

**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT
LAKE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2004



**Auditor of State
Betty Montgomery**

**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT
LAKE COUNTY**

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Willoughby-Eastlake City School District
Lake County
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2004

Federal Grantor/ Pass Through Grantor Program Title	Pass-Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	N/A	10.550	\$0	\$ 83,297	\$0	\$ 83,297
National School Breakfast Program	05-PU 03	10.553	3,593	0	3,593	0
National School Breakfast Program	05-PU 04	10.553	10,288	0	10,288	0
Total National School Breakfast Program			13,881	0	13,881	0
National School Lunch Program	LL-P4 03	10.555	131,451	0	131,451	0
National School Lunch Program	LL-P4 04	10.555	412,824	0	412,824	0
Total National School Lunch Program			544,275	0	544,275	0
Total U.S. Department of Agriculture - Nutrition Cluster			558,156	83,297	558,156	83,297
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Federal Pell Grant Program						
LPN 2002-03 Pell	P063P024249	84.063	96,910	0	96,910	0
LPN 2003-04 Pell	P063P024249	84.063	125,650	0	125,650	0
Total Pell Grants			222,560	0	222,560	0
Special Education Cluster:						
Title VI B	6B-SF-03-P	84.027	151,213	0	241,425	0
Title VI B	6B-SF-04	84.027	1,010,624	0	927,284	0
Total Title VI B			1,161,837	0	1,168,709	0
Preschool Grant	PG-D7-04-P	84.173	0	0	769	0
Preschool Grant	PG-SI-03-P	84.173	2,644	0	3,303	0
Preschool Grant	PG-SI-04	84.173	41,977	0	39,271	0
Total Preschool Grant			44,621	0	43,343	0
Total Special Education Cluster			1,206,458	0	1,212,052	0
Adult Basic Education	AB-SI-03	84.002	(6,882)	0	10,195	0
Adult Basic Education	AB-SI-03 C	84.002	6,882	0	6,882	0
Adult Basic Education	AB-S2-03	84.002	0	0	548	0
Adult Basic Education	AB-SI-04	84.002	39,423	0	31,118	0
Adult Basic Education	AB-S2-04	84.002	20,549	0	19,192	0
Total Adult Basic Education			59,972	0	67,935	0
Eisenhower Professional Grant	MS-SI-03	84.281	0	0	13,280	0
Total Eisenhower Professional Grant			0	0	13,280	0
<i>Passed Through Mentor Exempted Village School District:</i>						
Vocational Education	N/A	84.048	131,663	0	81,615	0
Vocational Education	N/A	84.048	(2,148)	0	0	0
Vocational Education	N/A	84.048	5,969	0	1,576	0
Total Vocational Education Grant			135,484	0	83,191	0
English Language Acquisition Grant/Title III	T3-S1-04	84.365	48,530	0	0	0
English Language Acquisition Grant/Title III	T3-S2-04	84.365	3,564	0	73,290	0
Total English Language Acquisition Grant/Title III			52,094	0	73,290	0
Title 1	C1-S1-02 C	84.010	0	0	54,650	0
Title 1	C1-S1-03	84.010	121,039	0	84,039	0
Title 1	C1-S1-04	84.010	819,133	0	729,843	0
Total Title 1			940,172	0	868,532	0
Title V (Innovative Education)	C2-S1-03	84.298	275	0	14,607	0
Title V (Innovative Education)	C2-S1-04	84.298	50,853	0	50,463	0
Total Title V (Innovative Education)			51,128	0	65,070	0
Drug Free Schools Grant	DR-S1-04	84.186	22,547	0	20,928	0
Total Drug Free Schools			22,547	0	20,928	0
Improving Teacher Quality State Grant	TR-S1-03	84.367	(24,943)	0	0	0
Improving Teacher Quality State Grant	TR-S1-04	84.367	307,291	0	258,249	0
Total Improving Teacher Quality State Grant			282,348	0	258,249	0

**Willoughby-Eastlake City School District
Lake County
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2004
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass-Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
Technology Literacy Challenge Fund	TJ-S1-03	84.318	(1,740)	0	1,740	0
Technology Literacy Challenge Fund	TJ-S1-04	84.318	15,911	0	13,055	0
Total Technology Literacy Challenge Fund			14,171	0	14,795	0
Occupation and Employment	OE-OO-03	84.346	300	0	0	0
Occupation and Employment	OE-OO-04	84.346	4,880	0	8,321	0
Total Occupation and Employment			5,180	0	8,321	0
Classroom Reduction	CRS1-02	84.340	(216)	0	0	0
Total Classroom Reduction			(216)	0	0	0
School Renovation Grant	AT-S2-02	84.352	(412)	0	0	0
School Renovation Grant	AT-S3-02	84.352	(895)	0	5,612	0
Total School Renovation Grant			(1,307)	0	5,612	0
Total U.S. Department of Education			2,990,591	0	2,913,815	0
U.S. DEPARTMENT OF LABOR						
<i>Passed Through the City of Cleveland:</i>						
Adult Workforce Investment Act (WIA) 2002-03	N/A	17.258	27,514	0	27,514	0
Adult Workforce Investment Act (WIA) 2003-04	N/A	17.258	29,269	0	29,269	0
			56,783	0	56,783	0
<i>Passed Through Lake County Job & Family Services:</i>						
Adult Workforce Investment Act (WIA)	N/A	17.258	30,732	0	4,682	0
Total Adult Workforce Investment Act (WIA)			30,732	0	4,682	0
<i>Passed Through the Lake County ETA:</i>						
Employment and Training Assistance	N/A	17.246	141,640	0	140,228	0
Employment and Training Assistance	N/A	17.246	0	0	984	0
Total Employment and Training Assistance			141,640	0	141,212	0
Total U.S. Department of Labor			229,155	0	202,677	0
CORPORATION FOR NATIONAL & COMMUNITY SERVICES						
Direct Grant:						
Retired Senior Volunteer Program	440N026-18	94.002	13,587	0	0	0
Retired Senior Volunteer Program	440N026-19	94.002	52,213	0	65,800	0
Total Corporation for National & Community Services			65,800	0	65,800	0
U.S. DEPARTMENT OF HEALTH/HUMAN SERVICES						
<i>Passed Through the Ohio Department of MRDD:</i>						
Medicaid (CAFS)	N/A	93.778	74,377	0	74,377	0
Total U.S. Department of Health/Human Services			74,377	0	74,377	0
TOTAL FEDERAL ASSISTANCE			\$ 3,918,079	\$ 83,297	\$ 3,814,825	\$ 83,297

See accompanying notes to the Schedule of Federal Awards Expenditures

**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT
LAKE COUNTY
FISCAL YEAR ENDED JUNE 30, 2004**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—CHILD NUTRITION CLUSTER

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

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

NOTE C – NEGATIVE RECEIPTS

The negative receipts for Adult Basic Education CFDA #84.002 in the amount of \$6,882, Vocational Education CFDA #84.048 in the amount of \$2,148, Technology Literacy Challenge Fund CFDA #84.318 in the amount of \$1,740, Classroom Reduction CFDA # 84.340 in the amount of \$216, School Renovation Grant CFDA #84.352 in the amount of \$1,307 and Improving Teacher Quality State Grant CFDA #84.367 in the amount of \$24,943 represent amounts that were transferred or refunded to the State due to expiration of period of availability.

CFDA – Catalog of Federal Domestic Assistance

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Auditor of State Betty Montgomery

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

Board of Education
Willoughby-Eastlake City School District
Lake County
37047 Ridge Road
Willoughby, Ohio 44094

We have audited the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of Willoughby-Eastlake City School District, Lake County, Ohio (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 and 2004-002. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 20, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the District's management in a separate letter dated December 20, 2004.

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Willoughby-Eastlake City School District
Lake County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

December 20, 2004



Auditor of State Betty Montgomery

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

Board of Education
Willoughby-Eastlake City School District
Lake County
37047 Ridge Road
Willoughby, Ohio 44094

Compliance

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

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

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

We have audited the basic financial statements of the District as of and for the year ended June 30, 2004, and have issued our report thereon dated December 20, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

December 20, 2004

**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT
LAKE COUNTY
JUNE 30, 2004**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A - 133 - §505**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster 84.027 and 84.173 and Nutrition Cluster- 10.550, 10.553 and 10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT
LAKE COUNTY
JUNE 30, 2004**

**SCHEDULE OF FINDINGS
(Continued)**

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

Finding Number	2004-001
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Timely Deposit

Revised Code Section 9.38 provides, in part, that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the amount of daily receipts does not exceed \$1,000, the public official must deposit the money on the next business day, unless the receipts can be safeguarded and the legislative body has adopted a policy permitting their money to be held past the next business day. However, the deposit must be made no later than three business days after receiving the deposit. The policy must include provisions and procedures to safeguard the money during the intervening period.

During testing, we noted thirty-two out of the sixty daycare receipts (43%) prepared by each center, which totaled \$35,884 out of \$83,224, and five out of sixty classroom material and fees receipts (39%) prepared by each school, which totaled \$11,067 out of \$28,552, were not deposited to the Treasurer's office or designated depository within one day of collection. We further noted that the District has not established a policy in force during the audit period that would allow for monies to be held past the next business day.

We recommend the receipts obtained for the District's daycare centers and classroom material and fees be deposited with the Treasurer's office within twenty-four hours after collection. We further recommend the District adopt a policy that includes provisions and procedures to safeguard money that will not be deposited the next business day.

Finding Number	2004-002
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Expenditures Exceeded Appropriations

Ohio Revised Code Section 5705.41(B) & (D) prohibits a subdivision or taxing unit from making expenditures unless it has been properly appropriated. Budgetary expenditures (that is, disbursements and encumbrances) as enacted by the Board of Education may not exceed appropriations at the legal level for all funds. The following funds, which were corrected at year end, had expenditures in excess of appropriations and expenditures plus encumbrances in excess of appropriations as of December 31, 2003:

	Expenditures/Expenses		
	Plus		
	<u>Encumbrances</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds:			
Career Development	\$ 10,233	\$ 195	\$ 10,038
Student Intervention Services	17,342	0	17,342
Capital Projects Fund:			
Network Connectivity	42,000	0	42,000
Enterprise Fund:			
Uniform Schools Supplies	391,281	296,437	94,844
Internal Service Fund:			
Staff Services	7,169,368	6,500,005	669,363

We recommend the District verify that all expenditures and encumbrances have proper appropriation authority prior to expending funds or certifying encumbrances and compare appropriations to expenditures plus encumbrances in all funds which are legally required to be budgeted, at the legal level of control (fund level), to maintain compliance with the above requirements.

WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT
LAKE COUNTY
JUNE 30, 2004

SCHEDULE OF FINDINGS
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT
WILLOUGHBY, OHIO**

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

Prepared by

**Clifford A. Reinhardt
Treasurer**

Willoughby-Eastlake City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004
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Willoughby-Eastlake *Board of Education*

Keith Miller, Ph.D., *Superintendent*
Cliff Reinhardt, *Treasurer*

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FAX: (440) 946-4671

Michon N. Koch, *President*
Wade A. Mitchell, *Vice-President*
James Carpenter
Elaine Kranek
Margaret Warner

December 20, 2004,

Board of Education Members
Willoughby-Eastlake City School District

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Willoughby-Eastlake City School District for the fiscal year ended June 30, 2004. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data 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 School District. This report will provide the taxpayers of the Willoughby-Eastlake City School District with the comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the School District Cities and Villages, the Willoughby-Eastlake Public Library, major taxpayers, financial rating services and other interested parties.

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

1. **The Introductory Section** which contains a Table of Contents, Letter of Transmittal, List of Principal Officials, the Organization Chart of the School District, and the GFOA Certificate of Achievement.
2. **The Financial Section** which begins with the Independent Accountants' Report and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide overview of the School District's financial position and operating results, the Combining Statements by Fund Type, and other schedules providing detailed information relative to the Basic Financial Statements.
3. **The Statistical Section** which presents social and economic data, financial trends and the fiscal capacity of the Willoughby-Eastlake City School District.

The School District

The School District is the 23rd largest of the 612 school districts in the State and second largest of the 9 school districts in Lake County. Located in northeastern Ohio, approximately 20 miles east of the City of Cleveland, it provides education to 8,869 students in grades K through 12. The School District's territory is approximately 36 square miles and encompasses all of the cities of Eastlake, Willoughby Hills, and Willowick and most of the City of Willoughby. It also encompasses all of the Villages of Lakeline and Timberlake and part of the Village of Waite Hill.

The School District operates two comprehensive high schools: Eastlake North and Willoughby South. Additionally, the Technical Center vocational high school is located in the City of Willoughby. Three middle schools housing students in grades six through eight are located in Eastlake, Willoughby and Willowick. Seven elementary schools serve kindergarten through fifth grade students:

Edison	- Willoughby	McKinley	- Willoughby
Grant	- Willoughby	Royalview	- Willowick
Jefferson	- Eastlake	Washington	- Eastlake
Longfellow	- Eastlake		

If space is available, a student has the choice of attending any school within the School District if the needs of the child and family would be better served than attending the school of residence. However, if transportation is not already being provided, it is the responsibility of the parents to provide transportation.

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

Special Services for Students

In addition to the regular school program, the School District provides a variety of special choices such as:

- All day every day kindergarten.
- Elementary and secondary summer school.
- Self-contained and pullout programs to provide appropriate educational alternatives for high-ability learners.
- Participation in the East Shore Special Education Regional Resource Center program which provides unique educational services to special needs students.
- A self-contained alternative school housed at the Technical Center for low achievement seventh through tenth graders.
- A vocational program at North High School and the Technical Center for developmentally disabled students.
- Participation in the Post Secondary Enrollment Options Program which permits high school students to attend area colleges during the day to earn college credit.
- Participation in the Lake Shore Vocational Educational Planning District which enables School District students to enroll in vocational programs that are not offered at Willoughby-Eastlake.
- Preschool for three and four year olds at two of the elementary schools (In addition to the required program for disabled preschoolers).
- Before and after school child care at each of the elementary schools and an all day summer program at two of the elementary schools.

Community Services

The School District offers the following:

- A two-year Licensed Practical Nurse training program.
- An Adult Basic Literacy Education program to prepare for the General Equivalency Diploma (GED) test.
- GED testing.
- Retired Senior Volunteer Program (RSVP).

Although enrollment has stabilized in the past eight years, declining enrollment in previous years caused excess building capacity throughout the School District. Lincoln was sold to the City of Willoughby in 2000 for \$250,000 to be paid over a five-year period. Browning in Willoughby is used exclusively by that City as a senior citizens center. Garfield in the City of Willoughby Hills is partially leased and the City also utilizes a portion of the building for recreational activities. Cricket Lane in Willoughby Hills is partially leased, and Taft in Eastlake is completely leased to several tenants. Kennedy in Eastlake is partially leased and is the site for Board of Education meetings. All buildings are leased on an annual basis.

The School District also owns 40 acres of undeveloped land consisting of a natural ravine located across from the administration building on Ridge Road in Willoughby.

The Reporting Entity

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

Excluded from the reporting entity because they are fiscally independent of the School District are the Cities of Eastlake, Willoughby, Willoughby Hills and Willowick; the Villages of Lakeline, Timberlake, and Waite Hill; the Willoughby-Eastlake Public Library; and school support organizations, e.g. the Parent Teacher Organizations.

The School District participates in three jointly governed organizations and a related organization. These organizations are the East Shore Regional Transportation System, the East Shore Center, Ohio Schools Council, and the Willoughby-Eastlake Public Library. These organizations are presented in Notes 16 and 17 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 City of Eastlake continues with plans for the revitalization of Vine Street, the main commercial thoroughfare, by hiring Urban Design Center as a consultant. The City constructed a minor league baseball stadium which opened in the spring of 2003. The City takes an active stance in retention and expansion of business and considers tax incentives when deemed feasible. Although there is little undeveloped residential property, an industrial park was opened on Erie Road. Erie Road was replaced and sidewalks were added from the City of Willoughby line to Lake Shore Boulevard. This past year, the City has faced financial problems and its Mayor resigned.

The City of Willoughby's economic condition, like the national economy, has been through a difficult period. While income tax revenues increased by an average of 4.4 percent per year over the past decade, they declined by 0.5 percent in 2002 and 3.6 percent in 2003. The City expects that trend to reverse and believes that prospects for the future look brighter. Construction of a new satellite fire station and major expansion and renovation of the main station were completed at a cost of \$6,500,000 financed through a bond levy. A new court house is under construction and is scheduled to be completed in November 2005. The restoration of the historic downtown area continues with the renovation of several buildings and opening of new businesses. The City installed historic style lighting and placed brick pavers in the sidewalk and intersection. Construction of a second municipal pool was completed at a cost of \$1,800,000 paid with current resources.

Major Initiatives

For this year and for the next several years, the School District is focusing efforts on three goals:

- High Student Achievement
- Safe Secure Schools
- Efficient School Operations

Each activity that occurs in the schools is measured against the degree to which it promotes at least one of these three goals. An activity may not promote one goal at the expense of another.

The current fiscal plan recognizes the following open issues that must be addressed within the next five years:

- The renewal of the existing emergency levies (in 2007, 2008 and 2009).
- The renewal of the existing permanent improvement levy in 2006.
- Judicial or legislative action on school funding reform.
- Funding of the School District technology plan.
- Development and funding of a technology replacement schedule.
- Funding the educational improvement plan.
- Updating the five-year budget plan.

During the past year the following were achieved:

- Revised course of study, based on new standards for:
 - Science (kindergarten – grade 12)
 - Social Studies (kindergarten – grade 12)
- In conjunction with the progress on the Continuous Improvement Plan, the District applied for the Ohio Award of Excellence and received level-one recognition.
- Achieved an "Excellent" rating on the State Report Card with a score of 18 out of a possible 18.
- Continuance of the process of aligning the curriculum with the information covered on the Ohio Department of Education proficiency tests and the Ohio Graduation Test.
- The math and literacy consultants will continue to work with elementary school students and teachers to assess each student's needs in math and reading.

- Increase in elementary school proficiency test scores in all five areas (math, science, reading, writing, and citizenship).
- Recognition and numerous awards received by staff and students some of which are:

South High School scored second in the State of Ohio Academic Decathlon Team Competition.

One student was named a National Merit Scholarship Semi-Finalist and six students were named National Merit Scholarship Commended Students.

North High School was the top scoring school in the State of Ohio Academic Decathlon Team Competition and placed ninth in the national competition.

The South High School Marching Band earned a "Superior I" rating and the North High School earned an "Excellent" in the Ohio Music Education Association Competition.

For the seventh consecutive year, the Willoughby-Eastlake City School District won the "What Parents Want Award" given by the SchoolMatch. Only 16 percent of school districts nationwide are recognized for meeting the needs of families choosing schools.

In 1986 the School District voters approved a 1.3 mill five-year permanent improvement levy which was renewed again in May 2000. Approximately \$1,400,000 is provided annually for capital improvements, maintenance, and equipment. CT Consultants of Willoughby, a professional engineering firm, completed a comprehensive 15-year needs assessment of buildings and facilities. The findings from this study provide direction for the Board and administration in determining short and long-term spending priorities from the proceeds of the levy. Major spending for 2003-04 was for updating the heating and ventilating systems, parking lots repairs and roof repairs.

Financial Information

Internal Accounting and Budgetary Control

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

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

The Treasurer's office has established procedures for the collection of money that minimize risk to the district and also has responsibility for the district internal audit program. Annual audits are done for student activities, latchkey, preschool and other programs in which cash is received.

The School District uses fully automated accounting, payroll and student records systems from Ace Software, an Ohio vendor that specializes in software for school districts. Capital assets and student fee records are maintained with programs written by the School District's computer services department. These systems, coupled with the separation of duties within the Treasurer's office and other departments, ensures that the financial information generated is both accurate and reliable.

By July 1 of each year, the Board of Education adopts a temporary appropriation measure for the July 1 through June 30 fiscal year. The permanent appropriation measure is adopted by October 1 (upon receipt from the county auditor of an amended certificate of estimated resources). Annual appropriations may not exceed the county budget commission's official estimate of resources. The county auditor must certify that the appropriations adopted by the Board of Education, including any supplements or amendments, do not exceed the amount of the most recent official estimate.

Each year the Board of Education adopts a resolution at the organizational meeting authorizing the Treasurer to make account transfers and advances to be submitted to the Board for approval at the same meeting in which financial statements for that month are presented. Budgets are controlled in accordance with the Auditor of State Uniform School Accounting System.

The Board of Education appropriates general fund money to seven broad categories: salaries and wages, fringe benefits, purchased services, supplies/materials, new equipment, replacement equipment and "other". Expenditures are then subdivided, by the Treasurer, into hundreds of expenditure accounts in accordance with Uniform State Accounting System and to meet the reporting requirements of the Ohio Department of Education. The appropriation for all other funds is one total per fund. Again, accounts are established within each fund to meet reporting requirements.

The Treasurer certifies each purchase to ensure that money will be available to meet the financial obligation incurred. The School District has established procedures to minimize the probability of a purchase being made without authorization. Depending upon the nature of the purchase order, in addition to the Treasurer's certification, the purchase order is either signed by the Superintendent, a central office administrator or a principal.

The accounting software used by the School District provides interim financial reports to principals, activity advisors, athletic directors, persons responsible for state and federal grants and other interested persons. These reports detail year-to-date expenditures, outstanding encumbrances (unpaid purchase orders) and unencumbered balances (amounts available for spending). The Treasurer also prepares a monthly financial report for acceptance by the Board of Education.

