

CHARDON LOCAL SCHOOL DISTRICT

GEAUGA COUNTY, OHIO

SINGLE AUDIT REPORT

JUNE 30, 2006



Mary Taylor, CPA
Auditor of State

Board of Education
Chardon Local School District
428 North Street
Chardon, OH 44024

We have reviewed the *Independent Accountants' Report* of the Chardon Local School District, Geauga County, prepared by S.R. Snodgrass, A.C., for the audit period July 1, 2005 to June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 25, 2007

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**CHARDON LOCAL SCHOOL DISTRICT
SINGLE AUDIT REPORT**

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Education
Chardon Local School District
Chardon, Ohio

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Chardon Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 16, 2007, wherein we noted the District restated the July 1, 2005 governmental activities net assets due to an inventory and reappraisal of the District's capital assets being done. 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 the Comptroller General of the United States' Government Auditing Standards.

Internal Control Over Financial Reporting

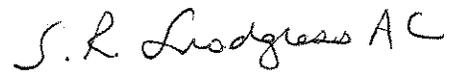
In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements we audited may occur and not be timely detected by employees when 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. In a separate letter to the District's management dated April 16, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 we must report under *Government Auditing Standards*. In a separate letter to the District's management dated April 16, 2007, we reported a matter related to noncompliance we deemed immaterial.

Board of Education
Chardon Local School District
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We intend this report solely for the information and use of management, Board of Education, federal awarding agencies, and pass-through entities. We intend it for no one other than those specified parties.

A handwritten signature in black ink that reads "S.R. Snodgrass A.C.".

S.R. Snodgrass, A.C.
Certified Public Accountants

April 16, 2007

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

Board of Education
Chardon Local School District
Chardon, Ohio

Compliance

We have audited the compliance of Chardon Local School District, Geauga County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended June 30, 2006. The summary of auditors' results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Chardon Local School District, Geauga County, Ohio, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 2006-1.

Internal Control over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chardon Local School District, as of and for the year ended June 30, 2006, and have issued our report thereon dated April 16, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's, basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

S. R. Snodgrass A.C.

S.R. Snodgrass, A.C.
Certified Public Accountants

April 16, 2007

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**CHARDON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
JUNE 30, 2006**

1. - Summary of Auditors' Results

<u>(d)(1)(i)</u>	<u>Type of Financial Statement Opinion</u>	<u>Unqualified</u>
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GASAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GASAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GASAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs Compliance Opinion.	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	Yes
(d)(1)(vii)	Major Program:	Special Education Title VI-B CFDA #84.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. - Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
OMB CIRCULAR A-133 SECTION .505

CHARDON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
JUNE 30, 2006

3. - Findings and Questioned Costs for Federal Awards

Finding Number 2006-1

34 CFR 80.20 (b)(7) and 34 CFR 80.21 state that when funds are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. When advances are made by electronic fund transfer, the recipient must make drawdowns as close as possible to the time of making disbursements.

The district received \$ 204,688 on November 7, 2005 for the Special Education Title VI-B grant. Our review of program activity disclosed that these funds were not fully disbursed until December 23, 2005. This indicates the District did not minimize the time elapsing between the advances and the expenditures.

**CHARDON LOCAL SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Receipts	Expenditures
U.S Department of Agriculture				
Pass through Ohio Department of Education				
Nutrition Cluster:				
Food Distribution - Commodities	10.550	n/a	\$ 56,418	\$ 56,418
School Breakfast Program	10.553	47183-05PU-05/06	5,777	5,777
National School Lunch Program	10.555	47183-05LLP-05/06	124,820	124,820
Total Nutrition Cluster			<u>187,015</u>	<u>187,015</u>
U.S. Department of Agriculture			<u>187,015</u>	<u>187,015</u>
U.S. Department of Education				
Pass through Ohio Department of Education				
Title I - Financial Assistance to Meet Special Educational needs of Disadvantaged Children				
Title I - FY06	84.010	47183-C1S1-06	112,147	105,414
Title I - FY06	84.010	47183-C1SD-06	17,054	17,054
Total Title I			<u>129,201</u>	<u>122,468</u>
Title VI-B, Special Education - Assistance to States for Education of Handicapped Children				
IDEA - B - FY05	84.027	47183-6B-SF-05	-	55,357
IDEA - B - FY06	84.027	47183-6BSF-06	833,863	833,863
Total Title VI-B			<u>833,863</u>	<u>889,220</u>
Drug-Free School Grant				
Title IV - SDFSC - FY05	84.186	47183-DRS1-05	-	138
Title IV - SDFSC - FY06	84.186	47183-DRS1-06	9,049	9,049
Total Drug - Free School Grant			<u>9,049</u>	<u>9,187</u>
Innovative Education Program Strategies				
Title V - FY06	84.298	47183-C2S1-06	18,865	18,865
Total Innovative Education Program Strategies			<u>18,865</u>	<u>18,865</u>
Reducing Class Size				
Title IID - FY05	84.318	47183-TJS1-05	414	310
Title IID - FY06	84.318	47183-TJS1-06	4,585	4,585
Total Reducing Class Size			<u>4,999</u>	<u>4,895</u>
Advanced Placement Program				
Title IG	84.330	AVTF-04	364	-
Total Advanced Placement Program			<u>364</u>	<u>-</u>
Reducing Class Size				
Title IIA - FY05	84.367	47183-TRS1-05	-	695
Title IIA - FY06	84.367	47183-TRS1-06	81,899	81,899
Total Reducing Class Size			<u>81,899</u>	<u>82,594</u>
Hurricane Education Recovery				
FY06	84.938	47183-HR01-06	2,000	2,000
Total Hurricane Education Recovery			<u>2,000</u>	<u>2,000</u>
Total U.S. Department of Education			<u>1,080,240</u>	<u>1,129,229</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 1,267,255</u>	<u>\$ 1,316,244</u>

See Notes to the Schedule of Awards Expenditures

**CHARDON LOCAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

2. Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2006, the District had immaterial food commodities in inventory recorded in the Food Service Fund.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit, as of June 30, 2005, reported no material citations or recommendations.

Chardon Local School District

Chardon, Ohio



CHARDON

SCHOOLS

Comprehensive Annual Financial Report
For the year ending June 30, 2006

Chardon Local School District

Chardon, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2006

Prepared By:
Stephanie Swain, Treasurer and
Treasurer's Office Staff

Chardon Local School District
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2006

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Chardon Local School District
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2006

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Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2006

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INTRODUCTORY SECTION

Chardon Local School District

428 North Street
Chardon, Ohio 44024
Phone: (440) 285-4052

Administrative Offices



Pursuing Excellence

March 31, 2007

Board of Education Members
Chardon Local School District

The Comprehensive Annual Financial Report (CAFR) of the Chardon Local School District (the "School District"), for the fiscal year ended June 30, 2006, is hereby submitted. This report, prepared by the Treasurer's Office, includes financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the School District for the 2005-2006 fiscal year.

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

This CAFR, which includes an opinion from S.R. Snodgrass, conforms to generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the School District's commitment to provide meaningful information to the citizens of the Chardon Local School District. Copies will be made available to officials of the City of Chardon, the Village of Aquilla, the Chardon Township, Claridon, Hambden and Munson, the Geauga County Public Library, financial rating services and other interested parties.

The arrangement of this CAFR is presented in three sections:

The Introductory Section, which is unaudited, includes a table of contents, this transmittal letter, a list of principal officials, the School District's organizational chart and the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2005.

The Financial Section includes the Independent Accountants' Report, Management's Discussion and Analysis, the basic financial statements, notes that provide an overview of the School District's financial position and operating results, the combining statements of nonmajor funds, and other schedules that provide detailed information relative to the basic financial statements.

The Statistical Section, which is unaudited, includes selective financial trends, revenue capacity, debt capacity, economic, and demographic information, and operating information generally presented on a multi-year basis for comparative purposes.

Description of the School District

Chardon Local School District is located in northeastern Ohio, approximately 40 miles east of Cleveland. The School District includes the City of Chardon, the Village of Aquilla and the Townships of Munson, Hambden, Chardon and part of Claridon.

Chardon is one of seven school districts located in Geauga County. Approximately 5,000 people live in Chardon, while over 90,895 reside in surrounding Geauga County. When Chardon was established as a Western Reserve community, the pioneers, who mainly came from New England, modeled their new existence after their New England heritage. The settlers showed the importance they attached to common school education from which they had received so much benefit. They implemented voluntary associations for district schools wherever a sufficient number of youths and children could be gathered. Classes were held in homes, and schoolhouses were built before any legal organizations were affected. The townships were geographically scattered, and because travel was restrictive, the pioneers created several small primary grade schools in each township and village for the local students. In 1908, Chardon High School was built on the Chardon Square and the townships sent their children to this institution for secondary education. Around 1957 the townships merged their grade schools to become what is currently the Chardon Local School District. The School District consists of one high school, one middle school, four elementary schools, one administration building and one garage.

Chardon School District is one of the 609 school districts in the State of Ohio. The School District provides education to 3,319 students in grade K-12, including special education services to 375 students.

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

Organization of the School District

The Board of Education of the School District is an elected five member body, as defined by Section 3313.02, Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed in the expenditure of the School District's tax dollars and approves the annual appropriation resolution and tax budget.

The board members of June 30, 2006 were as follows: Blake Rear, Larry Reiter, Michael Cremeans, Paul Stefanko, and Suzanne Fisher.

The Superintendent is the chief administrative officer of the School District, responsible directly to the Board for operations. Mr. Joseph Bergant II was appointed as Superintendent effective August 22, 2005.

The Treasurer is the chief financial officer of the School District, responsible directly to the Board for maintaining all financial records, maintaining custody of all the School District funds and assets, and investing idle funds as specified by Ohio law. Stephanie C. Swain was appointed Treasurer effective January 12, 2004.

The Reporting Entity and Services Provided

The School District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement Nos. 14 and 39, “The Financial Reporting Entity” and “Determining Whether Certain Organizations Are Component Units”. In evaluating how to define the School District for financial reporting purposes, management has considered all boards, funds, agencies, departments and organizations making up the Chardon Local School District (the primary government).

Excluded from the reporting entity because they are fiscally independent of the School District are the City of Chardon, Village of Aquilla, Chardon, Hambden, Claridon and Munson Townships, the Geauga County Library, the Parent Teacher Organizations and the nonpublic schools.

The School District participates in five jointly governed organizations and one insurance purchasing pool. These organizations are the Lake Geauga Computer Association, the Ohio Schools’ Council, the Auburn Career Center, the East Shore Center, the East Shore Regional Transportation System and the Ohio School Boards Association Worker’s Compensation Group Rating Program. These organizations are presented in Notes 15 and 16 to the Basic Financial Statements.

A complete discussion of the School District’s reporting entity is provided in Note 1 to the Basic Financial Statements.

Economic Condition and Outlook

The School District is located near the intersections of Route 90 and Route 44 about 40 miles east of Cleveland. The School District is home to many young families with incomes and housing values that are above state and county averages. Residential property is upper middle class, and properties are well kept. The Chardon area also encompasses a diverse and growing mix of commercial and light industrial properties.

The School District is very fortunate in that the tax base continues to grow as more and more land is developed for housing and business. The School District anticipates the assessed valuations to increase every year. For calendar year 2006, the School District’s assessed valuation was \$651,841,770 and for calendar year 2005 it was \$585,958,750.

Of the School District's general fund operations, 66% of the general fund revenue comes from real estate taxes on residential, commercial and industrial properties and tangible personal property taxpayers with 31% being received from various forms of State aid including reimbursement of homestead and rollback reductions on property taxes. Investment earnings are 1% and other revenues are 2%.

The School District maintains a strategic fiscal plan, which incorporates the State required five-year plan. The School District has a long history of local support. Continued voter support, and a healthy tax base are crucial to the long-term financial health of the School District.

Major Initiatives

The School District is excited about the future. Voters approved a 6.0 mill two year term operating tax issue on the May 2nd ballot. Five (5) mills are slated to be used for general operating expenses of the School District. These expenses typically include salaries, benefits, utilities and the general day to day running of the School District. One (1) mill is earmarked for permanent improvements such as new textbooks, bus replacements and repair parts, building repairs, and technology updates.

Our Strategic Planning was initiated in 1994 and has resulted in two complete cycles of implementation. The School District is in the midst of its third formal cycle of strategic plan implementation from 2007 through 2011.

During the planning stages for the Strategic Plan, major efforts were geared toward developing, improving, and refining educational services to improve students' academic success.

Specifically:

- Curriculum Process Model.
- Assessment in all subject areas Grades K-12.
- Technology that is integrated with the instructional areas.
- Implemented curriculum in mathematics using NCTM standards.
- Hands-on science curriculum and materials introduced at elementary grade levels and expanded through the middle and high school grade levels.
- Additional communications and meetings throughout the School District for parents and members of the community.
- Continued staff development opportunities developed from the curriculum development process and building level CIP committees.
- Intervention assistance for Achievement Tests at all levels.
- Parent organizations and opportunities for involvement at all levels.
- Upgrading technology at all levels. This includes both management and instructional usage.
- Chardon Schools Foundation.
- Community Service Projects developed at all levels.
- Career education opportunities and resources at all levels.
- New K-12 Math, Language Arts, and other core subject areas.

- Park School recognized as Hall of Fame School.
- Munson School recognized as Hall of Fame School.
- Middle School recognized as a National Blue Ribbon School.
- National Principal of the year – Adda Porter, Munson Elementary.
- The School District was selected as School Match School for what Parents want in schools.
- Nursing support at all buildings.
- Upgraded all school facilities, both inside and outside, within current operating budget.
- The School District continues an Excellent Rating on the State Report Card for seven consecutive years.
- Strategic Plan developed for long-term goals of the School District.
- Development of a Professional Learning Community environment at the high school.

Outlook for the Future

For the future, the School District's overall focus will be to continue to improve the educational program for the benefit of students, parents and community residents. The process involves assessing current programs, identifying strengths and weaknesses, developing and implementing new courses of action, and evaluating the results.

Guiding the way will be the School District's Strategic Plan. Initially developed in 1994 with input from more than 200 people, including parents, volunteers, students, school administrators, teachers, classified staff members, representatives from business, industry and the community at large, the plan provides the framework to move the School District into the 21st century. Many of the initiatives for this school year are outgrowths of our Strategic Plan. Specific initiatives for 2005-06 were as follows:

Technology

- Maintain the WWW portal for the school system.
- Teach and enforce the legal use of software.
- Repair/replace equipment on an as-needed basis and return in timely manner.
- Familiarize staff with hardware and software for curricular area acquired in conjunction with Course of Study revisions.
- Provide increased and continuous inservice options.
- Acquire and upgrade audio/visual equipment to complement the curriculum.
- Provide the necessary supplies to support the technology used throughout the School District.
- Obtain alternative funding for technology (e.g., One Net, Erate).
- Provide a sufficient number of licensed copies of all the standard software used within the School District for both management and classroom applications.
- Maintain the network and server on a continuous basis.
- Explore options for paperless communication.
- Encourage increased use of e-mail for parent/student/school communication.

Curriculum

- Oversee the implementation, including staff development, of Language Arts Course of Study and Foreign Language Course of Study and changes needed to prepare for the OGT.
- Identify the curricular area(s) to be developed or revised during 2006-2007.
- Establish a yearly budget for curriculum development or revision, including money for teacher release time, textbooks, and materials.
- Begin process for the selection of instructional materials which best allow teachers to follow the curriculum and teach to a variety of learning styles.
- Purchase newly adopted texts/instructional materials.
- Supervise the suggested timeline for curriculum development/revision so tasks are accomplished in a timely fashion with ample time for teachers to prepare to teach the new material.
- Provide professional development for staff on legal, and mission statement mandates, acceptance of diverse needs and strategies and techniques for teaching special education students in the regular classroom in order to improve instruction for all students.

Partnerships

- Continue to strengthen partnerships with social service agencies.
- Promote diversity awareness and sensitivity at all grade levels by establishing partnerships with diverse populations.
- To increase public participation in school activities and promote a sense of cooperation. Admit, at no charge, Chardon District senior citizens to all school functions.
- Offer after-school classes for parents and students.
- Increase parent-teacher partnerships to assure student academic success.
- Increase partnerships between Chardon's elementary schools and the local early childhood educators.

Communications

- Using appropriate software, maintain a district-wide system of scheduling/calendar that coordinates activities with other buildings and school organizations to decrease parent confusion in trying to attend overlapping activities.
- Maintain the currency of the School District website by providing current information as a way to improve communication. A link for the five-year forecast and Comprehensive Annual Financial Report has been created to address financial questions.
- Create a "key communicators" email network that will keep business and community leaders abreast of School District news.
- Publish a newsletter to semiannually update all employees of the School District's progress on the implementation and update of the strategic plan.

- Refine and communicate the problem resolution system that addresses school-related parental concerns.
- Develop materials that reinforce and tell the School District's story and expectations.
- Develop programs to celebrate the success and achievement of teachers and support staff.

Safe Schools

- Establish and implement an annual school inspection of all furniture and equipment in and around each facility for determination of repair or replacement in order to provide a safe, injury-free learning and working environment.
- Implement an annual accident review and report for each building in order to identify and eliminate recurring problem areas.
- Review, update and continue to modify all safety plans in the School District.

Facilities

- Maximize the current use of our facilities.
- Continue to monitor student enrollments and facility options.
- Improve athletic facilities/fields.
- Continue to communicate the need for additional space to educate the students of Chardon.
- Improve handicapped accessibility to approach ADA standards especially at Hambden, Park and Maple Elementary Schools.

