<u>(512,882)</u>	<u>2,754,236</u>	<u>514,907</u>
<u>Other Long-Term Obligations:</u>					
Compensated absences	<u>1,300,745</u>	<u>99,791</u>	<u>(124,778)</u>	<u>1,275,758</u>	<u>190,904</u>
Total other long-term obligations	<u>1,300,745</u>	<u>99,791</u>	<u>(124,778)</u>	<u>1,275,758</u>	<u>190,904</u>
Total governmental activities	4,550,673	<u>\$ 116,981</u>	<u>\$ (637,660)</u>	4,029,994	<u>\$ 705,811</u>
Add: Unamortized premium on bonds	<u>123,932</u>			<u>108,440</u>	
Total on statement of net assets	<u>\$ 4,674,605</u>			<u>\$ 4,138,434</u>	

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

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

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**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The refunding issue is comprised of both current interest bonds, par value \$2,795,000, and capital appreciation bonds, par value \$110,000. The interest rates on the current interest bonds range from 2.00% to 3.25%. The capital appreciation bonds mature on December 1, 2012 (effective interest rate of 4.15%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The present value (as of the issue date) reported on the statement of net assets at June 30, 2005 is \$110,000. Total accreted interest of \$24,820 has been included on the statement of net assets.

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

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

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

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

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2005, are as follows:

Year Ended	Current Interest Bonds, Series 2004			Capital Appreciation Bonds, Series 2004		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 335,000	\$ 61,012	\$ 396,012	\$ -	\$ -	\$ -
2007	340,000	54,262	394,262	-	-	-
2008	345,000	46,981	391,981	-	-	-
2009	350,000	38,288	388,288	-	-	-
2010	350,000	28,226	378,226	-	-	-
2011 - 2013	<u>735,000</u>	<u>23,513</u>	<u>758,513</u>	<u>375,000</u>	<u>-</u>	<u>375,000</u>
Total	<u>\$ 2,455,000</u>	<u>\$ 252,282</u>	<u>\$ 2,707,282</u>	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ 375,000</u>

Year Ended	Energy Conservation Bonds		
	Principal	Interest	Total
2006	<u>\$ 164,416</u>	<u>\$ 17,370</u>	<u>\$ 181,786</u>
Total	<u>\$ 164,416</u>	<u>\$ 17,370</u>	<u>\$ 181,786</u>

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**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**C. Legal Debt Margin**

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

The effects of these debt limitations at June 30, 2005 are a voted debt margin of \$40,628,890 (including available funds of \$737,048), an unvoted debt margin of \$471,743, and an energy conservation debt margin of \$4,081,268.

**NOTE 10 - RISK MANAGEMENT**

**A. Dental and Vision Insurance**

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

All funds of the District participate in the program and make payments to the Self Insurance fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). Findley Davies, Inc., has actuarially determined that \$30,378, is a good and sufficient provision for all unmatured claim obligations (including both reported, but unpaid claims, and incurred, but not reported claims, as well as an allowance for claim settlement expenses on the estimated unpaid claims) as of June 30, 2005.

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

The claims liability of \$30,378 reported in the Fund at June 30, 2005, is based on the provisions of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", and as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in the fund's claims liability for the current and past fiscal year are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2005	\$26,102	\$168,280	\$(164,004)	\$30,378
2004	17,013	170,274	(161,185)	26,102

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - RISK MANAGEMENT - (Continued)**

**B. Employee Health Benefits**

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

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

**C. Comprehensive**

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

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no reduction in amounts of insurance coverage from fiscal 2004.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 10 - RISK MANAGEMENT - (Continued)**

**D. Workers' Compensation**

For fiscal year 2005, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The 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% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2005, 10.57% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$298,701, \$296,219 and \$301,163, respectively; 100% has been contributed for all three fiscal years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

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. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal years 2005 and 2004, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$779,826, \$819,489, and \$762,029, respectively; 100% has been contributed for all three fiscal years. Contributions to the DC and Combined Plans for fiscal 2005 were \$1,167 made by the District and \$10,864 made by plan members.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**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 Systems/State Teachers Retirement System. As of June 30, 2005, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go-basis.

The State Teachers Retirement 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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For fiscal year 2005, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$55,702 during fiscal 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004 (the latest information available), net health care costs paid by STRS were \$268.739 million and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For fiscal year 2005, employer contributions to fund health care benefits were 3.43% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. The surcharge, added to the unallocated portion of the 14% 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% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 (the latest information available) were \$223.444 million and the target level was \$335.2 million. At June 30, 2004, (the latest information available) SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$129,497 during the 2005 fiscal year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ 1,180,806
Net adjustment for revenue accruals	127,203
Net adjustment for expenditure accrals	(99,142)
Net adjustment for other financing sources/uses	(89,950)
Adjustment for encumbrances	262,483
GAAP basis	\$ 1,381,400

**NOTE 14 - CONTINGENCIES**

**A. Grants**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 14 - CONTINGENCIES - (Continued)**

**B. Litigation**

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

**C. 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 District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

**NOTE 15 - LEASE AGREEMENT**

During fiscal 1999, the Board of Education entered into a lease agreement with Eller Media for outdoor advertising. The total amount of revenue to be received by the District is \$1.62 million dollars over fifteen years. The first payment of \$500,000 was received in July, 1999. The District is scheduled to receive \$50,000 per year in years 6 through 13 of the lease, \$220,000 in year 14, and \$500,000 in year 15. The District received \$50,000 in lease payments during fiscal 2005. The lease is cancelable by either party, requiring only a 30 day notice. Thus, no accrual has been recorded on the Statement of Net Assets.

**NOTE 16 - SIGNIFICANT EVENTS**

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

Cuyahoga Heights Local School District, Cleveland City School District, the City of Cleveland, and the Cuyahoga County Prosecutor filed a joint objection in the Bankruptcy Court as to the valuation of Cleveland Works for the distribution of the proceeds of the sale of all LTV assets. The Cleveland Works valuation was appraised at \$0 by the Blackstone Group. Hearings began in June, 2002 and have extended beyond the end of the District's fiscal year 2005. As of June 30, 2005 the District is unable to determine the effect, if any, that the outcome of these hearings will have on its financial operations.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 17 - STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2005, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2004	\$ (1,785,868)	\$ -	\$ 55,144
Current year set-aside requirement	118,683	118,683	-
Qualifying disbursements	<u>(365,478)</u>	<u>(990,911)</u>	<u>-</u>
Total	<u>\$ (2,032,663)</u>	<u>\$ (872,228)</u>	<u>\$ 55,144</u>
Balance carried forward to FY 2006	<u>\$ (2,032,663)</u>	<u>\$ -</u>	<u>\$ 55,144</u>

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

During fiscal year 2005, the District had qualifying disbursements for instructional materials and capital maintenance that reduced the set-aside amounts below zero. The instructional materials amount may be used to reduce the set-aside requirement of future years; however, the capital maintenance amount may not be carried forward.

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

A schedule of the governmental fund restricted assets at June 30, 2005 follows:

Amount restricted for BWC refunds	\$ 55,144
Amount restricted for school bus purchases	<u>10,384</u>
Total restricted assets	<u>\$ 65,528</u>

Cuyahoga Heights Schools

Excellence in Education

Since 1938

A Hall of Fame School

**COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

Cuyahoga Heights Schools

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A Hall of Fame School

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 11,616,048	\$ 12,644,857	\$ 12,424,320	\$ (220,537)
Tuition . . . . .	224,355	244,226	239,966	(4,260)
Earnings on investments . . . . .	124,392	135,409	133,047	(2,362)
Extracurricular . . . . .	9,393	10,225	10,047	(178)
Classroom materials and fees . . . . .	4,375	4,762	4,679	(83)
Other local revenues . . . . .	6,953	7,569	7,437	(132)
Intergovernmental - State . . . . .	1,552,751	1,690,276	1,660,797	(29,479)
Total revenues . . . . .	<u>13,538,267</u>	<u>14,737,324</u>	<u>14,480,293</u>	<u>(257,031)</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Salaries and wages . . . . .	4,258,493	4,037,735	4,020,360	17,375
Fringe benefits . . . . .	1,391,952	1,319,795	1,314,115	5,680
Purchased services . . . . .	11,379	10,789	10,743	46
Supplies . . . . .	166,071	157,462	156,784	678
Capital outlay . . . . .	10,032	9,512	9,471	41
Other . . . . .	1,899	1,801	1,793	8
Total instruction-regular . . . . .	<u>5,839,826</u>	<u>5,537,094</u>	<u>5,513,266</u>	<u>23,828</u>
Instruction-special:				
Salaries and wages . . . . .	1,147	1,073	1,073	-
Fringe benefits . . . . .	177	166	166	-
Purchased services . . . . .	677,570	634,125	628,997	5,128
Supplies . . . . .	14,037	13,137	8,975	4,162
Capital outlay . . . . .	393	368	186	182
Total instruction-special . . . . .	<u>693,324</u>	<u>648,869</u>	<u>639,397</u>	<u>9,472</u>
Instruction-other:				
Purchased services . . . . .	130,572	355,204	341,664	13,540
Total instruction-other . . . . .	<u>130,572</u>	<u>355,204</u>	<u>341,664</u>	<u>13,540</u>
Support services-pupil:				
Salaries and wages . . . . .	531,563	594,050	594,046	4
Fringe benefits . . . . .	151,890	169,745	169,744	1
Purchased services . . . . .	158,367	176,983	160,228	16,755
Supplies . . . . .	14,133	15,794	14,673	1,121
Capital outlay . . . . .	2,191	2,449	465	1,984
Other . . . . .	9,601	10,730	8,118	2,612
Total support services-pupil . . . . .	<u>867,745</u>	<u>969,751</u>	<u>947,274</u>	<u>22,477</u>
Support services-instructional staff:				
Salaries and wages . . . . .	453,237	484,605	471,798	12,807
Fringe benefits . . . . .	171,988	183,890	183,890	-
Purchased services . . . . .	25,179	26,921	10,849	16,072
Supplies . . . . .	13,518	14,453	13,700	753
Capital outlay . . . . .	3,302	3,530	3,529	1
Other . . . . .	759	812	218	594
Total support services-instructional staff . . . . .	<u>667,983</u>	<u>714,211</u>	<u>683,984</u>	<u>30,227</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Support services-board of education:				
Salaries and wages . . . . .	\$ 14,505	\$ 15,685	\$ 15,685	\$ -
Fringe benefits . . . . .	2,442	2,641	2,640	1
Purchased services . . . . .	31,115	33,645	28,129	5,516
Supplies . . . . .	1,122	1,213	1,210	3
Other . . . . .	11,078	11,979	11,349	630
Total support services-board of education . . . . .	<u>60,262</u>	<u>65,163</u>	<u>59,013</u>	<u>6,150</u>
Support services-administration:				
Salaries and wages . . . . .	842,235	781,580	777,988	3,592
Fringe benefits . . . . .	366,253	339,877	331,184	8,693
Purchased services . . . . .	111,882	103,825	99,580	4,245
Supplies . . . . .	18,511	17,178	13,383	3,795
Capital outlay . . . . .	1,960	1,819	719	1,100
Other . . . . .	19,287	17,898	17,510	388
Total support services-administration . .	<u>1,360,128</u>	<u>1,262,177</u>	<u>1,240,364</u>	<u>21,813</u>
Support services-fiscal:				
Salaries and wages . . . . .	208,514	198,139	196,691	1,448
Fringe benefits . . . . .	93,412	88,765	86,116	2,649
Purchased services . . . . .	34,071	32,376	32,373	3
Supplies . . . . .	11,676	11,095	11,057	38
Other . . . . .	227,636	216,311	216,311	-
Total support services-fiscal . . . . .	<u>575,309</u>	<u>546,686</u>	<u>542,548</u>	<u>4,138</u>
Support services-business:				
Purchased services . . . . .	82,324	104,985	79,892	25,093
Supplies . . . . .	17,541	22,370	13,737	8,633
Other . . . . .	6,783	8,650	8,530	120
Total support services-business . . . . .	<u>106,648</u>	<u>136,005</u>	<u>102,159</u>	<u>33,846</u>
Support services-operations and maintenance:				
Salaries and wages . . . . .	599,325	596,607	596,607	-
Fringe benefits . . . . .	227,184	226,154	220,541	5,613
Purchased services . . . . .	595,927	593,225	589,296	3,929
Supplies . . . . .	118,092	117,557	84,419	33,138
Capital outlay . . . . .	29,268	29,135	24,149	4,986
Total support services-operations and maintenance . . . . .	<u>1,569,796</u>	<u>1,562,678</u>	<u>1,515,012</u>	<u>47,666</u>
Support services-pupil transportation:				
Salaries and wages . . . . .	418,283	435,183	435,183	-
Fringe benefits . . . . .	165,297	171,975	171,975	-
Purchased services . . . . .	53,420	55,578	44,851	10,727
Supplies . . . . .	55,652	57,900	57,383	517
Capital outlay . . . . .	32,114	33,411	23,157	10,254
Total support services-pupil transportation . . . . .	<u>724,766</u>	<u>754,047</u>	<u>732,549</u>	<u>21,498</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operation of non-instructional services:				
Salaries and wages . . . . .	\$ 82,428	\$ 82,155	\$ 78,644	3,511
Fringe benefits . . . . .	22,459	22,385	19,663	2,722
Purchased services . . . . .	15,468	15,417	12,999	2,418
Supplies . . . . .	4,288	4,274	3,520	754
Capital outlay . . . . .	2,555	2,547	209	2,338
Total operation of non-instructional services . . . . .	<u>127,198</u>	<u>126,778</u>	<u>115,035</u>	<u>11,743</u>
Extracurricular activities				
Salaries and wages . . . . .	466,758	473,484	458,213	15,271
Fringe benefits . . . . .	92,671	94,006	94,004	2
Purchased services . . . . .	66,656	67,616	67,615	1
Supplies . . . . .	5,914	5,999	1,586	4,413
Other . . . . .	14,648	14,859	9,137	5,722
Total extracurricular activities. . . . .	<u>646,647</u>	<u>655,964</u>	<u>630,555</u>	<u>25,409</u>
Total expenditures . . . . .	<u>13,370,204</u>	<u>13,334,627</u>	<u>13,062,820</u>	<u>271,807</u>
Excess of revenues over expenditures. . . . .	<u>168,063</u>	<u>1,402,697</u>	<u>1,417,473</u>	<u>14,776</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets. . . . .	158	172	169	(3)
Transfers in . . . . .	249	271	266	(5)
Transfers (out) . . . . .	(274,187)	(326,786)	(326,786)	-
Advances in . . . . .	59,183	64,425	63,301	(1,124)
Advances (out) . . . . .	(20,402)	(3,390)	(3,390)	-
Refund of prior year expenditures . . . . .	27,902	30,373	29,843	(530)
Refund of prior year receipts . . . . .	(510)	(500)	(70)	430
Total other financing sources (uses) . . . . .	<u>(207,607)</u>	<u>(235,435)</u>	<u>(236,667)</u>	<u>(1,232)</u>
Net change in fund balance . . . . .	(39,544)	1,167,262	1,180,806	13,544
<b>Fund balance at beginning of year . . . . .</b>	<b>4,516,053</b>	<b>4,516,053</b>	<b>4,516,053</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>269,181</b>	<b>269,181</b>	<b>269,181</b>	<b>-</b>
<b>Fund balance at end of year. . . . .</b>	<b><u>\$ 4,745,690</u></b>	<b><u>\$ 5,952,496</u></b>	<b><u>\$ 5,966,040</u></b>	<b><u>\$ 13,544</u></b>