The basis of accounting and the various funds utilized by the Willoughby-Eastlake City School District are fully described in Note 2 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2 of the notes to the basic financial statements.

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

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

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

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

As part of this new reporting model, management is responsible for preparing a Discussion and Analysis of the School District. This discussion follows the Independent Accountants' Report, providing an assessment of the School District's finances for 2004 and a discussion of current issues affecting the School District's future.

Cash Management

The majority of local, state and federal funds are received by electronic transfer into the School District checking account. Money is also collected and deposited daily at each school for food service, school fees, student activities and athletics. The Treasurer is the investment officer for the School District, charged with the responsibility for the purchase and sale of investments. A determination is made daily on cash flow needs and the balance of funds is invested. The total amount of interest earned for the fiscal year ended June 30, 2004 was \$74,431. Of that, \$68,520 was credited to the general fund. Cash not needed for immediate use during the year was invested in the State Treasurer's Asset Reserve of Ohio (STAROhio), "high balance" savings accounts offered by Bank One and Fifth Third bank and Agency discount notes.

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

Pension Plans

All School District employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The School District's required contribution to both systems is 14 percent of employee salaries. Additionally, SERS imposes a "surcharge" on employees who earn less than \$25,400. For fiscal year 2004, this additional charge to the School District was \$164,794. See Notes 12 and 13 to the Basic Financial Statements.

Independent Audit

Ohio Revised Code requires that the School District be subjected to an annual examination by an independent auditor. The Auditor of State performed the audit and rendered an opinion on the School District's financial statements as of and for the year ended June 30, 2004. The opinion appears at the beginning of the financial section of this report.

Awards

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for a Comprehensive Annual Financial Report. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

The Willoughby-Eastlake City School District was awarded the GFOA Certificate of Achievement for the periods beginning July 1999 through the subsequent period June 2003.

We believe our current report conforms to the Certificate of Achievement requirements and we are submitting it to GFOA for consideration.

Acknowledgments

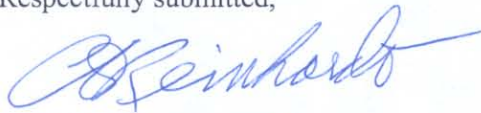
This is the fifth year that the School District has issued a Comprehensive Annual Financial Report. The publication of this report is a significant step toward professionalizing the Willoughby-Eastlake City School District's financial reporting. It enhances the School District's accountability to the residents of the Willoughby-Eastlake City School District.

The preparation of this report would not have been possible without the assistance and support of the staff of the Treasurer's office. Assistance from the County Auditor's staff made possible the fair presentation of statistical data.

Thanks also to the Local Government Services Section of the State Auditor's office for assistance in planning and reviewing this financial report.

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

Respectfully submitted,



Clifford A. Reinhardt, Treasurer



Keith Miller, Ph.D., Superintendent

Willoughby-Eastlake City School District

Principal Officials
June 30, 2004

Board of Education

<u>Name</u>	<u>Position</u>	<u>Began Service as a Board Member In</u>	<u>Present Term Expires December 31</u>	<u>City of Residence</u>
Michon N. Koch	President	1992	2005	Willoughby Hills
Wade Mitchell	Vice-President	1998	2005	Willoughby
James Carpenter	Member	1982	2005	Willoughby
Elaine Kranek	Member	1996	2007	Eastlake
Margaret Warner	Member	1997	2007	Willoughby

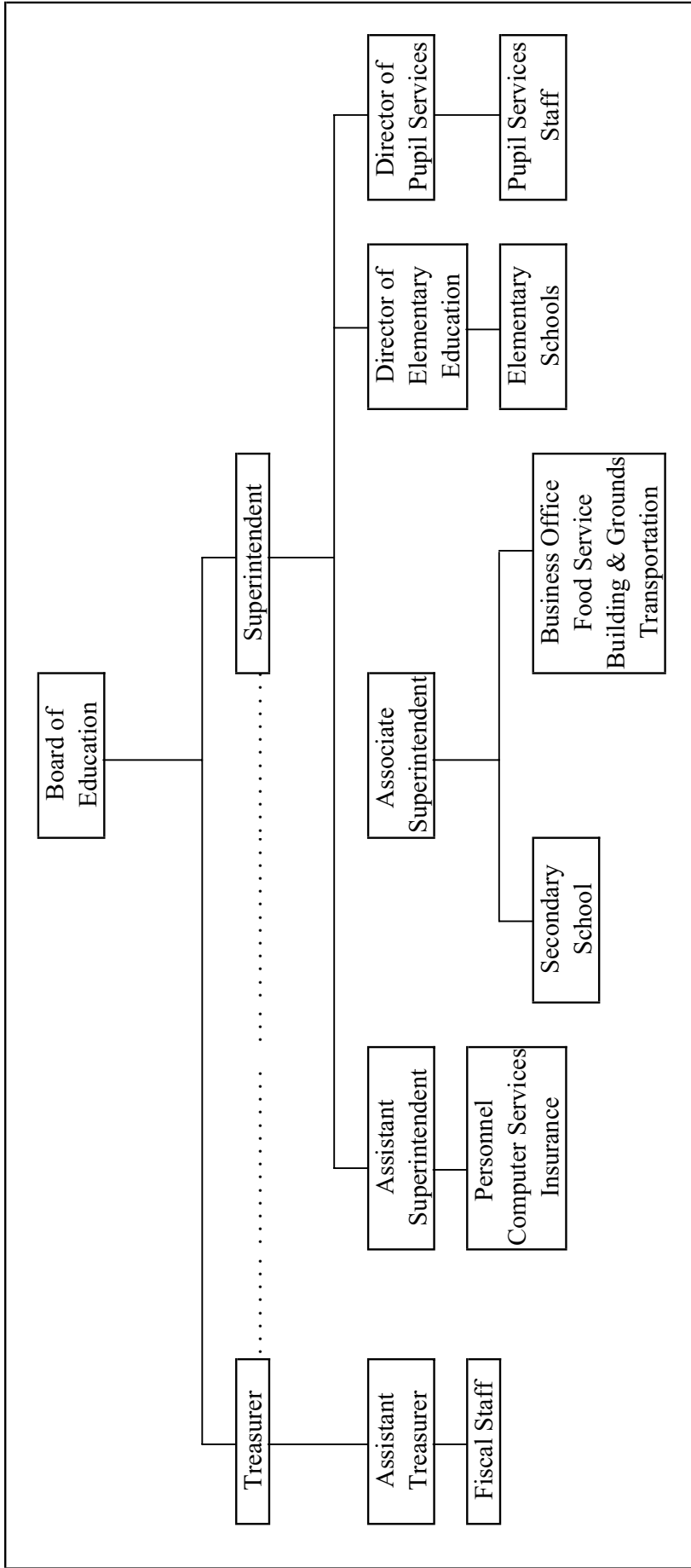
Treasurer

Clifford A. Reinhardt

Superintendent

Keith M. Miller, Ph.D.

WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Willoughby-Eastlake City
School District, Ohio

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

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



Nancy L. Zjella

President

Jeffrey R. Emer

Executive Director



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Board of Education
Willoughby-Eastlake City School District
Lake County
37047 Ridge Road
Willoughby, Ohio 44094

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of the Willoughby-Eastlake City School District, Lake County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

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

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

Betty Montgomery
Auditor of State

December 20, 2004

Willoughby-Eastlake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

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

Financial Highlights

Key financial highlights for 2004 are as follows:

- Total net assets decreased \$2.6 million, a decrease of \$2.4 million in governmental activities and a decrease of \$0.2 million in business type activities.
- General revenues accounted for \$68.2 million in revenue or 90.5 percent of all revenues for governmental activities. Program-specific revenues in the form of charges for services, sales, grants or contributions accounted for \$7.2 million or 9.5 percent of total revenues of \$75.4 million.
- Total program expenses were \$77.9 million in Governmental Activities and \$3.1 million in Business Type Activities.
- Outstanding debt decreased by \$205,000 to \$2.2 million.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Willoughby-Eastlake City School District as an entire operating entity. The statements begin at a summary level and expand to detailed financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the entire School District, presenting both an aggregate view of the School District's current 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 non-major funds presented in total in one column. The general fund is the most significant governmental fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as an entity looks at all financial transactions and asks the question, "How did we do financially during the 2003-2004 fiscal year?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Willoughby-Eastlake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

These two statements report the School District's net assets and changes in those assets. The 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. Changes to our net assets are a direct result of our property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated educational programs, state funding, student enrollment, and general inflation.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two major activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and general administration.

Business - Type Activities - These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The School District's business-type activities are food service, uniform school supplies, special services, adult continuing education and extended daycare/preschool.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds Most of the School District's activities are reported in governmental funds, which accounts for the flow of money into and out of those funds and the year-end balances available for spending in future years. These funds are reported using 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 provided. Governmental fund information helps the reader determine the amount of financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

Willoughby-Eastlake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2004 compared to 2003:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets						
Current and Other Assets	\$68,289,169	\$56,620,070	\$151,392	\$279,862	\$68,440,561	\$56,899,932
Capital Assets, Net	19,215,165	19,736,317	84,263	57,023	19,299,428	19,793,340
<i>Total Assets</i>	<u>87,504,334</u>	<u>76,356,387</u>	<u>235,655</u>	<u>336,885</u>	<u>87,739,989</u>	<u>76,693,272</u>
Liabilities						
Current and Other Liabilities	60,794,861	47,556,092	161,709	166,210	60,956,570	47,722,302
Long-Term Liabilities:						
Due Within One Year	1,096,974	1,169,625	29,394	12,573	1,126,368	1,182,198
Due in More than One Year	10,336,676	9,918,041	138,278	129,817	10,474,954	10,047,858
<i>Total Liabilities</i>	<u>72,228,511</u>	<u>58,643,758</u>	<u>329,381</u>	<u>308,600</u>	<u>72,557,892</u>	<u>58,952,358</u>
Net Assets						
Invested in Capital Assets	19,215,165	19,736,317	84,263	57,023	19,299,428	19,793,340
Restricted:						
Capital Projects	1,387,129	1,688,923	0	0	1,387,129	1,688,923
Debt Service	286,627	258,573	0	0	286,627	258,573
Special Trust	126,404	134,816	0	0	126,404	134,816
Public School Support	185,285	218,450	0	0	185,285	218,450
Adult LPN	277,991	11,635	0	0	277,991	11,635
Job Training Partnership Act	148,149	126,026	0	0	148,149	126,026
Retired Senior Volunteer Program	123,521	73,976	0	0	123,521	73,976
Set Asides	2,022,910	1,051,386	0	0	2,022,910	1,051,386
Other Purposes	251,339	177,634	0	0	251,339	177,634
Unrestricted (Deficit)	(8,748,697)	(5,765,374)	(177,989)	(28,738)	(8,926,686)	(5,794,112)
<i>Total Net Assets</i>	<u>\$15,275,823</u>	<u>\$17,712,362</u>	<u>(\$93,726)</u>	<u>\$28,285</u>	<u>\$15,182,097</u>	<u>\$17,740,647</u>

Total assets increased by \$11.1 million. Equity in pooled cash and cash equivalents increased by \$0.3 million. Taxes receivable increased by \$11.3 million due to a revaluation year; this increase, was offset by an increase in deferred revenue of \$11.4 million.

Liabilities for governmental activities increased by \$13.6 million. This increase was primarily the result of increased deferred revenue of \$11.4 million and increased accrued wages of \$1.8 million. This increase was offset by a decrease in claims payable of \$0.3 million.

Willoughby-Eastlake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

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

Table 1
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues:						
Charges for Services	\$2,069,896	\$1,903,306	\$2,420,655	\$2,376,791	\$4,490,551	\$4,280,097
Operating Grants and Contributions	4,769,308	4,603,242	670,636	646,528	5,439,944	5,249,770
Capital Grants	337,745	659,697	0	13,254	337,745	672,951
<i>Total Program Revenues</i>	<u>7,176,949</u>	<u>7,166,245</u>	<u>3,091,291</u>	<u>3,036,573</u>	<u>10,268,240</u>	<u>10,202,818</u>
General Revenues:						
Property Taxes	46,179,731	44,238,699	0	0	46,179,731	44,238,699
Grant and Entitlements	21,649,739	20,018,302	0	0	21,649,739	20,018,302
Investment Earnings	74,431	316,543	0	0	74,431	316,543
Miscellaneous	312,575	567,801	343	483	312,918	568,284
<i>Total General Revenues</i>	<u>68,216,476</u>	<u>65,141,345</u>	<u>343</u>	<u>483</u>	<u>68,216,819</u>	<u>65,141,828</u>
Total Revenues	<u>75,393,425</u>	<u>72,307,590</u>	<u>3,091,634</u>	<u>3,037,056</u>	<u>78,485,059</u>	<u>75,344,646</u>
Program Expenses						
Instruction	47,012,728	44,690,304	0	0	47,012,728	44,690,304
Support Services:						
Pupil and Instructional Staff	7,807,052	7,515,144	0	0	7,807,052	7,515,144
Board of Education,						
Administration, Fiscal and Business	6,781,118	6,262,529	0	0	6,781,118	6,262,529
Operation and Maintenance of Plant	7,627,603	7,219,331	0	0	7,627,603	7,219,331
Pupil Transportation	5,101,508	4,882,342	0	0	5,101,508	4,882,342
Central	873,224	747,013	0	0	873,224	747,013
Operation of Non-Instructional Services	891,941	1,018,816	0	0	891,941	1,018,816
Extracurricular Activities	1,724,236	1,731,131	0	0	1,724,236	1,731,131
Interest and Fiscal Charges	76,881	160,204	0	0	76,881	160,204
Food Service	0	0	2,289,245	2,294,019	2,289,245	2,294,019
Uniform School Supplies	0	0	388,190	406,212	388,190	406,212
Special Services	0	0	29,705	22,126	29,705	22,126
Community Education	0	0	15,597	16,093	15,597	16,093
Latchkey/Preschool	0	0	424,581	427,194	424,581	427,194
<i>Total Program Expenses</i>	<u>77,896,291</u>	<u>74,226,814</u>	<u>3,147,318</u>	<u>3,165,644</u>	<u>81,043,609</u>	<u>77,392,458</u>
Decrease in Net Assets Before Transfers	(2,502,866)	(1,919,224)	(55,684)	(128,588)	(2,558,550)	(2,047,812)
Transfers	66,327	(155,469)	(66,327)	155,469	0	0
Increase (Decrease) in Net Assets	(2,436,539)	(2,074,693)	(122,011)	26,881	(2,558,550)	(2,047,812)
<i>Net Assets Beginning of Year</i>	<u>17,712,362</u>	<u>19,787,055</u>	<u>28,285</u>	<u>1,404</u>	<u>17,740,647</u>	<u>19,788,459</u>
<i>Net Assets End of Year</i>	<u>\$15,275,823</u>	<u>\$17,712,362</u>	<u>(\$93,726)</u>	<u>\$28,285</u>	<u>\$15,182,097</u>	<u>\$17,740,647</u>

Willoughby-Eastlake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

The unusual nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As a result of legislation enacted in 1976, the overall revenue generated by voted millage does not increase as a result of inflation. For example, a homeowner with a home valued at \$100,000 (Assessed value of \$35,000) and taxed at 1.0 mill would pay \$30.63 annually in taxes (net of the state-paid rollback). If, years later, the home were reappraised and increased in market value to \$200,000 (assuming the market value of all homes in the taxing district doubled) the effective tax rate would become 0.5 mills and the homeowner would still pay \$30.63.

Our school district, which is very dependent upon local property taxes, is hampered by a lack of revenue growth and must periodically ask the voters to increase property taxes to maintain a constant level of service. Property taxes made up 61.3 percent of revenues for governmental activities for Willoughby-Eastlake City Schools in fiscal year 2004.

The largest governmental activities program expense remains instruction, comprising 60.4 percent of expenses. When combined with pupil and instructional support these categories make up 70.4 percent of expenses.

Interest expense was primarily attributable to the outstanding bonds for the Willoughby-Eastlake Public Library.

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, (services supported by tax revenue and unrestricted State entitlements), the total cost of services and the net cost of services.

Table 3
 Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2004	2003	2004	2003
Instruction	47,012,728	44,690,304	(\$44,051,989)	(\$42,285,185)
Support Services:				
Pupil and Instructional Staff	7,807,052	7,515,144	(6,209,484)	(5,469,287)
Board of Education,				
Administration, Fiscal and Business	6,781,118	6,262,529	(6,308,073)	(5,929,597)
Operation and Maintenance of Plant	7,627,603	7,219,331	(7,510,179)	(6,687,796)
Pupil Transportation	5,101,508	4,882,342	(4,753,107)	(4,657,024)
Central	873,224	747,013	(785,567)	(657,333)
Operation of Non-Instructional Services	891,941	1,018,816	30,443	(167,485)
Extracurricular Activities	1,724,236	1,731,131	(1,054,505)	(1,046,658)
Interest and Fiscal Charges	76,881	160,204	(76,881)	(160,204)
Total Expenses	<u>\$77,896,291</u>	<u>\$74,226,814</u>	<u>(\$70,719,342)</u>	<u>(\$67,060,569)</u>

The dependence upon tax revenues for governmental activities is apparent. Property taxes cover 98 percent of the cost of instruction, for all governmental activities. Our seven communities are responsible for the primary support for Willoughby-Eastlake City School District students.

Willoughby-Eastlake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Business-Type Activities

Business-type activities include the food service, uniform school supplies, special services, adult continuing education, and extended daycare/preschool programs.

Overall net assets decreased \$122,011 in 2004, which is primarily due to an advance to cover negative cash balance at year end in the uniform school supplies fund.

The School District's Funds

Information about the School District's major funds starts on page 16. These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$74.7 million and expenditures of \$80.4 million. The net change in fund balance for the year was most significant in the General Fund, a decrease of \$5.7 million. The voters passed a 2.49 mill, five-year operating levy on November 2, 2004.

General Fund Budgeting Highlights

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

During the course of fiscal 2004 the School District amended its general fund budget several times to allow for changes in its economic conditions.

For the general fund, the final budget-basis estimated revenue was \$66.9 million, \$.4 million above original budget estimate of \$66.5 million. Total actual revenues were \$67.6 million, \$1.1 million above the original budget estimate

Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$70.6 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004 the School District had \$19.2 million invested in land, buildings and improvements, furniture and equipment and vehicles, \$19.2 in governmental activities. Table 4 shows fiscal 2004 balances compared to fiscal 2003:

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

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$560,374	\$560,374	\$0	\$0	\$560,374	\$560,374
Buildings and Improvements	15,052,735	15,573,537	0	0	15,052,735	15,573,537
Furniture and Equipment	1,645,383	1,677,740	84,263	57,023	1,729,646	1,734,763
Vehicles	1,956,673	1,924,666	0	0	1,956,673	1,924,666
Totals	\$19,215,165	\$19,736,317	\$84,263	\$57,023	\$19,299,428	\$19,793,340

Willoughby-Eastlake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

A change in Ohio law required school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for instructional materials. For fiscal 2004, this amounted to \$1.2 million for each set aside. For fiscal 2004 the School District had qualifying disbursements for textbooks and instructional materials of \$273,232. The current year set-aside requirement is added to the set-aside reserve balance for fiscal year 2003 and the qualifying disbursements are subtracted to determine the required set-aside balance for fiscal year 2004. This required set-aside is reported in restricted net assets. The School District met the capital expenditure set aside requirement by having a permanent improvement fund. See Note 9 to the basic financial statements for additional information on capital assets.

Debt

On August 1, 2003, the School District issued \$2,205,000 in library improvement bonds, which were used to refund the 1992 library improvement bonds.

At June 30, 2004, the School District's overall legal debt margin was \$164,350,358 with an unvoted debt margin of \$1,846,316. The School District does not have a current bond rating. See Note 15 to the basic financial statements for additional information on debt.

Current Issues

The Board of Education and administration have implemented fiscal management disciplines that utilize a variety of formal plans to ensure financial stability. We are working within the five-year budget plan, the five-year capital repairs and renovations plan, the continuous improvement plan, and the five-year enrollment projections.

The School District has the necessary revenue base to support current program levels for the next four fiscal years. Beyond that time period, our future revenue base is dependent upon the renewal of emergency levies expiring in 2007 and in 2008. In November of 2004, the voters in the School District passed a new \$4.35 million emergency levy which expires December 31, 2009.

Several significant legislative and judicial actions have occurred that will have a major impact on our School District. The Ohio Supreme Court has issued its fourth decision regarding school funding reform in Ohio. We believe that the ultimate resolution of funding reform is still some time away. The sudden downturn in the economy has put pressures on both the State budget as well as our local School District budget. We are concerned that the local tax base may be weakened as a result of the current economic conditions and therefore negatively impact local tax revenues. The ongoing legislative efforts to support the existence of community (charter) schools come at the expense of our current State subsidy. This year approximately \$160,000 will be deducted from our State subsidy and redirected to local community (charter) schools. Our School District has also been impacted by the continuing national trend of rapidly escalating employee benefit costs.

Willoughby-Eastlake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

The current fiscal plan recognizes the following open issues that must be addressed within the next five years:

- The renewal of the existing emergency levies (in 2007 and 2008).
- Judicial or legislative action on school funding reform.
- Funding of the School District technology plan.
- Development and funding of a technology replacement schedule.
- Funding the educational improvement plan.
- Updating the five-year budget plan.

The Willoughby-Eastlake City School District has committed itself to a fiscal discipline based on long-term plans as well as a commitment to full disclosure of financial information and utilization of the highest standards of financial reporting. The School District's commitment to improve fiscal management has led to many budgeting, reporting and internal control enhancements. The School District has received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the past two years.