Service Efforts

Preparing students to be responsible adults is an important tenet of the School District's mission to prepare students to be good citizens. Students are encouraged to work collaboratively with their communities in a variety of ways. For example, students sponsor food and clothing drives for needy families, perform musical selections for residents of local nursing homes, and create artwork to brighten the rooms of residents at a local hospice. Other examples of students' community service efforts during the last school year are as follows:

- Gold Card - recognizing Senior Citizens
- Students partnerships with Heather Hill
- Jump Start to Reading Program for pre-school children
- Jump Start for Heart Program at elementary schools
- Students participate in HANDS Program
- Students involved in grounds clean-up
- WomenSafe - student participation
- Katrina fundraising drive
- Veterans Day Activities
- United Way fundraising drive
- Hunger Task Force

- Coats for Kids at Middle School
- Holiday projects for needy - all schools
- Landscaping projects throughout the School District
- Walk for Diabetes
- Partnership with YMCA
- Race for Education – Chardon Schools Foundation

Financial Information

The School District is responsible for establishing and maintaining an internal control structure designed to protect its assets from loss, theft or misuse. Furthermore, the accounting system must be adequate to allow for the preparation of basic financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control does not exceed the benefits likely to be derived, and that the valuation of costs and benefits requires estimates and judgments by management.

The School District has prepared financial statements following GASB Statement No. 34 “Basic Financial Statements – Management’s Discussion and Analysis – State and Local Governments.” Since this is the School District’s fifth year preparing financial statements in accordance with this standard, comparative financial data is present in the Management’s Discussion and Analysis (MD&A). This discussion follows the Independent Accountants’ Report, providing an assessment of the School District’s finances for fiscal year 2006. In addition to the current year’s financial data this discussion provides comparative balances and activity for the current and previous fiscal year. Users of these financial statements may wish to read the MD&A before the financial statements or note disclosures.

Long Term Financial Planning

The School District’s financial condition continues to be an area of focus and concern for the Board of Education and Administration. The litigation now referred to as the “DeRolph Case”, began in 1991 and ultimately found the State’s method of funding school districts to be unconstitutional.

The Ohio Supreme Court relinquished jurisdiction over the case and directed the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient. To date they have not complied with the Supreme Court’s ruling. The Ohio Legislature enacted in 1976, House Bill 920, severely limiting schools in their funding initiatives. This law prohibits school districts from realizing additional revenue from previously voted millage due to reappraisal of property values (inflation).

Additionally, HB 95 passed in June 2003 and HB 66 passed in June 2005 further erode a school district's ability to collect certain property taxes by eliminating the taxes on tangible personal property. These funding changes will force the District to seek voter-approved levies more frequently than it has historically. The School District is currently unable to determine what effects these decisions and laws will have on future State funding and financial operations.

Enrollment projections continue to grow as well.

Financial Policy

The School District is required by Ohio law to complete a five-year financial forecast annually. This School District completed the forecast in October 2006 as required. This document is updated regularly and serves as a financial roadmap for the School District.

Other Information

Independent Audit

State statutes require the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor S.R. Snodgrass, was selected to render an opinion on the School District's financial statements for fiscal years 2006. The opinion appears in the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for the 1981 fiscal year.

Awards

Student Awards

Chardon Local School District is proud of its students for their accomplishments. In past years, some of our outstanding achievements included:

- Park Elementary School - Hall of Fame Award
- Munson Elementary School - Hall of Fame Award
- Learn and Serve Partnership Grant
- School Match Award - Top 12% of schools nationwide for sixth year. "What Parents Want" Award
- Middle School National Blue Ribbon School
- Various awards and grants through Partnerships with Business and Industry to recognize both students and teachers.
- Recognized as an "Excellent" School District by the State of Ohio for seven consecutive years

- Chardon High School – Gene Wenger Building Excellence in Education Award and the Buckeye Best Award

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chardon Local School District for its comprehensive annual financial report for the year ended June 30, 2005. This was the seventh consecutive year that the School District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

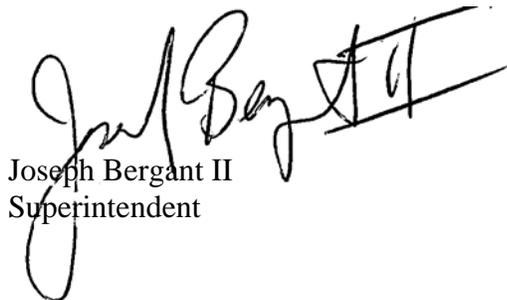
The publication of this report continues the School District's commitment to professionalism in financial reporting. The accomplishment of this report would not have been made possible without the assistance, support and efforts of the School District's administration. Assistance from the Geauga County Auditor's Office staff, specifically Jeff Nokes, made possible the fair presentation of the statistical data.

Finally, sincere appreciation is extended to the Board of Education for their support with this project.

Respectfully submitted,



Stephanie C. Swain
Treasurer



Joseph Bergant II
Superintendent

Chardon Local School District
Public Officials Roster
For the Fiscal Year Ended June 30, 2006

Board of Education

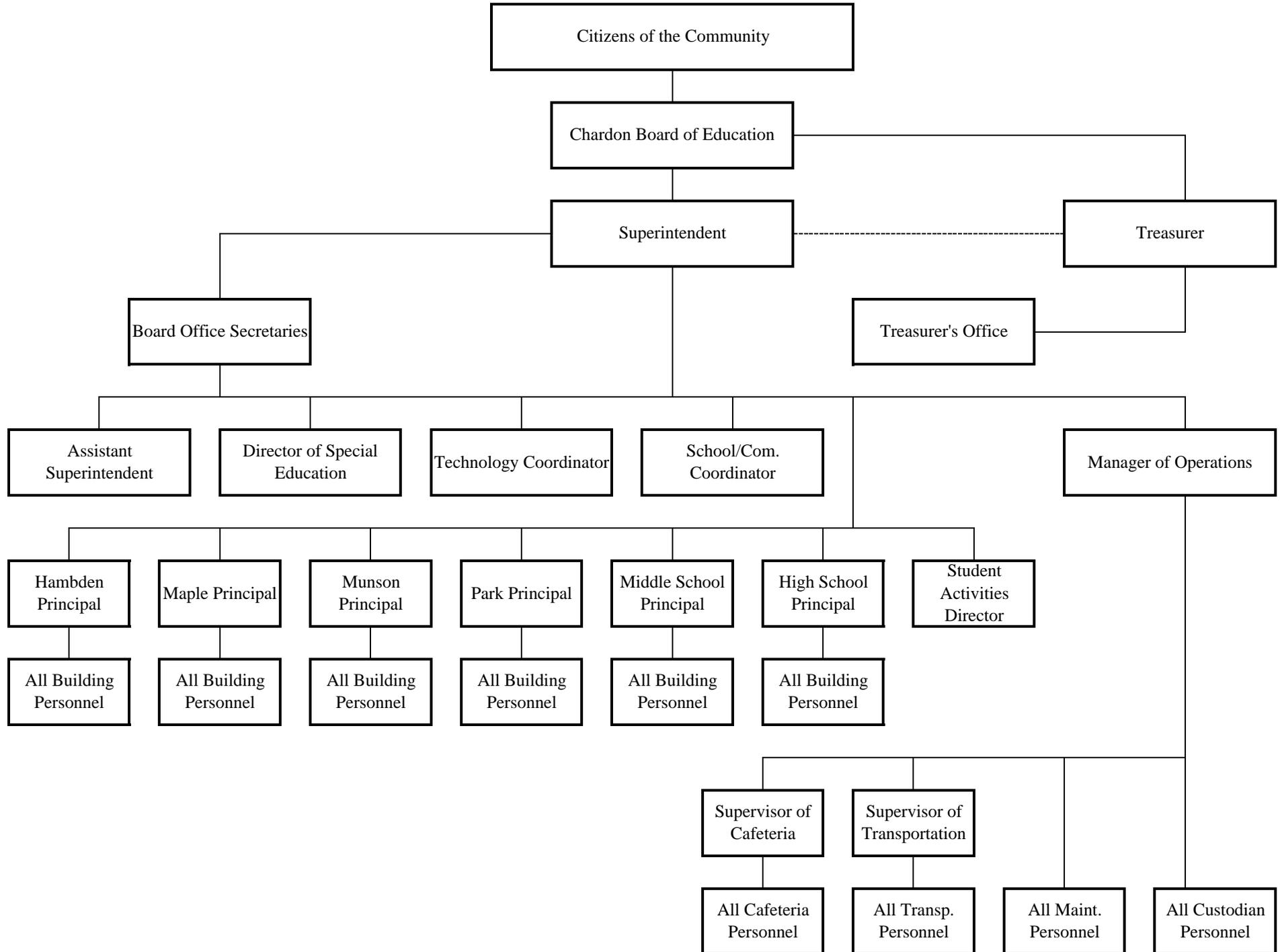
Mr. Blake Rear	Board Member, President
Mrs. Suzanne Fisher	Board Member, Vice President
Mr. Michael Cremeans	Board Member
Mr. Larry Reiter	Board Member
Mr. Paul Stefanko	Board Member

Administration

Mr. Joseph Bergant II	Superintendent
Mrs. Stephanie Swain	Treasurer
Dr. Randy Continenza	Assistant Superintendent
Mr. Dana Stearns	Manager of Operations

CHARDON LOCAL SCHOOL DISTRICT ORGANIZATIONAL CHART

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chardon Local School
District, Ohio

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

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



President

Executive Director



FINANCIAL SECTION



REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Chardon Local School District
Chardon, Ohio

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Chardon Local School District, Ohio as of June 30, 2006, the respective changes in financial position and cash flows, 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.

As described in Note 2, during the year ended June 30, 2006, the Chardon Local School District implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", and GASB Statement No. 47, "Accounting for Termination of Benefits".

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 16, 2007 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

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

S.R. Snodgrass A.C.

Mentor, Ohio
April 16, 2007

Chardon Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

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

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$6.5 million (net assets). Of this amount, \$786,108 (unrestricted net assets) may be used to meet the School District's ongoing obligations to residents and creditors.
- Net assets of governmental activities decreased \$1,651,945, representing a 20.1% decrease from 2005.
- General revenues accounted for \$25,176,541 in revenue or 86.3% of all revenues. Program revenues in the form of charges for services, operating and capital grants, contributions and interest accounted for \$4,007,572 or 13.7% of total revenues of \$29,184,113.
- The School District had \$30,836,058 in expenses related to governmental activities; only \$4,007,572 of these expenses was offset by program specific revenues. General revenues of \$25,176,541 were not adequate to provide for these programs.
- At the end of the current fiscal year the governmental funds reported a combined ending fund balance of \$1,797,970, a decrease of \$1,419,351 from the prior fiscal year. The decrease was due largely to a decrease in property taxes from the prior fiscal year and an increase in capital expenditures.

Using this Annual Financial Report

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

Chardon Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

The statement of net assets and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements present how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Chardon Local School District, the general fund is the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2006?" The statement of net assets and the statement of activities are designed to answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the School District's activities are considered to be all Governmental Activities.

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

Chardon Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. Fund financial reports provide detailed information about the general fund, which is considered a major fund. Data from the other funds are combined into a single, aggregated presentation.

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

The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole. A comparative analysis is presented below. Table 1 provides a summary of the School District's net assets for 2006 and 2005:

Chardon Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>Restated 2005</u>
<u>Assets:</u>		
Current and other assets	\$ 20,160,375	\$ 18,175,544
Capital assets, net of depreciation	<u>5,207,590</u>	<u>5,537,480</u>
Total assets	<u>25,367,965</u>	<u>23,713,024</u>
<u>Liabilities:</u>		
Current and other liabilities	17,525,039	13,885,368
Long-term liabilities:		
Due within one year	145,219	352,680
Due in more than one year	<u>1,130,614</u>	<u>1,255,938</u>
Total liabilities	<u>18,800,872</u>	<u>15,493,986</u>
<u>Net Assets:</u>		
Invested in capital assets, net of related debt	5,116,549	5,387,989
Restricted	664,436	179,271
Unrestricted	<u>786,108</u>	<u>2,651,778</u>
Total net assets	<u>\$ 6,567,093</u>	<u>\$ 8,219,038</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the School District's assets exceeded liabilities by \$6,567,093.

Invested in capital assets, net of related debt reported on the government-wide statements represents a large portion of the School District's net assets for fiscal year 2006. Capital assets include land, land improvements, buildings and building improvements, furniture, fixtures, and equipment, and vehicles, and are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$664,436 or 10.3%, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted assets, \$664,436 is restricted for other purposes. The remaining significant balance of government-wide unrestricted net assets of \$786,108 may be used to meet the School District's ongoing obligations to students and staff.

Chardon Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

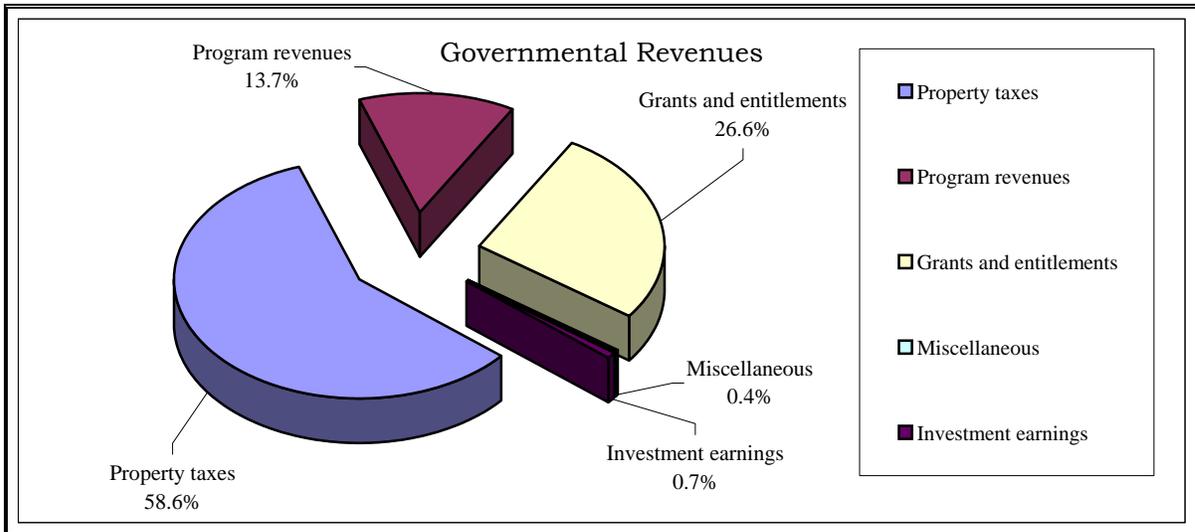
Table 2 shows change in net assets for fiscal years 2006 and 2005.

Table 2
Change in Net Assets

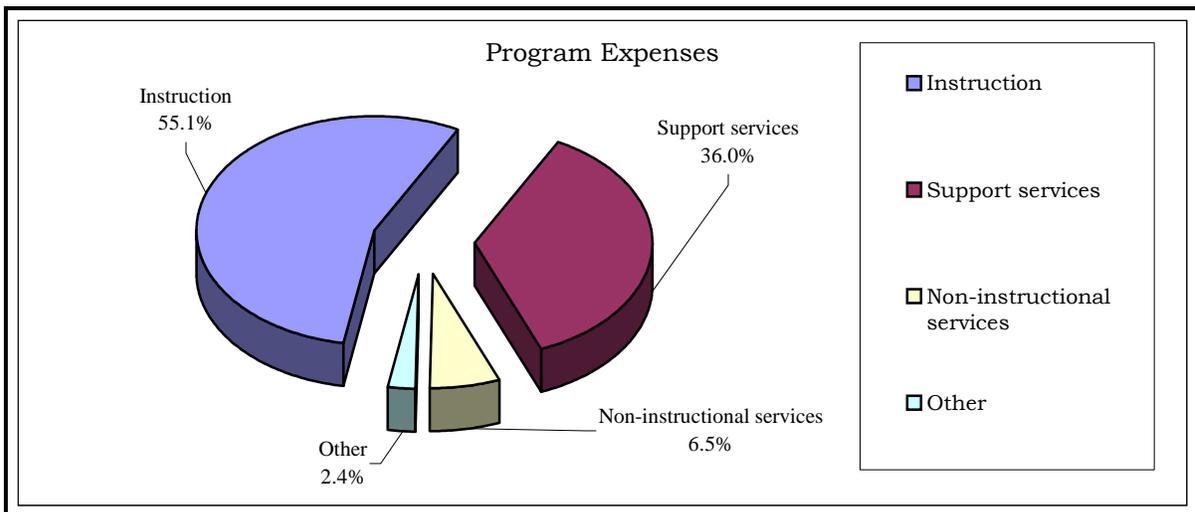
	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
<u>Revenues:</u>		
<i>Program revenues:</i>		
<i>Charges for services</i>	\$ 1,438,826	\$ 2,289,935
<i>Operating grants, contributions and interest</i>	2,543,735	1,315,764
<i>Capital grants and contributions</i>	25,011	-
<i>General revenues:</i>		
<i>Property taxes</i>	17,108,128	17,719,020
<i>Grants and entitlements</i>	7,740,702	7,849,437
<i>Investment earnings</i>	210,668	132,730
<i>Payment in lieu of taxes</i>	18,406	-
<i>Miscellaneous</i>	98,637	94,179
<i>Total revenues</i>	<u>29,184,113</u>	<u>29,401,065</u>
<u>Program Expenses:</u>		
<i>Instruction:</i>		
<i>Regular</i>	12,607,477	12,126,287
<i>Special</i>	2,990,936	2,836,763
<i>Vocational</i>	277,802	288,599
<i>Adult/continuing</i>	9,983	8,702
<i>Other</i>	712,170	417,464
<i>Support services:</i>		
<i>Pupils</i>	1,880,071	1,546,627
<i>Instructional staff</i>	1,032,816	1,341,780
<i>Board of education</i>	119,938	16,369
<i>Administration</i>	2,276,719	2,362,960
<i>Fiscal</i>	776,210	777,657
<i>Business</i>	301,891	339,355
<i>Operation and maintenance of plant</i>	2,633,064	2,424,506
<i>Pupil transportation</i>	2,318,070	2,279,696
<i>Central</i>	228,121	207,287
<i>Operation non-instructional services</i>	1,956,595	2,007,557
<i>Extracurricular activities</i>	709,401	627,813
<i>Interest and fiscal charges</i>	4,794	-
<i>Total expenses</i>	<u>30,836,058</u>	<u>29,609,422</u>
<i>Increase (decrease) in net assets</i>	\$ <u>(1,651,945)</u>	\$ <u>(208,357)</u>

Chardon Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

Governmental Activities - The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. The School District's revenue growth is mostly dependent upon property tax increases. Property taxes made up 58.6% of revenues for governmental activities for the School District in fiscal year 2006. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating cost.