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

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2005

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 142,002	\$ 694,281	\$ 2,073,315	\$ 2,909,598
Receivables:				
Taxes. . . . .	-	723,840	20,139	743,979
Accounts. . . . .	1,177	-	-	1,177
Intergovernmental . . . . .	26,611	-	-	26,611
Materials and supplies inventory . . . . .	9,723	-	-	9,723
Total assets. . . . .	<u>\$ 179,513</u>	<u>\$ 1,418,121</u>	<u>\$ 2,093,454</u>	<u>\$ 3,691,088</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 8,122	\$ -	\$ 36,966	\$ 45,088
Accrued wages and benefits . . . . .	5,235	-	-	5,235
Pension obligation payable. . . . .	8,561	-	-	8,561
Intergovernmental payable . . . . .	1,684	-	-	1,684
Interfund loans payable. . . . .	3,390	-	-	3,390
Deferred revenue . . . . .	20,934	681,073	-	702,007
Total liabilities. . . . .	<u>47,926</u>	<u>681,073</u>	<u>36,966</u>	<u>765,965</u>
<b>Fund Balances:</b>				
Reserved for encumbrances. . . . .	20,245	-	198,325	218,570
Reserved for materials and supplies inventory . . . . .	9,723	-	-	9,723
Reserved for debt service. . . . .	-	699,276	-	699,276
Reserved for tax revenue unavailable for appropriation . . . . .	-	37,772	-	37,772
Unreserved, undesignated, reported in:				
Special revenue funds. . . . .	101,619	-	-	101,619
Capital projects funds. . . . .	-	-	1,858,163	1,858,163
Total fund balances. . . . .	<u>131,587</u>	<u>737,048</u>	<u>2,056,488</u>	<u>2,925,123</u>
Total liabilities and fund balances . . . . .	<u>\$ 179,513</u>	<u>\$ 1,418,121</u>	<u>\$ 2,093,454</u>	<u>\$ 3,691,088</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ -	\$ 451,735	\$ 295,583	\$ 747,318
Tuition . . . . .	175	-	-	175
Charges for services . . . . .	184,404	-	-	184,404
Earnings on investments . . . . .	413	-	47,696	48,109
Extracurricular . . . . .	77,245	-	-	77,245
Other local revenues . . . . .	82,117	35,581	2,571	120,269
Intergovernmental - State . . . . .	34,146	31,100	8,295	73,541
Intergovernmental - Federal . . . . .	96,754	-	-	96,754
Total revenues . . . . .	<u>475,254</u>	<u>518,416</u>	<u>354,145</u>	<u>1,347,815</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,704	-	5,806	9,510
Special . . . . .	40,612	-	2,489	43,101
Adult . . . . .	2	-	-	2
Support services:				
Pupil . . . . .	43,574	-	148,671	192,245
Instructional staff . . . . .	17,999	-	32,921	50,920
Board of education . . . . .	2,740	-	-	2,740
Administration . . . . .	-	-	12,458	12,458
Business . . . . .	-	-	49,056	49,056
Operations and maintenance . . . . .	-	-	515,880	515,880
Pupil transportation . . . . .	-	-	224	224
Central . . . . .	35,305	-	-	35,305
Operation of non-instructional services . . . . .	-	-	6,434	6,434
Extracurricular activities . . . . .	136,291	-	-	136,291
Food service operations . . . . .	257,211	-	-	257,211
Debt service:				
Principal retirement . . . . .	-	512,882	-	512,882
Interest and fiscal charges . . . . .	-	76,666	-	76,666
Total expenditures . . . . .	<u>537,438</u>	<u>589,548</u>	<u>773,939</u>	<u>1,900,925</u>
Excess (deficiency) of revenues under expenditures . . . . .	(62,184)	(71,132)	(419,794)	(553,110)
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	150,058	181,786	-	331,844
Transfers (out) . . . . .	(5,058)	-	-	(5,058)
Proceeds from sale of capital assets . . . . .	96	-	-	96
Total other financing sources (uses) . . . . .	<u>145,096</u>	<u>181,786</u>	<u>-</u>	<u>326,882</u>
Net change in fund balances . . . . .	82,912	110,654	(419,794)	(226,228)
<b>Fund balances</b>				
at beginning of year (restated) . . . . .	47,494	626,394	2,476,282	3,150,170
Increase in reserve for inventory . . . . .	1,181	-	-	1,181
Fund balances at end of year . . . . .	<u>\$ 131,587</u>	<u>\$ 737,048</u>	<u>\$ 2,056,488</u>	<u>\$ 2,925,123</u>

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

**Nonmajor Special Revenue Funds**

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

**Food Service Fund** Section 3313.81, Revised Code

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

**Uniform School Supplies Fund** Section 3313.81, Revised Code

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

**Adult Education Fund** Section 5705.12, Revised Code

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

**Public School Support Fund** Section 5705.12, Revised Code

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

**Other Grants Fund** Sections 5705.09 and 5705.13, Revised Code

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

**District Managed Activity Fund** Section 3313.062

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

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

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

**Entry Year Programs Fund** Section 3317.024(T), Revised Code

A fund used to account for monies to implement entry-year programs.

**Data Communication Fund** Section 5705.09, Revised Code

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

**SchoolNet Professional Development Fund** Section 5705.09, Revised Code

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

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

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

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

A fund used to account for student intervention services.

**Alternative Schools Fund** State Line Item Appropriation GRF 200-520

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

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

**Nonmajor Special Revenue Funds**

**Education for Economic Security Act and  
National Defense Education Act  
(EESA/NDEA) Fund**

Public Law 98-377,  
Catalog of Federal Domestic Assistance #84.281 or #13.483

A fund used to account for a provision of monies for strengthening instruction in science, mathematics, modern foreign languages, English, the arts, and computer learning.

**Limited English Proficiency Fund**

Catalog of Federal Domestic Assistance #84.365

A fund used to account for monies to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

**Title I Fund**

Public Law 97-35; Title I EESA 1965

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

**Title VI Fund**

Public Law 97-35; EESA 1965

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

**Drug Free School Grant Fund**

Catalog of Federal Domestic Assistance #84-166

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

**Improving Teacher Quality Fund**

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

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

**Miscellaneous Federal Grants Fund**

Section 5705.12, Revised Code

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

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2005

	<b>Food Service</b>	<b>Uniform School Supplies</b>	<b>Adult Education</b>	<b>Public School Support</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 3,535	\$ 780	\$ 1,858	\$ 27,571
Receivables:				
Accounts . . . . .	-	-	-	-
Intergovernmental . . . . .	4,263	-	-	-
Materials and supplies inventory . . . . .	6,769	2,409	-	-
Total assets . . . . .	<u>\$ 14,567</u>	<u>\$ 3,189</u>	<u>\$ 1,858</u>	<u>\$ 27,571</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 5,671	\$ -	\$ -	\$ -
Accrued wages and benefits . . . . .	2,687	-	-	-
Pension obligation payable . . . . .	8,561	-	-	-
Intergovernmental payable . . . . .	1,188	-	2	-
Interfund loans payable . . . . .	-	-	-	-
Deferred revenue . . . . .	-	-	-	-
Total liabilities . . . . .	<u>18,107</u>	<u>-</u>	<u>2</u>	<u>-</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	-	235	-	3,999
Reserved for materials and supplies inventory . . . . .	6,769	2,409	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds . . . . .	(10,309)	545	1,856	23,572
Total fund balances (deficits) . . . . .	<u>(3,540)</u>	<u>3,189</u>	<u>1,856</u>	<u>27,571</u>
Total liabilities and fund balances . . . . .	<u>\$ 14,567</u>	<u>\$ 3,189</u>	<u>\$ 1,858</u>	<u>\$ 27,571</u>