Contacting the School District Fiscal Management

This financial report was designed to comply with the most current reporting requirements and is intended to provide our parents, citizens, taxpayers, investors and creditors an understanding of the School District's financial position. Cliff Reinhardt, Treasurer, can be contacted at the Willoughby-Eastlake City School District, 37047 Ridge Road, Willoughby, Ohio 44094 or by e-mail at we_reinhardt@lgca.org.

Willoughby-Eastlake City School District

Statement of Net Assets

June 30, 2004

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$10,876,009	\$328,532	\$11,204,541
Accounts Receivable	169,024	1,008	170,032
Intergovernmental Receivable	635,173	0	635,173
Internal Balances	204,000	(204,000)	0
Prepaid Items	29,112	0	29,112
Inventory Held for Resale	0	23,869	23,869
Materials and Supplies Inventory	0	1,983	1,983
Taxes Receivable	56,332,524	0	56,332,524
Deferred Charges	43,327	0	43,327
Nondepreciable Capital Assets	560,374	0	560,374
Depreciable Capital Assets, Net	18,654,791	84,263	18,739,054
<i>Total Assets</i>	87,504,334	235,655	87,739,989
Liabilities			
Accounts Payable	646,798	3,187	649,985
Accrued Wages	7,587,870	69,105	7,656,975
Intergovernmental Payable	2,554,905	89,417	2,644,322
Accrued Interest Payable	7,588	0	7,588
Deferred Revenue	49,121,949	0	49,121,949
Claims Payable	875,751	0	875,751
Long-Term Liabilities:			
Due Within One Year	1,096,974	29,394	1,126,368
Due In More Than One Year	10,336,676	138,278	10,474,954
<i>Total Liabilities</i>	72,228,511	329,381	72,557,892
Net Assets			
Invested in Capital Assets	19,215,165	84,263	19,299,428
Restricted for:			
Capital Projects	1,387,129	0	1,387,129
Debt Service	286,627	0	286,627
Special Trust	126,404	0	126,404
Public School Support	185,285	0	185,285
Adult LPN	277,991	0	277,991
Job Training Partnership Act	148,149	0	148,149
Retired Senior Volunteer Program	123,521	0	123,521
Set Asides	2,022,910	0	2,022,910
Other Purposes	251,339	0	251,339
Unrestricted (Deficit)	(8,748,697)	(177,989)	(8,926,686)
<i>Total Net Assets (Deficit)</i>	\$15,275,823	(\$93,726)	\$15,182,097

See accompanying notes to the basic financial statements

Willoughby-Eastlake City School District

Statement of Activities

For the Fiscal Year Ended June 30, 2004

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$34,267,654	\$557,231	\$613,873	\$0
Special	8,470,276	112,114	1,124,397	0
Vocational	4,003,332	61,513	42,472	0
Adult/Continuing	271,466	235,302	213,837	0
Support Services:				
Pupil	4,879,314	146,976	867,137	0
Instructional Staff	2,927,738	48,122	535,333	0
Board of Education	226,658	3,466	1	7,890
Administration	4,588,747	215,195	125,693	0
Fiscal	1,569,754	24,007	7	90,719
Business	395,959	6,065	2	0
Operation and Maintenance of Plant	7,627,603	108,561	8,863	0
Pupil Transportation	5,101,508	77,845	73,420	197,136
Central	873,224	13,233	32,424	42,000
Operation of Non-Instructional Services	891,941	3,409	918,975	0
Extracurricular Activities	1,724,236	456,857	212,874	0
Interest and Fiscal Charges	76,881	0	0	0
<i>Total Governmental Activities</i>	<u>77,896,291</u>	<u>2,069,896</u>	<u>4,769,308</u>	<u>337,745</u>
Business-Type Activities				
Food Service	2,289,245	1,532,345	665,744	0
Uniform School Supplies	388,190	302,610	0	0
Special Services	29,705	24,667	0	0
Community Education	15,597	7,235	4,892	0
Latchkey/Preschool	424,581	553,798	0	0
<i>Total Business-Type Activities</i>	<u>3,147,318</u>	<u>2,420,655</u>	<u>670,636</u>	<u>0</u>
<i>Totals</i>	<u><u>\$81,043,609</u></u>	<u><u>\$4,490,551</u></u>	<u><u>\$5,439,944</u></u>	<u><u>\$337,745</u></u>

General Revenues

Property Taxes Levied for:

General Purposes

Debt Service

Capital Outlay

Other Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (Note 3)

Net Assets (Deficit) End of Year

See accompanying notes to the basic financial statements

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$33,096,550)	\$0	(\$33,096,550)
(7,233,765)	0	(7,233,765)
(3,899,347)	0	(3,899,347)
177,673	0	177,673
(3,865,201)	0	(3,865,201)
(2,344,283)	0	(2,344,283)
(215,301)	0	(215,301)
(4,247,859)	0	(4,247,859)
(1,455,021)	0	(1,455,021)
(389,892)	0	(389,892)
(7,510,179)	0	(7,510,179)
(4,753,107)	0	(4,753,107)
(785,567)	0	(785,567)
30,443	0	30,443
(1,054,505)	0	(1,054,505)
(76,881)	0	(76,881)
<u>(70,719,342)</u>	<u>0</u>	<u>(70,719,342)</u>
0	(91,156)	(91,156)
0	(85,580)	(85,580)
0	(5,038)	(5,038)
0	(3,470)	(3,470)
0	129,217	129,217
<u>0</u>	<u>(56,027)</u>	<u>(56,027)</u>
<u>(70,719,342)</u>	<u>(56,027)</u>	<u>(70,775,369)</u>
44,625,275	0	44,625,275
312,240	0	312,240
1,164,481	0	1,164,481
77,735	0	77,735
21,649,739	0	21,649,739
74,431	0	74,431
312,575	343	312,918
68,216,476	343	68,216,819
<u>66,327</u>	<u>(66,327)</u>	<u>0</u>
<u>68,282,803</u>	<u>(65,984)</u>	<u>68,216,819</u>
(2,436,539)	(122,011)	(2,558,550)
<u>17,712,362</u>	<u>28,285</u>	<u>17,740,647</u>
<u>\$15,275,823</u>	<u>(\$93,726)</u>	<u>\$15,182,097</u>

Willoughby-Eastlake City School District

Balance Sheet

Governmental Funds

June 30, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,177,521	\$3,163,750	\$4,341,271
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	2,022,910	0	2,022,910
Accounts Receivable	168,718	0	168,718
Intergovernmental Receivable	115,497	519,676	635,173
Interfund Receivable	379,000	0	379,000
Prepaid Items	22,843	0	22,843
Taxes Receivable	54,555,343	1,777,181	56,332,524
<i>Total Assets</i>	<u>\$58,441,832</u>	<u>\$5,460,607</u>	<u>\$63,902,439</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$447,270	\$199,528	\$646,798
Accrued Wages and Benefits	7,184,007	403,863	7,587,870
Interfund Payable	0	175,000	175,000
Intergovernmental Payable	1,886,754	20,855	1,907,609
Deferred Revenue	48,559,843	1,822,905	50,382,748
<i>Total Liabilities</i>	<u>58,077,874</u>	<u>2,622,151</u>	<u>60,700,025</u>
Fund Balances			
Reserved for Encumbrances	615,785	191,748	807,533
Reserved for Property Taxes	5,995,500	193,110	6,188,610
Reserved for Textbooks	2,022,910	0	2,022,910
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	(8,270,237)	0	(8,270,237)
Special Revenue Funds	0	952,467	952,467
Debt Service Funds	0	341,346	341,346
Capital Projects Funds	0	1,159,785	1,159,785
<i>Total Fund Balances</i>	<u>363,958</u>	<u>2,838,456</u>	<u>3,202,414</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$58,441,832</u>	<u>\$5,460,607</u>	<u>\$63,902,439</u>

See accompanying notes to the basic financial statements

Willoughby-Eastlake City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2004*

Total Governmental Fund Balances	\$3,202,414
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,215,165
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Delinquent Property Taxes	1,049,964
Grants	210,835
Total	1,260,799
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	3,642,652
Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(647,296)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(7,588)
Bond issuance costs will be amortized over the life of the bonds on the statement of net assets.	43,327
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(2,205,000)
Bond Premium	(100,925)
Accounting Gain	57,587
Compensated Absences	(9,185,312)
Total	(11,433,650)
<i>Net Assets of Governmental Activities</i>	\$15,275,823

See accompanying notes to the basic financial statements

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$44,019,963	\$1,536,339	\$45,556,302
Intergovernmental	21,553,078	4,795,797	26,348,875
Interest	68,520	5,911	74,431
Tuition and Fees	419,559	444,861	864,420
Extracurricular Activities	0	567,931	567,931
Charges for Services	381,051	0	381,051
Contributions and Donations	295	306,528	306,823
Rentals	256,494	0	256,494
Miscellaneous	121,186	191,389	312,575
<i>Total Revenues</i>	<u>66,820,146</u>	<u>7,848,756</u>	<u>74,668,902</u>
Expenditures			
Current:			
Instruction:			
Regular	34,647,402	660,645	35,308,047
Special	7,507,611	1,102,490	8,610,101
Vocational	3,929,583	36,000	3,965,583
Adult/Continuing	0	299,957	299,957
Support Services:			
Pupil	4,053,949	981,447	5,035,396
Instructional Staff	2,509,984	522,025	3,032,009
Board of Education	235,839	412	236,251
Administration	4,523,056	158,858	4,681,914
Fiscal	1,627,833	4,737	1,632,570
Business	393,739	0	393,739
Operation and Maintenance of Plant	6,069,986	37,751	6,107,737
Pupil Transportation	5,023,125	88,937	5,112,062
Central	881,736	27,710	909,446
Operation of Non-Instructional Services	16,782	964,961	981,743
Extracurricular Activities	162,830	1,651,646	1,814,476
Capital Outlay	33,623	1,906,572	1,940,195
Debt Service:			
Principal Retirement	0	205,000	205,000
Interest and Fiscal Charges	0	82,230	82,230
Bond Issuance Cost	0	48,937	48,937
<i>Total Expenditures</i>	<u>71,617,078</u>	<u>8,780,315</u>	<u>80,397,393</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,796,932)</u>	<u>(931,559)</u>	<u>(5,728,491)</u>
Other Financing Sources (Uses)			
Bonds Issued	0	2,205,000	2,205,000
Payment to Refunded Bond Escrow Agent	0	(2,270,045)	(2,270,045)
Premium on Bonds	0	113,982	113,982
Transfers In	0	1,038,180	1,038,180
Transfers Out	(911,537)	(24,943)	(936,480)
<i>Total Other Financing Sources (Uses)</i>	<u>(911,537)</u>	<u>1,062,174</u>	<u>150,637</u>
<i>Net Change in Fund Balances</i>	(5,708,469)	130,615	(5,577,854)
<i>Fund Balances Beginning of Year Restated (Note 3)</i>	<u>6,072,427</u>	<u>2,707,841</u>	<u>8,780,268</u>
<i>Fund Balances End of Year</i>	<u>\$363,958</u>	<u>\$2,838,456</u>	<u>\$3,202,414</u>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds (\$5,577,854)

*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 those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Asset Additions	574,972	
Current Year Depreciation	(1,089,622)	
Total		(514,650)

In the statement of activities the loss on the disposal of a fixed asset is reported. (6,502)

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

Delinquent Property Taxes	623,429	
Grants	101,094	
Total		724,523

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 205,000

In the statement of activities, interest is accrued on outstanding bonds, and bond premium bond issuance costs and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when the bonds are issued.

Accrued Interest	5,360	
Amortization of Loss on Refunding	(5,610)	
Amortization of Premium on Bonds	13,057	
Amortization of Accounting Gain	(7,458)	
Total		5,349

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statements of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 3,191,955

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(507,646)	
Pension Obligations	43,286	
Total		(464,360)

Change in Net Assets of Governmental Activities (\$2,436,539)

See accompanying notes to the basic financial statements

Willoughby-Eastlake CSD
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Property Taxes	\$43,988,319	\$44,303,783	\$44,734,352	\$430,569
Intergovernmental	21,204,089	21,351,660	21,553,078	201,418
Interest	136,089	137,065	138,397	1,332
Tuition and Fees	413,016	415,978	420,021	4,043
Charges for Services	375,715	377,971	381,051	3,080
Contributions and Donations	290	292	295	3
Rentals	243,671	245,418	247,803	2,385
Miscellaneous	108,871	109,153	109,538	385
<i>Total Revenues</i>	<u>66,470,060</u>	<u>66,941,320</u>	<u>67,584,535</u>	<u>643,215</u>
Expenditures				
Current:				
Instruction:				
Regular	33,003,160	33,805,107	33,644,378	160,729
Special	7,130,812	7,306,445	7,270,743	35,702
Vocational	4,692,616	4,423,067	4,421,961	1,106
Support Services:				
Pupil	3,976,984	3,957,139	3,911,562	45,577
Instructional Staff	2,332,484	2,359,426	2,352,028	7,398
Board of Education	344,002	341,384	281,074	60,310
Administration	4,344,915	4,437,410	4,416,954	20,456
Fiscal	1,468,495	1,565,826	1,618,897	(53,071)
Business	382,401	392,510	392,544	(34)
Operation and Maintenance of Plant	6,750,157	6,408,754	6,268,267	140,487
Pupil Transportation	5,013,009	4,934,039	4,956,377	(22,338)
Central	972,838	957,845	883,231	74,614
Operation of Non-Instructional Services	12,163	13,543	13,470	73
Extracurricular Activities	165,091	159,248	158,890	358
Capital Outlay	30,359	33,805	33,623	182
<i>Total Expenditures</i>	<u>70,619,486</u>	<u>71,095,548</u>	<u>70,623,999</u>	<u>471,549</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,149,426)</u>	<u>(4,154,228)</u>	<u>(3,039,464)</u>	<u>1,114,764</u>
Other Financing Sources (Uses)				
Advances In	260,100	260,100	260,100	0
Advances Out	(50,000)	(250,000)	(379,000)	(129,000)
Transfers Out	(1,499,750)	(1,196,508)	(911,537)	284,971
<i>Total Other Financing Sources (Uses)</i>	<u>(1,289,650)</u>	<u>(1,186,408)</u>	<u>(1,030,437)</u>	<u>155,971</u>
<i>Net Change in Fund Balance</i>	<u>(5,439,076)</u>	<u>(5,340,636)</u>	<u>(4,069,901)</u>	<u>1,270,735</u>
<i>Fund Balance Beginning of Year</i>	4,956,962	4,956,962	4,956,962	0
Prior Year Encumbrances Appropriated	1,265,536	1,265,536	1,265,536	0
<i>Fund Balance End of Year</i>	<u>\$783,422</u>	<u>\$881,862</u>	<u>\$2,152,597</u>	<u>\$1,270,735</u>

See accompanying notes to the basic financial statements

Willoughby-Eastlake City School District

Statement of Fund Net Assets

Proprietary Funds

June 30, 2004

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	<u>Funds</u>	<u>Fund</u>
Assets		
<i>Current Assets</i>		
Equity in Pooled Cash and Cash Equivalents	\$328,532	\$4,511,828
Accounts Receivable	1,008	306
Prepaid Items	0	6,269
Inventory Held for Resale	23,869	0
Materials and Supplies Inventory	1,983	0
	<u>355,392</u>	<u>4,518,403</u>
<i>Total Current Assets</i>		
<i>Noncurrent Assets:</i>		
Depreciable Capital Assets, Net	84,263	0
	<u>84,263</u>	<u>0</u>
<i>Total Assets</i>	<u>439,655</u>	<u>4,518,403</u>
Liabilities		
<i>Current Liabilities</i>		
Accounts Payable	3,187	0
Accrued Wages	69,105	0
Interfund Payable	204,000	0
Intergovernmental Payable	89,417	0
Compensated Absences Payable	29,394	0
Claims Payable	0	875,751
	<u>395,103</u>	<u>875,751</u>
<i>Total Current Liabilities</i>	<u>395,103</u>	<u>875,751</u>
<i>Long-Term Liabilities:</i>		
Compensated Absences Payable	138,278	0
	<u>138,278</u>	<u>0</u>
<i>Total Liabilities</i>	<u>533,381</u>	<u>875,751</u>
Net Assets		
Invested in Capital Assets	84,263	0
Unrestricted (Deficit)	(177,989)	3,642,652
	<u>(177,989)</u>	<u>3,642,652</u>
<i>Total Net Assets (Deficit)</i>	<u>(\$93,726)</u>	<u>\$3,642,652</u>

See accompanying notes to the basic financial statements

Willoughby-Eastlake City School District

*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2004*

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Operating Revenues		
Tuition	\$494,785	\$0
Sales	1,834,955	0
Charges for Services	90,915	9,849,413
Miscellaneous	343	0
	<u> </u>	<u> </u>
<i>Total Operating Revenues</i>	2,420,998	9,849,413
	<u> </u>	<u> </u>
Operating Expenses		
Salaries	1,373,360	0
Fringe Benefits	382,732	0
Purchased Services	69,709	1,547,589
Materials and Supplies	662,930	0
Cost of Sales	650,454	0
Depreciation	8,133	0
Claims	0	5,109,869
	<u> </u>	<u> </u>
<i>Total Operating Expenses</i>	3,147,318	6,657,458
	<u> </u>	<u> </u>
<i>Operating Income (Loss)</i>	(726,320)	3,191,955
	<u> </u>	<u> </u>
Non-Operating Revenues		
Donated Commodities	87,090	0
Operating Grants	583,546	0
	<u> </u>	<u> </u>
<i>Total Non-Operating Revenues</i>	670,636	0
	<u> </u>	<u> </u>
<i>Income (Loss) Before Contributions and Transfers</i>	(55,684)	3,191,955
	<u> </u>	<u> </u>
Transfers Out	(101,700)	0
Capital Contributions	35,373	0
	<u> </u>	<u> </u>
<i>Change in Net Assets</i>	(122,011)	3,191,955
	<u> </u>	<u> </u>
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	28,285	450,697
	<u> </u>	<u> </u>
<i>Net Assets (Deficit) End of Year</i>	(\$93,726)	\$3,642,652
	<u> </u>	<u> </u>

See accompanying notes to the basic financial statements

Willoughby-Eastlake City School District

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	\$1,927,417	\$0
Cash Received from Tuition Payments	494,785	0
Cash Received from Interfund Services	0	10,004,182
Cash Received from Other Operating Sources	343	0
Cash Payments to Suppliers for Goods and Services	(1,288,483)	(1,553,858)
Cash Payments to Employees for Services	(1,358,052)	0
Cash Payments for Employee Benefits	(380,334)	0
Cash Payments for Claims	0	(5,384,518)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(604,324)</u>	<u>3,065,806</u>
Cash Flows from Noncapital Financing Activities		
Operating Grants Received	583,546	0
Transfers Out	(101,700)	0
Advances In	204,000	0
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>685,846</u>	<u>0</u>
<i>Net Increase in Cash and Cash Equivalents</i>	81,522	3,065,806
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>247,010</u>	<u>1,446,022</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$328,532</u></u>	<u><u>\$4,511,828</u></u>

(continued)

Willoughby-Eastlake City School District

Statement of Cash Flows

Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
<i>Operating Income (Loss)</i>	(\$726,320)	\$3,191,955
<i>Adjustments:</i>		
Donated Commodities Received During Year	87,090	0
Depreciation	8,133	0
<i>(Increase) Decreases in Assets:</i>		
Accounts Receivable	1,547	1,532
Prepaid Items	0	146,968
Inventory Held for Resale	4,918	0
Materials and Supplies Inventory	(473)	0
<i>Increase (Decrease) in Liabilities:</i>		
Accounts Payable	3,075	0
Accrued Wages and Benefits	15,308	0
Compensated Absences Payable	25,282	0
Intergovernmental Payable	(22,884)	0
Claims Payable	0	(274,649)
<i>Total Adjustments</i>	121,996	(126,149)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$604,324)	\$3,065,806

Noncash Capital Financing Activities

Federal donated commodities in the amount of \$87,090 were recorded as revenue in the food service enterprise fund.

The food service fund received donated capital assets from other funds in the amount of \$35,373

See accompanying notes to the basic financial statements

Willoughby-Eastlake City School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2004

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$194,702</u>
Liabilities	
Due to Students	<u>\$194,702</u>

See accompanying notes to the basic financial statements

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 1 - Description of the School District and Reporting Entity

Willoughby-Eastlake City 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 and provides educational services as mandated by State or federal agencies. The Board controls the School District's thirteen instructional facilities, staffed by 472 classified personnel, 585 certified full-time teaching personnel and 28 administrative employees to provide services to students and other community members.

The School District includes the cities of Willoughby, Eastlake, Willoughby Hills, Willowick and the villages of Lakeline, Timberlake, and Waite Hill, Lake County, Ohio. The enrollment for the School District during the 2004 fiscal year was 8,869. The School District operates seven elementary schools (K-5), three middle schools (6-8) and three high schools (9-12).

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements are not misleading. The primary government of the School District consists of all funds, agencies, departments and offices that are not legally separate from the School District. For Willoughby-Eastlake City School District, the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

Non-Public Schools - Within the School District boundaries, there are various non-public schools. Current State legislation provides funding to these parochial schools. These monies are received and disbursed by the School District on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. These transactions are reported as a governmental activity on the financial statements of the School District.