Instruction comprises 55.1% of governmental program expenses. Additional supporting services for pupils, staff, administration and business operations encompassed an additional 36.0%. The remaining 8.9% of program expenses is used for other obligations of the School District such as non-instructional services, extracurricular activities and interest and fiscal charges.



Chardon Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for 2006 and 2005. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	<i>Total Cost of Services <u>2006</u></i>	<i>Total Cost of Services <u>2005</u></i>	<i>Net Cost of Services <u>2006</u></i>	<i>Net Cost of Services <u>2005</u></i>
<u>Program Expenses:</u>				
<i>Instruction:</i>				
<i>Regular</i>	\$ 12,607,477	\$ 12,126,287	\$ (11,930,270)	\$ (11,863,480)
<i>Special</i>	2,990,936	2,836,763	(2,521,444)	(2,373,674)
<i>Vocational</i>	277,802	288,599	(277,802)	(288,599)
<i>Adult/continuing</i>	9,983	8,702	7,384	4,601
<i>Other</i>	712,170	417,464	(712,170)	(417,464)
<i>Support services:</i>				
<i>Pupils</i>	1,880,071	1,546,627	(1,352,605)	(932,831)
<i>Instructional staff</i>	1,032,816	1,341,780	(1,028,271)	(1,225,481)
<i>Board of education</i>	119,938	16,369	(119,938)	(16,369)
<i>Administration</i>	2,276,719	2,362,960	(2,272,769)	(2,362,960)
<i>Fiscal</i>	776,210	777,657	(776,210)	(777,209)
<i>Business</i>	301,891	339,355	(301,891)	(339,355)
<i>Operation and maintenance of plant</i>	2,633,064	2,424,506	(2,582,107)	(2,423,416)
<i>Pupil transportation</i>	2,318,070	2,279,696	(2,176,229)	(1,972,377)
<i>Central</i>	228,121	207,287	(217,027)	(196,946)
<i>Operation non-instructional services</i>	1,956,595	2,007,557	(136,458)	(216,941)
<i>Extracurricular activities</i>	709,401	627,813	(425,885)	(601,222)
<i>Interest and fiscal charges</i>	4,794	-	(4,794)	-
<i>Total</i>	<u>\$ 30,836,058</u>	<u>\$ 29,609,422</u>	<u>\$ (26,828,486)</u>	<u>\$ (26,003,723)</u>

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were \$29,019,153 and total expenditures and other financing uses were \$30,438,504. Although the total net change in fund balance across all governmental funds was a decrease of \$1,419,351, the School District continues to be financially stable. The net decrease in fund balance for the year was significant in the general fund, amounting to \$1,598,774, or 58.85%. This change in the general fund is due largely to increased expenditures for capital outlay and maintenance of the buildings and a decrease in property taxes received. Taxes receivable in the general fund are approximately \$17 million or an increase of 20% from the prior year amount \$14.4 million.

Chardon Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2006
 Unaudited

General Fund Budgeting Highlights

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

During fiscal year 2006, the School District amended its general fund budget, however not significantly. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue and other financing sources estimate was \$26,865,406, which was higher than the original budget estimate of \$26,348,714. Most of this \$516,692 difference was due to conservative original budget estimates for property taxes and intergovernmental revenues.

The original expenditures and other financing uses estimate of \$27,318,680 was revised slightly over the fiscal year. Actual expenditures and other financing uses, however, were \$28,030,417, or \$711,737 more than originally anticipated. Overall, the final budget amounts are approximately 3.4% higher than originally established.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2006, the School District had \$5,207,590 invested in capital assets. Table 4 shows fiscal year 2006 balances compared to fiscal year 2005:

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

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>Restated</u> <u>2005</u>
Land	\$ 609,612	\$ 609,612
Land improvements	2,115,901	2,188,457
Buildings and building improvements	803,257	805,120
Furniture, fixtures and equipment	752,445	933,080
Vehicles	926,375	1,001,211
Total capital assets	<u>\$ 5,207,590</u>	<u>\$ 5,537,480</u>

During the fiscal year, the School District had an appraisal done on their capital assets. Due to the appraisal capital assets were restated for 2005. The most significant change in capital assets reported by the School District during the current year was for the capitalization of costs for the purchase of a new school bus and two new wheel chair lifts.

Chardon Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

The School District reported a decrease in capital assets of \$329,890, primarily due to the recognition of \$527,069 in depreciation expense. See Note 8 to the basic financial statements for detail on the School District's capital assets.

Debt

Currently, the School District does not have any debt obligations or judgments levied against it.

Current Financial Related Activities

Chardon Local School District is strong financially. As the preceding information shows, the School District heavily depends on its property taxpayers. With the passage of a 6.0 mill operating levy, the School District has been able to continue its education programs. However, financially the future is not without challenges.

While the School District was successful in increasing its tax revenue base in 2000, this increase is a one-time increase. State law fixes the amount of this increase, forcing it to remain nearly constant. Thus, management must diligently plan expenses, staying carefully within the School District's five-year forecast.

Declining state foundation payments due to increased property valuations provide no significant increase in future revenues. This decline is due to the increasing valuation charge-offs in determining state foundation payments. The increases in property tax revenues are almost offset to decreases in state foundation payments. With its major sources of revenue not keeping pace with expenditure increases, the School District must seek additional tax revenues to continue current operations. However, the School District cannot look to the State of Ohio for increased revenue.

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Stephanie Swain, Treasurer at Chardon Local School District, 428 North Street, Chardon, Ohio 44024.

Chardon Local School District
Statement of Net Assets
June 30, 2006

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 2,389,426
Cash and cash equivalents:	
In segregated accounts	83,036
Receivables:	
Taxes	17,390,537
Accounts	39,220
Intergovernmental	26,916
Prepaid items	75,124
Inventory held for resale	4,634
Materials and supplies inventory	151,482
Capital assets:	
Land	609,612
Depreciable capital assets, net	4,597,978
Total assets	<u>25,367,965</u>
<u>Liabilities:</u>	
Accounts payable	430,108
Accrued wages	1,722,380
Compensated absences payable	63,350
Intergovernmental payable	902,025
Claims payable	292,574
Deferred revenue	14,114,602
Long-term liabilities:	
Due within one year	145,219
Due in more than one year	1,130,614
Total liabilities	<u>18,800,872</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	5,116,549
Restricted for:	
Other purposes	664,436
Unrestricted	786,108
Total net assets	<u>\$ 6,567,093</u>

See accompanying notes to the basic financial statements.

Chardon Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Revenues and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 12,607,477	\$ 373,996	\$ 303,211	\$ -	\$ (11,930,270)
Special	2,990,936	-	469,492	-	(2,521,444)
Vocational	277,802	-	-	-	(277,802)
Adult/continuing	9,983	17,367	-	-	7,384
Other	712,170	-	-	-	(712,170)
Support services:					
Pupils	1,880,071	89,387	438,079	-	(1,352,605)
Instructional staff	1,032,816	620	3,925	-	(1,028,271)
Board of education	119,938	-	-	-	(119,938)
Administration	2,276,719	-	3,950	-	(2,272,769)
Fiscal	776,210	-	-	-	(776,210)
Business	301,891	-	-	-	(301,891)
Operation and maintenance of plant	2,633,064	49,629	1,328	-	(2,582,107)
Pupil transportation	2,318,070	-	116,830	25,011	(2,176,229)
Central	228,121	-	11,094	-	(217,027)
Operation of non-instructional services	1,956,595	643,756	1,176,381	-	(136,458)
Extracurricular activities	709,401	264,071	19,445	-	(425,885)
Interest and fiscal charges	4,794	-	-	-	(4,794)
Total governmental activities	\$ 30,836,058	\$ 1,438,826	\$ 2,543,735	\$ 25,011	(26,828,486)
General Revenues:					
Property taxes levied for:					
General purposes					17,108,128
Grants and entitlements not restricted to specific programs					7,740,702
Investment earnings					210,668
Payment in lieu of taxes					18,406
Miscellaneous					98,637
Total general revenues					25,176,541
Change in net assets					(1,651,945)
Net assets beginning of year, as restated					8,219,038
Net assets end of year					\$ 6,567,093

See accompanying notes to the basic financial statements.

Chardon Local School District
Balance Sheet
Governmental Funds
June 30, 2006

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 1,295,454	\$ 618,560	\$ 1,914,014
Receivables:			
Taxes	17,390,537	-	17,390,537
Accounts	39,220	-	39,220
Intergovernmental	-	26,916	26,916
Inventory held for resale	-	4,634	4,634
Materials and supplies inventory	150,178	1,304	151,482
Prepaid items	8,897	66,227	75,124
Total assets	<u>\$ 18,884,286</u>	<u>\$ 717,641</u>	<u>\$ 19,601,927</u>
<u>Liabilities:</u>			
Accounts payable	\$ 421,059	\$ 9,049	\$ 430,108
Accrued wages	1,705,303	17,077	1,722,380
Intergovernmental payable	893,564	8,461	902,025
Compensated absences payable	63,350	-	63,350
Deferred revenue	14,683,094	3,000	14,686,094
Total liabilities	<u>17,766,370</u>	<u>37,587</u>	<u>17,803,957</u>
<u>Fund balances:</u>			
Reserved for:			
Encumbrances	411,191	73,956	485,147
Property taxes	2,728,320	-	2,728,320
Unreserved, undesignated, reported in:			
General fund	(2,021,595)	-	(2,021,595)
Special revenue funds	-	606,098	606,098
Total fund balances	<u>1,117,916</u>	<u>680,054</u>	<u>1,797,970</u>
Total liabilities and fund balances	<u>\$ 18,884,286</u>	<u>\$ 717,641</u>	<u>\$ 19,601,927</u>

See accompanying notes to the basic financial statements.

Chardon Local School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2006

Total governmental fund balances		\$ 1,797,970
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,207,590
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 547,615	
Intergovernmental receivables	3,000	
Accounts	<u>20,877</u>	
		571,492
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.		265,874
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	\$ (1,184,792)	
Capital leases	<u>(91,041)</u>	
Total		<u>(1,275,833)</u>
Net assets of governmental activities		<u><u>\$ 6,567,093</u></u>

See accompanying notes to the basic financial statements.

Chardon Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Taxes	\$ 16,818,974	\$ -	\$ 16,818,974
Intergovernmental	7,970,718	2,235,727	10,206,445
Interest	210,668	14,141	224,809
Tuition and fees	249,043	134,002	383,045
Extracurricular activities	25,975	282,209	308,184
Gifts and donations	-	85,861	85,861
Charges for services	-	643,756	643,756
Rent	49,629	-	49,629
Payment in lieu of taxes	18,406	-	18,406
Miscellaneous	91,260	40,714	131,974
Total revenues	<u>25,434,673</u>	<u>3,436,410</u>	<u>28,871,083</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	12,098,475	200,865	12,299,340
Special	2,665,053	311,086	2,976,139
Vocational	288,034	-	288,034
Adult/continuing	-	9,983	9,983
Other	712,170	-	712,170
Support services:			
Pupils	1,351,217	517,974	1,869,191
Instructional staff	960,168	4,527	964,695
Board of education	70,618	-	70,618
Administration	2,272,317	8,583	2,280,900
Fiscal	772,363	-	772,363
Business	298,830	-	298,830
Operation and maintenance of plant	2,589,762	1,338	2,591,100
Pupil transportation	2,013,450	120,695	2,134,145
Central	188,641	18,809	207,450
Operation of non-instructional services:	63,646	1,853,515	1,917,161
Extracurricular activities	399,500	238,392	637,892
Capital outlay	92,959	104,220	197,179
Debt service:			
Principal retirement	73,206	-	73,206
Interest and fiscal charges	4,794	-	4,794
Total expenditures	<u>26,915,203</u>	<u>3,389,987</u>	<u>30,305,190</u>
Excess of revenues over (under) expenditures	<u>(1,480,530)</u>	<u>46,423</u>	<u>(1,434,107)</u>
<u>Other financing sources (uses):</u>			
Inception of capital lease	14,756	-	14,756
Transfers in	-	133,314	133,314
Transfers out	(133,000)	(314)	(133,314)
Total other financing sources (uses)	<u>(118,244)</u>	<u>133,000</u>	<u>14,756</u>
Net change in fund balances	(1,598,774)	179,423	(1,419,351)
Fund balances beginning of year	<u>2,716,690</u>	<u>500,631</u>	<u>3,217,321</u>
Fund balances end of year	<u>\$ 1,117,916</u>	<u>\$ 680,054</u>	<u>\$ 1,797,970</u>

See accompanying notes to the basic financial statements.

Chardon Local School District

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2006**

Net change in fund balances - total governmental funds \$ (1,419,351)

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

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

In the current period, these amounts are:

Capital asset additions	\$ 197,179	
Depreciation expense	<u>(527,069)</u>	
Excess of depreciation expense over capital asset additions		(329,890)

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

Property taxes	\$ 289,153	
Intergovernmental	3,000	
Accounts	<u>20,877</u>	
Net change in deferred revenues during the year		313,030

Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net assets. 73,206

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

Capital lease transactions:

Inception of a capital lease	\$ <u>(14,756)</u>	
Net change caused by capitalized lease transactions		(14,756)

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

Decrease in compensated absences	\$ <u>45,010</u>	
Total additional expenditures		45,010

The internal service fund is used by management to charge the costs of medical, prescription
drug, dental and vision claims to individual funds. The net revenue (expense) of the
internal service fund is allocated among the governmental activities. (319,194)

Change in net assets of governmental activities \$ (1,651,945)

See accompanying notes to the basic financial statements.

Chardon Local School District
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 17,030,349	\$ 16,611,242	\$ 17,308,766	\$ 697,524
Intergovernmental	7,842,507	8,789,336	7,970,718	(818,618)
Interest	207,279	130,000	210,668	80,668
Tuition and fees	148,120	248,700	150,541	(98,159)
Extracurricular activities	25,557	27,500	25,975	(1,525)
Rent	48,831	9,000	49,629	40,629
Payment in lieu of taxes	18,110	10,000	18,406	8,406
Miscellaneous	79,480	71,500	80,779	9,279
Total revenues	<u>25,400,233</u>	<u>25,897,278</u>	<u>25,815,482</u>	<u>(81,796)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	12,407,983	12,213,726	12,213,726	-
Special	2,458,451	2,542,239	2,542,239	-
Vocational	284,924	287,361	287,361	-
Other	419,735	705,230	705,230	-
Support services:				
Pupils	1,233,321	1,233,412	1,233,412	-
Instructional staff	1,264,183	984,996	984,996	-
Board of education	34,702	66,930	66,930	-
Administration	2,436,407	2,499,646	2,395,746	103,900
Fiscal	869,218	781,047	781,047	-
Business	360,190	339,665	314,328	25,337
Operation and maintenance of plant	2,569,191	2,653,028	2,621,412	31,616
Pupil transportation	2,097,176	2,243,151	2,222,881	20,270
Central	182,871	196,110	193,966	2,144
Operation of non-instructional services	65,303	72,029	68,051	3,978
Extracurricular activities	424,460	407,458	402,790	4,668
Total expenditures	<u>27,108,115</u>	<u>27,226,028</u>	<u>27,034,115</u>	<u>191,913</u>
Excess of revenues over (under) expenditures	<u>(1,707,882)</u>	<u>(1,328,750)</u>	<u>(1,218,633)</u>	<u>110,117</u>
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	277	4,000	282	(3,718)
Refund of prior year expenditures	98,788	100,403	100,403	-
Advances in	-	423	-	(423)
Advances out	(25,000)	(25,000)	-	25,000
Transfers in	849,416	863,302	863,302	-
Transfers out	(185,565)	(991,302)	(996,302)	(5,000)
Total other financing sources (uses)	<u>737,916</u>	<u>(48,174)</u>	<u>(32,315)</u>	<u>15,859</u>
Net change in fund balance	(969,966)	(1,376,924)	(1,250,948)	125,976
Fund balance at beginning of year	1,521,503	1,521,503	1,521,503	-
Prior year encumbrances appropriated	575,733	575,733	575,733	-
Fund balance at end of year	<u>\$ 1,127,270</u>	<u>\$ 720,312</u>	<u>\$ 846,288</u>	<u>\$ 125,976</u>

See accompanying notes to the basic financial statements.

Chardon Local School District
Statement of Fund Net Assets
Internal Service Fund
June 30, 2006

	Self Insurance
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 475,412
Cash and cash equivalents:	
In segregated accounts	83,036
Total assets	<u>558,448</u>
<u>Liabilities:</u>	
Claims payable	<u>292,574</u>
<u>Net assets:</u>	
Unrestricted	265,874
Total liabilities and net assets	<u>\$ 558,448</u>

See accompanying notes to the basic financial statements.

Chardon Local School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2006

	Self Insurance
<u>Operating revenues:</u>	
Charges for services	\$ 3,377,117
<u>Operating expenses:</u>	
Purchased services	599,687
Claims	3,096,624
Total operating expenses	3,696,311
Change in net assets	(319,194)
Net assets beginning of year	585,068
Net assets end of year	\$ 265,874

See accompanying notes to the basic financial statements.