<b>Other Grants</b>	<b>District Managed Activity</b>	<b>Management Information Systems</b>	<b>SchoolNet Professional Development</b>	<b>Ohio Reads</b>	<b>Summer Intervention</b>
\$ 24,070	\$ 72,638	\$ 4,975	\$ 2,110	\$ 1,227	\$ -
-	1,177	-	-	-	-
-	-	-	-	-	709
-	545	-	-	-	-
<u>\$ 24,070</u>	<u>\$ 74,360</u>	<u>\$ 4,975</u>	<u>\$ 2,110</u>	<u>\$ 1,227</u>	<u>\$ 709</u>
\$ -	\$ 1,851	\$ -	\$ -	\$ -	\$ -
-	-	2,548	-	-	-
-	-	-	-	-	-
-	-	228	-	-	152
-	-	-	-	-	709
-	500	-	-	-	-
-	2,351	2,776	-	-	861
-	12,903	-	1,793	1,160	-
-	545	-	-	-	-
24,070	58,561	2,199	317	67	(152)
24,070	72,009	2,199	2,110	1,227	(152)
<u>\$ 24,070</u>	<u>\$ 74,360</u>	<u>\$ 4,975</u>	<u>\$ 2,110</u>	<u>\$ 1,227</u>	<u>\$ 709</u>

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2005

	<b>Alternative Schools</b>	<b>Title VI</b>	<b>Drug Free School Grant</b>	<b>Improving Teacher Quality</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 424	\$ 321	\$ -	\$ 2,493
Receivables:				
Accounts. . . . .	-	-	-	-
Intergovernmental . . . . .	1,205	2,966	6	17,462
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	\$ 1,629	\$ 3,287	\$ 6	\$ 19,955
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits . . . . .	-	-	-	-
Pension obligation payable. . . . .	-	-	-	-
Intergovernmental payable . . . . .	79	-	35	-
Interfund loans payable. . . . .	2,111	-	570	-
Deferred revenue . . . . .	-	2,966	6	17,462
Total liabilities. . . . .	2,190	2,966	611	17,462
<b>Fund Balances:</b>				
Reserved for encumbrances. . . . .	-	-	-	155
Reserved for materials and supplies inventory . . . . .	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds. . . . .	(561)	321	(605)	2,338
Total fund balances (deficits). . . . .	(561)	321	(605)	2,493
Total liabilities and fund balances . . . . .	\$ 1,629	\$ 3,287	\$ 6	\$ 19,955

<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 142,002
-	1,177
-	26,611
-	<u>9,723</u>
<u>\$ -</u>	<u>\$ 179,513</u>
600	\$ 8,122
-	5,235
-	8,561
-	1,684
-	3,390
-	<u>20,934</u>
<u>600</u>	<u>47,926</u>
-	20,245
-	9,723
<u>(600)</u>	<u>101,619</u>
<u>(600)</u>	<u>131,587</u>
<u>\$ -</u>	<u>\$ 179,513</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Public School Support</u>
<b>Revenues:</b>				
From local sources:				
Tuition . . . . .	\$ -	\$ -	\$ 175	\$ -
Charges for services . . . . .	184,404	-	-	-
Earnings on investments . . . . .	353	-	-	-
Extracurricular . . . . .	-	3,145	-	31,050
Other local revenues . . . . .	1,095	-	-	6,755
Intergovernmental - state . . . . .	803	-	-	-
Intergovernmental - federal . . . . .	43,746	-	-	-
Total revenues . . . . .	<u>230,401</u>	<u>3,145</u>	<u>175</u>	<u>37,805</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	3,403	176	-
Special . . . . .	-	-	-	-
Adult . . . . .	-	-	2	-
Support services:				
Pupil . . . . .	-	-	-	29,048
Instructional staff . . . . .	-	-	-	1,071
Board of education . . . . .	-	-	-	-
Central . . . . .	-	-	-	-
Extracurricular activities . . . . .	-	-	-	-
Food service operations . . . . .	257,211	-	-	-
Total expenditures . . . . .	<u>257,211</u>	<u>3,403</u>	<u>178</u>	<u>30,119</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(26,810)	(258)	(3)	7,686
<b>Other financing sources:</b>				
Transfers in . . . . .	40,000	-	-	-
Transfers (out) . . . . .	-	-	-	-
Proceeds from sale of capital assets . . . . .	96	-	-	-
Total other financing sources . . . . .	<u>40,096</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	13,286	(258)	(3)	7,686
<b>Fund balances (deficit)</b>				
at beginning of year (restated) . . . . .	(17,957)	3,581	1,859	19,885
Increase (decrease) in reserve for inventory . . . . .	1,131	(134)	-	-
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ (3,540)</u>	<u>\$ 3,189</u>	<u>\$ 1,856</u>	<u>\$ 27,571</u>

<b>Other Grants</b>	<b>District Managed Activity</b>	<b>Management Information Systems</b>	<b>Entry Year Programs</b>	<b>Data Communication</b>	<b>SchoolNet Professional Development</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	60	-	-	-	-
-	43,050	-	-	-	-
13,454	60,759	-	50	-	-
-	-	5,000	-	9,000	2,925
-	-	-	-	-	-
<u>13,454</u>	<u>103,869</u>	<u>5,000</u>	<u>50</u>	<u>9,000</u>	<u>2,925</u>
125	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,018	-	-	-	-	-
-	-	-	-	-	815
-	-	-	-	2,740	-
-	-	24,121	-	11,184	-
-	136,291	-	-	-	-
-	-	-	-	-	-
<u>2,143</u>	<u>136,291</u>	<u>24,121</u>	<u>-</u>	<u>13,924</u>	<u>815</u>
11,311	(32,422)	(19,121)	50	(4,924)	2,110
5,000	80,000	20,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,000</u>	<u>80,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
16,311	47,578	879	50	(4,924)	2,110
7,759	24,247	1,320	(50)	4,924	-
-	184	-	-	-	-
<u>\$ 24,070</u>	<u>\$ 72,009</u>	<u>\$ 2,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,110</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Ohio Reads</u>	<u>Summer Intervention</u>	<u>Alternative Schools</u>	<u>EESA/ NDEA</u>
<b>Revenues:</b>				
From local sources:				
Tuition . . . . .	\$ -	\$ -	\$ -	\$ -
Charges for services . . . . .	-	-	-	-
Earnings on investments . . . . .	-	-	-	-
Extracurricular . . . . .	-	-	-	-
Other local revenues . . . . .	-	-	-	-
Intergovernmental - state . . . . .	2,000	9,772	4,646	-
Intergovernmental - federal . . . . .	-	-	14,119	-
Total revenues. . . . .	<u>2,000</u>	<u>9,772</u>	<u>18,765</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	-	-	-	-
Special . . . . .	-	-	16,249	-
Adult . . . . .	-	-	-	-
Support services:				
Pupil . . . . .	-	9,924	-	-
Instructional staff. . . . .	805	-	-	-
Board of education . . . . .	-	-	-	-
Central . . . . .	-	-	-	-
Extracurricular activities. . . . .	-	-	-	-
Food service operations . . . . .	-	-	-	-
Total expenditures . . . . .	<u>805</u>	<u>9,924</u>	<u>16,249</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	1,195	(152)	2,516	-
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
Transfers (out). . . . .	-	-	-	(5,058)
Proceeds from sale of capital assets. . . . .	-	-	-	-
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,058)</u>
Net change in fund balances . . . . .	1,195	(152)	2,516	(5,058)
<b>Fund balances (deficit) at beginning of year (restated). . . . .</b>	32	-	(3,077)	5,058
<b>Increase (decrease) in reserve for inventory.</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 1,227</u>	<u>\$ (152)</u>	<u>\$ (561)</u>	<u>\$ -</u>