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

The School District participates in three jointly governed organizations and a related organization. These organizations are the East Shore Regional Transportation System, the East Shore Center, the Ohio Schools Council, the Willoughby-Eastlake Public Library. These organizations are discussed in Notes 16 and 17 to the basic financial statements.

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Willoughby-Eastlake City 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 body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless those pronouncements conflict or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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

Proprietary Funds Proprietary funds focus on the determination of operating income, changes in net assets, financial position and cash flows and are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds are used to account for food service operations, uniform school supplies, special services, community education and latchkey/preschool operations.

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 utilizes an internal service fund to account for the operation of the School District's self insurance program for employee medical, surgical, prescription drug, and dental benefits.

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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

D. Basis of Accounting

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

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

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

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

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

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

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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

E. Budgetary Data

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

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

F. Cash and Investments

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

During fiscal year 2004, investments were limited to STAROhio, repurchase agreements, Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds and Federal Home Loan Mortgage Corporation Bonds. Investments are reported at fair value which is based on quoted market prices except for nonparticipating investment contracts which are reported at cost.

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

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the fiscal year 2004 amounted to \$68,520 which includes \$47,623 assigned from other School District funds.

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets represent amounts required by State statute to be set aside for textbooks. See Note 19 for additional information regarding set-asides.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

I. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

Inventories consist of donated foods, purchased foods, and school supplies held for resale and material and supplies for consumption.

J. Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District increased the capitalization threshold to \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

During fiscal year 2004, it was determined that the estimated lives of the capital assets at the implementation of the GASB 34 reporting model were not sufficient to properly report the assets. Therefore, these changes are reflected in the table below, in the restatement Note 3 and in capital asset Note 9.

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

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	20-99 years	50 years
Furniture and Equipment	10-15 years	5-10 years
Vehicles	15 years	N/A

K. Interfund Balances

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

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

M. Bond Issuance Costs

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the applicable bonds using the effective interest method. Within the governmental fund statements, bond issuance costs are expended when incurred.

N. Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized of the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are reported as an other financing source when received.

O. Gain/Loss on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the deferred amount on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter.

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

P. Accrued Liabilities and Long-Term Obligations

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

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

Q. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include the operation of the special trust fund, public school support, job training partnership act and the retired senior volunteer program.

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

R. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for textbooks represents money required to be set aside by statute for the purchase of textbook and instructional materials.

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service and uniform school supplies and charges for services for special services, community education, latchkey/preschool and self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

T. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

U. Interfund Activity

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

V. 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.

W. 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.

Note 3 – Restatement of Prior Year Fund Balance/Net Assets

At June 30, 2003, governmental fund balances and net assets for governmental and business-type activities were restated due to an adjustment to accrued wages and the correction to the estimated useful life of capital assets. Governmental fund balance increased by \$267 due to accrued wages adjustment from \$8,789,001 to \$8,789,268 as of June 30, 2003. These adjustments had the following effects on fund balance/net assets.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Special Services</u>	<u>Community Education</u>	<u>Latchkey/ Preschool</u>	<u>Total</u>
Net Assets at June 30, 2003	(\$64,893)	\$30,682	\$13,279	\$20,633	\$18,113	\$17,814
Adjustment for Capital Assets	4,101	0	2,217	2,469	1,684	10,471
Restated Net Assets at June 30, 2003	<u>(\$60,792)</u>	<u>\$30,682</u>	<u>\$15,496</u>	<u>\$23,102</u>	<u>\$19,797</u>	<u>\$28,285</u>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Assets at June 30, 2003	\$7,845,681	\$17,814
Adjustment for Capital Assets	9,866,681	10,471
Restated Net Assets at June 30, 2003	<u>\$17,712,362</u>	<u>\$28,285</u>

The adjustments to accrued wages increased the change in governmental fund balances for the year ended June 30, 2003 from (\$1,970,441) to (\$1,970,173). The change in net assets increased from (\$2,074,960) to (\$2,074,693).

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 4 - Compliance and Accountability

A. Legal Compliance

Contrary to Section 5705.41(B)(D), Ohio Revised Code, the general fund had expenditures plus encumbrances in excess of appropriations in the following account:

Fund	Appropriations	Expenditures Plus Encumbrances	Excess
As of December 31, 2004			
Special Revenue Funds			
Career Development	\$195	\$10,233	\$10,038
Student Intervention Services	0	17,342	17,342
Capital Projects Fund			
Network Connectivity	0	42,000	42,000
Enterprise Fund			
Uniform School Supplies	296,437	391,281	94,844
Internal Service Fund			
Staff Services	6,500,005	7,169,368	669,363
 As of June 30, 2004			
Special Revenue Fund			
Class Size Reduction	282,186	283,249	1,063

Although the June 30, 2004 budgetary violation was not corrected by fiscal year end, management has indicated that they will closely monitor appropriations to ensure no future violations.

Contrary to Section 5705.39, Ohio Revised Code, the class size reduction special revenue fund had original appropriations in excess of certified available resources of \$1,327. This violation was corrected by fiscal year end.

B. Fund Deficits

The following funds had a deficit fund balance/net assets as of June 30, 2004:

Special Revenue Funds	
Athletics and Music	\$4,159
Student Intervention	2,211
Title III	5,503
Title I	19,195
Preschool Grant	2,472
Enterprise Fund	
Food Service	116,575
Uniform School Supplies	54,898

The deficit in the special revenue funds resulted from the recognition of accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than when accruals occur.

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

The enterprise fund net assets deficits resulted from the application of generally accepted accounting principles. The School District will review the operations to determine if steps need to be taken to ensure that the funds are self-sustaining.

Note 5 - 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 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 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 as follows:

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

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

Net Change in Fund Balance	
GAAP Basis	(\$5,708,469)
Net Adjustment for Revenue Accruals	744,880
Beginning Fair Value Adjustment for Investment	44,693
Ending Fair Value Adjustment for Investment	(25,184)
Advance In	260,100
Net Adjustment for Expenditure Accruals	2,066,097
Advance Out	(379,000)
Adjustment for Encumbrances	(1,073,018)
Budget Basis	<u>(\$4,069,901)</u>

Note 6 - Deposits and Investments

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

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

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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 pass book accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, Notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in 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 for a period not to exceed one hundred and eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand At fiscal year-end, the School District had \$4,765 in undeposited cash which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$2,032,239 and the bank balance was \$2,383,857. Of the bank balance:

1. \$200,000 of the bank balance was covered by depository insurance; and
2. \$2,183,857 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments Investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAROhio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying and Fair Value
Federal Home Loan Bank Bonds	\$1,492,197	\$1,492,197
Federal National Mortgage Association Bonds	2,991,313	2,991,313
Federal Home Mortgage Corporation Bonds	1,491,304	1,491,304
STAROhio		3,387,425
Total	<u>\$5,974,814</u>	<u>\$9,362,239</u>

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

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$11,399,243	\$0
Cash on Hand	(4,765)	0
Investments which are part of the cash management pool:		
Federal Home Loan Bank Bonds	(1,492,197)	1,492,197
Federal National Mortgage Association Bonds	(2,991,313)	2,991,313
Federal Home Loan Mortgage Corporation Bonds	(1,491,304)	1,491,304
STAROhio	(3,387,425)	3,387,425
GASB Statement No. 3	<u>\$2,032,239</u>	<u>\$9,362,239</u>

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

The School District receives property taxes from Lake County. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2004 was \$5,995,500 in the general fund, \$45,586 in the bond retirement debt service fund, and \$147,524 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2003, was \$6,709,889 in the general fund, \$53,490 in the bond retirement debt service fund, and \$195,539 in the permanent improvement capital projects fund.

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

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

	2003 Second Half Collections		2004 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,250,154,890	81.56 %	\$1,495,749,310	81.01 %
Public Utility Personal	100,788,470	6.58	100,666,340	5.45
Tangible Personal Property	181,767,793	11.86	249,900,197	13.54
Total	<u>\$1,532,711,153</u>	<u>100.00 %</u>	<u>\$1,846,315,847</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$45.59		\$47.39	

Note 8 - Receivables

Receivables at June 30, 2004, consisted of taxes, accounts (rent and tuition), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

<u>Governmental Activities</u>	<u>Amounts</u>
Excess Costs	\$5,098
Tuition and Fees	35,399
City of Willoughby	75,000
Preschool at Risk Grant and Subsidies	3,133
Student Intervention Grant and Subsidies	5,778
Adult Basic Education Grant and Subsidies	9,361
Job Training Partnership Act Grant and Subsidies	13,075
Title VI-B Grant and Subsidies	206,037
Vocational Education Grant and Subsidies	3,190
Title III Grant and Subsidies	26,265
Retired Senior Volunteer Program Grant and Subsidies	28,000
Title I Grant and Subsidies	143,563
Title V Grant and Subsidies	8,434
Drug Free Schools Grant and Subsidies	10,605
Class Size Reduction and Subsidies	51,268
Continuous Improvement Grant and Subsidies	<u>10,967</u>
Total Intergovernmental Receivables	<u><u>\$635,173</u></u>

In March 2000, the School District sold Lincoln Elementary School to the City of Willoughby for \$275,000 payable in four installments of \$50,000 and a final payment for \$75,000 beginning on or before March 2001 and ending March 31, 2006. As of June 30, 2004, the intergovernmental receivable in the amount of \$75,000 has been reported in the general fund.

Note 9 – Capital Assets

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

	Restated Balance <u>6/30/2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/2004</u>
Business-Type Activities				
Furniture and Equipment	\$84,172	\$35,373	\$0	\$119,545
Less Accumulated Depreciation	<u>(27,149)</u>	<u>(8,133)</u>	<u>0</u>	<u>(35,282)</u>
Business-Type Activities				
Capital Assets, Net	<u><u>\$57,023</u></u>	<u><u>\$27,240</u></u>	<u><u>\$0</u></u>	<u><u>\$84,263</u></u>

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

	<u>Restated Balance 6/30/2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2004</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$560,374	\$0	\$0	\$560,374
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	27,001,362	0	0	27,001,362
Furniture and Equipment	4,137,554	319,597	0	4,457,151
Vehicles	3,803,277	255,375	(133,696)	3,924,956
<i>Total Capital Assets, being depreciated</i>	<u>34,942,193</u>	<u>574,972</u>	<u>(133,696)</u>	<u>35,383,469</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(11,427,825)	(520,802)	0	(11,948,627)
Furniture and Equipment	(2,459,814)	(351,954)	0	(2,811,768)
Vehicles	(1,878,611)	(216,866)	127,194	(1,968,283)
Total Accumulated Depreciation	<u>(15,766,250)</u>	<u>(1,089,622) *</u>	<u>127,194</u>	<u>(16,728,678)</u>
Total Capital Assets being depreciated, Net	<u>19,175,943</u>	<u>(514,650)</u>	<u>(6,502)</u>	<u>18,654,791</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$19,736,317</u>	<u>(\$514,650)</u>	<u>(\$6,502)</u>	<u>\$19,215,165</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$534,315
Special	12,998
Vocational	4,903
Adult	474
Support Services:	
Pupils	2,472
Instructional Staff	2,028
Administration	79,567
Fiscal	511
Operation and Maintenance of Plant	38,806
Pupil Transportation	382,423
Central	14,522
Operation of Non-Instructional Services	6,581
Extracurricular Activities	10,022
<i>Total Depreciation Expense</i>	<u>\$1,089,622</u>

Depreciation expense was charged to the following business-type activities: food service \$6,691, special services \$570, community education \$662 and latchley/preschool \$210.

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 10 - Interfund Transactions

Each month the School District transfers money from the general fund to the athletic and music fund to cover the cost of salaries and benefits for coaches, cost of officials for games and transportation of athletes. Each elementary school that has a latchkey/preschool program transfers money back to that school's public school support fund. The Eisenhower grant fund transferred money to the class size reduction fund to move unrestricted balances to support operations.

Transfers made during the year ended June 30, 2004 were as follows:

Transfer To	Transfer From			<i>Business-Type</i>	
	<i>Governmental Activities</i>			<i>Activities</i>	
	<u>General</u>	<u>Eisenhower Grant</u>	<u>Total</u>	<u>Latchkey/Preschool</u>	<u>Total</u>
<i>Governmental Activities</i>					
Public School Support	\$0	\$0	\$0	\$101,700	\$101,700
Athletics and Music	911,537	0	911,537	0	911,537
Class Size Reduction	0	24,943	24,943	0	24,943
Total Governmental Activities	<u>\$911,537</u>	<u>\$24,943</u>	<u>\$936,480</u>	<u>\$101,700</u>	<u>\$1,038,180</u>

At the end of the fiscal year, the School District advanced money from the general fund to other funds to provide additional resources for current operations. Interfund balances at June 30, 2004, consist of the following individual fund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable General Fund</u>
Governmental Activities	
Nonmajor Funds	
Student Intervention	\$30,000
Career Education	5,000
Title VI-B	100,000
Title III	20,000
Title VI	5,000
Preschool Grant	5,000
Continuous Improvement Grant	10,000
Total Governmental Activities	<u>175,000</u>
Business-Type Activities	
Food Service	20,000
Uniform School Supplies	184,000
Total Business-Type Activities	<u>204,000</u>
Grand Total	<u>\$379,000</u>

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 11 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the School District contracted with the Ohio Schools Council property and fleet insurance purchasing group. On behalf of member school districts, the Ohio Schools Council prepares specifications and solicits quotations from insurance companies. The School District fleet was insured with Indiana Insurance Company with a \$1,000,000 liability limit per loss. Indiana Insurance Company carried the property insurance (which includes inland marine, earthquake, and crime), and covered the boilers and machinery.

The School District contracted with Indiana Insurance Company for liability coverage with limits of liability of \$1,000,000 per claim and \$2,000,000 aggregate to insure the School District, the board, all board members, all administrators, certified and classified employees, and volunteers. Additionally, the School District purchased an umbrella policy for an additional \$6,000,000 coverage.

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

B. Workers Compensation

The School District pays a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The firm of Sheakley UniServices, Inc. provides administrative cost control and actuarial services to the School District

C. Employee Medical Benefits

The School District provides medical, surgical, prescription drug and dental benefits to its employees on a self-insured basis. Third parties Medical Mutual and Anthem review all claims which are then paid by the School District. A premium is paid by the fund that pays the salary for the employee and is based on historical cost information. The School District maintains stop-loss coverage for its insurance program. Aggregate stop-loss is to be maintained at \$5,542,199.

The claims liability of \$875,571 reported in the internal service fund at June 30, 2004, is estimated by the third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount for the last two fiscal years follow:

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Current Year</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2003	\$703,000	\$5,342,430	\$4,895,030	\$1,150,400
2004	1,150,400	5,109,869	5,384,518	875,751

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$959,959, \$835,348, and \$525,186 respectively; 52.01 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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

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

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$4,984,192, \$4,892,401, and \$3,393,307, respectively; 76.09 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$34,152 made by the School District and \$72,477 made by the plan members.

Note 13 - Postemployment Benefits

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

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$383,399 for fiscal year 2004.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. At June 30, 2003, (the latest information available) the balance in the Fund was \$2.8 billion. For the year ended June 30, 2003, net health care costs paid by STRS Ohio were \$352,301,000 and STRS Ohio had 108,294 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll, a decrease of .92 percent from fiscal year 2003. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay was established at \$25,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$733,525.

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 14 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, an employee is paid for 30 percent of accumulated sick days up to a maximum of 260 accumulated sick days.

B. Life Insurance Benefits

The School District provides term life insurance in the amount of \$50,000 to employees (excluding substitutes) who regularly work a minimum of 20 hours per week. Employees are also given the option to purchase additional term life insurance through a payroll deduction.

Note 15 - Long-Term Obligations

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

	Principal Outstanding 6/30/2003	Additions	Deductions	Principal Outstanding 6/30/2004	Amounts Due in One Year
Governmental Activities					
1992 \$4,000,000 6.30%					
Library Improvement Bonds	\$2,410,000	\$0	(\$2,410,000)	\$0	\$0
2003 \$2,205,000 6.00%					
Library Improvement Refunding Bonds	0	2,205,000	0	2,205,000	245,000
Unamortized Premium	0	113,982	(13,057)	100,925	0
Unamortized Accounting Gain	0	(65,045)	7,458	(57,587)	0
Compensated Absences	8,677,666	1,106,027	(598,381)	9,185,312	851,974
Total Governmental Activities					
Long-Term Liabilities	<u>\$11,087,666</u>	<u>\$3,359,964</u>	<u>(\$3,013,980)</u>	<u>\$11,433,650</u>	<u>\$1,096,974</u>
Business-Type Activities					
Compensated Absences	<u>\$142,390</u>	<u>\$37,855</u>	<u>(\$12,573)</u>	<u>\$167,672</u>	<u>\$29,394</u>

On August 1, 2003, the School District issued \$2,205,000 in library improvement refunding bonds with interest rates varying from 2.50 percent to 6.00 percent. Proceeds were used to refund \$2,205,000 of the outstanding 1991 Library Improvement Bonds. An analysis of the information follows:

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

	1992 Library
	<u>Improvement Bonds</u>
Outstanding at June 30, 2003	\$2,410,000
Amount Refunded	<u>(2,205,000)</u>
Non-Refunded Portion	205,000
Principal Payment on Non-Refunded Portion	<u>(205,000)</u>
Outstanding at June 30, 2004	<u><u>\$0</u></u>

The bonds were issued at a premium of \$113,982. Proceeds of \$2,270,045 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment on the refunded portion of the 1991 Library Improvement bonds. As a result, \$2,205,000 of these bonds is considered defeased.

The refunding resulted in a difference between the reacquisition price and net carrying amount of the old debt of \$65,045. This difference, being reported as a reduction in bonds payable, is being charged to operations through year 2012 using the straight-line method. The School District completed the refunding to reduce its total debt service payments over the next 8 years by \$175,090 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$141,441.

Compensated absences will be paid from the general fund, career development, adult LPN, title VI-B, retired senior volunteer program, and title I governmental activities funds and food service and latchkey/preschool enterprise funds.

The School District's overall debt margin was \$164,350,358 with an unvoted debt margin of \$1,846,316 at June 30, 2004. Principal and interest requirement to retire the bond outstanding at June 30, 2004, are as follows:

Fiscal Year Ending	Principal	Interest	Total
<u>June 30,</u>			
2005	\$245,000	\$87,988	\$332,988
2006	250,000	81,800	331,800
2007	255,000	75,168	330,168
2008	265,000	67,356	332,356
2009	275,000	58,238	333,238
2010-2012	915,000	83,249	998,249
Total	<u>\$2,205,000</u>	<u>\$453,799</u>	<u>\$2,658,799</u>

Note 16 - Jointly Governed Organizations

A. East Shore Regional Transportation System

The East Shore Regional Transportation System (ESRTS) is a jointly governed organization that was formed for the purpose of providing a transportation system 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 on the governing board. ESRTS is not accumulating significant financial resources or experiencing fiscal distress which would cause additional financial benefit or burden on the School District. In fiscal year 2004, the

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

School District paid \$44,729 to ESRTS. Financial information can be obtained by writing the fiscal agent, Kirtland Board of Education, 9152 Chillicothe Road, Kirtland, Ohio 44094.

B. 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 on the governing board. East Shore Center is not accumulating significant resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. In fiscal year 2004, the School District paid \$365,900 to the East Shore 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.

C. Ohio Schools Council

The Ohio Schools Council Association (Council) is a jointly governed organization among 91 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 2004, the School District paid \$5,901 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 Rd., 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.

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

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

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

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 17 - Related Organization

The Willoughby-Eastlake Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Willoughby-Eastlake City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Willoughby-Eastlake Public Library, Ms. Suzan Bocciarelli, Clerk/Treasurer, at 263 East 305 Street, Willowick, Ohio 44095.

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require 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 disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

B. Litigation

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

Note 19 - Set-Asides

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

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

Willoughby-Eastlake City School District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

	Textbooks Instructional Materials Reserve	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2003	\$1,051,386	\$0
Current Year Set-aside Requirement	1,244,756	1,244,756
Qualifying Disbursements	(273,232)	(1,330,390)
Totals	<u>\$2,022,910</u>	<u>(\$85,634)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$2,022,910</u>	<u>\$0</u>
Set-aside Balance as of June 30, 2004	<u>\$2,022,910</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital improvement set-aside this amount may not be used to reduce the set-aside requirements of future fiscal years. This negative balance is therefore not presented as being carried forward to future years.

Note 20 – State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State’s school funding plan. The decision reaffirmed earlier decisions that Ohio’s current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed “...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...”

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

Note 21 – Subsequent Event

The voters passed a 2.49 mill, five-year operating levy on November 2, 2004.

**Combining and Individual Fund
Statements and Schedules**

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

Special Trust Fund - The fund accounts for monies used for purposes that are beneficial to the overall operation of the School District.

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

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

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

Career Development Fund - This fund accounts for State monies received for vocational education career development projects.

Adult Licensed Practical Nurse (LPN) Fund - This fund accounts for State and federal monies used for the two year Licensed Practical Nurse training program.

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

Preschool At Risk Fund - This fund accounts for State monies used to provide preschool education for students of low income families.

School Net Professional Development Fund - This fund accounts for State monies received for computer training for teachers in the School District.

Ohio Reads Grant Fund - This fund accounts for monies to improve reading outcomes on the reading proficiency test and for volunteer coordinators in public school buildings.

Student Intervention – This fund accounts for monies received for student intervention programs and supplies.

Career Education – This fund accounts for State monies received for vocational education career education projects.

Conflict Management Grant Fund - This fund accounts for State monies provided to educate students on proper social behavior.