Chardon Local School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2006

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 3,377,117
Cash payments to suppliers for goods and services	(599,687)
Cash payments for claims	(3,087,549)
Net cash provided by (used for) operating activities	<u>(310,119)</u>
Net increase (decrease) in cash and cash equivalents	(310,119)
Cash and cash equivalents at beginning of year	868,567
Cash and cash equivalents at end of year	<u>\$ 558,448</u>
 <u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</u>	
Operating income (loss)	<u>\$ (319,194)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Change in assets and liabilities:	
Increase (decrease) in liabilities:	
Claims payable	9,075
Net cash provided by (used for) operating activities	<u>\$ (310,119)</u>

See accompanying notes to the basic financial statements.

Chardon Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Private Purpose Trust	
	Scholarship	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 153,836	\$ 76,050
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 88
Due to students	-	75,962
Total liabilities	-	\$ 76,050
<u>Net assets:</u>		
Held in trust for scholarships	153,836	
Total net assets	\$ 153,836	

See accompanying notes to the basic financial statements.

Chardon Local School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2006

	Private Purpose Trust
	<u>Scholarship</u>
<u>Additions:</u>	
Interest	\$ 6,280
Gift and donations	750
Total additions	<u>7,030</u>
<u>Deductions:</u>	
Payments in accordance with trust agreements	<u>2,960</u>
Change in net assets	4,070
Net assets beginning of year	<u>149,766</u>
Net assets end of year	<u>\$ 153,836</u>

See accompanying notes to the basic financial statements.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 1 - Summary of Significant Accounting Policies and Description of the Reporting Entity

A. Description of the School District

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. The Board of Education controls the School District's seven instructional/support facilities staffed by 149 classified employees and 211 certificated full and part-time teaching personnel who provide services to 3,319 students and other community members.

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

B. Reporting Entity

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

Nonpublic Schools – Within the School District boundaries, there are various nonpublic schools. Current State legislation provides funding to these non-public schools. These monies are received and disbursed by the School District on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public school. This activity is reflected in a special revenue fund for financial reporting purposes.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The School District participates in five jointly governed organizations and one insurance purchasing pool. These organizations are the Lake Geauga Computer Association, the Ohio Schools' Council, the Auburn Career Center, the East Shore Center, the East Shore Regional Transportation System and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 15 and 16 to the basic financial statements.

C. Basis of Presentation - Fund Accounting

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

Government-wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Revenues that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

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

D. Fund Accounting

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

Governmental Fund Types

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

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

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

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Proprietary Fund Type

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

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

Fiduciary Fund Types

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

E. Measurement Focus and Basis of Accounting

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

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

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

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

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. The internal service fund, private purpose trust fund and agency fund also use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenue - Exchange and Non-exchange Transactions

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

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

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

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes (should not include delinquent) for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

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

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

F. Budgets and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2006.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

G. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to STAROhio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as indicated in Note 4.

The School District uses Aetna U.S. Healthcare to serve as a claim administrator for its self-insurance program. The balance of this account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" and represents deposits.

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

I. Interfund Balances

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

J. Inventory

On the governmental-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used.

Inventories of the general fund consist of expendable supplies held for consumption. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale.

K. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, laws of other governments, or enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. The School District expended all restricted assets in accordance with specific restrictions during the fiscal year. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

L. Capital Assets

General capital assets are those assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

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

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

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

<u>Description</u>	<u>Estimated Lives</u>
<i>Land improvements</i>	<i>20 years</i>
<i>Buildings and building improvements</i>	<i>40 years</i>
<i>Furniture, fixtures and equipment</i>	<i>5-10 years</i>
<i>Vehicles</i>	<i>10 years</i>

M. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made 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, all classified and non-classified employees age fifty-five (55) or greater; or aged fifty (50) with at least ten (20) years of service; or in any age with at least twenty-five (25) years of service were considered expected to become eligible to retire in accordance with GASB 16.

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

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

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net assets restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extra-curricular programs, and for operating or capital costs for any new and innovative programs designed to enhance or promote education with the School District.

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

O. Operating Revenues and Expenses

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

P. Interfund transactions

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

Q. Estimates

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

R. Fund Balance Reserves

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

S. Extraordinary and Special Items

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

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 2 - Changes in Accounting Principles and Restatement of Fund Balance

A. Changes in accounting principles

For the fiscal year 2006, the School District has implemented GASB Statement No. 44 “Economic Condition Reporting: The Statistical Section (An amendment of NCGA Statement 1)”, GASB Statement No 46, “Net Assets Restricted by Enabling Legislation”, and GASB Statement No. 47, “Accounting for Termination Benefits”. The implementation of these new standards did not require a restatement of balances.

B. Restatement of net assets

Following the close of the previous fiscal year, an inventory and re-appraisal of the School District’s capital assets was conducted. As a result of the procedures performed, a restatement of the capital asset balances, accumulated depreciation and net assets was required. In addition, the School District noted a capital lease that was not previously recorded.

The restatement of net assets is presented below:

<i>Net assets, June 30, 2005</i>	\$ 5,393,063
<i>Restatement of capital assets, net of depreciation</i>	2,975,466
<i>Restatement of capital lease</i>	<u>(149,491)</u>
<i>Restated net assets, as of July 1, 2005</i>	<u>\$ 8,219,038</u>

Note 3 - Budgetary Basis of Accounting

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

1. Revenues and other sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

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

Net Change in Fund Balance

	<u>General</u>
GAAP basis	\$ (1,598,774)
Revenue accruals	1,330,040
Expenditure accruals	(533,044)
Encumbrances (Budget basis) outstanding at year end	<u>(449,170)</u>
Budget basis	<u>\$ (1,250,948)</u>

Note 4 - Deposits and Investments

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

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

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

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

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

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

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in 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 (STAROhio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

A. Cash on hand

At fiscal year-end, the School District had \$1,800 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

B. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, the carrying amount of the School District's deposits was \$166,354. The School District's bank balance of \$408,467 was exposed to custodial credit risk as follows:

<i>Uninsured and collateral held by pledging bank's trust department and not in the School District's name</i>	\$ 208,467
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C. Investments

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
STAROhio	\$ 2,451,158	Daily	AAAm ⁽¹⁾
⁽¹⁾ Standard and Poor's rating			

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

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAROhio an AAAM rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

All interest is legally required to be placed in the general fund, the food service, special trust and auxiliary services special revenue funds, and the private-purpose trust fund. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$210,668, which includes \$45,109 assigned from other School District funds.

Note 5 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2006 for real and public utility property taxes represents collections of calendar 2005 taxes. Property tax payments received during calendar 2006 for tangible personal property (other than public utility property) is for calendar 2006 taxes.

2006 real property taxes are levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after April 1, 2006, and are collected in 2006 with real property taxes.

2006 tangible personal property taxes are levied after April 1, 2005 on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are twenty-five percent of true value. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75%. This will be reduced to 12.5% for 2007, 6.25% for 2008 and 0% for 2009.

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

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

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Chardon Local School District. The County Auditor periodically remits to the School District its portion of taxes. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 was levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance at year-end was \$2,728,320 in the general fund is recognized as revenue on the fund financial statements.

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

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

	<i>2006 First</i>		<i>2005 Second</i>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<i>Agricultural/Residential and Other Real Estate</i>	\$ 611,638,710	93.83%	\$ 535,357,380	91.36%
<i>Public Utilities</i>	18,062,140	2.77%	20,353,160	3.47%
<i>Tangible Personal Property</i>	22,140,920	3.40%	30,248,210	5.16%
<i>Total Assessed Value</i>	<u>\$ 651,841,770</u>	<u>100.00%</u>	<u>\$ 585,958,750</u>	<u>100.00%</u>
<i>Tax rate per \$1,000 of assessed valuation</i>	\$ 64.88		\$ 64.88	

Note 6 - Receivables

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), 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. Nonmajor governmental funds reported intergovernmental receivables in the amount of \$26,916.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 7 - Interfund Transfers

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, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2006, consisted of the following:

<i>Transfers to nonmajor governmental funds from:</i>		
<i>General fund</i>		\$ 133,000
<i>Nonmajor special revenue funds</i>		314

Note 8 – Capital Assets

The capital asset balances of the governmental activities have been restated due to a physical inventory and re-appraisal of capital assets. (See Note 2 for details). Below is a summary of the effect of these restatements:

	<i>Balance</i>		<i>Restated</i>
	<i>June 30, 2005</i>	<i>Adjustments</i>	<i>Balance</i>
			<i>June 30, 2005</i>
<u><i>Governmental Activities</i></u>			
<i>Land</i>	\$ 609,612	\$ -	\$ 609,612
<i>Land improvements</i>	118,810	2,976,210	3,095,020
<i>Buildings and building improvements</i>	6,549,629	530,249	7,079,878
<i>Furniture, fixtures and equipment</i>	1,737,456	765,958	2,503,414
<i>Vehicles</i>	2,240,323	251,063	2,491,386
<i>Less: Accumulated depreciation</i>	<u>(8,693,816)</u>	<u>(1,548,014)</u>	<u>(10,241,830)</u>
<i>Total</i>	<u>\$ 2,562,014</u>	<u>\$ 2,975,466</u>	<u>\$ 5,537,480</u>

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

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

	<i>Restated Balance 7/1/2005</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance 6/30/2006</i>
<u>Governmental Activities</u>				
<i>Nondepreciable capital assets</i>				
<i>Land</i>	\$ 609,612	\$ -	\$ -	\$ 609,612
<i>Depreciable capital assets</i>				
<i>Land and improvements, depreciated</i>	3,095,020	-	-	3,095,020
<i>Buildings and building improvements</i>	7,079,878	76,200	-	7,156,078
<i>Furniture, fixtures, and equipment</i>	2,503,414	62,102	(45,035)	2,520,481
<i>Vehicles</i>	2,491,386	58,877	-	2,550,263
<i>Total depreciable capital assets</i>	<u>15,169,698</u>	<u>197,179</u>	<u>(45,035)</u>	<u>15,321,842</u>
<i>Less accumulated depreciation:</i>				
<i>Land improvements</i>	(906,563)	(72,556)	-	(979,119)
<i>Buildings and building improvements</i>	(6,274,758)	(78,063)	-	(6,352,821)
<i>Furniture, fixtures, and equipment</i>	(1,570,334)	(242,737)	45,035	(1,768,036)
<i>Vehicles</i>	(1,490,175)	(133,713)	-	(1,623,888)
<i>Total accumulated depreciation</i>	<u>(10,241,830)</u>	<u>(527,069)</u>	<u>45,035</u>	<u>(10,723,864)</u>
<i>Depreciable capital assets, net</i>				
<i>Governmental activities</i>	<u>4,927,868</u>	<u>(329,890)</u>	<u>-</u>	<u>4,597,978</u>
<i>Capital assets, net</i>	<u>\$ 5,537,480</u>	<u>\$ (329,890)</u>	<u>\$ -</u>	<u>\$ 5,207,590</u>

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
<i>Regular</i>	\$ 192,020
<i>Special</i>	11,306
<i>Vocational</i>	252
<i>Support services:</i>	
<i>Pupils</i>	4,916
<i>Instructional staff</i>	52,042
<i>Administration</i>	10,754
<i>Fiscal</i>	367
<i>Operation and maintenance of plant</i>	9,827
<i>Pupil transportation</i>	136,111
<i>Central</i>	15,265
<i>Operation of non-instructional services</i>	22,700
<i>Extracurricular activities</i>	<u>71,509</u>
<i>Total depreciation expense</i>	<u>\$ 527,069</u>

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 9 – Risk Management

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

The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$292,574, reported in the fund at year end was estimated by the third party administrator and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District purchases stop-loss coverage of \$75,000 per employee.

Changes in the fund’s claims liability during 2005 and 2006 were:

<i>Fiscal</i>		<i>Balance at</i>	<i>Current</i>	<i>Claim</i>	<i>Balance at</i>
<i>Year</i>	<i>\$</i>	<i>beginning of year</i>	<i>year claims</i>	<i>payments</i>	<i>end of year</i>
2005	\$	277,495	2,737,003	(2,730,999)	283,499
2006	\$	283,499	3,096,624	(3,087,549)	292,574

Note 10 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-three days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Full time certified and non-certified employees are entitled to fifteen days sick leave with pay for each year under contract and accrue sick leave at a rate of one and one-fourth days for each month under contract. Upon retirement, certified employees receive payment for one-third of the total sick leave accumulation, up to a maximum accumulation of 210 days. Classified employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 120 days.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides basic retirement benefits, annual cost-of-living adjustments, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at ohsers.org.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58% of annual covered salary was the portion used to fund pension obligations. For the fiscal year 2005, 10.57% was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board.

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$492,550, \$643,352, and \$588,962, respectively; 46% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$291,516, representing the unpaid contribution for fiscal year 2006 is recorded as an intergovernmental payable.

B. State Teachers Retirement System of Ohio

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, disability, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227-4090, or by visiting the STRS website at www.strsoh.org.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10% of their annual covered salaries and the School District was required to contribute 14%. For fiscal year 2006, 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$1,577,673, \$1,772,100, and \$1,692,697, respectively; 81.7% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$288,121, representing the unpaid contribution for fiscal year 2006, is recorded as an intergovernmental payable. Contributions to the DC and Combined plans for fiscal year 2006 were \$19,302 made by the School District and \$33,617 made by the plan members.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 12 - Postemployment Benefits

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

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The retirement board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund from which payments for health care benefits are paid. For the School District this amount equaled \$121,359 during the 2006 fiscal year. The balance in the Health Care Stabilization Fund for the STRS was \$3.5 billion at June 30, 2006. For the year ended June 30, 2006 the net health care costs paid by the STRS were \$282,743,000 and eligible benefit recipients totaled 119,184.

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2005, 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 the fiscal year 2006, employer contributions to fund health care benefits were 3.42% 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 2006, the minimum pay has been established at \$35,800. The surcharge, added to the unallocated portion of the 14% contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$219,083, which includes a surcharge of \$59,865 during the 2006 fiscal year.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2006 were \$158,751,207. The target level for the health care reserve is 150% of projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$295.6 million, which is about 221% of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual claims costs. The number of participants eligible to receive benefits is 59,492.

Note 13 - Long Term Obligations

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

<u>Governmental activities</u>	<u>Balance</u> <u>July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Due within</u> <u>one year</u>
<u>Other Obligations</u>					
Compensated absences	\$ 1,459,127	\$ 5,139	\$ (279,474)	\$ 1,184,792	\$ 64,769
Capital leases	<u>149,491</u>	<u>14,756</u>	<u>(73,206)</u>	<u>91,041</u>	<u>80,450</u>
Governmental activities long-term liabilities	<u>\$ 1,608,618</u>	<u>\$ 19,895</u>	<u>\$ (352,680)</u>	<u>\$ 1,275,833</u>	<u>\$ 145,219</u>

Other Obligations: Compensated absences are typically paid from the fund from which the employee is paid. Capital lease obligations are paid from the general fund.

At June 30, 2006 the School District's overall debt margin was \$58,164,339 with an unvoted debt margin of \$646,270.

Note 14 – Capitalized Leases – Lessee Disclosure

During a prior year and in the current year, the School District entered into capitalized lease agreements for the acquisition of copiers. The terms of each agreement provide options to purchase the equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers all benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been capitalized as equipment in the amount of \$234,499 equal to the present value of the future minimum lease payments at the time of acquisition. Principal payments in the current fiscal year totaled \$73,206. The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments at year-end.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

<i>Fiscal Year</i>	<i>Lease Payments</i>
2007	\$ 82,983
2008	5,436
2009	5,436
2010	<u>454</u>
<i>Total minimum lease payments</i>	94,309
<i>Less: amount representing interest</i>	<u>(3,268)</u>
<i>Total</i>	<u>\$ 91,041</u>

Note 15 – Jointly Governed Organizations

Lake Geauga Computer Association The Lake Geauga Computer Association (LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. In fiscal year 2006, the School District paid \$156,847 to LGCA. Financial information can be obtained from Loretta Peterson, the Treasurer of the Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

Ohio Schools' Council The Ohio Schools' Council Association (Council) is a jointly governed organization among ninety-one school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2006, the School District paid \$3,755 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Energy Acquisition Corporation, 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 their agreement, they are required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corporation.

Auburn Career Center The Auburn Career Center is joint vocational school district that is a jointly governed organization among eleven school districts. Each participating school district appoints one member of the Auburn Career Center's Board of Education. The students of each participating School District may attend classes. Each participant's control over the operation of the center is limited to its representation on the board. Continued existence of the Auburn Career Center is not dependent on the District's continued participation. Financial information can be obtained by writing the Auburn Career Center, 8140 Auburn Road, Painesville, Ohio 44077

East Shore Center The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation of the governing board. East Shore Center is not accumulating significant financial resources or experiencing fiscal distress. In fiscal year 2006, the School District paid \$405 to the Center. Financial information can be obtained by writing the fiscal agent, Lake County Educational Service Center, 30 South Park Place, Suite 30, Painesville, OH 44077.

East Shore Regional Transportation System The East Shore Regional Transportation System (the "ESRTA") is a jointly governed organization which was formed for the purpose of providing a transportation system for the handicapped children in the 16 member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. ESRTA's continued existence is not dependent on the School District's continued participation. ESRTA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained from the Kirtland Board of Education, 9252 Chillicothe Road, Kirtland, Ohio 44094.