<u>Title I</u>	<u>Title VI</u>	<u>Drug Free School Grant</u>	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175
-	-	-	-	-	184,404
-	-	-	-	-	413
-	-	-	-	-	77,245
-	4	-	-	-	82,117
-	-	-	-	-	34,146
24,363	330	2,053	12,143	-	96,754
<u>24,363</u>	<u>334</u>	<u>2,053</u>	<u>12,143</u>	<u>-</u>	<u>475,254</u>
-	-	-	-	-	3,704
24,363	-	-	-	-	40,612
-	-	-	-	-	2
-	-	2,349	-	235	43,574
-	-	-	14,708	600	17,999
-	-	-	-	-	2,740
-	-	-	-	-	35,305
-	-	-	-	-	136,291
-	-	-	-	-	257,211
<u>24,363</u>	<u>-</u>	<u>2,349</u>	<u>14,708</u>	<u>835</u>	<u>537,438</u>
-	334	(296)	(2,565)	(835)	(62,184)
-	-	-	5,058	-	150,058
-	-	-	-	-	(5,058)
-	-	-	-	-	96
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,058</u>	<u>-</u>	<u>145,096</u>
-	334	(296)	2,493	(835)	82,912
-	(13)	(309)	-	235	47,494
-	-	-	-	-	1,181
<u>\$ -</u>	<u>\$ 321</u>	<u>\$ (605)</u>	<u>\$ 2,493</u>	<u>\$ (600)</u>	<u>\$ 131,587</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOOD SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ 350	\$ 366	\$ 353	\$ (13)
Charges for services . . . . .	182,827	191,091	184,404	(6,687)
Other local revenues . . . . .	1,164	1,217	1,174	(43)
Intergovernmental - State . . . . .	796	832	803	(29)
Intergovernmental - Federal . . . . .	<u>28,372</u>	<u>29,655</u>	<u>28,617</u>	<u>(1,038)</u>
Total revenues . . . . .	<u>213,509</u>	<u>223,161</u>	<u>215,351</u>	<u>(7,810)</u>
<b>Expenditures:</b>				
Food service operations:				
Salaries and wages . . . . .	89,439	116,087	116,413	(326)
Fringe benefits . . . . .	21,805	28,302	27,975	327
Purchased services . . . . .	5,486	7,121	6,558	563
Supplies . . . . .	66,180	85,899	84,201	1,698
Capital outlay . . . . .	<u>863</u>	<u>1,120</u>	<u>1,120</u>	<u>-</u>
Total expenditures . . . . .	<u>183,773</u>	<u>238,529</u>	<u>236,267</u>	<u>2,262</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>29,736</u>	<u>(15,368)</u>	<u>(20,916)</u>	<u>(5,548)</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets . . . . .	95	99	96	(3)
Transfers in . . . . .	39,658	41,450	40,000	(1,450)
Advances (out) . . . . .	<u>(46,227)</u>	<u>(60,001)</u>	<u>(60,000)</u>	<u>1</u>
Total other financing sources (uses) . . . . .	<u>(6,474)</u>	<u>(18,452)</u>	<u>(19,904)</u>	<u>(1,452)</u>
Net change in fund balance . . . . .	23,262	(33,820)	(40,820)	(7,000)
<b>Fund balance at beginning of year . . . . .</b>	33,819	33,819	33,819	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>9,262</u>	<u>9,262</u>	<u>9,262</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 66,343</u>	<u>\$ 9,261</u>	<u>\$ 2,261</u>	<u>\$ (7,000)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
UNIFORM SCHOOL SUPPLIES FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Extracurricular . . . . .	\$ 2,600	\$ 3,145	\$ 3,145	\$ -
Total revenues . . . . .	<u>2,600</u>	<u>3,145</u>	<u>3,145</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Supplies . . . . .	3,500	4,183	3,638	545
Total expenditures . . . . .	<u>3,500</u>	<u>4,183</u>	<u>3,638</u>	<u>545</u>
Net change in fund balance . . . . .	(900)	(1,038)	(493)	545
<b>Fund balance at beginning of year . . . . .</b>	<u>1,038</u>	<u>1,038</u>	<u>1,038</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 138</u>	<u>\$ -</u>	<u>\$ 545</u>	<u>\$ 545</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ADULT EDUCATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Tuition . . . . .	\$ 1,000	\$ 175	\$ 175	\$ -
Total revenues . . . . .	<u>1,000</u>	<u>175</u>	<u>175</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Salaries and wages . . . . .	861	1,600	139	1,461
Fringe benefits . . . . .	<u>139</u>	<u>259</u>	<u>37</u>	<u>222</u>
Total expenditures . . . . .	<u>1,000</u>	<u>1,859</u>	<u>176</u>	<u>1,683</u>
Net change in fund balance . . . . .	-	(1,684)	(1)	1,683
<b>Fund balance at beginning of year . . . . .</b>	<u>1,859</u>	<u>1,859</u>	<u>1,859</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,859</u>	<u>\$ 175</u>	<u>\$ 1,858</u>	<u>\$ 1,683</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PUBLIC SCHOOL SUPPORT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Extracurricular . . . . .	\$ 34,183	\$ 32,052	\$ 31,050	\$ (1,002)
Other local revenues . . . . .	7,437	6,973	6,755	(218)
Total revenues. . . . .	<u>41,620</u>	<u>39,025</u>	<u>37,805</u>	<u>(1,220)</u>
<b>Expenditures:</b>				
Current:				
Support services-pupil:				
Purchased services . . . . .	29,556	29,967	27,450	2,517
Supplies . . . . .	8,808	8,931	2,237	6,694
Capital outlay . . . . .	10,807	10,958	595	10,363
Other . . . . .	4,537	4,600	2,867	1,733
Total support services-pupil. . . . .	<u>53,708</u>	<u>54,456</u>	<u>33,149</u>	<u>21,307</u>
Support services-instructional staff:				
Fringe benefits . . . . .	3,292	3,338	1,071	2,267
Total support services-instructional staff . . . . .	<u>3,292</u>	<u>3,338</u>	<u>1,071</u>	<u>2,267</u>
Total expenditures . . . . .	<u>57,000</u>	<u>57,794</u>	<u>34,220</u>	<u>23,574</u>
Net change in fund balance . . . . .	(15,380)	(18,769)	3,585	22,354
<b>Fund balance at beginning of year . . . . .</b>	18,767	18,767	18,767	-
<b>Prior year encumbrances appropriated . . . . .</b>	1,220	1,220	1,220	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ 4,607</u>	<u>\$ 1,218</u>	<u>\$ 23,572</u>	<u>\$ 22,354</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OTHER GRANTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Other local revenues . . . . .	\$ -	\$ 13,454	\$ 13,454	\$ -
Total revenues . . . . .	-	13,454	13,454	-
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Supplies . . . . .	166	125	125	-
Total instruction-regular . . . . .	166	125	125	-
Support services-pupil:				
Salaries and wages . . . . .	531	400	-	400
Purchased services . . . . .	9,303	7,014	2,020	4,994
Total support services-pupil . . . . .	9,834	7,414	2,020	5,394
Total expenditures . . . . .	10,000	7,539	2,145	5,394
Excess (deficiency) of revenues over (under) expenditures . . . . .	(10,000)	5,915	11,309	5,394
<b>Other financing sources:</b>				
Transfers in . . . . .	5,000	5,000	5,000	-
Total other financing sources . . . . .	5,000	5,000	5,000	-
Net change in fund balance . . . . .	(5,000)	10,915	16,309	5,394
<b>Fund balance at beginning of year . . . . .</b>	<u>7,761</u>	<u>7,761</u>	<u>7,761</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,761</u>	<u>\$ 18,676</u>	<u>\$ 24,070</u>	<u>\$ 5,394</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DISTRICT MANAGED ACTIVITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ 53	\$ 66	\$ 60	\$ (6)
Extracurricular . . . . .	38,426	47,810	43,607	(4,203)
Other local revenues . . . . .	52,943	65,872	60,082	(5,790)
Total revenues . . . . .	<u>91,422</u>	<u>113,748</u>	<u>103,749</u>	<u>(9,999)</u>
<b>Expenditures:</b>				
Extracurricular activities:				
Purchased services . . . . .	64,279	56,635	67,304	(10,669)
Supplies . . . . .	64,745	57,047	42,419	14,628
Capital outlay . . . . .	22,542	19,862	19,956	(94)
Other . . . . .	25,409	22,388	19,515	2,873
Total extracurricular activities . . . . .	<u>176,975</u>	<u>155,932</u>	<u>149,194</u>	<u>6,738</u>
Facilities acquisition and construction:				
Purchased services . . . . .	625	551	-	551
Total facilities acquisition and construction . . . . .	<u>625</u>	<u>551</u>	<u>-</u>	<u>551</u>
Total expenditures . . . . .	<u>177,600</u>	<u>156,483</u>	<u>149,194</u>	<u>7,289</u>
Deficiency of revenues under expenditures . . . . .	<u>(86,178)</u>	<u>(42,735)</u>	<u>(45,445)</u>	<u>(2,710)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	70,495	87,710	80,000	(7,710)
Total other financing sources . . . . .	<u>70,495</u>	<u>87,710</u>	<u>80,000</u>	<u>(7,710)</u>
Net change in fund balance . . . . .	(15,683)	44,975	34,555	(10,420)
<b>Fund balance at beginning of year . . . .</b>	5,620	5,620	5,620	-
<b>Prior year encumbrances appropriated .</b>	<u>17,709</u>	<u>17,709</u>	<u>17,709</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 7,646</u>	<u>\$ 68,304</u>	<u>\$ 57,884</u>	<u>\$ (10,420)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
MANAGEMENT INFORMATION SYSTEMS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - State . . . . .	\$ -	\$ 5,000	\$ 5,000	\$ -
Total revenues . . . . .	-	5,000	5,000	-
<b>Expenditures:</b>				
Current:				
Support services-central:				
Salaries and wages . . . . .	-	20,702	17,120	3,582
Fringe benefits . . . . .	-	4,767	3,374	1,393
Purchased services . . . . .	-	1,049	1,049	-
Total expenditures . . . . .	-	26,518	21,543	4,975
Deficiency of revenues under expenditures . . . . .	-	(21,518)	(16,543)	4,975
<b>Other financing sources:</b>				
Transfers in . . . . .	-	20,000	20,000	-
Total other financing sources . . . . .	-	20,000	20,000	-
Net change in fund balance . . . . .	-	(1,518)	3,457	4,975
<b>Fund balance at beginning of year . . . . .</b>	1,518	1,518	1,518	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,518</u>	<u>\$ -</u>	<u>\$ 4,975</u>	<u>\$ 4,975</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DATA COMMUNICATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - State . . . . .	\$ 4,924	\$ 9,000	\$ 9,000	\$ -
Total revenues . . . . .	<u>4,924</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services-board of education:				
Purchased services . . . . .	969	2,740	2,740	-
Total support services-board of education . . . . .	<u>969</u>	<u>2,740</u>	<u>2,740</u>	<u>-</u>
Support services-central:				
Purchased services . . . . .	3,955	11,184	11,184	-
Total support services-central . . . . .	<u>3,955</u>	<u>11,184</u>	<u>11,184</u>	<u>-</u>
Total expenditures . . . . .	<u>4,924</u>	<u>13,924</u>	<u>13,924</u>	<u>-</u>
Net change in fund balance . . . . .	-	(4,924)	(4,924)	-
<b>Fund balance at beginning of year . . . . .</b>	<u>4,924</u>	<u>4,924</u>	<u>4,924</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 4,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SCHOOLNET PROFESSIONAL DEVELOPMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - State . . . . .	\$ -	\$ 2,925	\$ 2,925	\$ -
Total revenues. . . . .	-	2,925	2,925	-
<b>Expenditures:</b>				
Current:				
Support services-instructional staff:				
Purchased services . . . . .	-	2,925	2,608	317
Total expenditures. . . . .	-	2,925	2,608	317
Net change in fund balance . . . . .	-	-	317	317
<b>Fund balance at beginning of year . . . . .</b>	-	-	-	-
<b>Fund balance at end of year. . . . .</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 317</b>	<b>\$ 317</b>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OHIO READS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental - State . . . . .	\$ -	\$ 2,000	\$ 2,000	\$ -
Total revenues . . . . .	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services-instructional staff:				
Supplies . . . . .	-	805	1,965	(1,160)
Total expenditures . . . . .	<u>-</u>	<u>805</u>	<u>1,965</u>	<u>(1,160)</u>
Net change in fund balance . . . . .	-	1,195	35	(1,160)
<b>Fund balance at beginning of year . . . . .</b>	<u>32</u>	<u>32</u>	<u>32</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 32</u>	<u>\$ 1,227</u>	<u>\$ 67</u>	<u>\$ (1,160)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SUMMER INTERVENTION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - State . . . . .	\$ -	\$ 9,063	\$ 9,063	\$ -
Total revenues . . . . .	<u>-</u>	<u>9,063</u>	<u>9,063</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services-pupil:				
Purchased services . . . . .	-	9,772	9,772	-
Total expenditures . . . . .	<u>-</u>	<u>9,772</u>	<u>9,772</u>	<u>-</u>
Deficiency of revenues under expenditures . . . . .	-	(709)	(709)	-
<b>Other financing sources:</b>				
Advances in . . . . .	-	709	709	-
Total other financing sources . . . . .	<u>-</u>	<u>709</u>	<u>709</u>	<u>-</u>
Net change in fund balance . . . . .	-	-	-	-
<b>Fund balance at beginning of year . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALTERNATIVE SCHOOLS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - State . . . . .	\$ -	\$ 3,441	\$ 3,441	\$ -
Intergovernmental - Federal . . . . .	-	14,118	14,119	1
Total revenues . . . . .	-	17,559	17,560	1
<b>Expenditures:</b>				
Current:				
Instruction-special:				
Salaries and wages . . . . .	-	2,962	4,592	(1,630)
Fringe benefits . . . . .	-	751	751	-
Purchased services . . . . .	-	3,261	2,252	1,009
Supplies . . . . .	-	5,776	4,919	857
Capital outlay . . . . .	-	3,000	3,242	(242)
Other . . . . .	-	480	475	5
Total expenditures . . . . .	-	16,230	16,231	(1)
Excess of revenues over expenditures . . . . .	-	1,329	1,329	-
<b>Other financing sources (uses):</b>				
Advances in . . . . .	-	2,111	2,111	-
Advances (out) . . . . .	-	(3,016)	(3,016)	-
Total other financing sources (uses) . . . . .	-	(905)	(905)	-
Net change in fund balance . . . . .	-	424	424	-
<b>Fund balance at beginning of year . . . . .</b>	-	-	-	-
<b>Fund balance at end of year . . . . .</b>	\$ -	\$ 424	\$ 424	\$ -