(continued)

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds (continued)

School Security Fund - This fund accounts for State monies used for the installation of a hotline for students.

Adult Basic Education Fund - This fund accounts for federal monies used to provide financial support to programs in reading, writing and math competency for adults that do not have a high school diploma.

Job Training Partnership Act Fund - This fund accounts for monies used for planning and conducting programs that provide for training and upgrading of unemployed persons.

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

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

Vocational Education Fund - This fund accounts for monies used for the development of vocational education programs in the following categories: secondary, post-secondary, adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, ancillary services, research, advisory committees, and work study projects.

Title III Fund - This fund accounts for federal monies used for costs associated with English proficiency.

Retired Senior Volunteer Program Fund - This fund accounts for State monies used for the retired senior volunteer program.

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

Title V Fund - This fund accounts for federal revenues 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 Grant Fund - This fund accounts for federal monies which support the implementation of programs for drug abuse education and prevention.

Preschool Grant Fund - This fund accounts for federal monies used for speech therapy services and instructional supplies used in preschool programs.

Class Size Reduction Fund – This fund accounts for federal monies received to encourage and help fund smaller classroom size and additional staffing needs.

Continuous Improvement Grant Fund - This fund accounts for federal monies used to provide library services and technology activities within the School District.

(continued)

Combining Statements – Nonmajor Governmental Funds

Nonmajor Debt Service Fund

The Bond Retirement Debt Service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Nonmajor Capital Projects Funds

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

Permanent Improvement Fund - This fund accounts for monies to be used for various improvements to the buildings within the School District.

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

Network Connectivity Fund – This fund accounts for State monies to be used for the installation and ongoing support of the data communication links connecting the School District’s buildings to the Statewide Network and to the ONenet provided internet service provider.

Willoughby-Eastlake City School District

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Bond Retirement Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,493,640	\$341,346	\$1,328,764	\$3,163,750
Intergovernmental Receivable	519,676	0	0	519,676
Taxes Receivable	0	400,415	1,376,766	1,777,181
<i>Total Assets</i>	<u>\$2,013,316</u>	<u>\$741,761</u>	<u>\$2,705,530</u>	<u>\$5,460,607</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$84,841	\$0	\$114,687	\$199,528
Accrued Wages and Benefits	403,863	0	0	403,863
Interfund Payable	175,000	0	0	175,000
Intergovernmental Payable	20,855	0	0	20,855
Deferred Revenue	238,835	354,829	1,229,241	1,822,905
<i>Total Liabilities</i>	<u>923,394</u>	<u>354,829</u>	<u>1,343,928</u>	<u>2,622,151</u>
Fund Balances				
Reserved for Encumbrances	137,455	0	54,293	191,748
Reserved for Property Taxes	0	45,586	147,524	193,110
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	952,467	0	0	952,467
Debt Service Funds	0	341,346	0	341,346
Capital Projects Funds	0	0	1,159,785	1,159,785
<i>Total Fund Balances</i>	<u>1,089,922</u>	<u>386,932</u>	<u>1,361,602</u>	<u>2,838,456</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,013,316</u>	<u>\$741,761</u>	<u>\$2,705,530</u>	<u>\$5,460,607</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Bond Retirement Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$77,735	\$307,421	\$1,151,183	\$1,536,339
Intergovernmental	4,361,391	98,609	335,797	4,795,797
Interest	2,623	3,288	0	5,911
Tuition and Fees	444,861	0	0	444,861
Extracurricular Activities	567,931	0	0	567,931
Contributions and Donations	306,528	0	0	306,528
Miscellaneous	86,889	0	104,500	191,389
<i>Total Revenues</i>	<u>5,847,958</u>	<u>409,318</u>	<u>1,591,480</u>	<u>7,848,756</u>
Expenditures				
Current:				
Instruction:				
Regular	660,645	0	0	660,645
Special	1,102,490	0	0	1,102,490
Vocational	36,000	0	0	36,000
Adult/Continuing	299,957	0	0	299,957
Support Services:				
Pupil	981,447	0	0	981,447
Instructional Staff	522,025	0	0	522,025
Board of Education	0	412	0	412
Administration	158,858	0	0	158,858
Fiscal	0	4,737	0	4,737
Operation and Maintenance of Plant	37,751	0	0	37,751
Pupil Transportation	88,937	0	0	88,937
Central	27,710	0	0	27,710
Operation of Non-Instructional Services	964,961	0	0	964,961
Extracurricular Activities	1,651,646	0	0	1,651,646
Capital Outlay	0	0	1,906,572	1,906,572
Debt Service:				
Principal Retirement	0	205,000	0	205,000
Interest and Fiscal Charges	0	82,230	0	82,230
Bond Issuance Cost	0	48,937	0	48,937
<i>Total Expenditures</i>	<u>6,532,427</u>	<u>341,316</u>	<u>1,906,572</u>	<u>8,780,315</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(684,469)</u>	<u>68,002</u>	<u>(315,092)</u>	<u>(931,559)</u>
Other Financing Sources (Uses)				
Bonds Issued	0	2,205,000	0	2,205,000
Payment to Refunded Bond Escrow Agent	0	(2,270,045)	0	(2,270,045)
Premium on Bonds	0	113,982	0	113,982
Transfers In	1,038,180	0	0	1,038,180
Transfers Out	(24,943)	0	0	(24,943)
<i>Total Other Financing Sources (Uses)</i>	<u>1,013,237</u>	<u>48,937</u>	<u>0</u>	<u>1,062,174</u>
<i>Net Change in Fund Balances</i>	328,768	116,939	(315,092)	130,615
<i>Fund Balances Beginning of Year</i>	<u>761,154</u>	<u>269,993</u>	<u>1,676,694</u>	<u>2,707,841</u>
<i>Fund Balances End of Year</i>	<u>\$1,089,922</u>	<u>\$386,932</u>	<u>\$1,361,602</u>	<u>\$2,838,456</u>

Willoughby-Eastlake City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Special Trust	Public School Support	Athletics and Music	Auxiliary Services	Adult LPN
Assets					
Equity in Pooled Cash and Cash Equivalents	\$134,418	\$214,043	\$61,709	\$116,356	\$364,010
Intergovernmental Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$134,418</u>	<u>\$214,043</u>	<u>\$61,709</u>	<u>\$116,356</u>	<u>\$364,010</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$8,014	\$28,758	\$6,044	\$13,601	\$632
Accrued Wages and Benefits	0	0	55,196	4,837	48,432
Interfund Payable	0	0	0	0	0
Intergovernmental Payable	0	0	4,628	183	1,915
Deferred Revenue	0	0	0	0	0
<i>Total Liabilities</i>	<u>8,014</u>	<u>28,758</u>	<u>65,868</u>	<u>18,621</u>	<u>50,979</u>
Fund Balances					
Reserved for Encumbrances	954	32,585	11,288	24,444	52
Unreserved, Undesignated (Deficit)	125,450	152,700	(15,447)	73,291	312,979
<i>Total Fund Balances (Deficit)</i>	<u>126,404</u>	<u>185,285</u>	<u>(4,159)</u>	<u>97,735</u>	<u>313,031</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$134,418</u>	<u>\$214,043</u>	<u>\$61,709</u>	<u>\$116,356</u>	<u>\$364,010</u>

<u>Educational Management Information Systems</u>	<u>Preschool At Risk</u>	<u>School Net Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Student Intervention</u>	<u>Career Education</u>	<u>School Security</u>
\$13,122	\$4,095	\$4,526	\$6,225	\$46,214	\$7,324	\$3,322
<u>0</u>	<u>3,133</u>	<u>0</u>	<u>0</u>	<u>5,778</u>	<u>0</u>	<u>0</u>
<u>\$13,122</u>	<u>\$7,228</u>	<u>\$4,526</u>	<u>\$6,225</u>	<u>\$51,992</u>	<u>\$7,324</u>	<u>\$3,322</u>
\$0	\$0	\$0	\$831	\$17,307	\$0	\$0
0	6,841	0	333	22	0	0
0	0	0	0	30,000	5,000	0
0	244	0	201	1,096	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,778</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>7,085</u>	<u>0</u>	<u>1,365</u>	<u>54,203</u>	<u>5,000</u>	<u>0</u>
0	0	0	4,729	0	6,704	0
<u>13,122</u>	<u>143</u>	<u>4,526</u>	<u>131</u>	<u>(2,211)</u>	<u>(4,380)</u>	<u>3,322</u>
<u>13,122</u>	<u>143</u>	<u>4,526</u>	<u>4,860</u>	<u>(2,211)</u>	<u>2,324</u>	<u>3,322</u>
<u>\$13,122</u>	<u>\$7,228</u>	<u>\$4,526</u>	<u>\$6,225</u>	<u>\$51,992</u>	<u>\$7,324</u>	<u>\$3,322</u>

(continued)

Willoughby-Eastlake City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2004

	Adult Basic Education	Job Training Partnership Act	Title VI-B	Vocational Education	Title III
Assets					
Equity in Pooled Cash and Cash Equivalents	\$9,660	\$137,163	\$50,337	\$50,050	\$314
Intergovernmental Receivable	9,361	13,075	206,037	3,190	26,265
<i>Total Assets</i>	<u>\$19,021</u>	<u>\$150,238</u>	<u>\$256,374</u>	<u>\$53,240</u>	<u>\$26,579</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$2,842	\$0	\$0
Accrued Wages and Benefits	5,660	1,417	94,768	12,809	11,529
Interfund Payable	0	0	100,000	0	20,000
Intergovernmental Payable	574	53	3,791	655	553
Deferred Revenue	1,989	0	0	0	0
<i>Total Liabilities</i>	<u>8,223</u>	<u>1,470</u>	<u>201,401</u>	<u>13,464</u>	<u>32,082</u>
Fund Balances					
Reserved for Encumbrances	0	0	42,656	0	0
Unreserved, Undesignated (Deficit)	10,798	148,768	12,317	39,776	(5,503)
<i>Total Fund Balances (Deficit)</i>	<u>10,798</u>	<u>148,768</u>	<u>54,973</u>	<u>39,776</u>	<u>(5,503)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$19,021</u>	<u>\$150,238</u>	<u>\$256,374</u>	<u>\$53,240</u>	<u>\$26,579</u>

Retired Senior Volunteer Program	Title I	Title V	Drug Free Schools Grant	Preschool Grant	Class Size Reduction	Continuous Improvement Grant	Total Nonmajor Special Revenue Funds
\$111,755	\$89,293	\$5,391	\$1,619	\$4,237	\$49,042	\$9,415	\$1,493,640
28,000	143,563	8,434	10,605	0	51,268	10,967	519,676
<u>\$139,755</u>	<u>\$232,856</u>	<u>\$13,825</u>	<u>\$12,224</u>	<u>\$4,237</u>	<u>\$100,310</u>	<u>\$20,382</u>	<u>\$2,013,316</u>
\$807	\$1,365	\$2,171	\$0	\$1,661	\$0	\$808	\$84,841
9,461	102,602	4,650	0	0	45,306	0	403,863
0	0	5,000	0	5,000	0	10,000	175,000
501	4,521	179	0	48	1,713	0	20,855
28,000	143,563	576	7,290	0	51,268	371	238,835
<u>38,769</u>	<u>252,051</u>	<u>12,576</u>	<u>7,290</u>	<u>6,709</u>	<u>98,287</u>	<u>11,179</u>	<u>923,394</u>
1,057	2,498	2,787	0	70	0	7,631	137,455
99,929	(21,693)	(1,538)	4,934	(2,542)	2,023	1,572	952,467
<u>100,986</u>	<u>(19,195)</u>	<u>1,249</u>	<u>4,934</u>	<u>(2,472)</u>	<u>2,023</u>	<u>9,203</u>	<u>1,089,922</u>
<u>\$139,755</u>	<u>\$232,856</u>	<u>\$13,825</u>	<u>\$12,224</u>	<u>\$4,237</u>	<u>\$100,310</u>	<u>\$20,382</u>	<u>\$2,013,316</u>

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

	Special Trust	Public School Support	Athletics and Music	Auxiliary Services	Career Development
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	693,907	8,393
Interest	1,088	0	0	1,535	0
Tuition and Fees	0	0	70,105	0	0
Extracurricular Activities	11,160	299,851	255,145	0	0
Contributions and Donations	11,403	139,230	151,216	0	0
Miscellaneous	32,200	14,169	31,254	0	0
<i>Total Revenues</i>	<u>55,851</u>	<u>453,250</u>	<u>507,720</u>	<u>695,442</u>	<u>8,393</u>
Expenditures					
Current:					
Instruction:					
Regular	17,567	89,696	0	0	0
Special	0	0	0	0	0
Vocational	0	0	0	0	0
Adult/Continuing	0	0	0	0	0
Support Services:					
Pupil	10,722	151,949	40,580	0	0
Instructional Staff	23,895	12,777	0	0	0
Administration	0	17,606	0	0	0
Operation and Maintenance of Plant	0	37,001	750	0	0
Pupil Transportation	0	0	15,937	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	10,721	0	0	659,451	0
Extracurricular Activities	1,358	279,086	1,371,202	0	0
<i>Total Expenditures</i>	<u>64,263</u>	<u>588,115</u>	<u>1,428,469</u>	<u>659,451</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(8,412)</u>	<u>(134,865)</u>	<u>(920,749)</u>	<u>35,991</u>	<u>8,393</u>
Other Financing Sources (Uses)					
Transfers In	0	101,700	911,537	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>101,700</u>	<u>911,537</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(8,412)	(33,165)	(9,212)	35,991	8,393
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>134,816</u>	<u>218,450</u>	<u>5,053</u>	<u>61,744</u>	<u>(8,393)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$126,404</u>	<u>\$185,285</u>	<u>(\$4,159)</u>	<u>\$97,735</u>	<u>\$0</u>

Adult LPN	Educational Management Information Systems	Preschool At Risk	School Net Professional Development	Ohio Reads Grant	Student Intervention	Career Education	Conflict Management Grant	School Security
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
244,194	32,420	49,424	6,750	45,500	150,985	34,177	0	9,000
0	0	0	0	0	0	0	0	0
374,756	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
9,266	0	0	0	0	0	0	0	0
628,216	32,420	49,424	6,750	45,500	150,985	34,177	0	9,000
0	0	0	0	68,209	151,063	0	900	0
0	0	23,505	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
242,367	0	0	0	0	0	0	0	0
0	0	6,448	0	0	0	31,853	0	0
0	0	19,148	9,429	4,109	2,133	0	0	0
114,993	0	0	0	279	0	0	0	0
0	0	0	0	0	0	0	0	12,896
0	0	0	0	0	0	0	0	0
0	25,385	0	0	2,325	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
357,360	25,385	49,101	9,429	74,922	153,196	31,853	900	12,896
270,856	7,035	323	(2,679)	(29,422)	(2,211)	2,324	(900)	(3,896)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
270,856	7,035	323	(2,679)	(29,422)	(2,211)	2,324	(900)	(3,896)
42,175	6,087	(180)	7,205	34,282	0	0	900	7,218
\$313,031	\$13,122	\$143	\$4,526	\$4,860	(\$2,211)	\$2,324	\$0	\$3,322

(continued)

Willoughby-Eastlake City School District
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances*
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2004

	Adult Basic Education	Job Training Partnership Act	Eisenhower Math and Science	Title VI-B	Vocational Education	Title III
Revenues						
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	94,403	167,319	0	1,266,775	130,401	79,869
Interest	0	0	0	0	0	0
Tuition and Fees	0	0	0	0	0	0
Extracurricular Activities	0	1,775	0	0	0	0
Contributions and Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
<i>Total Revenues</i>	<u>94,403</u>	<u>169,094</u>	<u>0</u>	<u>1,266,775</u>	<u>130,401</u>	<u>79,869</u>
Expenditures						
Current:						
Instruction:						
Regular	0	0	0	0	0	0
Special	0	0	0	264,913	0	85,372
Vocational	0	34,226	0	0	1,774	0
Adult/Continuing	51,908	5,682	0	0	0	0
Support Services:						
Pupil	0	0	0	621,840	87,381	0
Instructional Staff	38,753	106,444	(11,662)	214,899	7,134	0
Administration	0	0	0	4,000	0	0
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	73,000	0	0
Central	0	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	45,661	0	0
Extracurricular Activities	0	0	0	0	0	0
<i>Total Expenditures</i>	<u>90,661</u>	<u>146,352</u>	<u>(11,662)</u>	<u>1,224,313</u>	<u>96,289</u>	<u>85,372</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,742</u>	<u>22,742</u>	<u>11,662</u>	<u>42,462</u>	<u>34,112</u>	<u>(5,503)</u>
Other Financing Sources (Uses)						
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	(24,943)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(24,943)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>3,742</u>	<u>22,742</u>	<u>(13,281)</u>	<u>42,462</u>	<u>34,112</u>	<u>(5,503)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>7,056</u>	<u>126,026</u>	<u>13,281</u>	<u>12,511</u>	<u>5,664</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$10,798</u>	<u>\$148,768</u>	<u>\$0</u>	<u>\$54,973</u>	<u>\$39,776</u>	<u>(\$5,503)</u>

Retired Senior Volunteer Program	Title I	Title V	Drug Free Schools Grant	Preschool Grant	Class Size Reduction	Continuous Improvement Grant	Total Nonmajor Special Revenue Funds
\$77,735	\$0	\$0	\$0	\$0	\$0	\$0	\$77,735
71,807	837,798	58,135	25,862	41,977	282,348	29,947	4,361,391
0	0	0	0	0	0	0	2,623
0	0	0	0	0	0	0	444,861
0	0	0	0	0	0	0	567,931
4,679	0	0	0	0	0	0	306,528
0	0	0	0	0	0	0	86,889
154,221	837,798	58,135	25,862	41,977	282,348	29,947	5,847,958
0	0	64,906	0	0	256,249	12,055	660,645
0	679,945	0	0	44,450	0	4,305	1,102,490
0	0	0	0	0	0	0	36,000
0	0	0	0	0	0	0	299,957
0	0	0	19,636	602	0	10,436	981,447
0	94,966	0	0	0	0	0	522,025
0	21,980	0	0	0	0	0	158,858
0	0	0	0	0	0	0	50,647
0	0	0	0	0	0	0	88,937
0	0	0	0	0	0	0	27,710
132,952	45,466	6,503	1,292	0	49,019	1,000	952,065
0	0	0	0	0	0	0	1,651,646
132,952	842,357	71,409	20,928	45,052	305,268	27,796	6,532,427
21,269	(4,559)	(13,274)	4,934	(3,075)	(22,920)	2,151	(684,469)
0	0	0	0	0	24,943	0	1,038,180
0	0	0	0	0	0	0	(24,943)
0	0	0	0	0	24,943	0	1,013,237
21,269	(4,559)	(13,274)	4,934	(3,075)	2,023	2,151	328,768
79,717	(14,636)	14,523	0	603	0	7,052	761,154
\$100,986	(\$19,195)	\$1,249	\$4,934	(\$2,472)	\$2,023	\$9,203	\$1,089,922

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

	<u>Permanent Improvement</u>	<u>School Net Plus</u>	<u>Network Connectivity</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues				
Property Taxes	\$1,151,183	\$0	\$0	\$1,151,183
Intergovernmental	293,797	0	42,000	335,797
Miscellaneous	104,500	0	0	104,500
<i>Total Revenues</i>	1,549,480	0	42,000	1,591,480
Expenditures				
Capital Outlay	1,744,324	120,248	42,000	1,906,572
<i>Net Change in Fund Balances</i>	(194,844)	(120,248)	0	(315,092)
<i>Fund Balances Beginning of Year</i>	1,556,446	120,248	0	1,676,694
<i>Fund Balances End of Year</i>	<u>\$1,361,602</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,361,602</u>

Combining Statements – Nonmajor Proprietary Funds

Nonmajor Enterprise Funds

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

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

Special Services Fund - This fund accounts for customer services provided by classes at the Industrial Training Center.

Community Education Fund - This fund accounts for revenues and expenses involved in the upgrading and retraining out-of-school youths and adults for the purpose of improving their skills and knowledge in their occupation or planned occupation.

Latchkey/Preschool Fund - This fund accounts for revenues and expenses involved in elementary and secondary summer school, the preschool program, and the latchkey program.