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 16 – Insurance Rating Pool

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

Note 17 – Set-Aside Requirements

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

During the fiscal year ended June 30, 2006, the reserve activity was as follows:

	<i>Textbook Reserve</i>	<i>Capital Maintenance Reserve</i>	<i>Total</i>
<i>Set-aside cash balance as of June 30, 2005</i>	\$ (291,559)	\$ -	\$ (291,559)
<i>Current year set-aside requirement</i>	494,020	494,020	988,040
<i>Qualifying disbursements</i>	<u>(412,609)</u>	<u>(1,130,079)</u>	<u>(1,542,688)</u>
<i>Total</i>	<u>\$ (210,148)</u>	<u>\$ (636,059)</u>	<u>\$ (846,207)</u>
<i>Balance carried forward to future years</i>	<u>\$ (210,148)</u>		<u>\$ (210,148)</u>

Note 18 – Contingencies

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

CHARDON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2006.

Note 19 – Accountability and Compliances

As of June 30, 2006, one fund had a deficit fund balance. This deficit was caused by the application of GAAP; namely in the reporting of various liabilities attributable to the fiscal year. This deficit balance will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

The following fund had a deficit balance:

	<u>Amount</u>
<u>Nonmajor special revenue funds:</u>	
Title I	\$ 728

**Combining Statements for Nonmajor
Governmental Funds**

COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. A description of the School District's nonmajor special revenue funds follows:

Food Service

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

Special Trust

To account for the use of donations used to provide educational experiences for the School District's elementary students.

Uniform School Supplies

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

Summer School

To account for tuition received for the purpose of summer school education.

Adult Education

To account for tuition received for the purpose of adult/community education programs.

Public School Support

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

Other Grants

To account for a number of small local grants that are restricted for specific expenditures.

Underground Storage Tanks

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

Athletic and Music

To account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes athletic programs as well as band, cheerleaders, drama clubs, and other similar types of activities.

Auxiliary Services

To account for funds which provide services and materials to pupils attending non-public schools within the School District.

Educational Management Information Systems

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

Data Communications

To account for revenues received from the state to be used to install and provide support costs for data communication links to connect any school to the local data acquisition site.

SchoolNet Professional Development

To account for revenues received to provide professional development programs related to technology.

Ohio Reads

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

Miscellaneous State Grants

To account for miscellaneous grants from the state government.

Title VI-B

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

Title I

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

Title VI

To account for federal funds which support the implementation of a variety of programs such as computer education, gifted and talented programs, in-service and staff development.

Drug-Free Schools

To account for federal funds for the establishment, operation and improvement programs of drug abuse prevention, early intervention, rehabilitation referral and education in schools.

Class Size Reduction

To account for monies to hire additional classroom teachers grades 1 through 3, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants

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

NONMAJOR CAPITAL PROJECTS FUND

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities. The nonmajor capital project fund is:

SchoolNet

To account for state monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

Chardon Local School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
	<hr/>	<hr/>	<hr/>
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 618,560	\$ -	\$ 618,560
Receivables:			
Intergovernmental	26,916	-	26,916
Prepaid items	66,227	-	66,227
Inventory held for resale	4,634	-	4,634
Materials and supplies inventory	1,304	-	1,304
Total assets	<hr/> <u>\$ 717,641</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 717,641</u>
 <u>Liabilities and fund equity:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 9,049	\$ -	\$ 9,049
Accrued wages	17,077	-	17,077
Intergovernmental payable	8,461	-	8,461
Deferred revenue	3,000	-	3,000
Total liabilities	<hr/> <u>37,587</u>	<hr/> <u>-</u>	<hr/> <u>37,587</u>
 <u>Fund balance:</u>			
Reserved for encumbrances	73,956	-	73,956
Unreserved:			
Undesignated, reported in:			
Special revenue funds	606,098	-	606,098
Total fund balances	<hr/> <u>680,054</u>	<hr/> <u>-</u>	<hr/> <u>680,054</u>
Total liabilities and fund balances	<hr/> <u>\$ 717,641</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 717,641</u>

Chardon Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Intergovernmental	\$ 2,235,727	\$ -	\$ 2,235,727
Interest	14,141	-	14,141
Tuition and fees	134,002	-	134,002
Extracurricular activities	282,209	-	282,209
Gifts and donations	85,861	-	85,861
Charges for services	643,756	-	643,756
Miscellaneous	40,714	-	40,714
Total revenues	<u>3,436,410</u>	<u>-</u>	<u>3,436,410</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	170,730	30,135	200,865
Special	311,086	-	311,086
Adult/Continuing	9,983	-	9,983
Support services:			
Pupils	517,974	-	517,974
Instructional staff	4,527	-	4,527
Administration	8,583	-	8,583
Operation and maintenance of plant	1,338	-	1,338
Pupil transportation	120,695	-	120,695
Central	18,809	-	18,809
Operation of non-instructional services	1,853,515	-	1,853,515
Extracurricular activities	238,392	-	238,392
Capital outlay	104,220	-	104,220
Total expenditures	<u>3,359,852</u>	<u>30,135</u>	<u>3,389,987</u>
Excess of revenues over (under) expenditures	<u>76,558</u>	<u>(30,135)</u>	<u>46,423</u>
<u>Other financing sources (uses):</u>			
Transfers in	133,314	-	133,314
Transfers out	(314)	-	(314)
Total other financing sources (uses)	<u>133,000</u>	<u>-</u>	<u>133,000</u>
Net change in fund balances	209,558	(30,135)	179,423
Fund balances at beginning of year	470,496	30,135	500,631
Fund balances at end of year	<u>\$ 680,054</u>	<u>\$ -</u>	<u>\$ 680,054</u>

Chardon Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Food Service	Special Trust	Uniform School Supplies	Summer School
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 40,818	\$ 13,521	\$ 43,376	\$ 48,857
Receivables:				
Intergovernmental	20,716	-	-	-
Prepaid items	-	-	-	-
Inventory held for resale	4,634	-	-	-
Materials and supplies inventory	1,304	-	-	-
Total assets	<u>\$ 67,472</u>	<u>\$ 13,521</u>	<u>\$ 43,376</u>	<u>\$ 48,857</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages	6,648	-	-	-
Intergovernmental payable	3,847	-	-	3,511
Deferred revenue	-	-	-	-
Total liabilities	<u>10,495</u>	<u>-</u>	<u>-</u>	<u>3,511</u>
Fund balances:				
Reserved for encumbrances	2,922	-	-	1,410
Unreserved:				
Undesignated, reported in:				
Special revenue funds	54,055	13,521	43,376	43,936
Total fund balances	<u>56,977</u>	<u>13,521</u>	<u>43,376</u>	<u>45,346</u>
Total liabilities and fund balances	<u>\$ 67,472</u>	<u>\$ 13,521</u>	<u>\$ 43,376</u>	<u>\$ 48,857</u>

<u>Adult Education</u>	<u>Public School Support</u>	<u>Other Grants</u>	<u>Underground Storage Tanks</u>	<u>Athletic and Music</u>	<u>Auxiliary Services</u>	<u>Educational Management Information Systems</u>
\$ 38,933	\$ 78,557	\$ 2,692	\$ 11,000	\$ 192,419	\$ 136,563	\$ 4,460
-	-	-	-	-	-	-
-	-	-	-	-	4,480	-
-	-	-	-	-	-	-
<u>\$ 38,933</u>	<u>\$ 78,557</u>	<u>\$ 2,692</u>	<u>\$ 11,000</u>	<u>\$ 192,419</u>	<u>\$ 141,043</u>	<u>\$ 4,460</u>
\$ 600	\$ 3,443	\$ 400	\$ -	\$ 3,169	\$ 1,437	\$ -
-	-	-	-	-	300	-
-	15	-	-	-	217	162
-	-	-	-	-	-	-
<u>600</u>	<u>3,458</u>	<u>400</u>	<u>-</u>	<u>3,169</u>	<u>1,954</u>	<u>162</u>
91	6,297	50	-	18,918	44,268	-
<u>38,242</u>	<u>68,802</u>	<u>2,242</u>	<u>11,000</u>	<u>170,332</u>	<u>94,821</u>	<u>4,298</u>
<u>38,333</u>	<u>75,099</u>	<u>2,292</u>	<u>11,000</u>	<u>189,250</u>	<u>139,089</u>	<u>4,298</u>
<u>\$ 38,933</u>	<u>\$ 78,557</u>	<u>\$ 2,692</u>	<u>\$ 11,000</u>	<u>\$ 192,419</u>	<u>\$ 141,043</u>	<u>\$ 4,460</u>

(Continued)

Chardon Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	<u>Data</u> <u>Communications</u>	<u>School Net</u> <u>Professional</u> <u>Development</u>	<u>Ohio</u> <u>Reads</u>	<u>Miscellaneous</u> <u>State</u> <u>Grants</u>
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ -	\$ 631	\$ -	\$ -
Receivables:				
Intergovernmental	-	-	-	3,200
Prepaid items	-	-	-	-
Inventory held for resale	-	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 631</u>	<u>\$ -</u>	<u>\$ 3,200</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for encumbrances	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	-	631	-	3,200
Total fund balances	<u>-</u>	<u>631</u>	<u>-</u>	<u>3,200</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 631</u>	<u>\$ -</u>	<u>\$ 3,200</u>

Title VI-B	Title I	Title VI	Drug Free Schools	Class Size Reduction	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ 6,733	\$ -	\$ -	\$ -	\$ -	\$ 618,560
-	-	-	-	-	3,000	26,916
61,747	-	-	-	-	-	66,227
-	-	-	-	-	-	4,634
-	-	-	-	-	-	1,304
<u>\$ 61,747</u>	<u>\$ 6,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 717,641</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,049
3,377	6,752	-	-	-	-	17,077
-	709	-	-	-	-	8,461
-	-	-	-	-	3,000	3,000
<u>3,377</u>	<u>7,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>37,587</u>
-	-	-	-	-	-	73,956
<u>58,370</u>	<u>(728)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>606,098</u>
<u>58,370</u>	<u>(728)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>680,054</u>
<u>\$ 61,747</u>	<u>\$ 6,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 717,641</u>

Chardon Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Food Service	Special Trust	Uniform School Supplies	Summer School
<u>Revenues:</u>				
Intergovernmental	\$ 165,490	\$ -	\$ -	\$ -
Interest	1,955	745	-	-
Tuition and fees	-	-	81,567	35,068
Extracurricular activities	-	-	-	-
Gifts and donations	-	10,450	-	-
Charges for services	643,756	-	-	-
Miscellaneous	7,375	-	-	-
Total revenues	<u>818,576</u>	<u>11,195</u>	<u>81,567</u>	<u>35,068</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	23,186	32,787
Special	-	-	-	-
Adult/continuing	-	-	-	-
Support services:				
Pupils	-	-	15,806	-
Instructional staff	-	-	-	-
Administration	-	-	-	2,538
Operation and maintenance of plant	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	859,775	14,384	-	-
Extracurricular activities	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>859,775</u>	<u>14,384</u>	<u>38,992</u>	<u>35,325</u>
Excess of revenues over (under) expenditures	<u>(41,199)</u>	<u>(3,189)</u>	<u>42,575</u>	<u>(257)</u>
<u>Other financing sources (uses):</u>				
Transfers in	90,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	48,801	(3,189)	42,575	(257)
Fund balances at beginning of year	8,176	16,710	801	45,603
Fund balances at end of year	<u>\$ 56,977</u>	<u>\$ 13,521</u>	<u>\$ 43,376</u>	<u>\$ 45,346</u>

Adult Education	Public School Support	Other Grants	Underground Storage Tanks	Athletic and Music	Auxiliary Services	Educational Management Information Systems
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 956,924	\$ 11,094
-	-	-	-	-	11,441	-
17,367	-	-	-	-	-	-
-	53,456	-	-	228,753	-	-
-	46,988	8,978	-	19,445	-	-
-	-	-	-	-	-	-
-	23,994	-	-	9,345	-	-
<u>17,367</u>	<u>124,438</u>	<u>8,978</u>	<u>-</u>	<u>257,543</u>	<u>968,365</u>	<u>11,094</u>
-	14,186	10,673	-	-	-	-
-	-	-	-	-	-	-
9,983	-	-	-	-	-	-
-	94,998	-	-	-	-	-
-	607	-	-	-	-	-
-	-	545	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	18,809
-	-	-	-	-	935,072	-
-	-	-	-	238,392	-	-
-	-	-	-	-	-	-
<u>9,983</u>	<u>109,791</u>	<u>11,218</u>	<u>-</u>	<u>238,392</u>	<u>935,072</u>	<u>18,809</u>
<u>7,384</u>	<u>14,647</u>	<u>(2,240)</u>	<u>-</u>	<u>19,151</u>	<u>33,293</u>	<u>(7,715)</u>
-	314	-	-	28,000	-	10,000
-	-	-	-	(314)	-	-
-	314	-	-	27,686	-	10,000
7,384	14,961	(2,240)	-	46,837	33,293	2,285
30,949	60,138	4,532	11,000	142,413	105,796	2,013
<u>\$ 38,333</u>	<u>\$ 75,099</u>	<u>\$ 2,292</u>	<u>\$ 11,000</u>	<u>\$ 189,250</u>	<u>\$ 139,089</u>	<u>\$ 4,298</u>

(Continued)

Chardon Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	<u>Data</u> <u>Communications</u>	<u>School Net</u> <u>Professional</u> <u>Development</u>	<u>Ohio</u> <u>Reads</u>	<u>Miscellaneous</u> <u>State</u> <u>Grants</u>
<u>Revenues:</u>				
Intergovernmental	\$ 18,000	\$ 3,925	\$ 8,000	\$ 3,700
Interest	-	-	-	-
Tuition and fees	-	-	-	-
Extracurricular activities	-	-	-	-
Gifts and donations	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>18,000</u>	<u>3,925</u>	<u>8,000</u>	<u>3,700</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	8,000	-
Special	-	-	-	-
Adult/continuing	-	-	-	-
Support services:				
Pupils	18,000	-	-	-
Instructional staff	-	3,920	-	-
Administration	-	-	-	5,500
Operation and maintenance of plant	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	-	-	-	-
Extracurricular activities	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>18,000</u>	<u>3,920</u>	<u>8,000</u>	<u>5,500</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>5</u>	<u>-</u>	<u>(1,800)</u>
<u>Other financing sources (uses):</u>				
Transfers in	-	-	-	5,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Net change in fund balances	-	5	-	3,200
Fund balances at beginning of year, as restated	-	626	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ 631</u>	<u>\$ -</u>	<u>\$ 3,200</u>

Title VI-B	Title I	Title VI	Drug Free Schools	Class Size Reduction	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 833,863	\$ 121,962	\$ 17,930	\$ 8,854	\$ 81,478	\$ 4,507	\$ 2,235,727
-	-	-	-	-	-	14,141
-	-	-	-	-	-	134,002
-	-	-	-	-	-	282,209
-	-	-	-	-	-	85,861
-	-	-	-	-	-	643,756
-	-	-	-	-	-	40,714
<u>833,863</u>	<u>121,962</u>	<u>17,930</u>	<u>8,854</u>	<u>81,478</u>	<u>4,507</u>	<u>3,436,410</u>
-	-	-	-	81,898	-	170,730
185,901	122,233	2,952	-	-	-	311,086
-	-	-	-	-	-	9,983
376,954	-	-	7,551	696	3,969	517,974
-	-	-	-	-	-	4,527
-	-	-	-	-	-	8,583
-	-	-	1,338	-	-	1,338
120,555	-	-	140	-	-	120,695
-	-	-	-	-	-	18,809
39,189	-	4,168	-	-	927	1,853,515
-	-	-	-	-	-	238,392
104,220	-	-	-	-	-	104,220
<u>826,819</u>	<u>122,233</u>	<u>7,120</u>	<u>9,029</u>	<u>82,594</u>	<u>4,896</u>	<u>3,359,852</u>
<u>7,044</u>	<u>(271)</u>	<u>10,810</u>	<u>(175)</u>	<u>(1,116)</u>	<u>(389)</u>	<u>76,558</u>
-	-	-	-	-	-	133,314
-	-	-	-	-	-	(314)
-	-	-	-	-	-	133,000
7,044	(271)	10,810	(175)	(1,116)	(389)	209,558
51,326	(457)	(10,810)	175	1,116	389	470,496
<u>\$ 58,370</u>	<u>\$ (728)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680,054</u>

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

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Food Service Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 179,208	\$ 134,689	\$ (44,519)
Interest	1,955	1,955	-
Charges for services	685,692	641,173	(44,519)
Miscellaneous	7,375	7,375	-
Total revenues	<u>874,230</u>	<u>785,192</u>	<u>(89,038)</u>
<u>Expenditures:</u>			
Current:			
Food service operations	875,129	844,525	30,604
Excess of revenues over (under) expenditures	<u>(899)</u>	<u>(59,333)</u>	<u>(58,434)</u>
<u>Other financing sources (uses):</u>			
Transfers in	-	90,000	90,000
Net change in fund balance	(899)	30,667	31,566
Fund balance at beginning of year	6,851	6,851	-
Prior year encumbrances appropriated	380	380	-
Fund balance at end of year	<u>\$ 6,332</u>	<u>\$ 37,898</u>	<u>\$ 31,566</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Special Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 745	\$ 745	\$ -
Gifts and donations	10,392	10,450	58
Total revenues	<u>11,137</u>	<u>11,195</u>	<u>58</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services	26,243	14,880	11,363
Net change in fund balance	(15,106)	(3,685)	11,421
Fund balance at beginning of year	15,204	15,204	-
Prior year encumbrances appropriated	2,002	2,002	-
Fund balance at end of year	<u>\$ 2,100</u>	<u>\$ 13,521</u>	<u>\$ 11,421</u>

Uniform School Supplies Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 81,567	\$ 81,567	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	90,328	59,185	31,143
Support services:			
Pupils	17,486	15,806	1,680
Total expenditures	<u>107,814</u>	<u>74,991</u>	<u>32,823</u>
Net change in fund balance	(26,247)	6,576	32,823
Fund balance at beginning of year	36,801	36,801	-
Prior year encumbrances appropriated	(1)	(1)	-
Fund balance at end of year	<u>\$ 10,553</u>	<u>\$ 43,376</u>	<u>\$ 32,823</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Summer School Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 37,713	\$ 35,068	\$ (2,645)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	40,472	34,824	5,648
Administration	3,794	2,806	988
Total expenditures	44,266	37,630	6,636
Net change in fund balance	(6,553)	(2,562)	3,991
Fund balance at beginning of year	49,839	49,839	-
Prior year encumbrances appropriated	172	172	-
Fund balance at end of year	\$ 43,458	\$ 47,449	\$ 3,991