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
EESA/NDEA FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - Federal . . . . .	\$ 5,059	\$ -	\$ -	\$ -
Total revenues. . . . .	<u>5,059</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures . . . . .	<u>5,059</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing (uses):</b>				
Transfers (out). . . . .	(5,058)	-	(5,058)	(5,058)
Total other financing (uses) . . . . .	<u>(5,058)</u>	<u>-</u>	<u>(5,058)</u>	<u>(5,058)</u>
Net change in fund balance . . . . .	1	-	(5,058)	(5,058)
<b>Fund balance at beginning of year . . . . .</b>	<u>5,058</u>	<u>5,058</u>	<u>5,058</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 5,059</u>	<u>\$ 5,058</u>	<u>\$ -</u>	<u>\$ (5,058)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
LIMITED ENGLISH PROFICIENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - Federal . . . . .	\$ -	\$ 1,218	\$ 1,218	\$ -
Total revenues. . . . .	-	1,218	1,218	-
Excess of revenues over expenditures . . . . .	-	1,218	1,218	-
<b>Other financing (uses):</b>				
Refund of prior year (receipts). . . . .	-	(1,218)	(1,218)	-
Total other financing (uses) . . . . .	-	(1,218)	(1,218)	-
Net change in fund balance . . . . .	-	-	-	-
<b>Fund balance at beginning of year . . . . .</b>	-	-	-	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE I FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - Federal . . . . .	\$ -	\$ 24,363	\$ 24,363	\$ -
Total revenues. . . . .	-	24,363	24,363	-
<b>Expenditures:</b>				
Current:				
Instruction-special:				
Purchased services . . . . .	-	24,363	24,363	-
Total expenditures. . . . .	-	24,363	24,363	-
Net change in fund balance . . . . .	-	-	-	-
<b>Fund balance at beginning of year . . . . .</b>	-	-	-	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE VI FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Other local revenues . . . . .	\$ -	\$ -	\$ 4	\$ 4
Intergovernmental - Federal . . . . .	-	330	330	-
Total revenues. . . . .	-	330	334	4
<b>Expenditures:</b>				
Current:				
Support services-pupil:				
Fringe benefits . . . . .	-	330	13	317
Total expenditures. . . . .	-	330	13	317
Net change in fund balance . . . . .	-	-	321	321
<b>Fund balance at beginning of year . . . . .</b>	-	-	-	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321</u>	<u>\$ 321</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DRUG FREE SCHOOL GRANT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - Federal . . . . .	\$ -	\$ 2,053	\$ 2,053	\$ -
Total revenues. . . . .	-	2,053	2,053	-
<b>Expenditures:</b>				
Current:				
Support services-pupil:				
Salaries and wages . . . . .	-	2,019	2,019	-
Fringe benefits . . . . .	-	319	319	-
Total expenditures. . . . .	-	2,338	2,338	-
Deficiency of revenues under expenditures. . . . .	-	(285)	(285)	-
<b>Other financing sources (uses):</b>				
Advances in . . . . .	-	570	570	-
Advances (out) . . . . .	-	(285)	(285)	-
Total other financing sources (uses) . . . . .	-	285	285	-
Net change in fund balance . . . . .	-	-	-	-
<b>Fund balance at beginning of year . . . . .</b>	-	-	-	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
IMPROVING TEACHER QUALITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - Federal . . . . .	\$ -	\$ 12,143	\$ 12,143	\$ -
Total revenues. . . . .	-	12,143	12,143	-
<b>Expenditures:</b>				
Current:				
Support services-instructional staff:				
Purchased services . . . . .	-	17,200	14,863	2,337
Total expenditures. . . . .	-	17,200	14,863	2,337
Deficiency of revenues under expenditures. . . . .	-	(5,057)	(2,720)	2,337
<b>Other financing sources:</b>				
Transfers in . . . . .	-	5,058	5,058	-
Total other financing sources. . . . .	-	5,058	5,058	-
Net change in fund balance . . . . .	-	1	2,338	2,337
<b>Fund balance at beginning of year . . . . .</b>	-	-	-	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 2,338</u>	<u>\$ 2,337</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
MISCELLANEOUS FEDERAL GRANTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Support services-pupil:				
Purchased services . . . . .	\$ -	\$ 235	\$ 235	\$ -
Total expenditures. . . . .	<u>-</u>	<u>235</u>	<u>235</u>	<u>-</u>
Net change in fund balance . . . . .	-	(235)	(235)	-
<b>Fund balance at beginning of year . . . . .</b>	<u>235</u>	<u>235</u>	<u>235</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FUND DESCRIPTIONS**

**Nonmajor Debt Service Fund**

**Bond Retirement Fund**

Section 5705.09, Revised Code

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
BOND RETIREMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 460,238	\$ 478,031	\$ 446,931	\$ (31,100)
Intergovernmental - State . . . . .	-	-	31,100	31,100
Total revenues. . . . .	<u>460,238</u>	<u>478,031</u>	<u>478,031</u>	<u>-</u>
<b>Expenditures:</b>				
Debt service:				
Principal retirement . . . . .	447,238	556,882	512,882	44,000
Interest and fiscal charges . . . . .	<u>61,762</u>	<u>76,903</u>	<u>76,666</u>	<u>237</u>
Total expenditures . . . . .	<u>509,000</u>	<u>633,785</u>	<u>589,548</u>	<u>44,237</u>
Deficiency of revenues under expenditures . . . . .	<u>(48,762)</u>	<u>(155,754)</u>	<u>(111,517)</u>	<u>44,237</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	181,785	181,786	181,786	-
Refund of prior year's expenditures . . . . .	<u>-</u>	<u>35,581</u>	<u>35,581</u>	<u>-</u>
Total other financing sources. . . . .	<u>181,785</u>	<u>217,367</u>	<u>217,367</u>	<u>-</u>
Net change in fund balance . . . . .	133,023	61,613	105,850	44,237
<b>Fund balance at beginning of year . . . . .</b>	<u>588,431</u>	<u>588,431</u>	<u>588,431</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 721,454</u>	<u>\$ 650,044</u>	<u>\$ 694,281</u>	<u>\$ 44,237</u>

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FUND DESCRIPTIONS**

**Nonmajor Capital Projects Funds**

Capital projects funds account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds and trust funds). A description of the District's capital projects funds follows:

**Permanent Improvement Fund**

Section 5705.10, Revised Code

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

**SchoolNet Equipment/Infrastructure Fund**

Section 5705.09, Revised Code

A fund used to account for State grants to provide classroom wiring, which will support the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom in low-wealth school districts.

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

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2005

	<u>Permanent Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents. . . . .	\$ 2,073,315	\$ 2,073,315
Receivables:		
Taxes. . . . .	<u>20,139</u>	<u>20,139</u>
Total assets. . . . .	<u>\$ 2,093,454</u>	<u>\$ 2,093,454</u>
<b>Liabilities:</b>		
Accounts payable. . . . .	<u>\$ 36,966</u>	<u>\$ 36,966</u>
Total liabilities. . . . .	<u>36,966</u>	<u>36,966</u>
<b>Fund Balances:</b>		
Reserved for encumbrances. . . . .	198,325	198,325
Unreserved, undesignated, reported in:		
Capital projects funds. . . . .	<u>1,858,163</u>	<u>1,858,163</u>
Total fund balances. . . . .	<u>2,056,488</u>	<u>2,056,488</u>
Total liabilities and fund balances . . . . .	<u>\$ 2,093,454</u>	<u>\$ 2,093,454</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<b>Permanent Improvement</b>	<b>SchoolNet Equipment/ Infrastructure</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 295,583	\$ -	\$ 295,583
Earnings on investments . . . . .	47,696	-	47,696
Other local revenues . . . . .	2,571	-	2,571
Intergovernmental - State . . . . .	-	8,295	8,295
Total revenues. . . . .	345,850	8,295	354,145
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular. . . . .	-	5,806	5,806
Special . . . . .	-	2,489	2,489
Support services:			
Pupil . . . . .	148,671	-	148,671
Instructional staff. . . . .	32,921	-	32,921
Administration . . . . .	12,458	-	12,458
Business . . . . .	49,056	-	49,056
Operations and maintenance . . . . .	515,880	-	515,880
Pupil transportation . . . . .	224	-	224
Operation of non-instructional services . . . . .	6,434	-	6,434
Total expenditures . . . . .	765,644	8,295	773,939
Net change in fund balances. . . . .	(419,794)	-	(419,794)
<b>Fund balances</b>			
at beginning of year (restated) . . . . .	2,476,282	-	2,476,282
<b>Fund balances at end of year . . . . .</b>	<b>\$ 2,056,488</b>	<b>\$ -</b>	<b>\$ 2,056,488</b>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PERMANENT IMPROVEMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,128,160	\$ 557,934	\$ 275,444	\$ (282,490)
Earnings on investments . . . . .	195,352	96,612	47,696	(48,916)
Other local revenues . . . . .	10,531	5,208	2,571	(2,637)
Total revenues. . . . .	<u>1,334,043</u>	<u>659,754</u>	<u>325,711</u>	<u>(334,043)</u>
<b>Expenditures:</b>				
Current:				
Support services-pupil:				
Purchased services . . . . .	105,786	105,786	41,245	64,541
Supplies . . . . .	90,985	90,985	64,620	26,365
Capital outlay . . . . .	400,329	400,329	56,443	343,886
Total support services-pupil. . . . .	<u>597,100</u>	<u>597,100</u>	<u>162,308</u>	<u>434,792</u>
Support services-instructional staff:				
Purchased services . . . . .	57,076	57,076	21,580	35,496
Supplies . . . . .	65,000	65,000	863	64,137
Capital outlay . . . . .	25,500	25,500	11,478	14,022
Total support services-instructional staff . . . . .	<u>147,576</u>	<u>147,576</u>	<u>33,921</u>	<u>113,655</u>
Support services-administration:				
Purchased services . . . . .	18,418	18,418	12,796	5,622
Total support services-administration. . . . .	<u>18,418</u>	<u>18,418</u>	<u>12,796</u>	<u>5,622</u>
Support services-business:				
Supplies . . . . .	10,908	10,908	828	10,080
Capital outlay . . . . .	49,250	49,250	48,926	324
Total support services-business . . . . .	<u>60,158</u>	<u>60,158</u>	<u>49,754</u>	<u>10,404</u>
Support services-operations and maintenance:				
Purchased services . . . . .	703,151	703,151	650,324	52,827
Supplies . . . . .	2,750	2,750	906	1,844
Capital outlay . . . . .	28,995	28,995	28,995	-
Total support services-operations and maintenance . . . . .	<u>734,896</u>	<u>734,896</u>	<u>680,225</u>	<u>54,671</u>
Support services-pupil transportation:				
Purchased services . . . . .	650	650	650	-
Capital outlay . . . . .	9,768	9,768	224	9,544
Total support services-pupil transportation . . . . .	<u>10,418</u>	<u>10,418</u>	<u>874</u>	<u>9,544</u>
Operation of non-instructional services:				
Purchased services . . . . .	26,434	26,434	24,429	2,005
Total operation of non-instructional services . . . . .	<u>26,434</u>	<u>26,434</u>	<u>24,429</u>	<u>2,005</u>
Facilities acquisition and construction:				
Purchased services . . . . .	5,000	5,000	-	5,000
Total facilities acquisition and construction. . . . .	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures . . . . .	<u>1,600,000</u>	<u>1,600,000</u>	<u>964,307</u>	<u>635,693</u>
Net change in fund balance . . . . .	(265,957)	(940,246)	(638,596)	301,650
<b>Fund balance at beginning of year . . . . .</b>	2,142,577	2,142,577	2,142,577	-
<b>Prior year encumbrances appropriated . . . . .</b>	334,043	334,043	334,043	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ 2,210,663</u>	<u>\$ 1,536,374</u>	<u>\$ 1,838,024</u>	<u>\$ 301,650</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SCHOOLNET EQUIPMENT / INFRASTRUCTURE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - State . . . . .	\$ -	\$ 8,295	\$ 8,295	\$ -
Total revenues . . . . .	-	8,295	8,295	-
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Capital outlay . . . . .	-	5,806	5,806	-
Total instruction-regular . . . . .	-	5,806	5,806	-
Instruction-special:				
Capital outlay . . . . .	-	2,489	2,489	-
Total instruction-special . . . . .	-	2,489	2,489	-
Total expenditures . . . . .	-	8,295	8,295	-
Net change in fund balance . . . . .	-	-	-	-
<b>Fund balance at beginning of year . . . . .</b>	-	-	-	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Nonmajor Internal Service Fund**