Willoughby-Eastlake City School District

Combining Statement of Fund Net Assets

Nonmajor Enterprise Funds

June 30, 2004

	Food Service	Uniform School Supplies	Special Services
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$28,744	\$130,501	\$8,649
Accounts Receivable	1,008	0	0
Inventory Held for Resale	23,869	0	0
Materials and Supplies Inventory	1,983	0	0
<i>Total Current Assets</i>	55,604	130,501	8,649
<i>Noncurrent Assets:</i>			
Depreciable Capital Assets, Net	78,105	0	2,152
<i>Total Assets</i>	133,709	130,501	10,801
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	325	1,399	0
Accrued Wages	21,727	0	0
Interfund Payable	20,000	184,000	0
Intergovernmental Payable	57,007	0	0
Compensated Absences Payable	29,394	0	0
<i>Total Current Liabilities</i>	128,453	185,399	0
<i>Long-Term Liabilities:</i>			
Compensated Absences Payable	121,831	0	0
<i>Total Liabilities</i>	250,284	185,399	0
Net Assets			
Invested in Capital Assets	78,105	0	2,152
Unrestricted (Deficit)	(194,680)	(54,898)	8,649
<i>Total Net Assets (Deficit)</i>	(\$116,575)	(\$54,898)	\$10,801

<u>Community Education</u>	<u>Latchkey/ Preschool</u>	<u>Total Nonmajor Enterprise Funds</u>
\$17,176	\$143,462	\$328,532
0	0	1,008
0	0	23,869
0	0	1,983
<u>17,176</u>	<u>143,462</u>	<u>355,392</u>
<u>2,532</u>	<u>1,474</u>	<u>84,263</u>
<u>19,708</u>	<u>144,936</u>	<u>439,655</u>
0	1,463	3,187
0	47,378	69,105
0	0	204,000
76	32,334	89,417
0	0	29,394
<u>76</u>	<u>81,175</u>	<u>395,103</u>
<u>0</u>	<u>16,447</u>	<u>138,278</u>
<u>76</u>	<u>97,622</u>	<u>533,381</u>
2,532	1,474	84,263
<u>17,100</u>	<u>45,840</u>	<u>(177,989)</u>
<u>\$19,632</u>	<u>\$47,314</u>	<u>(\$93,726)</u>

Willoughby-Eastlake City School District

*Combining Statement of Revenues,
Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2004*

	Food Service	Uniform School Supplies	Special Services
Operating Revenues			
Tuition	\$0	\$0	\$0
Sales	1,532,345	302,610	0
Charges for Services	0	0	24,667
Miscellaneous	0	0	343
<i>Total Operating Revenues</i>	<u>1,532,345</u>	<u>302,610</u>	<u>25,010</u>
Operating Expenses			
Salaries	1,016,449	0	0
Fringe Benefits	332,889	0	0
Purchased Services	66,890	0	0
Materials and Supplies	215,872	388,190	29,135
Cost of Sales	650,454	0	0
Depreciation	6,691	0	570
<i>Total Operating Expenses</i>	<u>2,289,245</u>	<u>388,190</u>	<u>29,705</u>
<i>Operating Income (Loss)</i>	<u>(756,900)</u>	<u>(85,580)</u>	<u>(4,695)</u>
Non-Operating Revenues			
Donated Commodities	87,090	0	0
Operating Grants	578,654	0	0
<i>Total Non-Operating Revenues</i>	<u>665,744</u>	<u>0</u>	<u>0</u>
<i>Income (Loss) Before Transfers and Capital Contributions</i>	(91,156)	(85,580)	(4,695)
Transfers Out	0	0	0
Capital Contributions	35,373	0	0
<i>Change in Net Assets</i>	(55,783)	(85,580)	(4,695)
<i>Net Assets (Deficit) Beginning of Year</i>	<u>(60,792)</u>	<u>30,682</u>	<u>15,496</u>
<i>Net Assets (Deficit) End of Year</i>	<u><u>(\$116,575)</u></u>	<u><u>(\$54,898)</u></u>	<u><u>\$10,801</u></u>

<u>Community Education</u>	<u>Latchkey/ Preschool</u>	<u>Total Nonmajor Enterprise Funds</u>
\$7,235	\$487,550	\$494,785
0	0	1,834,955
0	66,248	90,915
0	0	343
<u>7,235</u>	<u>553,798</u>	<u>2,420,998</u>
10,416	346,495	1,373,360
1,534	48,309	382,732
0	2,819	69,709
2,985	26,748	662,930
0	0	650,454
662	210	8,133
<u>15,597</u>	<u>424,581</u>	<u>3,147,318</u>
<u>(8,362)</u>	<u>129,217</u>	<u>(726,320)</u>
0	0	87,090
4,892	0	583,546
<u>4,892</u>	<u>0</u>	<u>670,636</u>
(3,470)	129,217	(55,684)
0	(101,700)	(101,700)
0	0	35,373
<u>(3,470)</u>	<u>27,517</u>	<u>(122,011)</u>
<u>23,102</u>	<u>19,797</u>	<u>28,285</u>
<u>\$19,632</u>	<u>\$47,314</u>	<u>(\$93,726)</u>

Willoughby-Eastlake City School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2004

	<u>Food Service</u>	<u>Uniform School Supplies</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	\$1,533,892	\$302,610
Cash Received from Tuition Payments	0	0
Cash Received from Other Operating Sources	0	0
Cash Payments to Suppliers for Goods and Services	(841,468)	(386,791)
Cash Payments to Employees for Services	(1,011,196)	0
Cash Payments for Employee Benefits	(310,331)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(629,103)</u>	<u>(84,181)</u>
Cash Flows from Noncapital Financing Activities		
Operating Grants Received	578,654	0
Transfers Out	0	0
Advances In	20,000	184,000
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>598,654</u>	<u>184,000</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(30,449)	99,819
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>59,193</u>	<u>30,682</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$28,744</u></u>	<u><u>\$130,501</u></u>

Special Services	Community Education	Latchkey/Preschool	Total Nonmajor Enterprise Funds
\$24,667	\$0	\$66,248	\$1,927,417
0	7,235	487,550	494,785
343	0	0	343
(29,135)	(2,985)	(28,104)	(1,288,483)
0	(10,416)	(336,440)	(1,358,052)
0	(1,458)	(68,545)	(380,334)
<u>(4,125)</u>	<u>(7,624)</u>	<u>120,709</u>	<u>(604,324)</u>
0	4,892	0	583,546
0	0	(101,700)	(101,700)
0	0	0	204,000
<u>0</u>	<u>4,892</u>	<u>(101,700)</u>	<u>685,846</u>
(4,125)	(2,732)	19,009	81,522
<u>12,774</u>	<u>19,908</u>	<u>124,453</u>	<u>247,010</u>
<u>\$8,649</u>	<u>\$17,176</u>	<u>\$143,462</u>	<u>\$328,532</u>

(continued)

Willoughby-Eastlake City School District

Combining Statement of Cash Flows

Nonmajor Enterprise Funds (continued)

For the Fiscal Year Ended June 30, 2004

	<u>Food Service</u>	<u>Uniform School Supplies</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
<i>Operating Income (Loss)</i>	<u>(\$756,900)</u>	<u>(\$85,580)</u>
<i>Adjustments:</i>		
Donated Commodities Received During Year	87,090	0
Depreciation	6,691	0
(Increase) Decreases in Assets:		
Accounts Receivable	1,547	0
Inventory Held for Resale	4,918	0
Materials and Supplies Inventory	(473)	0
Increase (Decreases) in Liabilities:		
Accounts Payable	213	1,399
Accrued Wages and Benefits	5,253	0
Compensated Absences Payable	27,731	0
Intergovernmental Payable	<u>(5,173)</u>	<u>0</u>
<i>Total Adjustments</i>	<u>127,797</u>	<u>1,399</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u><u>(\$629,103)</u></u>	<u><u>(\$84,181)</u></u>

Noncash Capital Financing Activities

Federal donated commodities in the amount of \$87,090 were recorded as revenue in the food service enterprise fund.

The food service fund received donated capital assets from other funds in the amount of \$35,373.

<u>Special Services</u>	<u>Community Education</u>	<u>Latchkey/ Preschool</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>(\$4,695)</u>	<u>(\$8,362)</u>	<u>\$129,217</u>	<u>(\$726,320)</u>
0	0	0	87,090
570	662	210	8,133
0	0	0	1,547
0	0	0	4,918
0	0	0	(473)
0	0	1,463	3,075
0	0	10,055	15,308
0	0	(2,449)	25,282
<u>0</u>	<u>76</u>	<u>(17,787)</u>	<u>(22,884)</u>
<u>570</u>	<u>738</u>	<u>(8,508)</u>	<u>121,996</u>
<u>(\$4,125)</u>	<u>(\$7,624)</u>	<u>\$120,709</u>	<u>(\$604,324)</u>

Agency Fund

Student Activities Fund - This fund reflects resources that belong to the student bodies of various schools, accounting for sales and other revenue generating activities.

Willoughby-Eastlake City School District

Statement of Changes in Assets and Liabilities

Agency Fund

For the Fiscal Year Ended June 30, 2004

	<u>Beginning Balance June 30, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2004</u>
Student Activities				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$171,589</u>	<u>\$448,882</u>	<u>\$425,769</u>	<u>\$194,702</u>
Liabilities				
Due to Students	<u>\$171,589</u>	<u>\$448,882</u>	<u>\$425,769</u>	<u>\$194,702</u>

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

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$43,988,319	\$44,303,783	\$44,734,352	\$430,569
Intergovernmental	21,204,089	21,351,660	21,553,078	201,418
Interest	136,089	137,065	138,397	1,332
Tuition and Fees	413,016	415,978	420,021	4,043
Charges for Services	375,715	377,971	381,051	3,080
Contributions and Donations	290	292	295	3
Rentals	243,671	245,418	247,803	2,385
Miscellaneous	108,871	109,153	109,538	385
<i>Total Revenues</i>	<i>66,470,060</i>	<i>66,941,320</i>	<i>67,584,535</i>	<i>643,215</i>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	25,552,691	24,648,223	24,593,144	55,079
Fringe Benefits	7,182,302	8,962,967	8,851,313	111,654
Purchased Services	22,305	20,719	20,730	(11)
Materials and Supplies	245,862	173,198	179,191	(5,993)
Total Regular	33,003,160	33,805,107	33,644,378	160,729
Special:				
Salaries and Wages	5,507,300	5,312,362	5,300,484	11,878
Fringe Benefits	1,558,337	1,945,008	1,921,745	23,263
Purchased Services	17,651	15,089	14,793	296
Materials and Supplies	46,983	33,382	33,121	261
Other	541	604	600	4
Total Special	7,130,812	7,306,445	7,270,743	35,702
Vocational:				
Salaries and Wages	1,376,985	1,328,245	1,325,277	2,968
Fringe Benefits	451,704	563,785	557,042	6,743
Purchased Services	2,784,883	2,474,084	2,486,460	(12,376)
Materials and Supplies	79,044	56,953	53,182	3,771
Total Vocational	4,692,616	4,423,067	4,421,961	1,106
Total Instruction	\$44,826,588	\$45,534,619	\$45,337,082	\$197,537

(continued)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services:				
Pupil:				
Salaries and Wages	\$2,656,347	\$2,562,323	\$2,556,601	\$5,722
Fringe Benefits	752,451	939,157	928,171	10,986
Purchased Services	302,157	258,301	260,443	(2,142)
Materials and Supplies	266,029	197,358	166,347	31,011
Total Pupil	3,976,984	3,957,139	3,911,562	45,577
Instructional Staff:				
Salaries and Wages	1,705,472	1,645,105	1,641,437	3,668
Fringe Benefits	477,938	596,529	589,985	6,544
Purchased Services	73,929	64,814	64,279	535
Materials and Supplies	75,145	52,978	56,327	(3,349)
Total Instructional Staff	2,332,484	2,359,426	2,352,028	7,398
Board of Education:				
Salaries and Wages	5,377	5,187	5,177	10
Fringe Benefits	828	1,033	1,021	12
Purchased Services	164,275	147,651	129,616	18,035
Materials and Supplies	484	340	346	(6)
Other	173,038	187,173	144,914	42,259
Total Board of Education	344,002	341,384	281,074	60,310
Administration:				
Salaries and Wages	2,995,640	2,889,606	2,883,137	6,469
Fringe Benefits	1,024,720	1,278,985	1,263,690	15,295
Purchased Services	221,812	189,517	186,261	3,256
Materials and Supplies	85,780	60,430	62,036	(1,606)
Other	16,963	18,872	21,830	(2,958)
Total Administration	4,344,915	4,437,410	4,416,954	20,456
Fiscal:				
Salaries and Wages	415,650	400,938	400,040	898
Fringe Benefits	138,238	172,540	170,476	2,064
Purchased Services	74,629	63,740	63,483	257
Materials and Supplies	16,333	11,480	11,719	(239)
Other	823,645	917,128	973,179	(56,051)
Total Fiscal	\$1,468,495	\$1,565,826	\$1,618,897	(\$53,071)

(continued)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Business:				
Salaries and Wages	\$130,419	\$137,697	\$137,697	\$0
Fringe Benefits	64,273	80,582	80,582	0
Purchased Services	115,706	106,082	106,082	0
Materials and Supplies	71,046	67,083	67,083	0
Other	957	1,066	1,100	(34)
Total Business	382,401	392,510	392,544	(34)
Operation and Maintenance of Plant:				
Salaries and Wages	2,728,898	2,632,306	2,626,410	5,896
Fringe Benefits	894,477	1,116,425	1,103,071	13,354
Purchased Services	2,758,092	2,393,061	2,290,679	102,382
Materials and Supplies	368,690	266,962	248,107	18,855
Total Operation and Maintenance of Plant	6,750,157	6,408,754	6,268,267	140,487
Pupil Transportation:				
Salaries and Wages	2,585,378	2,499,191	2,499,191	0
Fringe Benefits	809,131	1,000,398	976,743	23,655
Purchased Services	919,747	785,844	839,566	(53,722)
Materials and Supplies	580,341	413,188	405,459	7,729
Capital Outlay - Replacement	118,412	235,418	235,418	0
Total Pupil Transportation	5,013,009	4,934,039	4,956,377	(22,338)
Central:				
Salaries and Wages	587,685	566,883	565,614	1,269
Fringe Benefits	135,042	168,550	166,536	2,014
Purchased Services	180,635	168,553	102,470	66,083
Materials and Supplies	66,489	49,144	43,904	5,240
Capital Outlay - New	1,587	3,157	3,157	0
Other	1,400	1,558	1,550	8
Total Central	972,838	957,845	883,231	74,614
Total Support Services	25,585,285	25,354,333	25,080,934	273,399
Operation of Non-Instructional Services				
Community Services:				
Other	\$12,163	\$13,543	\$13,470	\$73

(continued)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Extracurricular Activities:				
Co-Curricular Activities:				
Salaries and Wages	\$165,091	\$159,248	\$158,890	\$358
Capital Outlay:				
Building Acquisition and Construction Services:				
Other	30,359	33,805	33,623	182
<i>Total Expenditures</i>	<u>70,619,486</u>	<u>71,095,548</u>	<u>70,623,999</u>	<u>471,549</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,149,426)</u>	<u>(4,154,228)</u>	<u>(3,039,464)</u>	<u>1,114,764</u>
Other Financing Sources (Uses)				
Advances In	260,100	260,100	260,100	0
Advances Out	(50,000)	(250,000)	(379,000)	(129,000)
Transfers Out	(1,499,750)	(1,196,508)	(911,537)	284,971
<i>Total Other Financing Sources (Uses)</i>	<u>(1,289,650)</u>	<u>(1,186,408)</u>	<u>(1,030,437)</u>	<u>155,971</u>
<i>Net Change in Fund Balance</i>	(5,439,076)	(5,340,636)	(4,069,901)	1,270,735
<i>Fund Balance Beginning of Year</i>	4,956,962	4,956,962	4,956,962	0
Prior Year Encumbrances Appropriated	<u>1,265,536</u>	<u>1,265,536</u>	<u>1,265,536</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$783,422</u></u>	<u><u>\$881,862</u></u>	<u><u>\$2,152,597</u></u>	<u><u>\$1,270,735</u></u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Trust Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$1,461	\$1,086	\$1,088	\$2
Extracurricular Activities	14,986	11,141	11,160	19
Contributions and Donations	15,313	11,384	11,403	19
Miscellaneous	43,240	32,147	32,200	53
<i>Total Revenues</i>	<u>75,000</u>	<u>55,758</u>	<u>55,851</u>	<u>93</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	21,686	15,975	16,567	(592)
Capital Outlay - New	1,000	1,000	1,000	0
Total Instruction	<u>22,686</u>	<u>16,975</u>	<u>17,567</u>	<u>(592)</u>
Support Services:				
Pupil:				
Salaries and Wages	252	0	624	(624)
Purchased Services	34,027	9,979	9,979	0
Materials and Supplies	427	240	1,060	(820)
Other	24	0	60	(60)
Total Pupil	<u>34,730</u>	<u>10,219</u>	<u>11,723</u>	<u>(1,504)</u>
Instructional Staff:				
Purchased Services	521	0	1,291	(1,291)
Materials and Supplies	47,517	27,325	22,642	4,683
Total Instructional Staff	<u>48,038</u>	<u>27,325</u>	<u>23,933</u>	<u>3,392</u>
Total Support Services	<u>82,768</u>	<u>37,544</u>	<u>35,656</u>	<u>1,888</u>
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	2,920	15,936	13,269	2,667
Other	5,733	5,000	3,000	2,000
Total Operation of Non-Instructional Services	<u>\$8,653</u>	<u>\$20,936</u>	<u>\$16,269</u>	<u>\$4,667</u>

(continued)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Trust Fund (continued)
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Extracurricular Activities:				
Co-Curricular Activities:				
Purchased Services	\$57	\$0	\$139	(\$139)
Materials and Supplies	180	0	2,134	(2,134)
Total Extracurricular Activities	237	0	2,273	(2,273)
<i>Total Expenditures</i>	114,344	75,455	71,765	3,690
<i>Net Change in Fund Balance</i>	(39,344)	(19,697)	(15,914)	3,783
<i>Fund Balance Beginning of Year</i>	127,020	127,020	127,020	0
Prior Year Encumbrances Appropriated	14,344	14,344	14,344	0
<i>Fund Balance End of Year</i>	<u>\$102,020</u>	<u>\$121,667</u>	<u>\$125,450</u>	<u>\$3,783</u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Extracurricular Activities	\$282,485	\$249,906	\$299,851	\$49,945
Contributions and Donations	131,166	116,039	139,230	23,191
Miscellaneous	13,349	11,809	14,169	2,360
<i>Total Revenues</i>	<i>427,000</i>	<i>377,754</i>	<i>453,250</i>	<i>75,496</i>
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	79,000	82,373	77,651	4,722
Capital Outlay - New	25,250	25,000	23,419	1,581
Total Instruction	104,250	107,373	101,070	6,303
Support Services:				
Pupil:				
Materials and Supplies	146,250	170,269	165,167	5,102
Instructional Staff:				
Purchased Services	1,250	1,250	0	1,250
Materials and Supplies	26,000	13,000	12,777	223
Total Instructional Staff	27,250	14,250	12,777	1,473
Administration:				
Materials and Supplies	23,250	28,640	17,646	10,994
Business:				
Purchased Services	500	500	0	500
Operation and Maintenance of Plant:				
Purchased Services	24,000	23,000	34,628	(11,628)
Materials and Supplies	10,000	11,000	2,793	8,207
Total Operation and Maintenance of Plant	34,000	34,000	37,421	(3,421)
Total Support Services	\$231,250	\$247,659	\$233,011	\$14,648

(continued)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public School Support Fund (continued)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Extracurricular Activities:				
Co-Curricular Activities:				
Purchased Services	\$125,954	\$128,361	\$128,361	\$0
Materials and Supplies	109,513	97,924	97,924	0
Capital Outlay - New	19,603	24,419	24,097	322
Other	42,937	27,300	43,436	(16,136)
Total Extracurricular Activities	298,007	278,004	293,818	(15,814)
<i>Total Expenditures</i>	633,507	633,036	627,899	5,137
<i>Excess of Revenues Under Expenditures</i>	(206,507)	(255,282)	(174,649)	80,633
Other Financing Sources				
Transfers In	173,000	173,000	101,700	(71,300)
<i>Net Change in Fund Balance</i>	(33,507)	(82,282)	(72,949)	9,333
<i>Fund Balance Beginning of Year</i>	192,142	192,142	192,142	0
Prior Year Encumbrances Appropriated	33,507	33,507	33,507	0
<i>Fund Balance End of Year</i>	\$192,142	\$143,367	\$152,700	\$9,333

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Athletics and Music Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Tuition and Fees	\$184,469	\$46,215	\$70,105	\$23,890
Extracurricular Activities	671,371	302,708	255,145	(47,563)
Contributions and Donations	397,899	73,233	151,216	77,983
Miscellaneous	81,261	86,807	31,254	(55,553)
<i>Total Revenues</i>	<u>1,335,000</u>	<u>508,963</u>	<u>507,720</u>	<u>(1,243)</u>
Expenditures				
Current:				
Support Services:				
Pupil:				
Materials and Supplies	41,750	41,783	40,580	1,203
Capital Outlay - New	375	375	0	375
Total Pupil	<u>42,125</u>	<u>42,158</u>	<u>40,580</u>	<u>1,578</u>
Operation and Maintenance of Plant:				
Purchased Services	750	750	750	0
Capital Outlay - New	125	0	0	0
Total Operation and Maintenance of Plant	<u>875</u>	<u>750</u>	<u>750</u>	<u>0</u>
Pupil Transportation:				
Purchased Services	2,750	2,750	15,937	(13,187)
Total Support Services	<u>45,750</u>	<u>45,658</u>	<u>57,267</u>	<u>(11,609)</u>
Extracurricular Activities:				
Academic and Subject Oriented Activities				
Purchased Services	25,000	25,911	25,911	0
Materials and Supplies	544	590	590	0
Capital Outlay - New	125	4,675	4,675	0
Capital Outlay - Replacement	0	0	0	0
Other	250	2,309	2,309	0
Total Academic and Subject Oriented Activities	<u>25,919</u>	<u>33,485</u>	<u>33,485</u>	<u>0</u>
Sports Oriented Activities:				
Salaries and Wages	537,541	537,541	690,655	(153,114)
Fringe Benefits	34,651	36,503	96,692	(60,189)
Purchased Services	259,000	281,601	281,601	0
Materials and Supplies	345,906	345,855	191,971	153,884
Capital Outlay - New	60,000	70,000	1,831	68,169
Other	89,525	94,508	86,190	8,318
Total Sports Oriented Activities	<u>\$1,326,623</u>	<u>\$1,366,008</u>	<u>\$1,348,940</u>	<u>\$17,068</u>