Adult Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 17,222	\$ 17,367	\$ 145
<u>Expenditures:</u>			
Current:			
Instruction:			
Adult/continuing	23,000	10,674	12,326
Net change in fund balance	(5,778)	6,693	12,471
Fund balance at beginning of year	29,868	29,868	-
Prior year encumbrances appropriated	1,681	1,681	-
Fund balance at end of year	\$ 25,771	\$ 38,242	\$ 12,471

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Public School Support Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 53,540	\$ 53,542	\$ 2
Gifts and donations	46,988	46,988	-
Miscellaneous	23,994	23,994	-
Total revenues	<u>124,522</u>	<u>124,524</u>	<u>2</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	25,272	14,970	10,302
Support services:			
Pupils	149,476	104,943	44,533
Instructional staff	2,560	607	1,953
Total expenditures	<u>177,308</u>	<u>120,520</u>	<u>56,788</u>
Excess of revenues over (under) expenditures	<u>(52,786)</u>	<u>4,004</u>	<u>56,790</u>
<u>Other financing sources (uses):</u>			
Transfers in	<u>314</u>	<u>314</u>	<u>-</u>
Net change in fund balance	(52,472)	4,318	56,790
Fund balance at beginning of year	52,471	52,471	-
Prior year encumbrances appropriated	12,019	12,019	-
Fund balance at end of year	<u>\$ 12,018</u>	<u>\$ 68,808</u>	<u>\$ 56,790</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Other Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Gifts and donations	\$ 8,978	\$ 8,978	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	10,501	10,671	(170)
Support services:			
Instructional staff	50	50	-
Administration	545	545	-
Total expenditures	11,096	11,266	(170)
Net change in fund balance	(2,118)	(2,288)	(170)
Fund balance at beginning of year	2,119	2,119	-
Prior year encumbrances appropriated	2,411	2,411	-
Fund balance at end of year	\$ 2,412	\$ 2,242	\$ (170)

Underground Storage Tanks Fund

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

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Athletic and Music Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 228,601	\$ 228,753	\$ 152
Gifts and donations	19,445	19,445	-
Miscellaneous	9,345	9,345	-
Total revenues	<u>257,391</u>	<u>257,543</u>	<u>152</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities	287,104	263,187	23,917
Excess of revenues over (under) expenditures	<u>(29,713)</u>	<u>(5,644)</u>	<u>24,069</u>
<u>Other financing sources (uses):</u>			
Advances out	(1,000)	-	1,000
Transfers in	28,000	28,000	-
Transfers out	(314)	(314)	-
Total other financing sources (uses)	<u>26,686</u>	<u>27,686</u>	<u>1,000</u>
Net change in fund balance	(3,027)	22,042	25,069
Fund balance at beginning of year	107,192	107,192	-
Prior year encumbrances appropriated	41,092	41,092	-
Fund balance at end of year	<u>\$ 145,257</u>	<u>\$ 170,326</u>	<u>\$ 25,069</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Auxiliary Services Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 955,865	\$ 956,924	\$ 1,059
Interest	11,441	11,441	-
Total revenues	<u>967,306</u>	<u>968,365</u>	<u>1,059</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services	965,053	989,808	(24,755)
Net change in fund balance	2,253	(21,443)	(23,696)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	112,295	112,295	-
Fund balance at end of year	<u>\$ 114,548</u>	<u>\$ 90,852</u>	<u>\$ (23,696)</u>

Educational Management Information Systems Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 11,094	\$ 11,094	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central	19,824	19,824	-
Excess of revenues over (under) expenditures	(8,730)	(8,730)	-
<u>Other financing sources (uses):</u>			
Transfers in	10,000	10,000	-
Net change in fund balance	1,270	1,270	-
Fund balance at beginning of year	3,189	3,189	-
Prior year encumbrances appropriated	2	2	-
Fund balance at end of year	<u>\$ 4,461</u>	<u>\$ 4,461</u>	<u>\$ -</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Data Communications Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 18,000	\$ 18,000	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	18,000	18,000	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

SchoolNet Professional Development Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,925	\$ 3,925	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	3,300	3,920	(620)
Net change in fund balance	625	5	(620)
Fund balance at beginning of year	6	6	-
Prior year encumbrances appropriated	620	620	-
Fund balance at end of year	\$ 1,251	\$ 631	\$ (620)

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Ohio Reads Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 8,000	\$ 8,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	8,000	8,000	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Miscellaneous State Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 500	\$ 500	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Administration	5,500	5,500	-
Excess of revenues over (under) expenditures	(5,000)	(5,000)	-
<u>Other financing sources (uses):</u>			
Advances in	5,000	-	(5,000)
Transfers in	-	5,000	5,000
Total other financing sources (uses)	5,000	5,000	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Title VI-B Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 833,863	\$ 833,863	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	330,415	352,341	(21,926)
Support services:			
Pupils	377,133	377,133	-
Pupil transportation	120,555	120,555	-
Operation of non-instructional services	39,189	39,189	-
Total expenditures	<u>867,292</u>	<u>889,218</u>	<u>(21,926)</u>
Net change in fund balance	(33,429)	(55,355)	(21,926)
Fund balance at beginning of year	33,428	33,428	-
Prior year encumbrances appropriated	21,929	21,929	-
Fund balance at end of year	<u>\$ 21,928</u>	<u>\$ 2</u>	<u>\$ (21,926)</u>

Title I Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 121,962	\$ 121,962	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	122,468	122,468	-
Net change in fund balance	(506)	(506)	-
Fund balance at beginning of year	7,239	7,239	-
Fund balance at end of year	<u>\$ 6,733</u>	<u>\$ 6,733</u>	<u>\$ -</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Title VI Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 18,050	\$ 17,930	\$ (120)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	14,699	14,699	-
Operation of non-instructional services	4,168	4,168	-
Total expenditures	18,867	18,867	-
Net change in fund balance	(817)	(937)	(120)
Fund balance at beginning of year	814	814	-
Prior year encumbrances appropriated	121	121	-
Fund balance at end of year	<u>\$ 118</u>	<u>\$ (2)</u>	<u>\$ (120)</u>

Drug Free Schools Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 8,854	\$ 8,854	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	7,599	7,709	(110)
Operation and maintenance of plant	1,338	1,338	-
Pupil transportation	140	140	-
Total expenditures	9,077	9,187	(110)
Net change in fund balance	(223)	(333)	(110)
Fund balance at beginning of year	224	224	-
Prior year encumbrances appropriated	109	109	-
Fund balance at end of year	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ (110)</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Class Size Reduction Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 81,477	\$ 81,478	\$ 1
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	81,204	81,898	(694)
Support services:			
Pupils	695	695	-
Total expenditures	81,899	82,593	(694)
Net change in fund balance	(422)	(1,115)	(693)
Fund balance at beginning of year	422	422	-
Prior year encumbrances appropriated	695	695	-
Fund balance at end of year	<u>\$ 695</u>	<u>\$ 2</u>	<u>\$ (693)</u>

Miscellaneous Federal Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 4,999	\$ 4,999	-
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	4,072	4,392	(320)
Operation of non-instructional services	937	927	10
Total expenditures	5,009	5,319	(310)
Net change in fund balance	(10)	(320)	(310)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	320	320	-
Fund balance at end of year	<u>\$ 310</u>	<u>\$ -</u>	<u>\$ (310)</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

	SchoolNet Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	30,135	30,135	-
Net change in fund balance	(30,135)	(30,135)	-
Fund balance at beginning of year	30,135	30,135	-
Fund balance at end of year	\$ -	\$ -	\$ -

Internal Service Fund

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

Fiduciary Funds

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

Statement of Changes in Assets and Liabilities – Agency Fund

Chardon Local School District
Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Self Insurance Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 3,377,198	\$ 3,377,117	\$ (81)
<u>Expenses:</u>			
Purchased services	600,537	600,080	457
Claims	3,233,993	3,098,796	135,197
Total expenses	3,834,530	3,698,876	135,654
Net change in fund equity	(457,332)	(321,759)	135,573
Fund equity at beginning of year	796,403	796,403	-
Prior year encumbrances appropriated	374	374	-
Fund equity at end of year	<u>\$ 339,445</u>	<u>\$ 475,018</u>	<u>\$ 135,573</u>

Chardon Local School District
Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Scholarship Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 5,605	\$ 6,280	\$ 675
Gifts and donations	750	750	-
Total revenues	<u>6,355</u>	<u>7,030</u>	<u>675</u>
<u>Expenses:</u>			
Other	<u>21,354</u>	<u>2,960</u>	<u>18,394</u>
Net change in fund equity	(14,999)	4,070	19,069
Fund equity at beginning of year	149,766	149,766	-
Fund equity at end of year	<u>\$ 134,767</u>	<u>\$ 153,836</u>	<u>\$ 19,069</u>

Chardon Local School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2006

	Beginning Balance <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2006</u>
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 70,551	\$ 100,664	\$ 95,165	\$ 76,050
<u>Liabilities:</u>				
Accounts payable	\$ 3,031	\$ 88	\$ 3,031	\$ 88
Due to students	67,520	103,695	95,253	75,962
Total liabilities	<u>\$ 70,551</u>	<u>\$ 103,783</u>	<u>\$ 98,284</u>	<u>\$ 76,050</u>



STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	S2 - S8
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax (and the income tax).	S9 - S14
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S15 - S17
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S18 - S19
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S20 - S26

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that fiscal year.

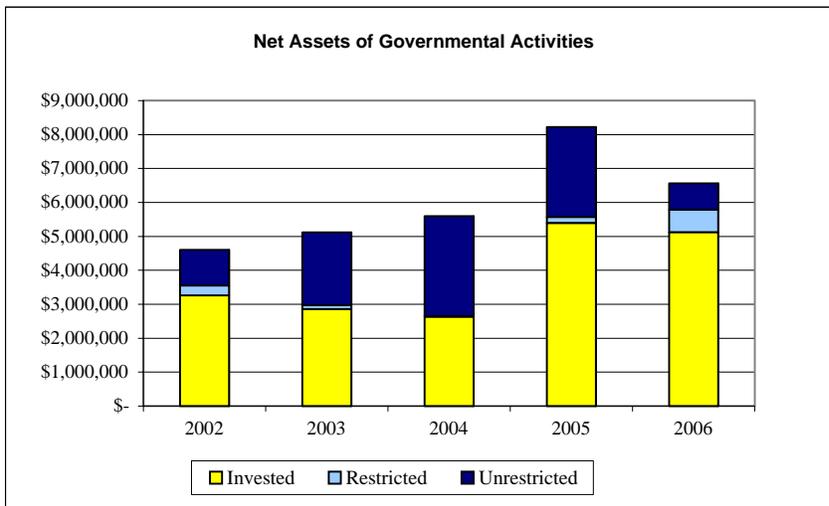
Chardon Local School District

Net Assets by Component (1)

Last Five Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u> (Restated)	<u>2006</u>
Invested in capital assets, net of related debt	\$ 3,260,406	\$ 2,859,538	\$ 2,638,877	\$ 5,387,989	\$ 5,116,549
Restricted for:					
Capital projects	94,930	34,022	-	30,135	-
Other purposes	201,611	75,206	13,995	149,136	664,436
Unrestricted (deficit)	<u>1,044,533</u>	<u>2,152,868</u>	<u>2,948,548</u>	<u>2,651,778</u>	<u>786,108</u>
Total net assets	<u>\$ 4,601,480</u>	<u>\$ 5,121,634</u>	<u>\$ 5,601,420</u>	<u>\$ 8,219,038</u>	<u>\$ 6,567,093</u>

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



Chardon Local School District

Changes in Net Assets of Governmental Activities (1) Last Five Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses					
Regular instruction	\$ 10,574,221	\$ 11,344,415	\$ 11,664,536	\$ 12,126,287	\$ 12,607,477
Special instruction	1,940,607	2,419,958	2,729,466	2,836,763	2,990,936
Vocational instruction	243,240	259,367	270,495	288,599	277,802
Adult/continuing	15,644	26,866	8,387	8,702	9,983
Other	210,426	152,132	287,605	417,464	712,170
Pupil support	1,325,621	1,475,300	1,397,641	1,546,627	1,880,071
Instructional staff support	908,405	1,067,277	1,139,146	1,341,780	1,032,816
Board of education	48,091	34,747	40,053	16,369	119,938
Administration	1,944,781	2,079,458	2,196,666	2,362,960	2,276,719
Fiscal	705,015	662,530	843,137	777,657	776,210
Business	323,909	345,242	350,333	339,355	301,891
Operation and maintenance of plant	2,516,021	2,425,376	2,556,721	2,424,506	2,633,064
Pupil transportation	1,686,187	2,058,271	2,110,543	2,279,696	2,318,070
Central	217,090	179,906	136,260	207,287	228,121
Operation of non-instructional services	1,729,828	1,804,957	1,876,670	2,007,557	1,956,595
Extracurricular activities	591,572	647,373	675,547	627,813	709,401
Interest and fiscal charges	11,861	-	-	-	4,794
<i>Total expenses</i>	<u>\$ 24,992,519</u>	<u>\$ 26,983,175</u>	<u>\$ 28,283,206</u>	<u>\$ 29,609,422</u>	<u>\$ 30,836,058</u>
Program Revenues					
Charges for services:					
Regular instruction	\$ 142,932	\$ 192,262	\$ 115,100	\$ 118,631	\$ 373,996
Special instruction	14,745	-	135,880	137,944	-
Vocational instruction	1,861	-	-	-	-
Adult/continuing	30,299	19,910	22,383	-	17,367
Other	1,626	-	-	-	-
Pupil support	8,042	132,821	96,384	100,549	89,387
Instructional staff support	-	-	109,028	112,159	620
Fiscal	33,256	-	-	448	-
Operation and maintenance of plant	162,249	-	-	-	49,629
Pupil transportation	21,008	9,395	-	230,154	-
Operation of non-instructional services	588,369	593,858	609,461	1,563,459	643,756
Extracurricular activities	229,073	205,931	271,843	26,591	264,071
Operating grants and contributions:					
Regular instruction	92,514	96,121	135,667	144,176	303,211
Special instruction	262,968	174,241	157,801	325,145	469,492
Adult/continuing	4,000	-	-	13,303	-
Pupil support	145,046	6,935	317,093	513,247	438,079
Instructional staff support	25,309	-	12,063	4,140	3,925
Administration	-	-	-	-	3,950
Operation and maintenance of plant	653	-	-	1,090	1,328
Pupil transportation	67,424	-	66,076	77,165	116,830
Central	8,120	11,866	11,917	10,341	11,094
Operation of non-instructional services	1,036,783	1,015,948	1,100,980	227,157	1,176,381
Extracurricular activities	12,802	-	-	-	19,445
Capital grants and contributions:					
Pupil support	-	21,000	34,550	-	-
Instructional staff support	-	48,022	-	-	-
Pupil transportation	-	-	-	-	25,011
<i>Total program revenues</i>	<u>\$ 2,889,079</u>	<u>\$ 2,528,310</u>	<u>\$ 3,196,226</u>	<u>\$ 3,605,699</u>	<u>\$ 4,007,572</u>
Net expense	<u>\$ (22,103,440)</u>	<u>\$ (24,454,865)</u>	<u>\$ (25,086,980)</u>	<u>\$ (26,003,723)</u>	<u>\$ (26,828,486)</u>

Chardon Local School District

Changes in Net Assets of Governmental Activities (1)

Last Five Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General revenues					
Property taxes levied for:					
General purposes	\$ 15,547,509	\$ 16,544,623	\$ 17,019,271	\$ 17,719,020	\$ 17,108,128
Grants and entitlements not restricted to specific programs	7,599,207	8,034,861	8,286,068	7,849,437	7,740,702
Payment in lieu taxes	-	-	-	-	18,406
Investment earnings	133,212	93,636	67,045	132,730	210,668
Miscellaneous	256,436	395,954	194,382	94,179	98,637
Total general revenues	<u>\$ 23,536,364</u>	<u>\$ 25,069,074</u>	<u>\$ 25,566,766</u>	<u>\$ 25,795,366</u>	<u>\$ 25,176,541</u>
Change in net assets	<u>\$ 1,432,924</u>	<u>\$ 614,209</u>	<u>\$ 479,786</u>	<u>\$ (208,357)</u>	<u>\$ (1,651,945)</u>

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

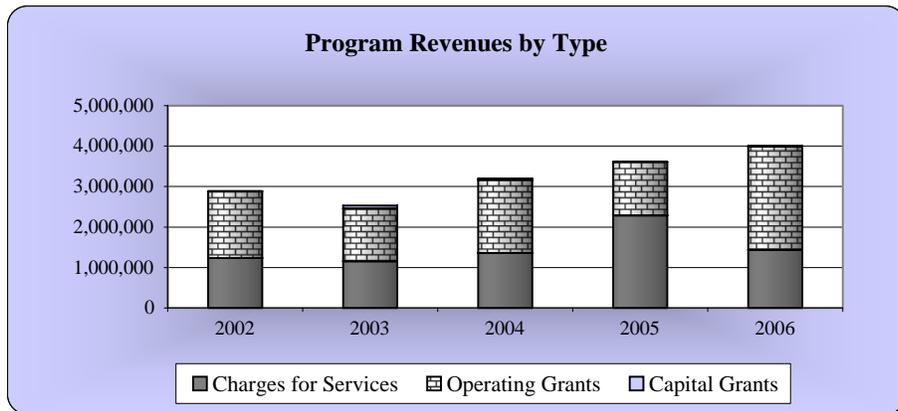
Chardon Local School District

Program Revenues of Governmental Activities by Function (1)