**Employee Benefits Self Insurance Fund**

Section 5705.09, Revised Code

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

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
EMPLOYEE BENEFITS SELF INSURANCE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 165,000	\$ 189,309	\$ 189,309	\$ -
Total operating revenues . . . . .	<u>165,000</u>	<u>189,309</u>	<u>189,309</u>	<u>-</u>
<b>Operating expenses:</b>				
Claims expense . . . . .	185,000	185,000	164,004	20,996
Total operating expenses . . . . .	<u>185,000</u>	<u>185,000</u>	<u>164,004</u>	<u>20,996</u>
Net income (loss) . . . . .	(20,000)	4,309	25,305	20,996
<b>Fund balance at beginning of year . . . . .</b>	<u>155,959</u>	<u>155,959</u>	<u>155,959</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 135,959</u>	<u>\$ 160,268</u>	<u>\$ 181,264</u>	<u>\$ 20,996</u>

Cuyahoga Heights Schools

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

**FIDUCIARY FUNDS**

**FUND DESCRIPTIONS**

**Private Purpose Trust Funds**

**Special Trust Fund**

Section 5705.09, Revised Code

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

**Endowment Fund**

Section 5705.09, Revised Code

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

**Agency Funds**

**District Agency Fund**

Section 5705.12, Revised Code

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

**Student Managed Activity Fund**

Section 3313.062, Revised Code

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

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

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2005

	<b>Special Trust</b>	<b>Endowment</b>	<b>Total Private-Purpose Trust</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 4,812	\$ 180,676	\$ 185,488
Receivables:			
Accrued interest . . . . .	-	5,959	5,959
Total assets. . . . .	<u>\$ 4,812</u>	<u>\$ 186,635</u>	<u>\$ 191,447</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ -	\$ -	\$ -
Intergovernmental payable . . . . .	-	-	-
Due to students . . . . .	-	-	-
Total liabilities. . . . .	-	-	-
<b>Net Assets:</b>			
Held in trust for scholarships . . . . .	4,812	186,635	191,447
Total net assets . . . . .	<u>\$ 4,812</u>	<u>\$ 186,635</u>	<u>\$ 191,447</u>

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

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Special Trust</u>	<u>Endowment</u>	<u>Total Private-Purpose Trust</u>
<b>Additions:</b>			
Interest . . . . .	\$ 64	\$ 15,245	\$ 15,309
Contributions and gifts . . . . .	2,879	9,559	12,438
Total additions . . . . .	<u>2,943</u>	<u>24,804</u>	<u>27,747</u>
<b>Deductions:</b>			
Scholarships awarded . . . . .	221	9,436	9,657
Total deductions . . . . .	<u>221</u>	<u>9,436</u>	<u>9,657</u>
Change in net assets . . . . .	2,722	15,368	18,090
<b>Net assets at beginning of year . . . . .</b>	<u>2,090</u>	<u>171,267</u>	<u>173,357</u>
<b>Net assets at end of year . . . . .</b>	<u>\$ 4,812</u>	<u>\$ 186,635</u>	<u>\$ 191,447</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ 11	\$ 64	\$ 64	\$ -
Other local revenues . . . . .	34	200	200	-
Total revenues . . . . .	<u>45</u>	<u>264</u>	<u>264</u>	<u>-</u>
<b>Expenditures:</b>				
Operation on non-instructional services:				
Other . . . . .	2,000	2,000	221	1,779
Total expenditures . . . . .	<u>2,000</u>	<u>2,000</u>	<u>221</u>	<u>1,779</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(1,955)</u>	<u>(1,736)</u>	<u>43</u>	<u>1,779</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	455	2,679	2,679	-
Total other financing sources . . . . .	<u>455</u>	<u>2,679</u>	<u>2,679</u>	<u>-</u>
Net change in fund balance . . . . .	(1,500)	943	2,722	1,779
<b>Fund balance at beginning of year . . . .</b>	<u>2,090</u>	<u>2,090</u>	<u>2,090</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 590</u>	<u>\$ 3,033</u>	<u>\$ 4,812</u>	<u>\$ 1,779</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ENDOWMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ 9,924	\$ 9,355	\$ 9,286	\$ (69)
Other local revenues . . . . .	10,217	9,631	9,559	(72)
Total revenues. . . . .	<u>20,141</u>	<u>18,986</u>	<u>18,845</u>	<u>(141)</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Supplies . . . . .	53	338	141	197
Other . . . . .	1,524	9,649	6,757	2,892
Total expenditures. . . . .	<u>1,577</u>	<u>9,987</u>	<u>6,898</u>	<u>3,089</u>
Excess of revenues over expenditures . . . . .	<u>18,564</u>	<u>8,999</u>	<u>11,947</u>	<u>2,948</u>
<b>Other financing (uses):</b>				
Transfers (out). . . . .	(423)	(2,679)	(2,679)	-
Total other financing (uses) . . . . .	<u>(423)</u>	<u>(2,679)</u>	<u>(2,679)</u>	<u>-</u>
Net change in fund balance . . . . .	18,141	6,320	9,268	2,948
Fund balance at beginning of year . . . . .	171,267	171,267	171,267	-
Prior year encumbrances appropriated . . . . .	141	141	141	-
Fund balance at end of year. . . . .	<u>\$ 189,549</u>	<u>\$ 177,728</u>	<u>\$ 180,676</u>	<u>\$ 2,948</u>

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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2005

	<u>Beginning Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2005</u>
<b><u>District Agency Fund</u></b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 5,178	\$ 4,677	\$ (4,973)	\$ 4,882
Total assets . . . . .	<u>\$ 5,178</u>	<u>\$ 4,677</u>	<u>\$ (4,973)</u>	<u>\$ 4,882</u>
<b>Liabilities:</b>				
Intergovernmental payable . . . . .	\$ 5,178	\$ 4,677	\$ (4,973)	\$ 4,882
Total liabilities . . . . .	<u>\$ 5,178</u>	<u>\$ 4,677</u>	<u>\$ (4,973)</u>	<u>\$ 4,882</u>
 <b><u>Student Managed Activity Fund</u></b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 43,724	\$ 51,061	\$ (52,077)	\$ 42,708
Receivables Accounts . . . . .	430	12	(430)	12
Total assets . . . . .	<u>\$ 44,154</u>	<u>\$ 51,073</u>	<u>\$ (52,507)</u>	<u>\$ 42,720</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 52	\$ 103	\$ (52)	\$ 103
Due to students . . . . .	44,102	50,970	(52,455)	42,617
Total liabilities . . . . .	<u>\$ 44,154</u>	<u>\$ 51,073</u>	<u>\$ (52,507)</u>	<u>\$ 42,720</u>
 <b><u>Total Agency Funds</u></b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 48,902	\$ 55,738	\$ (57,050)	\$ 47,590
Receivables Accounts . . . . .	430	12	(430)	12
Total assets . . . . .	<u>\$ 49,332</u>	<u>\$ 55,750</u>	<u>\$ (57,480)</u>	<u>\$ 47,602</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 52	\$ 103	\$ (52)	\$ 103
Intergovernmental payable . . . . .	5,178	4,677	(4,973)	4,882
Due to students . . . . .	44,102	50,970	(52,455)	42,617
Total liabilities . . . . .	<u>\$ 49,332</u>	<u>\$ 55,750</u>	<u>\$ (57,480)</u>	<u>\$ 47,602</u>

STATISTICAL SECTION

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

GOVERNMENTAL ACTIVITIES EXPENSES BY PROGRAM  
AND GENERAL FUND EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

	2005		2004		2003	
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual
Instruction:						
Regular	\$ 5,838,255	\$ 5,605,679	\$ 5,869,465	\$ 5,237,743	\$ 5,447,311	\$ 5,586,900
Special	680,459	676,129	687,407	686,567	659,473	652,574
Adult	2	2	-	-	-	-
Other	252,397	252,397	170,213	170,213	167,038	167,038
Support services:						
Pupil	1,061,112	1,068,736	1,187,486	1,224,839	1,248,812	1,363,757
Instructional staff	770,127	724,930	794,617	753,644	633,995	617,924
Board of Education	49,590	49,590	54,524	54,524	42,170	42,170
Administration	1,229,688	1,243,065	1,303,747	1,251,586	1,126,840	1,120,305
Fiscal	550,112	542,951	541,022	550,798	591,842	590,258
Business	122,223	149,655	137,322	143,532	94,061	91,526
Operations and maintenance	2,021,402	2,017,815	1,944,839	1,998,811	1,726,282	1,700,371
Pupil transportation	751,603	700,954	742,184	839,890	722,946	701,773
Central	35,305	35,305	44,575	44,426	58,479	58,744
Operation of non-instructional services	166,091	127,824	167,100	113,299	158,581	125,147
Extracurricular activities	802,769	758,613	888,586	814,315	710,221	654,604
Food service operations	291,518	257,211	322,173	249,257	258,752	213,073
Facilities acquisition and construction	-	-	-	15,688	-	21,894
Capital outlay	-	-	-	-	-	-
Debt service	85,065	589,548	241,747	655,197	207,727	596,472
<b>Total</b>	<b>\$ 14,707,718</b>	<b>\$ 14,800,404</b>	<b>\$ 15,097,007</b>	<b>\$ 14,804,329</b>	<b>\$ 13,854,530</b>	<b>\$ 14,304,530</b>

Source: School District Financial Records.

Note: Data from fiscal years 2003-2005 represent governmental activities expenditures. Data from fiscal years 1996-2002 represent general fund expenditures.