(continued)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Athletics and Music Fund (continued)
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Total Extracurricular Activities	<u>\$1,352,542</u>	<u>\$1,399,493</u>	<u>\$1,382,425</u>	<u>\$17,068</u>
<i>Total Expenditures</i>	<u>1,398,292</u>	<u>1,445,151</u>	<u>1,439,692</u>	<u>5,459</u>
<i>Excess of Revenues Under Expenditures</i>	(63,292)	(936,188)	(931,972)	4,216
Other Financing Sources				
Transfers In	<u>0</u>	<u>911,537</u>	<u>911,537</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(63,292)	(24,651)	(20,435)	4,216
<i>Fund Balance Beginning of Year</i>	56,520	56,520	56,520	0
Prior Year Encumbrances Appropriated	<u>8,292</u>	<u>8,292</u>	<u>8,292</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,520</u></u>	<u><u>\$40,161</u></u>	<u><u>\$44,377</u></u>	<u><u>\$4,216</u></u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$671,555	\$694,464	\$693,907	(\$557)
Interest	1,486	1,536	1,535	(1)
<i>Total Revenues</i>	<u>673,041</u>	<u>696,000</u>	<u>695,442</u>	<u>(558)</u>
Expenditures				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	33,214	31,623	26,786	4,837
Fringe Benefits	6,115	5,560	68,471	(62,911)
Purchased Services	507,158	409,567	379,503	30,064
Materials and Supplies	178,000	233,513	196,608	36,905
Capital Outlay - New	14,831	14,120	14,120	0
<i>Total Expenditures</i>	<u>739,318</u>	<u>694,383</u>	<u>685,488</u>	<u>8,895</u>
<i>Net Change in Fund Balance</i>	(66,277)	1,617	9,954	8,337
<i>Fund Balance Beginning of Year</i>	3,439	3,439	3,439	0
Prior Year Encumbrances Appropriated	<u>64,918</u>	<u>64,918</u>	<u>64,918</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,080</u></u>	<u><u>\$69,974</u></u>	<u><u>\$78,311</u></u>	<u><u>\$8,337</u></u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Career Development Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$8,539	\$8,539	\$8,539	\$0
Expenditures				
Current:				
Support Services:				
Pupil:				
Salaries and Wages	195	9,653	10,039	(386)
Fringe Benefits	0	444	151	293
Purchased Services	0	135	42	93
<i>Total Expenditures</i>	<u>195</u>	<u>10,232</u>	<u>10,232</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	8,344	(1,693)	(1,693)	0
<i>Fund Balance Beginning of Year</i>	1,498	1,498	1,498	0
Prior Year Encumbrances Appropriated	<u>195</u>	<u>195</u>	<u>195</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$10,037</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult LPN Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$136,049	\$253,644	\$244,194	(\$9,450)
Tuition and Fees	208,789	389,258	374,756	(14,502)
Miscellaneous	5,162	9,625	9,266	(359)
<i>Total Revenues</i>	<u>350,000</u>	<u>652,527</u>	<u>628,216</u>	<u>(24,311)</u>
Expenditures				
Current:				
Instruction:				
Adult/Continuing:				
Salaries and Wages	186,626	197,865	167,865	30,000
Fringe Benefits	18,515	19,954	19,954	0
Purchased Services	11,144	12,410	12,410	0
Materials and Supplies	8,875	17,767	9,757	8,010
Other	23,360	25,175	25,175	0
Total Instruction	<u>248,520</u>	<u>273,171</u>	<u>235,161</u>	<u>38,010</u>
Support Services:				
Administration:				
Salaries and Wages	91,206	98,294	98,294	0
Fringe Benefits	11,287	12,164	12,164	0
Purchased Services	89	362	35	327
Materials and Supplies	23	25	25	0
Total Support Services	<u>102,605</u>	<u>110,845</u>	<u>110,518</u>	<u>327</u>
<i>Total Expenditures</i>	<u>351,125</u>	<u>384,016</u>	<u>345,679</u>	<u>38,337</u>
<i>Net Change in Fund Balance</i>	(1,125)	268,511	282,537	14,026
<i>Fund Balance Beginning of Year</i>	79,664	79,664	79,664	0
Prior Year Encumbrances Appropriated	<u>1,125</u>	<u>1,125</u>	<u>1,125</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$79,664</u></u>	<u><u>\$349,300</u></u>	<u><u>\$363,326</u></u>	<u><u>\$14,026</u></u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Educational Management Information Systems Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$32,164	\$32,420	\$32,420	\$0
Expenditures				
Current:				
Support Services:				
Central:				
Purchased Services	22,203	25,385	25,385	0
Materials and Supplies	6,817	0	0	0
Capital Outlay - New	8,980	0	0	0
<i>Total Expenditures</i>	38,000	25,385	25,385	0
<i>Net Change in Fund Balance</i>	(5,836)	7,035	7,035	0
<i>Fund Balance Beginning of Year</i>	6,087	6,087	6,087	0
<i>Fund Balance End of Year</i>	\$251	\$13,122	\$13,122	\$0

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Preschool At Risk Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$49,424	\$51,000	\$46,291	(\$4,709)
Expenditures				
Current:				
Instruction:				
Special:				
Salaries and Wages	21,369	21,899	19,997	1,902
Fringe Benefits	2,449	2,617	2,269	348
Total Instruction	23,818	24,516	22,266	2,250
Support Services:				
Pupil:				
Salaries and Wages	6,174	1,259	1,515	(256)
Fringe Benefits	173	176	212	(36)
Materials and Supplies	4,429	4,489	5,541	(1,052)
Total Pupil	10,776	5,924	7,268	(1,344)
Instructional Staff:				
Salaries and Wages	12,554	18,686	16,216	2,470
Fringe Benefits	2,276	2,476	1,852	624
Total Instructional Staff	14,830	21,162	18,068	3,094
Total Support Services	25,606	27,086	25,336	1,750
<i>Total Expenditures</i>	49,424	51,602	47,602	4,000
<i>Net Change in Fund Balance</i>	0	(602)	(1,311)	(709)
<i>Fund Balance Beginning of Year</i>	5,406	5,406	5,406	0
<i>Fund Balance End of Year</i>	\$5,406	\$4,804	\$4,095	(\$709)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net Professional Development Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$7,500	\$6,750	\$6,750	\$0
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	13,555	9,429	9,429	0
Materials and Supplies	1,150	0	0	0
<i>Total Expenditures</i>	14,705	9,429	9,429	0
<i>Net Change in Fund Balance</i>	(7,205)	(2,679)	(2,679)	0
<i>Fund Balance Beginning of Year</i>	2,130	2,130	2,130	0
Prior Year Encumbrances Appropriated	5,075	5,075	5,075	0
<i>Fund Balance End of Year</i>	\$0	\$4,526	\$4,526	\$0

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Ohio Reads Grant Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$30,000	\$45,500	\$45,500	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	30,433	42,788	42,582	206
Fringe Benefits	299	258	258	0
Purchased Services	7,212	5,829	5,829	0
Materials and Supplies	20,297	16,725	16,725	0
Capital Outlay - New	1,403	4,985	4,967	18
Capital Outlay - Replacement	925	3,754	3,624	130
Total Instruction	<u>60,569</u>	<u>74,339</u>	<u>73,985</u>	<u>354</u>
Support Services:				
Instructional Staff:				
Materials and Supplies	4,458	4,109	4,109	0
Administration:				
Materials and Supplies	78	321	279	42
Central:				
Materials and Supplies	596	2,450	2,325	125
Total Support Services	<u>5,132</u>	<u>6,880</u>	<u>6,713</u>	<u>167</u>
<i>Total Expenditures</i>	<u>65,701</u>	<u>81,219</u>	<u>80,698</u>	<u>521</u>
<i>Net Change in Fund Balance</i>	(35,701)	(35,719)	(35,198)	521
<i>Fund Balance Beginning of Year</i>	162	162	162	0
Prior Year Encumbrances Appropriated	<u>35,701</u>	<u>35,701</u>	<u>35,701</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$162</u>	<u>\$144</u>	<u>\$665</u>	<u>\$521</u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Student Intervention Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$156,763	\$150,985	\$150,985	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	110,000	111,095	104,250	6,845
Fringe Benefits	15,763	16,858	13,838	3,020
Materials and Supplies	29,000	31,857	31,857	0
Total Instruction	154,763	159,810	149,945	9,865
Support Services:				
Instructional Staff:				
Purchased Services	2,000	2,133	2,133	0
<i>Total Expenditures</i>	156,763	161,943	152,078	9,865
<i>Excess of Revenues Under Expenditures</i>	0	(10,958)	(1,093)	9,865
Other Financing Sources				
Advances In	0	30,000	30,000	0
<i>Net Change in Fund Balance</i>	0	19,042	28,907	9,865
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$19,042	\$28,907	\$9,865

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Career Education Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$45,000	\$34,177	\$34,177	\$0
Expenditures				
Current:				
Support Services:				
Pupil:				
Salaries and Wages	18,672	15,760	15,760	0
Fringe Benefits	10,494	9,101	9,101	0
Purchased Services	7,444	6,456	6,456	0
Materials and Supplies	1,116	931	931	0
Capital Outlay - New	7,274	6,309	6,309	0
<i>Total Expenditures</i>	<u>45,000</u>	<u>38,557</u>	<u>38,557</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	0	(4,380)	(4,380)	0
Other Financing Sources				
Advances In	0	5,000	5,000	0
<i>Net Change in Fund Balance</i>	0	620	620	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$620</u>	<u>\$620</u>	<u>\$0</u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Conflict Management Grant Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	<u>110</u>	<u>900</u>	<u>900</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(110)	(900)	(900)	0
<i>Fund Balance Beginning of Year</i>	790	790	790	0
Prior Year Encumbrances Appropriated	<u>110</u>	<u>110</u>	<u>110</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$790</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$7,700	\$9,000	\$9,000	\$0
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant:				
Purchased Services	7,700	12,896	12,896	0
<i>Net Change in Fund Balance</i>	0	(3,896)	(3,896)	0
<i>Fund Balance Beginning of Year</i>	7,218	7,218	7,218	0
<i>Fund Balance End of Year</i>	<u>\$7,218</u>	<u>\$3,322</u>	<u>\$3,322</u>	<u>\$0</u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Basic Education Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$89,510	\$87,031	\$87,031	\$0
Expenditures				
Current:				
Instruction:				
Adult/Continuing:				
Salaries and Wages	48,412	43,068	42,307	761
Fringe Benefits	7,040	6,263	5,536	727
Purchased Services	315	280	0	280
Materials and Supplies	3,945	3,997	1,459	2,538
Capital Outlay - New	1,667	1,483	1,160	323
Total Instruction	61,379	55,091	50,462	4,629
Support Services:				
Instructional Staff:				
Salaries and Wages	26,722	23,772	27,676	(3,904)
Fringe Benefits	4,313	3,837	3,933	(96)
Purchased Services	3,878	3,450	3,987	(537)
Materials and Supplies	2,374	2,112	2,054	58
Total Support Services	37,287	33,171	37,650	(4,479)
<i>Total Expenditures</i>	98,666	88,262	88,112	150
<i>Net Change in Fund Balance</i>	(9,156)	(1,231)	(1,081)	150
<i>Fund Balance Beginning of Year</i>	10,193	10,193	10,193	0
Prior Year Encumbrances Appropriated	548	548	548	0
<i>Fund Balance End of Year</i>	\$1,585	\$9,510	\$9,660	\$150

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Job Training Partnership Act Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$173,655	\$229,224	\$229,155	(\$69)
Extracurricular Activities	1,345	1,776	1,775	(1)
<i>Total Revenues</i>	<u>175,000</u>	<u>231,000</u>	<u>230,930</u>	<u>(70)</u>
Expenditures				
Current:				
Instruction:				
Vocational:				
Salaries and Wages	0	30,202	30,202	0
Fringe Benefits	0	4,730	4,730	0
Total Vocational	<u>0</u>	<u>34,932</u>	<u>34,932</u>	<u>0</u>
Adult/Continuing:				
Purchased Services	22,006	2,039	2,039	0
Materials and Supplies	2,911	2,643	2,643	0
Other	3,638	0	0	0
Total Adult/Continuing	<u>28,555</u>	<u>4,682</u>	<u>4,682</u>	<u>0</u>
Total Instruction	<u>28,555</u>	<u>39,614</u>	<u>39,614</u>	<u>0</u>
Support Services:				
Instructional Staff:				
Salaries and Wages	984	14,199	14,199	0
Fringe Benefits	158	1,964	1,964	0
Purchased Services	103,413	83,228	83,228	0
Materials and Supplies	15,690	6,888	6,888	0
Total Support Services	<u>120,245</u>	<u>106,279</u>	<u>106,279</u>	<u>0</u>
<i>Total Expenditures</i>	<u>148,800</u>	<u>145,893</u>	<u>145,893</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	26,200	85,107	85,037	(70)
<i>Fund Balance Beginning of Year</i>	<u>52,126</u>	<u>52,126</u>	<u>52,126</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$78,326</u>	<u>\$137,233</u>	<u>\$137,163</u>	<u>(\$70)</u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Eisenhower Math and Science Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	0	10,000	0	10,000
Fringe Benefits	0	9,125	0	9,125
Total Instruction	0	19,125	0	19,125
Support Services:				
Instructional Staff:				
Salaries and Wages	0	2,587	0	2,587
Fringe Benefits	163	1,000	0	1,000
Purchased Services	0	0	(1,430)	1,430
Materials and Supplies	0	(10,332)	(10,232)	(100)
Total Support Services	163	(6,745)	(11,662)	4,917
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	900	900	0	900
<i>Total Expenditures</i>	1,063	13,280	(11,662)	24,942
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,063)	(13,280)	11,662	24,942
Other Financing Uses				
Transfers Out	0	0	(24,943)	(24,943)
<i>Net Change in Fund Balance</i>	(1,063)	(13,280)	(13,281)	(1)
<i>Fund Balance Beginning of Year</i>	12,218	12,218	12,218	0
Prior Year Encumbrances Appropriated	1,063	1,063	1,063	0
<i>Fund Balance End of Year</i>	\$12,218	\$1	\$0	(\$1)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI-B Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$1,116,661	\$1,161,837	\$1,161,837	\$0
Expenditures				
Current:				
Instruction:				
Special:				
Salaries and Wages	28,084	24,856	20,680	4,176
Purchased Services	146,695	166,301	166,301	0
Materials and Supplies	42,152	88,958	88,958	0
Capital Outlay - New	5,473	9,046	9,046	0
Total Instruction	222,404	289,161	284,985	4,176
Support Services:				
Pupil:				
Salaries and Wages	375,763	317,250	317,250	0
Fringe Benefits	78,757	73,653	73,653	0
Purchased Services	181,462	209,690	209,690	0
Materials and Supplies	5,969	6,608	6,608	0
Capital Outlay - New	2,671	3,779	3,779	0
Total Pupil	644,622	610,980	610,980	0
Instructional Staff:				
Salaries and Wages	109,223	142,114	142,114	0
Fringe Benefits	46,023	45,093	45,093	0
Purchased Services	7,189	7,469	7,469	0
Materials and Supplies	2,102	761	761	0
Total Instructional Staff	164,537	195,437	195,437	0
Administration:				
Purchased Services	4,000	4,000	4,000	0
Pupil Transportation:				
Purchased Services	73,000	73,000	73,000	0
Total Support Services	\$886,159	\$883,417	\$883,417	\$0

(continued)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI-B Fund (continued)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	\$3,000	\$3,000	\$3,000	\$0
Purchased Services	41,817	41,817	41,817	0
Materials and Supplies	1,000	1,000	989	11
Total Operation of Non-Instructional Services	45,817	45,817	45,806	11
<i>Total Expenditures</i>	1,154,380	1,218,395	1,214,208	4,187
<i>Excess of Revenues Under Expenditures</i>	(37,719)	(56,558)	(52,371)	4,187
Other Financing Sources (Uses)				
Advances In	100,000	100,000	100,000	0
Advances Out	(133,000)	(133,000)	(133,000)	0
<i>Total Other Financing Sources (Uses)</i>	(33,000)	(33,000)	(33,000)	0
<i>Net Change in Fund Balance</i>	(70,719)	(89,558)	(85,371)	4,187
<i>Fund Balance Beginning of Year</i>	22,830	22,830	22,830	0
Prior Year Encumbrances Appropriated	67,380	67,380	67,380	0
<i>Fund Balance End of Year</i>	\$19,491	\$652	\$4,839	\$4,187

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Vocational Education Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$91,829	\$135,500	\$135,484	(\$16)
Expenditures				
Current:				
Instruction:				
Vocational:				
Purchased Services	4,500	1,774	1,774	0
Support Services:				
Pupil:				
Salaries and Wages	68,914	65,471	65,471	0
Fringe Benefits	(5,232)	8,709	8,709	0
Total Pupil	63,682	74,180	74,180	0
Instructional Staff:				
Salaries and Wages	21,146	0	0	0
Purchased Services	0	7,237	7,237	0
Total Instructional Staff	21,146	7,237	7,237	0
Total Support Services	84,828	81,417	81,417	0
<i>Total Expenditures</i>	89,328	83,191	83,191	0
<i>Excess of Revenues Over Expenditures</i>	2,501	52,309	52,293	(16)
Other Financing Uses				
Advances Out	(2,500)	(2,500)	(2,500)	0
<i>Net Change in Fund Balance</i>	1	49,809	49,793	(16)
<i>Fund Balance Beginning of Year</i>	257	257	257	0
<i>Fund Balance End of Year</i>	\$258	\$50,066	\$50,050	(\$16)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title III Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$55,680	\$53,604	\$53,604	\$0
Expenditures				
Current:				
Instruction:				
Special:				
Salaries and Wages	63,983	61,805	61,805	0
Fringe Benefits	10,364	10,152	10,152	0
Materials and Supplies	1,333	1,333	1,333	0
<i>Total Expenditures</i>	<u>75,680</u>	<u>73,290</u>	<u>73,290</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(20,000)	(19,686)	(19,686)	0
Other Financing Sources				
Advances In	20,000	20,000	20,000	0
<i>Net Change in Fund Balance</i>	0	314	314	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$314</u>	<u>\$314</u>	<u>\$0</u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Retired Senior Volunteer Program Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$54,524	\$70,886	\$77,735	\$6,849
Intergovernmental	50,366	65,481	71,807	6,326
Contributions and Donations	3,282	4,267	4,679	412
<i>Total Revenues</i>	108,172	140,634	154,221	13,587
Expenditures				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	36,406	44,052	77,176	(33,124)
Fringe Benefits	33,134	23,134	23,134	0
Purchased Services	20,585	20,585	11,547	9,038
Materials and Supplies	16,508	16,252	17,123	(871)
Other	3,427	31,777	3,177	28,600
<i>Total Expenditures</i>	110,060	135,800	132,157	3,643
<i>Net Change in Fund Balance</i>	(1,888)	4,834	22,064	17,230
<i>Fund Balance Beginning of Year</i>	87,684	87,684	87,684	0
Prior Year Encumbrances Appropriated	143	143	143	0
<i>Fund Balance End of Year</i>	\$85,939	\$92,661	\$109,891	\$17,230

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$849,493	\$940,172	\$940,172	\$0
Expenditures				
Current:				
Instruction:				
Special:				
Salaries and Wages	402,022	402,022	504,488	(102,466)
Fringe Benefits	138,382	138,382	122,606	15,776
Purchased Services	2,987	3,723	3,723	0
Materials and Supplies	17,249	19,039	11,340	7,699
Total Instruction	560,640	563,166	642,157	(78,991)
Support Services:				
Instructional Staff:				
Salaries and Wages	71,822	86,822	77,175	9,647
Fringe Benefits	17,584	19,784	17,723	2,061
Purchased Services	21,162	25,631	5,645	19,986
Materials and Supplies	11,572	18,528	6,928	11,600
Total Instructional Staff	122,140	150,765	107,471	43,294
Administration:				
Salaries and Wages	14,231	16,731	13,980	2,751
Fringe Benefits	3,816	5,566	4,983	583
Purchased Services	1,790	4,509	2,011	2,498
Materials and Supplies	1,750	1,821	931	890
Capital Outlay - New	277	277	0	277
Total Administration	21,864	28,904	21,905	6,999
Total Support Services	144,004	179,669	129,376	50,293
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	64,438	68,763	33,687	35,076
Fringe Benefits	10,208	13,783	12,423	1,360
Purchased Services	888	888	88	800
Materials and Supplies	896	900	14	886
Total Operation of Non-Instructional Services	76,430	84,334	46,212	38,122
Total Expenditures	\$781,074	\$827,169	\$817,745	\$9,424

(continued)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title I Fund (continued)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of Revenues Over Expenditures</i>	\$68,419	\$113,003	\$122,427	\$9,424
Other Financing Uses				
Advances Out	(100,000)	(100,000)	(100,000)	0
<i>Net Change in Fund Balance</i>	(31,581)	13,003	22,427	9,424
<i>Fund Balance Beginning of Year</i>	52,279	52,279	52,279	0
Prior Year Encumbrances Appropriated	10,724	10,724	10,724	0
<i>Fund Balance End of Year</i>	\$31,422	\$76,006	\$85,430	\$9,424