Last Five Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:					
<i>Function</i>					
Regular instruction	\$ 235,446	\$ 288,383	\$ 250,767	\$ 262,807	\$ 677,207
Special instruction	277,713	174,241	293,681	463,089	469,492
Vocational	1,861	-	-	-	-
Adult/continuing	34,299	19,910	22,383	13,303	17,367
Other	1,626	-	-	-	-
Pupil support	153,088	160,756	448,027	613,796	527,466
Instructional staff support	25,309	48,022	121,091	116,299	4,545
Administration	-	-	-	-	3,950
Fiscal	33,256	-	-	448	-
Operation and maintenance of plant	162,902	-	-	1,090	50,957
Pupil transportation	88,432	9,395	66,076	307,319	141,841
Central	8,120	11,866	11,917	10,341	11,094
Operation of non-instructional services	1,625,152	1,609,806	1,710,441	1,790,616	1,820,137
Extracurricular activities	241,875	205,931	271,843	26,591	283,516
Total program revenues	\$ 2,889,079	\$ 2,528,310	\$ 3,196,226	\$ 3,605,699	\$ 4,007,572

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



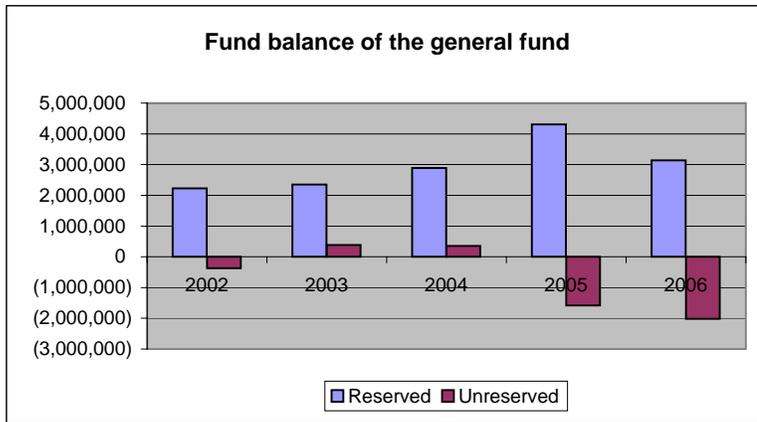
Chardon Local School District

Fund Balances, Governmental Funds (1)

Last Five Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund					
Reserved	\$ 2,231,368	\$ 2,349,648	\$ 2,893,137	\$ 4,301,570	\$ 3,139,511
Unreserved	<u>(370,205)</u>	<u>386,416</u>	<u>355,572</u>	<u>(1,584,880)</u>	<u>(2,021,595)</u>
<i>Total general fund</i>	<u>1,861,163</u>	<u>2,736,064</u>	<u>3,248,709</u>	<u>2,716,690</u>	<u>1,117,916</u>
All other governmental funds					
Reserved	268,728	167,845	83,741	179,058	73,956
Unreserved, undesignated, Reported in:					
Special revenue funds	304,676	196,293	317,845	291,438	606,098
Capital projects funds	<u>604</u>	<u>34,022</u>	<u>-</u>	<u>30,135</u>	<u>-</u>
Total all other governmental funds	<u>574,008</u>	<u>398,160</u>	<u>401,586</u>	<u>500,631</u>	<u>680,054</u>
<i>Total governmental funds</i>	<u>\$ 2,435,171</u>	<u>\$ 3,134,224</u>	<u>\$ 3,650,295</u>	<u>\$ 3,217,321</u>	<u>\$ 1,797,970</u>

(1) Modified accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.



Chardon Local School District

**Changes in Fund Balances, Governmental Funds (1)
Last Eight Fiscal Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues								
Property and other local taxes	\$ 12,057,216	\$ 11,964,463	\$ 14,264,615	\$ 15,216,737	\$ 16,640,931	\$ 16,969,515	\$ 17,744,778	\$ 16,818,974
Intergovernmental	7,147,494	7,542,974	8,444,393	9,080,536	9,208,155	9,978,186	10,083,666	10,206,445
Interest	212,447	236,747	225,846	131,498	88,745	65,889	137,948	224,809
Tuition and fees	114,571	127,062	192,915	145,484	277,285	281,073	354,828	383,045
Extracurricular activities	202,795	173,805	263,501	268,899	250,365	303,122	315,936	308,184
Gifts and donations	-	-	51,466	-	-	-	-	85,861
Charges for services	-	-	-	-	-	-	633,269	643,756
Rent	-	-	69,220	-	-	-	-	49,629
Payment in lieu of taxes	5,720	5,999	-	-	8,038	6,809	-	18,406
Miscellaneous	217,357	284,082	397,867	279,384	335,222	238,505	152,396	131,974
<i>Total revenues</i>	<u>19,957,600</u>	<u>20,335,132</u>	<u>23,909,823</u>	<u>25,122,538</u>	<u>26,808,741</u>	<u>27,843,099</u>	<u>29,422,821</u>	<u>28,871,083</u>
Expenditures								
Current:								
Instruction:								
Regular	8,837,248	9,145,744	9,261,686	9,891,179	11,094,258	11,533,965	12,153,334	12,299,340
Special	1,519,893	1,907,401	2,162,798	1,890,224	2,422,089	2,755,242	2,839,783	2,976,139
Vocational	209,116	213,471	202,198	237,428	252,416	270,350	284,668	288,034
Adult/Continuing	-	-	-	-	152,132	-	8,702	9,983
Other	42,007	86,277	-	210,426	-	287,605	417,464	712,170
Support services:								
Pupil	827,807	957,480	1,158,895	1,301,886	1,461,699	1,428,229	1,642,369	1,869,191
Instructional staff	772,964	763,298	801,190	991,557	1,025,616	1,099,359	1,304,986	964,695
Board of education	43,257	36,874	51,710	41,151	34,559	39,198	16,369	70,618
Administration	1,608,332	1,672,156	1,838,176	1,897,271	2,078,100	2,218,221	2,385,786	2,280,900
Fiscal	632,471	764,460	630,525	701,718	663,506	794,907	775,290	772,363
Business	268,896	298,745	266,331	318,878	346,152	354,069	337,196	298,830
Operation and maintenance								
of plant	1,766,499	1,924,341	1,999,208	2,052,630	2,215,889	2,436,638	2,402,728	2,591,100
Pupil transportation	1,482,149	1,602,288	2,172,874	1,806,780	2,119,803	2,051,939	2,310,426	2,134,145
Central	108,736	114,074	126,067	217,195	164,688	135,028	209,844	207,450
Operation of non-instructional								
services	853,325	872,841	1,021,646	878,691	946,740	994,091	2,003,358	1,917,161
Extracurricular activities	500,236	473,789	604,636	560,321	573,474	613,809	630,589	637,892
Capital outlay	536,413	532,532	1,037,114	411,608	288,875	239,001	-	197,179

(continued)

Chardon Local School District

Changes in Fund Balances, Governmental Funds (1)

Last Eight Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt service:								
Principal retirement	15,000	-	-	-	-	-	-	73,206
Interest and fiscal charges	622	-	6,704	11,861	-	-	-	4,794
<i>Total expenditures</i>	<u>20,024,971</u>	<u>21,365,771</u>	<u>23,341,758</u>	<u>23,420,804</u>	<u>25,839,996</u>	<u>27,251,651</u>	<u>29,722,892</u>	<u>30,305,190</u>
<i>Excess of revenues over (under) expenditures</i>	<u>(67,371)</u>	<u>(1,030,639)</u>	<u>568,065</u>	<u>1,701,734</u>	<u>968,745</u>	<u>591,448</u>	<u>(300,071)</u>	<u>(1,434,107)</u>
Other financing sources (uses)								
Sale of capital assets	5,716	60,310	-	1,327	-	5,268	4,002	-
Refund of prior year expenditures	52,186	-	-	-	-	-	-	-
Refund of prior year receipts	(3,624)	-	-	-	-	-	-	-
Inception of capital lease	-	-	-	-	-	-	-	14,756
Transfers in	33,000	20,000	216,582	511,832	37,489	27,329	127,225	133,314
Transfers out	<u>(53,000)</u>	<u>(140,000)</u>	<u>(271,845)</u>	<u>(801,832)</u>	<u>(337,301)</u>	<u>(107,974)</u>	<u>(127,225)</u>	<u>(133,314)</u>
<i>Total other financing sources (uses)</i>	<u>34,278</u>	<u>(59,690)</u>	<u>(55,263)</u>	<u>(288,673)</u>	<u>(299,812)</u>	<u>(75,377)</u>	<u>4,002</u>	<u>14,756</u>
<i>Net change in fund balances</i>	<u>\$ (33,093)</u>	<u>\$ (1,090,329)</u>	<u>\$ 512,802</u>	<u>\$ 1,413,061</u>	<u>\$ 668,933</u>	<u>\$ 516,071</u>	<u>\$ (296,069)</u>	<u>\$ (1,419,351)</u>
Debt service as a percentage of noncapital expenditures	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.3%

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(1) Modified accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

Note: For 1999 - 2001, Governmental Funds includes governmental fund types and expendable trust funds; for 2002 - 2006, Governmental Funds includes general, debt service, special revenue, capital projects and permanent funds.

Chardon Local School District

Assessed and Estimated Actual Value of Taxable Property Last Ten Years

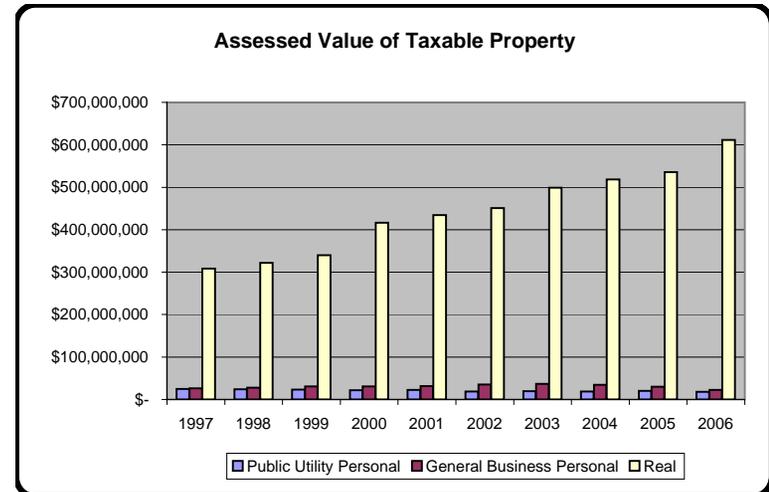
Collection Year	Real Property			Tangible Personal Property		Tangible Personal Property		Total		Ratio
	Assessed Value		Estimated Actual Value	Public Utility	General Business	Assessed	Estimated	Assessed Value	Estimated Actual Value	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Actual Value	Assessed Value	Actual Value			
1997	\$ 308,634,610	\$ -	\$ 881,813,171	\$ 24,867,730	\$ 28,258,784	\$ 26,374,360	\$ 105,497,440	\$ 359,876,700	\$ 1,015,569,396	35.44%
1998	281,897,240	39,881,080	919,366,629	23,776,900	27,019,205	27,426,470	109,705,880	372,981,690	1,056,091,713	35.32%
1999	297,317,190	42,844,370	971,890,171	23,339,420	26,522,068	30,861,280	123,445,120	394,362,260	1,121,857,360	35.15%
2000	364,351,930	52,118,780	1,189,916,314	21,512,370	24,445,875	31,105,800	124,423,200	469,088,880	1,338,785,389	35.04%
2001	434,768,020	-	1,242,194,343	22,718,540	25,816,523	31,319,220	125,276,880	488,805,780	1,393,287,746	35.08%
2002	451,161,920	-	1,289,034,057	19,116,360	21,723,136	35,455,180	141,820,720	505,733,460	1,452,577,914	34.82%
2003	498,998,630	-	1,425,710,371	19,450,910	22,103,307	36,624,010	146,496,040	555,073,550	1,594,309,718	34.82%
2004	518,061,990	-	1,480,177,114	18,756,460	21,314,159	34,401,850	137,607,400	571,220,300	1,639,098,673	34.85%
2005	535,357,380	-	1,529,592,514	20,353,160	23,128,591	30,248,210	120,992,840	585,958,750	1,673,713,945	35.01%
2006	611,638,710	-	1,747,539,171	18,062,140	20,525,159	22,140,920	88,563,680	651,841,770	1,856,628,011	35.11%

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Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property is 35% of estimated true value). Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25% of true value for railroad property to 88% for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25% for machinery and equipment and 23% for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75% for 2006, 12.5% for 2007, 6.25% for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, the 2 1/2% and the homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.



Source: Office of the County Auditor, Geauga County, Ohio.

Chardon Local School District

Property Tax Rates - Direct and Overlapping Governments

Last Ten Collection Years

Collection Year	School Levy	JVS	County Levy	City Levy	Library Levy	Total	Debt service	
							Included in total levy	
							School	County
2005	64.88	1.50	15.10	11.00	1.00	93.48	-	0.50
2004	64.88	1.50	15.10	11.00	1.00	93.48	-	0.30
2003	64.88	1.50	15.10	11.00	1.00	93.48	-	0.30
2002	64.88	1.50	14.60	11.00	1.00	92.98	-	0.30
2001	64.88	1.50	14.40	11.00	1.00	92.78	-	0.30
2000	60.10	1.50	13.65	11.00	1.00	87.25	-	0.30
1999	60.10	1.50	13.45	11.00	1.00	87.05	-	0.30
1998	60.10	1.50	13.45	11.00	1.00	87.05	-	0.30
1997	60.10	1.50	13.45	9.20	1.00	85.25	-	0.30
1996	60.10	1.50	13.85	9.20	1.00	85.65	-	0.30

Source: Office of the County Auditor, Geauga County, Ohio.

Note: Data is presented on a collection year basis (not fiscal year) because that is the manner in which the information is maintained by the County. Property tax rates are per \$1,000 of assessed valuation.

Chardon Local School District
Property Tax Levies and Collections (1)
Last Ten Years

<u>Collection Year (2)</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections to Current Tax Levy</u>	<u>Delinquent Tax Collections (3)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>
1996	\$ 12,258,340	\$ 11,989,319	97.81%	\$ 146,309	\$ 12,135,628	99.00%
1997	12,691,458	12,421,446	97.87	224,685	12,646,131	99.64
1998	13,175,578	12,848,967	97.52	218,048	13,067,015	99.18
1999	13,676,065	13,306,702	97.30	247,971	13,554,673	99.11
2000	14,126,172	13,637,173	96.54	295,604	13,932,777	98.63
2001	17,063,561	16,564,524	97.08	430,111	16,994,635	99.60
2002	17,344,877	16,923,569	97.57	354,839	17,278,408	99.62
2003	17,626,819	17,128,757	97.17	394,079	17,522,836	99.41
2004	18,048,291	17,382,058	96.31	535,558	17,917,616	99.28
2005	18,486,895	17,875,965	96.70	697,343	18,573,308	100.47

Source: Office of the County Auditor, Geauga County, Ohio.

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2006 information cannot be presented because all collections have not been made by June 30, 2006.
- (3) The County does not identify delinquent tax collections by tax year.

Chardon Local School District

Principal Taxpayers

Real Estate Tax

2006 and 1998 (1)

Name of Taxpayer	Assessed Value	2006	
		Rank	Percent of Real Property Assessed Value
Heather Hill, Inc.	\$ 3,559,440	1	0.58%
Maple Leaf playa LLC	2,913,020	2	0.48%
Structural North America	2,819,320	3	0.46%
GP Carrollton 4200, LLC	2,378,570	4	0.39%
Wal Mart Stores East	2,270,840	5	0.37%
Aveni Chardon LTD	1,985,550	6	0.32%
The Four C's Partnership	1,598,080	7	0.26%
Rhein Chemical Corp	1,516,910	8	0.25%
Walter C. Best, Inc	1,487,400	9	0.24%
Seventh Ave Properties	1,376,560	10	0.23%
Totals	<u>\$ 21,905,690</u>		<u>3.58%</u>
Total assessed valuation	<u>\$ 611,638,710</u>		

Name of Taxpayer	Assessed Value	1998	
		Rank	Percent of Real Property Assessed Value
Maple Leaf Plaza	\$ 2,542,650	1	0.79%
William Conway	2,123,210	2	0.66%
Structural North America	1,533,010	3	0.48%
Center Six Corp.	1,496,050	4	0.46%
Burlington Group, Inc.	1,385,060	5	0.43%
Chardon Hills Apts.	1,265,250	6	0.39%
Chardon Plaza	1,144,840	7	0.36%
Walter C. Best	974,880	8	0.30%
PHC Operating Corp.	868,000	9	0.27%
Best Sand Corp.	780,290	10	0.24%
Totals	<u>\$ 14,113,240</u>		<u>4.39%</u>
Total assessed valuation	<u>\$ 321,778,320</u>		

Source: Office of the County Auditor, Geauga County, Ohio.

(1) The amounts presented represent the assessed values upon which 2006 and 1998 collections were based.