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
<u>Modified Accrual</u>						
\$ 5,122,299	\$ 4,893,119	\$ 4,604,228	\$ 4,593,099	\$ 4,082,113	\$ 3,949,883	\$ 4,400,373
555,138	409,784	378,425	355,993	157,260	153,877	148,095
-	-	-	-	-	-	-
110,803	195,940	163,353	109,406	172,621	93,374	78,555
883,433	861,292	777,287	829,054	706,822	593,534	618,866
731,670	675,335	587,517	499,811	498,905	417,926	437,669
241,064	62,251	38,889	45,722	37,640	27,973	40,592
1,115,409	1,069,044	969,105	776,680	487,518	642,371	1,106,895
456,560	514,475	440,326	488,215	401,531	410,106	442,048
74,441	49,187	87,403	85,112	73,413	52,730	66,412
1,394,249	1,405,558	1,260,194	1,301,003	1,182,946	1,147,083	1,311,873
723,219	686,819	575,051	546,238	431,048	398,426	421,049
44,168	31,712	25,653	29,692	31,216	48,270	47,707
98,606	110,421	74,520	69,409	39,545	10,454	34,992
527,816	430,768	376,700	427,571	339,571	288,774	286,731
-	-	-	-	-	-	-
-	75,326	313,177	228,671	236,752	-	15,890
-	27,395	-	-	140,562	113,890	-
<u>27,362</u>	<u>45,034</u>	<u>44,665</u>	<u>44,666</u>	<u>132,733</u>	<u>18,519</u>	<u>20,201</u>
<u>\$ 12,106,237</u>	<u>\$ 11,543,460</u>	<u>\$ 10,716,493</u>	<u>\$ 10,430,342</u>	<u>\$ 9,152,196</u>	<u>\$ 8,367,190</u>	<u>\$ 9,477,948</u>

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

GOVERNMENTAL ACTIVITIES REVENUES BY SOURCE  
AND GENERAL FUND REVENUES BY SOURCE

LAST TEN FISCAL YEARS

	2005		2004		2003	
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual
Program revenues:						
Charges for services and sales	\$ 535,897	n/a	\$ 467,379	n/a	\$ 280,130	n/a
Operating grants and contributions	160,880	n/a	157,218	n/a	165,654	n/a
Capital grants and contributions	8,295	n/a	-	n/a	10,693	n/a
General revenues:						
Taxes	13,118,481	13,270,203	12,572,014	\$ 11,817,932	11,188,044	\$ 10,187,458
Earnings on investments	175,730	171,298	99,268	139,182	226,552	311,553
Charges for services	-	184,404	-	176,958	-	157,991
Tuition	-	245,941	-	149,787	-	18,600
Extracurricular	-	87,292	-	119,681	-	87,960
Classroom materials and fees	-	4,679	-	7,708	-	-
Other local revenues	130,387	157,157	63,405	76,650	17,342	66,135
Intergovernmental-intermediate	-	-	46,584	46,584	8,507	8,507
Intergovernmental-state	1,578,846	1,737,583	1,536,485	1,690,687	1,469,185	1,628,101
Intergovernmental-federal	116,296	96,754	110,037	109,145	99,951	99,951
<b>Total</b>	<b>\$ 15,824,812</b>	<b>\$ 15,955,311</b>	<b>\$ 15,052,390</b>	<b>\$ 14,334,314</b>	<b>\$ 13,466,058</b>	<b>\$ 12,566,256</b>

Source: School District Financial Records.

Note: Data from fiscal years 2003-2005 represent governmental activities revenues. Data from fiscal years 1996-2002 represent general fund revenues.

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
	<u>Modified Accrual</u>						
	n/a						
	n/a						
	n/a						
\$	10,701,194	\$ 10,759,249	\$ 10,537,052	\$ 11,344,659	\$ 9,256,357	\$ 8,030,003	\$ 7,981,911
	327,672	785,466	345,136	279,751	256,303	238,452	248,548
	-	-	-	-	-	-	-
	15,392	34,855	48,789	3,650	4,030	2,275	8,943
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	24,382	32,208	37,342	35,489	82,820	33,200	11,615
	118,162	105,780	86,196	81,367	108,987	-	13,123
	1,324,906	989,221	1,040,656	952,063	749,174	727,364	562,731
	-	-	-	-	-	-	-
<u>\$</u>	<u>12,511,708</u>	<u>\$ 12,706,779</u>	<u>\$ 12,095,171</u>	<u>\$ 12,696,979</u>	<u>\$ 10,457,671</u>	<u>\$ 9,031,294</u>	<u>\$ 8,826,871</u>

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

PROPERTY TAX LEVIES AND COLLECTIONS - REAL AND PUBLIC UTILITY REAL PROPERTY TAXES (a)

LAST TEN CALENDAR YEARS

Calendar Year (b)	Current Taxes Levied	Delinquent Taxes Levied (c)	Total Taxes Levied	Current Taxes Collected	Percent of Current Tax Levy Collected	Delinquent Taxes Collected	Total Taxes Collected	Total Taxes Collected as a Percent of Total Tax Levy
2004	\$ 6,796,252	\$ 207,967	\$ 7,004,219	\$ 6,642,811	97.74%	\$ 351,610	\$ 6,994,421	99.86%
2003	6,138,098	435,098	6,573,196	6,063,551	98.79%	320,949	6,384,500	97.13%
2002	5,511,204	491,590	6,002,794	5,459,517	99.06%	238,251	5,697,768	94.92%
2001	6,259,705	480,587	6,740,292	6,364,499	101.67%	474,916	6,839,415	98.82%
2000	6,643,384	333,118	6,976,502	6,366,637	95.83%	249,680	6,616,317	94.84%
1999	6,536,875	145,980	6,682,855	6,337,307	96.95%	102,201	6,439,508	96.36%
1998	6,407,914	174,617	6,582,531	6,279,194	97.99%	109,320	6,388,514	97.05%
1997	4,879,747	82,711	4,962,458	4,722,461	96.78%	40,479	4,762,940	95.98%
1996	4,878,788	224,266	5,103,054	4,817,664	98.75%	151,323	4,968,987	97.37%
1995	4,849,757	220,002	5,069,759	4,552,148	93.86%	110,335	4,662,483	91.97%

Source: Cuyahoga County Auditor. Data is presented on a calendar year basis because the tax levy year and the tax collection year are on a calendar year basis.

(a) Includes state-mandated tax-reduction amounts, which are reimbursed to the District by the State and reported as intergovernmental revenue.

(b) Represents the collection year. Year 2005 information cannot be presented because all collections have not been made as of the District's fiscal year-end.

(c) This amount cannot be calculated from other data in this table because of retroactive additions and deletions.

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

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN CALENDAR YEARS

Tax Collection Year	Agricultural and Residential Real Estate	Other Real Estate	General Tangible Personal Property	Public Utility Tangible Personal Property	Total Assessed Value	Estimated Actual Value (a)	Assessed Value as a Percent of Actual Value
2005	\$ 88,752,780	\$ 197,007,300	\$ 155,938,714	\$ 30,043,900	\$ 471,742,694	\$ 1,474,353,023	32.00%
2004	85,497,880	196,820,000	166,742,233	31,854,220	480,914,333	1,509,789,424	31.85%
2003	81,611,360	187,873,050	185,285,290	31,012,900	485,782,600	1,546,338,549	31.42%
2002	81,271,550	188,458,070	217,514,923	34,947,430	522,191,973	1,680,428,738	31.07%
2001	80,632,990	183,759,740	227,216,434	48,671,460	540,280,624	1,719,582,013	31.42%
2000	72,320,520	167,184,270	225,461,771	45,215,580	510,182,141	1,637,527,825	31.16%
1999	71,785,000	157,393,180	217,943,263	49,539,070	496,660,513	1,582,862,250	31.38%
1998	71,589,200	154,789,810	208,115,925	48,201,880	482,696,815	1,534,035,735	31.47%
1997	65,200,600	144,988,870	188,469,099	47,373,720	446,032,289	1,408,251,512	31.67%
1996	64,709,840	144,785,120	181,935,118	47,352,670	438,782,748	1,380,107,353	31.79%

Source: Cuyahoga County Auditor. Data is presented on a calendar year basis because the tax levy year and the tax collection year are on a calendar year basis.

- (a) This amount is calculated based on the following percentages for tax year 2003:  
 Real property is assessed at 35 percent of actual value.  
 General tangible personal property is assessed at 25 percent of actual value.  
 Public utility tangible personal property is assessed at 88 percent of actual value.

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

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

**LAST TEN CALENDAR YEARS**

Calendar Year	Government	School Levy	Cuyahoga Valley JVS	County Levy	Village Levies	Total Levy	Amount of Debt Service Included in Total Levy			
							School	County	Villages	Total
2004	Village of Brooklyn Hts.	\$ 23.90	\$ 2.00	\$ 17.60	\$ 4.40	\$ 47.90	\$ 1.00	\$ 0.27	\$ -	\$ 1.27
	Village of Cuyahoga Hts.	23.90	2.00	17.60	4.40	47.90	1.00	0.27	-	1.27
	Village of Valley View	23.90	2.00	17.60	4.40	47.90	1.00	0.27	-	1.27
2003	Village of Brooklyn Hts.	23.90	2.00	17.60	4.40	47.90	1.00	0.27	-	1.27
	Village of Cuyahoga Hts.	23.90	2.00	17.60	4.40	47.90	1.00	0.27	-	1.27
	Village of Valley View	23.90	2.00	17.60	7.10	50.60	1.00	0.27	-	1.27
2002	Village of Brooklyn Hts.	23.90	2.00	17.60	4.40	47.90	1.00	0.27	-	1.27
	Village of Cuyahoga Hts.	23.90	2.00	17.60	4.40	47.90	1.00	0.27	-	1.27
	Village of Valley View	23.90	2.00	17.60	7.10	50.60	1.00	0.27	-	1.27
2001	Village of Brooklyn Hts.	23.80	2.00	17.60	4.40	47.80	0.90	0.27	-	1.17
	Village of Cuyahoga Hts.	23.80	2.00	17.60	4.40	47.80	0.90	0.27	-	1.17
	Village of Valley View	23.80	2.00	17.60	7.10	50.50	0.90	0.27	-	1.17
2000	Village of Brooklyn Hts.	23.80	2.00	17.60	4.40	47.80	0.90	0.27	-	1.17
	Village of Cuyahoga Hts.	23.80	2.00	17.60	4.40	47.80	0.90	0.27	-	1.17
	Village of Valley View	23.80	2.00	17.60	7.10	50.50	0.90	0.27	-	1.17
1999	Village of Brooklyn Hts.	23.90	2.00	16.70	4.40	47.00	1.00	0.27	-	1.27
	Village of Cuyahoga Hts.	23.90	2.00	16.70	4.40	47.00	1.00	0.27	-	1.27
	Village of Valley View	23.90	2.00	16.70	7.10	49.70	1.00	0.27	-	1.27
1998	Village of Brooklyn Hts.	23.90	2.00	18.00	4.40	48.30	1.00	0.27	-	1.27
	Village of Cuyahoga Hts.	23.90	2.00	18.00	4.40	48.30	1.00	0.27	-	1.27
	Village of Valley View	23.90	2.00	18.00	7.10	51.00	1.00	0.27	-	1.27
1997	Village of Brooklyn Hts.	19.00	2.00	18.00	4.40	43.40	-	0.27	-	0.27
	Village of Cuyahoga Hts.	19.00	2.00	18.00	4.40	43.40	-	0.27	-	0.27
	Village of Valley View	19.00	2.00	18.00	7.10	46.10	-	0.27	-	0.27
1996	Village of Brooklyn Hts.	19.00	2.00	18.00	4.40	43.40	-	0.27	-	0.27
	Village of Cuyahoga Hts.	19.00	2.00	18.00	4.40	43.40	-	0.27	-	0.27
	Village of Valley View	19.00	2.00	18.00	7.10	46.10	-	0.27	-	0.27
1995	Village of Brooklyn Hts.	19.00	2.00	18.20	4.40	43.60	-	0.27	-	0.27
	Village of Cuyahoga Hts.	19.00	2.00	18.20	4.40	43.60	-	0.27	-	0.27
	Village of Valley View	19.00	2.00	18.20	7.10	46.30	-	0.27	-	0.27

Source: Cuyahoga County Auditor. Data is presented on a calendar year basis because the tax levy year and the tax collection year are on a calendar year basis.

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

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE  
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year	Net General Obligation Bonded Debt	Assessed Value	Population (a)	Ratio of Net General Obligation Bonded Debt to Assessed Value	Net General Obligation Bonded Debt Per Capita
2005	\$ 2,565,000	\$ 471,742,694	4,389	0.54%	\$ 584
2004	2,905,000	480,914,333	4,440	0.60%	654
2003	3,145,000	485,782,600	4,380	0.65%	718
2002	3,456,475	522,191,973	4,320	0.66%	800
2001	3,884,210	540,280,624	4,799	0.72%	809
2000	4,308,617	510,182,141	4,585	0.84%	940
1999	4,697,198	496,660,513	4,212	0.95%	1,115
1998	5,091,823	482,696,815	4,281	1.05%	1,189
1997	5,433,661	446,032,289	4,337	1.22%	1,253
1996	4,359,761	438,782,748	4,333	0.99%	1,006

Source: Cuyahoga County Auditor; School District Financial Records.

(a) Year 2000 is actual population per U.S. Census Bureau, all other years are estimates by the Villages of Cuyahoga Heights, Brooklyn Heights, and Valley View.

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

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2005

	Total Voted Debt Margin (a)	Total Unvoted Debt Margin (b)	Total Energy Conservation Debt Margin (c)
Assessed Valuation: Collection Year 2004	\$ 471,742,694	\$ 471,742,694	\$ 471,742,694
Debt Limitation	42,456,842	471,743	4,245,684
Outstanding Debt:			
General Obligation Bonds	2,565,000	2,565,000	2,565,000
Energy Conservation Bonds	164,416	164,416	164,416
Total Outstanding Debt	2,729,416	2,729,416	2,729,416
Exemptions:			
General Obligation Bonds	-	(2,565,000)	(2,565,000)
Energy Conservation Loan	(164,416)	(164,416)	-
Total Exemptions	(164,416)	(2,729,416)	(2,565,000)
Less: Amount Available in Debt Service Fund	(737,048)	-	-
Net Debt Subject to Debt Limitation	1,827,952	-	164,416
Total Legal Debt Margin (Debt Limitation Less Net Debt Subject to Debt Limitation)	\$ 40,628,890	\$ 471,743	\$ 4,081,268

Source: School District Financial Records.

- (a) The legal voted debt margin for school districts in Ohio is 9 percent of the assessed valuation.
- (b) The legal unvoted debt margin for school districts in Ohio is 0.1 percent of the assessed valuation.  
The District has no unvoted debt subject to the legal unvoted debt margin.
- (c) The legal energy conservation debt margin for school districts in Ohio is 0.9 percent of the assessed valuation.

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

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT

DECEMBER 31, 2004

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to the District (a)	Amount Applicable to the District
Direct:			
Cuyahoga Heights Local School District	\$ 2,565,000	100.00%	\$ 2,565,000
Total Direct	<u>2,565,000</u>		<u>2,565,000</u>
Overlapping:			
Brooklyn Heights Village	535,000	19.80%	105,930
Cuyahoga Heights Village	-	-	-
Valley View Village	3,585,000	34.90%	1,251,165
Cuyahoga County	241,445,000	1.89%	4,563,311
RTA (b)	152,134,772	1.89%	2,875,347
Total Overlapping	<u>397,699,772</u>		<u>8,795,753</u>
Total Direct and Overlapping	<u>\$ 400,264,772</u>		<u>\$ 11,360,753</u>

Source: Cuyahoga County Auditor. Cuyahoga Heights Village has no general obligation debt outstanding.

(a) 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 political subdivision. The valuations used were for the 2004 tax collection year.

(b) Regional Transit Authority of Cuyahoga County.

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

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT  
TO TOTAL GENERAL FUND EXPENDITURES

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Debt Service Expenditures as a Percent of General Fund Expenditures</u>
2005	\$ 512,882	\$ 76,666	\$ 589,548	\$ 12,899,479	4.57%
2004	396,362	183,784	580,146	12,540,430	4.63%
2003	373,704	212,877	586,581	12,800,024	4.58%
2002	356,421	230,613	587,034	12,106,237	4.85%
2001	339,495	251,816	591,311	11,543,460	5.12%
2000	322,907	278,695	601,602	10,716,493	5.61%
1999	306,642	299,818	606,460	10,430,342	5.81%
1998	295,685	313,079	608,764	9,152,196	6.65%
1997	306,486	298,933	605,419	8,367,190	7.24%
1996	165,000	259,500	424,500	9,477,948	4.48%

Source: School District Financial Records.

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

DEMOGRAPHIC STATISTICS

LAST TEN CALENDAR YEARS

Calendar Year	Population (a)			Value of New Building Permits			Median Income (b)		
	Cuyahoga County	Village of Brooklyn Heights	Village of Cuyahoga Heights	Village of Valley View	Village of Brooklyn Heights	Village of Cuyahoga Heights	Village of Valley View	District	State
	2004	1,351,009	1,590	599	2,200	\$ 5,537,667	\$ 1,753,900	\$ 1,801,359	\$ 33,024
2003	1,383,329	1,590	600	2,179	3,055,680	1,396,000	5,592,000	33,062	28,560
2002	1,387,200	1,580	600	2,200	4,667,401	2,887,700	4,879,900	32,602	27,767
2001	1,380,421	1,558	603	2,159	6,760,848	623,577	9,094,897	33,215	28,289
2000	1,393,978	1,800	599	2,400	2,357,993	1,025,665	14,981,900	33,215	28,821
1999	1,371,717	1,600	585	2,400	4,756,972	4,354,400	4,094,378	33,215	29,363
1998	1,380,696	1,445	626	2,141	3,432,178	10,271,000	16,834,200	31,097	27,310
1997	1,399,272	1,482	648	2,151	3,294,184	19,133,290	7,993,733	27,061	24,431
1996	1,399,272	1,482	648	2,207	5,832,330	6,550,200	9,305,722	27,061	24,588
1995	1,413,348	1,459	667	2,207	6,888,674	4,324,600	5,666,539	24,373	23,478

Source: Villages of Brooklyn Heights, Cuyahoga Heights, and Valley View; Ohio Department of Development-Office of Strategic Research.

(a) Year 2000 is actual population per U.S. Census Bureau, all other years are estimates.

(b) State of Ohio Department of Taxation.

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

PROPERTY VALUE, COUNTY UNEMPLOYMENT RATE, AND FINANCIAL INSTITUTION DEPOSITS

LAST TEN CALENDAR YEARS

Calendar Year (a)	Estimated Actual Property Value (Real Property Only)	Cuyahoga County Unemployment Rate	Financial Institution Deposits
2004	\$ 816,457,371	5.9%	\$ 101,838,959
2003	806,622,514	6.8%	93,879,318
2002	769,955,457	6.7%	65,906,231
2001	770,656,057	4.6%	63,893,769
2000	755,407,800	4.6%	61,942,764
1999	684,299,400	4.6%	60,198,073
1998	654,794,800	4.5%	58,904,596
1997	646,797,171	4.9%	53,941,971
1996	600,541,343	4.7%	27,068,211
1995	598,557,029	4.9%	22,694,304

Source: Cuyahoga County Auditor; Ohio Department of Development; Federal Reserve Bank of Cleveland.

(a) Data is presented on a calendar tax levy year basis in order to correspond to the County's fiscal year.

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

PRINCIPAL TAXPAYERS

DECEMBER 31, 2004

Name of Taxpayer	Assessed Valuation (a)		Combined Real Estate and Tangible Property Assessed Valuation	Assessed Valuation as a Percent of Total Assessed Valuation
	Real Estate	Tangible Property		
Alcoa, Inc.	\$ -	\$ 20,530,480	\$ 20,530,480	4.35%
Cleveland Electric Illuminating Co.	17,714,560	-	17,714,560	3.76%
Duck Creek Energy, Inc.	12,064,850	-	12,064,850	2.56%
Gibraltar Strip Steel, Inc.	-	9,807,620	9,807,620	2.08%
CA II, LLC	9,079,260	-	9,079,260	1.92%
Charter Steel - Cleveland, Inc.	4,398,010	3,704,440	8,102,450	1.72%
American Transmission Systems, Inc.	8,024,880	-	8,024,880	1.70%
Fogg Companies	7,025,040	-	7,025,040	1.49%
MRN Investments LTD Partnership II	6,517,010	-	6,517,010	1.38%
Boyas Excavating, Inc.	5,244,660	-	5,244,660	1.11%
Director Of Development (House Of LaRose)	4,199,790	-	4,199,790	0.89%
Sweet Valley MOI	3,993,230	-	3,993,230	0.85%
Ferro Corp.	-	3,910,630	3,910,630	0.83%
St. Ives, Inc., Cleveland	-	3,692,890	3,692,890	0.78%
North American Manufacturing	-	3,630,370	3,630,370	0.77%
Northern Stamping, Inc.	-	3,609,600	3,609,600	0.77%
Aluminum Company Of America	3,557,650	-	3,557,650	0.75%
Southport Center, LLC	2,903,250	-	2,903,250	0.62%
Kaiser Foundation Health	2,874,520	-	2,874,520	0.61%
Park Ohio Holdings Corp.	-	2,855,450	2,855,450	0.61%
Ohio Bell Telephone Co.	2,832,550	-	2,832,550	0.60%
Weston, Inc.	2,763,980	-	2,763,980	0.59%
Zalo Manufacturing Co.	-	2,492,920	2,492,920	0.53%
Columbia National Group, Inc.	-	2,304,270	2,304,270	0.49%
Total assessed valuation of principal taxpayers	<u>\$ 93,193,240</u>	<u>\$ 56,538,670</u>	<u>\$ 149,731,910</u>	<u>31.76%</u>
Total assessed valuation of the District	<u>\$ 285,760,080</u>	<u>\$ 185,982,614</u>	<u>\$ 471,742,694</u>	

Source: Cuyahoga County Auditor.

(a) Assessed values are for 2004.

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

ENROLLMENT STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	General Fund Expenditures	Average Daily Membership	Per Pupil Cost
2005	\$ 12,899,479	866	\$ 14,895
2004	12,540,430	869	14,431
2003	12,800,024	828	15,459
2002	12,106,237	830	14,586
2001	11,543,460	839	13,759
2000	10,716,493	833	12,865
1999	10,430,341	840	12,417
1998	9,152,196	835	10,961
1997	8,367,190	836	10,009
1996	9,477,948	833	11,378

Source: School District Financial Records.

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

TEACHER EDUCATION AND EXPERIENCE

JUNE 30, 2005

Degree	Number of Teachers	Percentage of Total Teachers
Bachelor's Degree	10.0	15.26%
Bachelor's Degree plus 18 hours	16.0	24.43%
Bachelor's Degree plus 30 hours	-	-
Master's Degree	20.5	31.30%
Master's Degree plus 18 hours	18.0	27.48%
Ed. D.	1.0	1.53%
Total Number of Teachers	<u>65.5</u>	<u>100.00%</u>

Years of Experience	Number of Teachers	Percentage of Total Teachers
0 to 5	16.0	24.43%
6 to 10	7.5	11.45%
11 to 20	17.0	25.95%
21 and over	25.0	38.17%
Total Number of Teachers	<u>65.5</u>	<u>100.00%</u>

Source: School District Personnel Records.

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

AVERAGE ACT SCORES

LAST TEN FISCAL YEARS

Fiscal Year	School District English	School District Reading	School District Math	School District Science	School District Composite	School District Number Tested	State of Ohio Average	National Average
2005	20.4	20.7	21.3	20.9	22.7	69	21.4	20.9
2004	21.7	22.7	22.6	22.3	22.4	55	21.4	20.9
2003	21.8	22.9	22.4	22.5	22.4	61	21.3	20.9
2002	21.0	21.8	22.4	21.6	21.8	62	21.4	20.8
2001	22.4	23.4	22.9	22.9	23.1	52	21.4	21.0
2000	22.0	23.4	22.0	22.9	22.8	44	21.4	21.0
1999	21.0	24.5	24.3	24.3	24.2	45	21.4	21.0
1998	21.0	22.5	22.2	21.9	22.1	58	21.4	21.0
1997	21.0	20.9	20.8	21.1	20.7	64	21.3	21.0
1996	20.9	21.6	22.6	21.7	21.8	50	21.3	20.9

Source: School District Records and American College Testing Program.



**Auditor of State  
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**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 28, 2006**