Chardon Local School District

Principal Taxpayers

Tangible Personal Property Tax

2006 and 1998 (1)

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>2006</u>	
		<u>Rank</u>	<u>Percent of Tangible Personal Property Assessed Value</u>
Eltech Systems Corp	\$ 3,426,910	1	15.48%
Ersef Corporation	3,157,990	2	14.26%
Bert Sand Corp	2,437,210	3	11.01%
Rhein Chemical Corp	1,853,320	4	8.37%
Unova Industrial	1,311,030	5	5.92%
Junction Auto Sales	1,311,000	6	5.92%
Chardon Rubber Co.	1,138,820	7	5.14%
Clanic Ford	839,290	8	3.79%
Sunnyside Chevrolet	757,590	9	3.42%
Giant Eagle	630,760	10	2.85%
Totals	\$ 16,863,920		76.17%
Total assessed valuation	\$ 22,140,920		

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>1998</u>	
		<u>Rank</u>	<u>Percent of Tangible Personal Property Assessed Value</u>
Eltech System Corp.	\$ 3,749,050	1	13.67%
Best Sand Corp.	2,733,460	2	9.97%
Essef Corp.	2,706,170	3	9.87%
Unova Industrial	1,551,630	4	5.66%
Elastochem. Inc.	1,490,530	5	5.43%
Chardon Rubber Co.	1,006,150	6	3.67%
Lawson Ford & Mercury	827,930	7	3.02%
Junction Auto Sales, Inc.	698,500	8	2.55%
Chardon Metal Products	572,370	9	2.09%
Key Corporate Capital	494,240	10	1.80%
Totals	\$ 15,830,030		57.72%
Total assessed valuation	\$ 27,426,470		

Source: Office of the County Auditor, Geauga County, Ohio.

(1) The amounts presented represent the assessed values upon which 2006 and 1998 collections were based.

Chardon Local School District

Principal Taxpayers

Public Utilities Tax

2006 and 1998 (1)

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>2006</u>	
		<u>Rank</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating Company	\$ 9,332,720	1	51.67%
Western Reserve Telephone	3,932,220	2	21.77%
Alltell Communications	1,465,510	3	8.11%
American Transmission	1,013,520	4	5.61%
East Ohio Gas	498,510	5	2.76%
Chardon Telephone	238,190	6	1.32%
Totals	<u>\$ 16,480,670</u>		<u>91.24%</u>
Total assessed valuation	<u>\$ 18,062,140</u>		

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>1998</u>	
		<u>Rank</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating	\$ 14,232,630	1	59.86%
Western Reserve Telephone	6,180,340	2	25.99%
East Ohio Gas	2,073,200	3	8.72%
Totals	<u>\$ 22,486,170</u>		<u>94.57%</u>
Total assessed valuation	<u>\$ 23,776,900</u>		

Source: Office of the County Auditor, Geauga County, Ohio.

(1) The amounts presented represent the assessed values upon which 2006 and 1998 collections were based.

Chardon Local School District

Ratio of Outstanding Debt By Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income	Ratio of Net Debt to Assessed Value	Per Capita
	General Obligation Bonds	Notes Payable				
1997	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
1998	-	-	-	0.00%	0.00%	-
1999	-	-	-	0.00%	0.00%	-
2000	-	-	-	0.00%	0.00%	-
2001	-	-	-	0.00%	0.00%	-
2002	-	-	-	0.00%	0.00%	-
2003	-	-	-	0.00%	0.00%	-
2004	-	-	-	0.00%	0.00%	-
2005	-	-	-	0.00%	0.00%	-
2006	-	-	-	n/a	0.00%	-

Source: School District Financial Records.

Chardon Local School District
Computation of Direct and Overlapping Bonded Debt
June 30, 2006

<u>Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Net General Tax Supported Debt (1)</u>	<u>Percent Overlapping</u>	<u>Amount Applicable Chardon Local School District</u>
Direct:				
Chardon Local School District	\$ 646,270,433	\$ -	100.00%	\$ -
Overlapping:				
Geauga County	2,734,133,940	4,443,962	23.63%	1,050,108
City of Chardon	167,933,480	1,695,000	25.98%	440,361
Total overlapping:		<u>6,138,962</u>		<u>1,490,469</u>
Total direct and overlapping debt:		<u>\$ 6,138,962</u>		<u>\$ 1,490,469</u>

Source: Office of the County Auditor, Geauga County, Ohio.

(1) All debt reported as of December 31, 2005, except for Chardon Local School District which is reported as of June 30, 2006.

Chardon Local School District
Computation of Legal Debt Margin
Last Eight Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Tax Valuation	<u>\$ 394,362,260</u>	<u>\$ 469,088,880</u>	<u>\$ 488,805,780</u>	<u>\$ 505,733,460</u>	<u>\$ 555,073,550</u>	<u>\$ 571,220,300</u>	<u>\$ 585,958,750</u>	<u>\$ 646,270,433</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>35,492,603</u>	<u>42,217,999</u>	<u>43,992,520</u>	<u>45,516,011</u>	<u>49,956,620</u>	<u>51,409,827</u>	<u>52,736,288</u>	<u>58,164,339</u>
Amount of Debt Applicable to Debt Limit								
General Obligation Bonds	-	-	-	-	-	-	-	-
Various Purpose Notes	-	-	-	-	-	-	-	-
Less Amount Available in Debt Service	<u>-</u>							
Amount of Debt Subject to Limit	<u>-</u>							
Legal Debt Margin	<u>\$ 35,492,603</u>	<u>\$ 42,217,999</u>	<u>\$ 43,992,520</u>	<u>\$ 45,516,011</u>	<u>\$ 49,956,620</u>	<u>\$ 51,409,827</u>	<u>\$ 52,736,288</u>	<u>\$ 58,164,339</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 394,362	\$ 469,089	\$ 488,806	\$ 505,733	\$ 555,074	\$ 571,220	\$ 585,959	\$ 646,270
Amount of Debt Subject to Limit	<u>-</u>							
Unvoted Legal Debt Margin	<u>\$ 394,362</u>	<u>\$ 469,089</u>	<u>\$ 488,806</u>	<u>\$ 505,733</u>	<u>\$ 555,074</u>	<u>\$ 571,220</u>	<u>\$ 585,959</u>	<u>\$ 646,270</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: School District Financial Records.

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

Chardon Local School District

Demographic and Economic Statistics

Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (3)</u>
1997	18,573	\$ 463,326,912	\$24,946	3.6%
1998	18,573	504,177,820	27,146	3.5%
1999	18,573	520,090,662	28,003	3.0%
2000	19,252	570,434,067	29,630	2.8%
2001	20,219	543,746,064	26,893	2.9%
2002	20,219	589,669,128	29,164	4.3%
2003	20,219	549,844,564	27,194	4.2%
2004	20,219	556,615,468	27,529	3.9%
2005	20,219	n/a	n/a	4.8%
2006	20,219	n/a	n/a	4.4%

Sources: (1) U.S. Bureau of Census, Census of Population.

(2) Ohio Department of Taxation.

(3) U.S. Department of Labor.

Chardon Local School District

**Principal Employers
2005 and 1999**

		2005		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
Kraftmaid	Manufacturer	3,185	1	33.13%
Geauga Lake Amusement Park	Amusement Park	1,935	2	20.12%
Geauga County	Government	1,073	3	11.16%
University Hospital	Hospital	875	4	9.10%
Great Lakes Cheese	Packaging	566	5	5.89%
Dillen Products	Manufacturer	511	6	5.31%
Kenston Local School District	Education	452	7	4.70%
Chardon Local School District	Education	361	8	3.75%
Walmart - Middlefield	Retailer	340	9	3.54%
Duramax, Inc	Manufacturer	317	10	3.30%
Total		9,615		100.00%

		1999		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
Kraftmaid	Manufacturer	2,862	1	30.63%
Six Flags, Inc.	Amusement Park	2,300	2	24.61%
Geauga County	Government	1,028	3	11.00%
Duramax, Inc	Manufacturer	803	4	8.59%
University Hospital	Hospital	605	5	6.47%
Dillen Products	Manufacturer	408	6	4.37%
Great Lakes Cheese	Packaging	400	7	4.28%
Carlisle Engineered Products	Manufacturer	380	8	4.07%
Kinetico Inc.	Manufacturer	290	9	3.10%
Burton Rubber Processing	Manufacturer	269	10	2.88%
Total		9,345		100.00%

Source: Office of the County Auditor, Geauga County, Ohio.

Chardon Local School District
School District Employees by Function/Program
Last Three Fiscal Years

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Regular instruction			
Elementary classroom teachers	67	67	69.5
Middle/Jr High classroom teachers	37	38	39.5
High school classroom teachers	50	50	51
Special instruction			
Academically gifted teachers			
Muti handicapped teachers	2	2	2
Severe behavior handicapped teachers	3	3	3
Developmentally handicapped teachers	5	5	5
Specific learning disabled teachers	7	8	9.5
Disadvantaged youth	1.5	1.5	1.5
Home economics	4	4	4
Vocational instruction			
High school classroom teachers	0	0	0
Pupil support services			
Guidance counselors	6	7	8.5
Librarians	6	6	8
Health services	6	6	6
Speech and language pathologists	3	3	3
Aides	11	12	16
Computer	1	1	1
Other	1	1	1
Administrators			
Elementary	4	4	4
Middle School	2	2	2
High school	3	3	3
Operation of plant			
Custodians & Maintenance	22	23	25
Pupil transportation			
Director	1.5	1.5	1.5
Bus drivers	34	35	37.5
Bus aides	3	3	3.5
Maintenance	4	4	5
Food service program			
Director	1	1	1
Cooks	17	18	20

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee. The count is performed on September 1 of each year.

Information prior to 2004 is not available.

Source: School District records.

Chardon Local School District

Operating Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>	<u>Percentage of students receiving free or reduced lunches</u>
1997	n/a	3,081	n/a	n/a	n/a	n/a	8.50%
1998	n/a	3,037	n/a	n/a	n/a	n/a	7.14%
1999	n/a	3,065	n/a	n/a	n/a	n/a	7.02%
2000	n/a	3,046	n/a	n/a	n/a	n/a	7.22%
2001	n/a	3,096	n/a	n/a	164.1	18.9	9.04%
2002	\$ 24,992,519	3,124	\$8,000	0.03%	178.0	17.6	10.23%
2003	\$ 26,983,175	3,209	\$8,409	0.03%	168.0	19.1	10.06%
2004	\$ 28,283,206	3,273	\$8,641	0.03%	168.6	19.4	10.75%
2005	\$ 29,609,422	3,272	\$9,049	0.03%	167.2	19.6	12.72%
2006	\$ 30,836,058	3,319	\$9,291	0.03%	172.6	19.2	12.76%

Source: School District Records, Ohio Department of Education.

Chardon Local School District

Building Statistics

Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Chardon High School										
Constructed in 1951, 1953, 1957, 1964, 1974										
Total Building Square Footage	127,098	127,098	127,098	127,098	127,098	127,098	127,098	127,098	127,098	127,098
Enrollment Grades 9-12	1,038	970	973	939	991	997	1,051	1,091	1,131	1,151
Student Capacity	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105
Regular Instruction Classrooms	n/a	n/a	n/a	n/a	45	45	45	45	45	45
Regular Instruction Teachers	56	56	54	54	54	56	56	56	57	56
Special Instruction Classrooms	n/a	n/a	n/a	n/a	3	3	3	3	3	3
Special Instruction Teachers	2	2	2	4	5	6	6	6	5	6
Chardon Middle School										
Constructed in 1965, 1974										
Total Building Square Footage	89,224	89,224	89,224	89,224	89,224	89,224	89,224	89,224	89,224	89,224
Enrollment Grades 6-8	708	685	747	739	743	810	782	793	780	793
Student Capacity	730	730	730	730	730	730	730	730	730	730
Regular Instruction Classrooms	n/a	n/a	n/a	n/a	45	45	45	45	45	45
Regular Instruction Teachers	43	41	40	44	42	46	43	45	43	45
Special Instruction Classrooms	n/a	n/a	n/a	n/a	3	3	3	3	3	3
Special Instruction Teachers	5	5	6	5	6	7	7	4	7	5
Hambden Elementary School										
Constructed in 1922,1949,1964										
Total Building Square Footage	20,859	20,859	20,859	20,859	20,859	20,859	20,859	20,859	20,859	20,859
Enrollment Grades K-5	273	254	279	289	275	277	275	284	291	321
Student Capacity	300	300	300	300	300	300	300	300	300	300
Regular Instruction Classrooms	n/a	n/a	n/a	n/a	11	11	11	11	11	11
Regular Instruction Teachers	16	17	15	16	16	16	17	17	16	16
Special Instruction Classrooms	n/a	n/a	n/a	n/a	2	2	2	2	2	2
Special Instruction Teachers	n/a	n/a	n/a	n/a	1	2	2	2	2	2
Maple Elementary School										
Constructed in 1958, 1964										
Total Building Square Footage	26,520	26,520	26,520	26,520	26,520	26,520	26,520	26,520	26,520	26,520
Enrollment Grades K-5	352	321	295	295	293	289	275	301	301	296
Student Capacity	343	343	343	343	343	343	343	343	343	343
Regular Instruction Classrooms	n/a	n/a	n/a	n/a	18	18	18	18	18	18
Regular Instruction Teachers	18	18	17	19	18	18	18	18	18	18
Special Instruction Classrooms	n/a	n/a	n/a	n/a	3	3	3	3	3	3
Special Instruction Teachers	2	1	2	2	3	3	4	4	3	3
Munson Elementary School										
Constructed in 1955,1959,1974										
Total Building Square Footage	31,228	31,228	31,228	31,228	31,228	31,228	31,228	31,228	31,228	31,228
Enrollment Grades K-5	398	417	346	344	317	329	362	403	415	435
Student Capacity	475	475	475	475	475	475	475	475	475	475
Regular Instruction Classrooms	n/a	n/a	n/a	n/a	19	19	19	19	19	19
Regular Instruction Teachers	23	26	22	26	26	23	23	24	23	22
Special Instruction Classrooms	n/a	n/a	n/a	n/a	2	2	2	2	2	2
Special Instruction Teachers	n/a	n/a	n/a	2	2	3	3	3	3	3
Park Elementary School										
Constructed in 1938										
Total Building Square Footage	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300
Enrollment Grades K-5	267	243	321	298	320	296	304	329	347	352
Student Capacity	409	409	409	409	409	409	409	409	409	409
Regular Instruction Classrooms	n/a	n/a	n/a	n/a	15	15	15	15	15	15
Regular Instruction Teachers	15	14	13	19	17	16	17	18	18	17
Special Instruction Classrooms	n/a	n/a	n/a	n/a	n/a	5	5	5	5	5
Special Instruction Teachers	1	1	1	1	1	2	2	2	2	2

Source: School District Records.

Chardon Local School District

Teachers' Salaries

Last Five Fiscal Years

<u>Fiscal Year</u>	<u>Chardon Local School District Average Salary</u>	<u>Statewide Average Salary (4)</u>
2001	\$ 46,537	\$ 42,995
2002	45,780	43,755
2003	51,379	45,645
2004	53,668	47,659
2005	56,351	49,438
2006	55,903	50,772

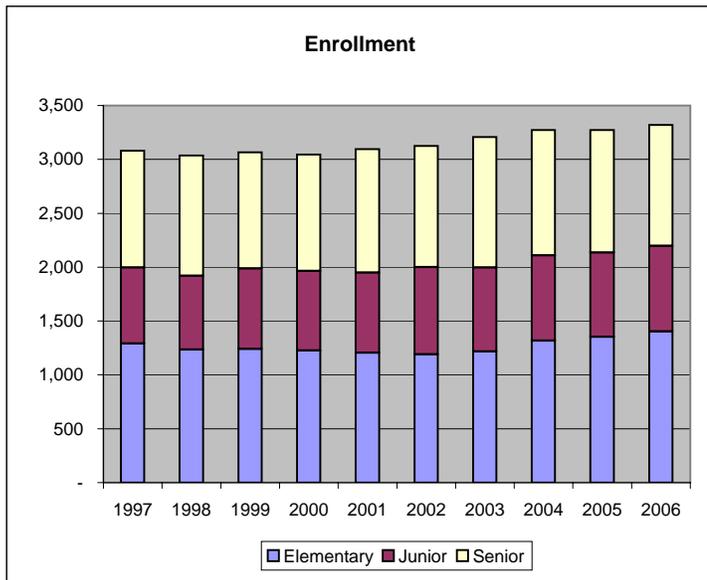
Source: Ohio Department of Education.

Information prior to 2001 is not available.

Chardon Local School District

**Enrollment Statistics
Last Ten Fiscal Years**

Fiscal Year	Elementary Schools	Middle High School	Senior High School	Total
1997	1,290	708	1,083	3,081
1998	1,235	685	1,117	3,037
1999	1,241	747	1,077	3,065
2000	1,226	739	1,081	3,046
2001	1,205	743	1,148	3,096
2002	1,191	810	1,123	3,124
2003	1,216	782	1,211	3,209
2004	1,317	793	1,163	3,273
2005	1,354	780	1,138	3,272
2006	1,404	793	1,122	3,319



Source: Ohio Department of Education, School District Records.

Chardon Local School District
Average Number of Students per Teacher
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Local SD Average</u>	<u>State Average</u>
1997	21.1	20.7
1998	20.3	20.4
1999	19.9	18.6
2000	19.8	18.1
2001	19.8	18.0
2002	20.1	16.9
2003	20.5	16.5
2004	20.9	18.5
2005	21.2	18.5
2006	21.0	18.6

Source: Ohio Department of Education.

Chardon Local School District

Attendance and Graduation Rates

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>School District Attendance Rate</u>	<u>State Average</u>	<u>School District Graduation Rate</u>	<u>State Average</u>
1997	95.4%	93.3%	85.8%	79.8%
1998	96.1%	93.6%	88.0%	80.2%
1999	95.8%	93.5%	88.6%	80.6%
2000	96.3%	93.6%	92.2%	80.6%
2001	95.8%	93.9%	93.8%	81.1%
2002	96.2%	94.3%	95.9%	82.7%
2003	95.6%	94.5%	97.6%	84.3%
2004	96.0%	94.5%	95.7%	85.9%
2005	95.8%	94.3%	96.1%	86.2%
2006	95.7%	94.1%	n/a	n/a

Source: Ohio Department of Education Local Report Cards.



Mary Taylor, CPA
Auditor of State

CHARDON LOCAL SCHOOL DISTRICT

GEAUGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 5, 2007**