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title V Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$44,719	\$51,128	\$51,128	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	24,272	20,964	20,964	0
Materials and Supplies	30,054	34,062	34,062	0
Capital Outlay - New	2,876	7,838	7,838	0
Total Instruction	57,202	62,864	62,864	0
Support Services:				
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	1,032	1,747	1,747	0
Capital Outlay - New	4,821	4,841	4,841	0
Total Support Services	5,853	6,588	6,588	0
<i>Total Expenditures</i>	63,055	69,452	69,452	0
<i>Excess of Revenues Under Expenditures</i>	(18,336)	(18,324)	(18,324)	0
Other Financing Sources				
Advances In	5,000	5,000	5,000	0
<i>Net Change in Fund Balance</i>	(13,336)	(13,324)	(13,324)	0
<i>Fund Balance (Deficit) Beginning of Year</i>	(874)	(874)	(874)	0
Prior Year Encumbrances Appropriated	14,631	14,631	14,631	0
<i>Fund Balance End of Year</i>	\$421	\$433	\$433	\$0

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Free Schools Grant Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$33,163	\$22,547	\$22,547	\$0
Expenditures				
Current:				
Support Services:				
Pupil:				
Salaries and Wages	0	90	0	90
Purchased Services	14,641	19,636	19,636	0
Materials and Supplies	0	31	0	31
Total Support Services	14,641	19,757	19,636	121
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	645	645	645	0
Materials and Supplies	576	576	647	(71)
Total Operation of Non-Instructional Services	1,221	1,221	1,292	(71)
<i>Total Expenditures</i>	15,862	20,978	20,928	50
<i>Excess of Revenues Over Expenditures</i>	17,301	1,569	1,619	50
Other Financing Uses				
Advances Out	(17,300)	(17,300)	(17,300)	0
<i>Net Change in Fund Balance</i>	1	(15,731)	(15,681)	50
<i>Fund Balance Beginning of Year</i>	17,300	17,300	17,300	0
<i>Fund Balance End of Year</i>	\$17,301	\$1,569	\$1,619	\$50

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Preschool Grant Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$36,977	\$44,620	\$44,621	\$1
Expenditures				
Current:				
Instruction:				
Special:				
Salaries and Wages	24,196	27,259	27,259	0
Fringe Benefits	5,582	6,289	6,289	0
Materials and Supplies	9,701	10,924	10,924	0
Capital Outlay - New	400	0	0	0
Total Instruction	39,879	44,472	44,472	0
Support Services:				
Pupil:				
Materials and Supplies	0	602	602	0
<i>Total Expenditures</i>	39,879	45,074	45,074	0
<i>Excess of Revenues Under Expenditures</i>	(2,902)	(454)	(453)	1
Other Financing Sources (Uses)				
Advances In	5,000	5,000	5,000	0
Advances Out	(2,700)	(2,700)	(2,700)	0
<i>Total Other Financing Sources (Uses)</i>	2,300	2,300	2,300	0
<i>Net Change in Fund Balance</i>	(602)	1,846	1,847	1
<i>Fund Balance Beginning of Year</i>	56	56	56	0
Prior Year Encumbrances Appropriated	603	603	603	0
<i>Fund Balance End of Year</i>	\$57	\$2,505	\$2,506	\$1

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Class Size Reduction Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$258,730	\$282,348	\$282,348	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	222,317	198,588	198,588	0
Fringe Benefits	60,974	57,661	57,661	0
Total Instruction	283,291	256,249	256,249	0
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	1,709	937	2,000	(1,063)
<i>Total Expenditures</i>	285,000	257,186	258,249	(1,063)
<i>Excess of Revenues Over (Under) Expenditures</i>	(26,270)	25,162	24,099	(1,063)
Other Financing Sources				
Transfers In	24,943	24,943	24,943	0
<i>Net Change in Fund Balance</i>	(1,327)	50,105	49,042	(1,063)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance (Deficit) End of Year</i>	(\$1,327)	\$50,105	\$49,042	(\$1,063)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Continuous Improvement Grant Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$7,542	\$19,351	\$19,351	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	13,186	13,186	12,055	1,131
Capital Outlay - New	7,500	3,528	7,300	(3,772)
Total Regular	20,686	16,714	19,355	(2,641)
Special:				
Materials and Supplies	0	60	60	0
Capital Outlay - New	0	4,246	4,245	1
Total Special	0	4,306	4,305	1
Total Instruction	20,686	21,020	23,660	(2,640)
Support Services:				
Pupil:				
Purchased Services	0	300	300	0
Materials and Supplies	0	100	102	(2)
Other	1,398	10,908	10,365	543
Total Pupil	1,398	11,308	10,767	541
Instructional Staff:				
Materials and Supplies	532	0	0	0
Total Support Services	1,930	11,308	10,767	541
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	1,000	3,099	1,000	2,099
<i>Total Expenditures</i>	23,616	35,427	35,427	0
<i>Excess of Revenues Under Expenditures</i>	(\$16,074)	(\$16,076)	(\$16,076)	\$0

(continued)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Continous Improvement Grant Fund (continued)
For the Fiscal Year Ended June 30, 2004

	<u>Revised Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Other Financing Sources (Uses)				
Advances In	\$10,000	\$10,000	\$10,000	\$0
Advances Out	<u>(4,600)</u>	<u>(4,600)</u>	<u>(4,600)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>5,400</u>	<u>5,400</u>	<u>5,400</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(10,674)	(10,676)	(10,676)	0
<i>Fund Balance Beginning of Year</i>	7,308	7,308	7,308	0
Prior Year Encumbrances Appropriated	<u>4,344</u>	<u>4,344</u>	<u>4,344</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$978</u></u>	<u><u>\$976</u></u>	<u><u>\$976</u></u>	<u><u>\$0</u></u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$286,864	\$303,233	\$315,325	\$12,092
Intergovernmental	89,708	94,827	98,609	3,782
Interest	3,283	3,283	3,288	5
<i>Total Revenues</i>	<u>379,855</u>	<u>401,343</u>	<u>417,222</u>	<u>15,879</u>
Expenditures				
Current:				
Support Services:				
Board of Education:				
Other	341	412	412	0
Fiscal:				
Other	3,345	4,737	4,737	0
Total Support Services	<u>3,686</u>	<u>5,149</u>	<u>5,149</u>	<u>0</u>
Debt Service:				
Principal Retirement	286,314	205,000	205,000	0
Interest and Fiscal Charges	0	82,230	82,230	0
Bond Issuance Costs	48,937	48,937	48,937	0
Total Debt Service	<u>335,251</u>	<u>336,167</u>	<u>336,167</u>	<u>0</u>
<i>Total Expenditures</i>	<u>338,937</u>	<u>341,316</u>	<u>341,316</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	40,918	60,027	75,906	15,879
Other Financing Sources (Uses)				
Bonds Issued	2,205,000	2,205,000	2,205,000	0
Premium on Bonds	113,982	113,982	113,982	0
Payment to Refunded Bond Escrow Agent	(2,270,045)	(2,270,045)	(2,270,045)	0
<i>Total Other Financing Sources (Uses)</i>	<u>48,937</u>	<u>48,937</u>	<u>48,937</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	89,855	108,964	124,843	15,879
<i>Fund Balance Beginning of Year</i>	<u>216,503</u>	<u>216,503</u>	<u>216,503</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$306,358</u></u>	<u><u>\$325,467</u></u>	<u><u>\$341,346</u></u>	<u><u>\$15,879</u></u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,247,479	\$1,258,293	\$1,199,197	(\$59,096)
Intergovernmental	305,626	308,275	293,797	(14,478)
Miscellaneous	30,688	30,954	104,500	73,546
<i>Total Revenues</i>	<u>1,583,793</u>	<u>1,597,522</u>	<u>1,597,494</u>	<u>(28)</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	306	64,566	75,253	(10,687)
Capital Outlay - New	1,291	22,752	48,216	(25,464)
Total Regular	<u>1,597</u>	<u>87,318</u>	<u>123,469</u>	<u>(36,151)</u>
Special:				
Capital Outlay - New	0	0	1,160	(1,160)
Vocational:				
Materials and Supplies	3,334	15,055	16,657	(1,602)
Capital Outlay - New	153,905	46,220	25,149	21,071
Total Vocational	<u>157,239</u>	<u>61,275</u>	<u>41,806</u>	<u>19,469</u>
Total Instruction	<u>158,836</u>	<u>148,593</u>	<u>166,435</u>	<u>(17,842)</u>
Support Services:				
Pupil:				
Materials and Supplies	76,303	53,148	50,377	2,771
Capital Outlay - New	0	1,038	1,869	(831)
Total Pupil	<u>76,303</u>	<u>54,186</u>	<u>52,246</u>	<u>1,940</u>
Instructional Staff:				
Materials and Supplies	0	2,963	3,436	(473)
Capital Outlay - New	0	2,509	2,877	(368)
Total Instructional Staff	<u>0</u>	<u>5,472</u>	<u>6,313</u>	<u>(841)</u>
Board of Education:				
Other	6	1,158	1,327	(169)
Administration:				
Purchased Services	0	87,534	100,354	(12,820)
Materials and Supplies	1,145	3,816	4,196	(380)
Capital Outlay - New	0	13,925	15,965	(2,040)
Total Administration	<u>\$1,145</u>	<u>\$105,275</u>	<u>\$120,515</u>	<u>(\$15,240)</u>

(continued)

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund (continued)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fiscal:				
Materials and Supplies	\$0	\$1,557	\$1,785	(\$228)
Capital Outlay - New	0	676	775	(99)
Other	0	14,231	16,316	(2,085)
Total Fiscal	0	16,464	18,876	(2,412)
Business:				
Purchased Services	6	14,723	16,879	(2,156)
Materials and Supplies	0	97	111	(14)
Total Business	6	14,820	16,990	(2,170)
Operation and Maintenance of Plant:				
Purchased Services	2,028,235	1,109,321	980,351	128,970
Materials and Supplies	88,442	183,944	204,588	(20,644)
Capital Outlay - New	0	18,066	20,712	(2,646)
Capital Outlay - Replacement	0	22,716	26,165	(3,449)
Total Operation and Maintenance of Plant	2,116,677	1,334,047	1,231,816	102,231
Pupil Transportation:				
Purchased Services	6	8,546	10,888	(2,342)
Materials and Supplies	53,767	165,194	195,790	(30,596)
Capital Outlay - New	0	822	983	(161)
Capital Outlay - Replacement	194,318	26,482	0	26,482
Total Pupil Transportation	248,091	201,044	207,661	(6,617)
Central:				
Purchased Services	142,339	60,674	48,698	11,976
Materials and Supplies	0	17,801	38,114	(20,313)
Capital Outlay - New	0	16,677	56,526	(39,849)
Capital Outlay - Replacement	6,846	30,475	33,869	(3,394)
Total Central	149,185	125,627	177,207	(51,580)
Total Support Services	2,591,413	1,858,093	1,832,951	25,142
Operation of Non-Instructional Services:				
Food Service Operations:				
Purchased Services	0	15,465	17,730	(2,265)
Materials and Supplies	2,847	2,325	3,061	(736)
Capital Outlay - New	0	10,510	12,049	(1,539)
Capital Outlay - Replacement	0	14,597	16,736	(2,139)
Total Operation of Non-Instructional Services	2,847	42,897	49,576	(6,679)
Total Expenditures	2,753,096	2,049,583	2,048,962	621
Net Change in Fund Balance	(1,169,303)	(452,061)	(451,468)	593
Fund Balance Beginning of Year	1,358,156	1,358,156	1,358,156	0
Prior Year Encumbrances Appropriated	253,096	253,096	253,096	0
Fund Balance End of Year	\$441,949	\$1,159,191	\$1,159,784	\$593

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net Plus Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$132,594	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	7,892	5,200	5,200	0
Materials and Supplies	114,222	51,292	55,320	(4,028)
Capital Outlay - New	126,752	63,756	59,728	4,028
<i>Total Expenditures</i>	<u>248,866</u>	<u>120,248</u>	<u>120,248</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(116,272)	(120,248)	(120,248)	0
<i>Fund Balance Beginning of Year</i>	66,382	66,382	66,382	0
Prior Year Encumbrances Appropriated	<u>53,866</u>	<u>53,866</u>	<u>53,866</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,976</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Network Connectivity Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$42,000	\$42,000	\$42,000	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	<u>42,000</u>	<u>42,000</u>	<u>42,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Sales	\$1,597,391	\$1,577,391	\$1,533,892	(\$43,499)
Operating Grants	602,609	602,609	578,654	(23,955)
<i>Total Revenues</i>	<u>2,200,000</u>	<u>2,180,000</u>	<u>2,112,546</u>	<u>(67,454)</u>
Expenses				
Salaries:				
Food Service Operations	1,048,623	1,011,196	1,011,209	(13)
Fringe Benefits:				
Food Service Operations	310,331	310,617	310,610	7
Purchased Services:				
Food Service Operations	66,677	66,627	66,948	(321)
Materials and Supplies:				
Food Service Operations	774,791	810,988	777,996	32,992
<i>Total Expenses</i>	<u>2,200,422</u>	<u>2,199,428</u>	<u>2,166,763</u>	<u>32,665</u>
<i>Excess of Revenues Under Expenses</i>	(422)	(19,428)	(54,217)	(34,789)
Advances In	<u>0</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	(422)	572	(34,217)	(34,789)
<i>Fund Equity Beginning of Year</i>	58,771	58,771	58,771	0
Prior Year Encumbrances Appropriated	<u>422</u>	<u>422</u>	<u>422</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$58,771</u>	<u>\$59,765</u>	<u>\$24,976</u>	<u>(\$34,789)</u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales	\$270,000	\$306,000	\$302,610	(\$3,390)
Expenses				
Materials and Supplies:				
Regular Instruction	269,823	370,613	374,691	(4,078)
Special Instruction	3,602	4,534	5,195	(661)
Vocational Instruction	23,012	33,593	23,999	9,594
<i>Total Expenses</i>	296,437	408,740	403,885	4,855
<i>Excess of Revenues Under Expenses</i>	(26,437)	(102,740)	(101,275)	1,465
Advances In	0	184,000	184,000	0
<i>Net Change in Fund Equity</i>	(26,437)	81,260	82,725	1,465
<i>Fund Equity Beginning of Year</i>	24,245	24,245	24,245	0
Prior Year Encumbrances Appropriated	6,437	6,437	6,437	0
<i>Fund Equity End of Year</i>	\$4,245	\$111,942	\$113,407	\$1,465

Willoughby-Eastlake City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Special Services Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$28,602	\$25,643	\$24,667	(\$976)
Miscellaneous	398	357	343	(14)
<i>Total Revenues</i>	<u>29,000</u>	<u>26,000</u>	<u>25,010</u>	<u>(990)</u>
Expenses				
Purchased Services:				
Vocational Instruction	1,001	569	1	568
Materials and Supplies:				
Vocational Instruction	<u>29,000</u>	<u>28,568</u>	<u>29,135</u>	<u>(567)</u>
<i>Total Expenses</i>	<u>30,001</u>	<u>29,137</u>	<u>29,136</u>	<u>1</u>
<i>Net Change in Fund Equity</i>	(1,001)	(3,137)	(4,126)	(989)
<i>Fund Equity Beginning of Year</i>	12,773	12,773	12,773	0
Prior Year Encumbrances Appropriated	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$11,773</u></u>	<u><u>\$9,637</u></u>	<u><u>\$8,648</u></u>	<u><u>(\$989)</u></u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Community Education Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Tuition and Fees	\$9,546	\$7,249	\$7,235	(\$14)
Operating Grants	6,454	4,901	4,892	(9)
<i>Total Revenues</i>	16,000	12,150	12,127	(23)
Expenses				
Salaries:				
Pupil Support Services	10,416	12,340	10,417	1,923
Fringe Benefits:				
Pupil Support Services	3,586	1,458	1,458	0
Materials and Supplies:				
Pupil Support Services	6,000	6,000	2,985	3,015
<i>Total Expenses</i>	20,002	19,798	14,860	4,938
<i>Net Change in Fund Equity</i>	(4,002)	(7,648)	(2,733)	4,915
<i>Fund Equity Beginning of Year</i>	19,906	19,906	19,906	0
Prior Year Encumbrances Appropriated	2	2	2	0
<i>Fund Equity End of Year</i>	\$15,906	\$12,260	\$17,175	\$4,915

Willoughby-Eastlake City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Latchkey/Preschool Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Tuition and Fees	\$462,197	\$475,403	\$487,550	\$12,147
Miscellaneous	62,803	64,597	66,248	1,651
<i>Total Revenues</i>	<u>525,000</u>	<u>540,000</u>	<u>553,798</u>	<u>13,798</u>
Expenses				
Salaries:				
Regular Instruction	36,384	36,386	58,509	(22,123)
Administration	2,250	2,254	8,858	(6,604)
Pupil Transportation Support Services	250	251	908	(657)
Operation of Non Instructional Services	305,000	268,165	268,165	0
Total Salaries	<u>343,884</u>	<u>307,056</u>	<u>336,440</u>	<u>(29,384)</u>
Fringe Benefits:				
Regular Instruction	2,250	2,253	8,192	(5,939)
Administration	2,500	1,909	1,059	850
Pupil Transportation Support Services	0	1	1	0
Operation of Non Instructional Services	33,250	33,258	59,296	(26,038)
Total Fringe Benefits	<u>38,000</u>	<u>37,421</u>	<u>68,548</u>	<u>(31,127)</u>
Purchased Services:				
Regular Instruction	51	0	182	(182)
Operation of Non Instructional Services	506	509	1,177	(668)
Total Purchased Services	<u>557</u>	<u>509</u>	<u>1,359</u>	<u>(850)</u>
Materials and Supplies:				
Regular Instruction	1,610	1,612	1,744	(132)
Pupil Transportation Support Services	250	251	1	250
Operation of Non Instructional Services	30,750	30,957	27,434	3,523
Total Materials and Supplies	<u>32,610</u>	<u>32,820</u>	<u>29,179</u>	<u>3,641</u>
<i>Total Expenses</i>	<u>415,051</u>	<u>377,806</u>	<u>435,526</u>	<u>(57,720)</u>
<i>Excess of Revenues Over Expenses</i>	109,949	162,194	118,272	(43,922)
Transfers Out	<u>(160,000)</u>	<u>(160,007)</u>	<u>(101,700)</u>	<u>58,307</u>
<i>Net Change in Fund Equity</i>	(50,051)	2,187	16,572	14,385
<i>Fund Equity Beginning of Year</i>	124,402	124,402	124,402	0
Prior Year Encumbrances Appropriated	<u>51</u>	<u>51</u>	<u>51</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$74,402</u>	<u>\$126,640</u>	<u>\$141,025</u>	<u>\$14,385</u>

Willoughby-Eastlake City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Self-Insurance Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	<u>\$6,500,000</u>	<u>\$7,000,000</u>	<u>\$10,004,182</u>	<u>\$3,004,182</u>
Expenses				
Purchased Services	1,365,001	1,457,791	1,553,858	(96,067)
Claims	<u>5,135,004</u>	<u>5,484,057</u>	<u>5,384,518</u>	<u>99,539</u>
<i>Total Expenses</i>	<u>6,500,005</u>	<u>6,941,848</u>	<u>6,938,376</u>	<u>3,472</u>
<i>Net Change in Fund Equity</i>	(5)	58,152	3,065,806	3,007,654
<i>Fund Equity Beginning of Year</i>	<u>1,446,017</u>	<u>1,446,017</u>	<u>1,446,017</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$1,446,012</u></u>	<u><u>\$1,504,169</u></u>	<u><u>\$4,511,823</u></u>	<u><u>\$3,007,654</u></u>

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Willoughby-Eastlake City School District

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

	<u>2004</u>	<u>2003</u>	<u>2002</u>
<i>Program Revenues</i>			
Charges for Services	\$2,069,896	\$1,903,306	\$2,320,138
Operating Grants and Contributions	4,769,308	4,603,242	3,411,408
Capital Grants and Contributions	337,745	659,697	45,500
<i>General Revenues</i>			
Property Taxes	46,179,731	44,238,699	45,290,368
Intergovernmental	21,649,739	20,018,302	18,226,009
Interest	74,431	316,543	477,823
Miscellaneous	312,575	567,801	651,339
Total	<u><u>\$75,393,425</u></u>	<u><u>\$72,307,590</u></u>	<u><u>\$70,422,585</u></u>
<i>Expenses</i>			
Current:			
Instruction:			
Regular	\$34,267,654	\$32,662,076	\$32,292,315
Special	8,470,276	7,455,491	6,911,855
Vocational	4,003,332	4,294,026	3,204,535
Adult/Continuing	271,466	278,711	246,983
Support Services:			
Pupil	4,879,314	4,673,238	4,653,166
Instructional Staff	2,927,738	2,841,906	2,308,567
Board of Education	226,658	159,898	242,920
Administration	4,588,747	4,481,120	4,164,253
Fiscal	1,569,754	1,179,809	1,077,882
Business	395,959	441,702	490,085
Operation and Maintenance of Plant	7,627,603	7,219,331	7,250,968
Pupil Transportation	5,101,508	4,882,342	3,463,783
Central	873,224	747,013	900,283
Operation of Non-Instructional Services	891,941	1,018,816	924,491
Extracurricular Activities	1,724,236	1,731,131	1,694,132
Debt Service	76,881	160,204	171,470
Total	<u><u>\$77,896,291</u></u>	<u><u>\$74,226,814</u></u>	<u><u>\$69,997,688</u></u>

Source: School District Financial Records

(1) Full Accrual Basis

Willoughby-Eastlake City School District

*General Fund Revenues by Source
and Expenditures by Function (1)
Last Ten Fiscal Years*

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues				
Property Taxes	\$44,019,963	\$42,962,942	\$42,917,933	\$44,147,371
Intergovernmental	21,553,078	20,520,439	17,969,386	14,561,652
Interest	68,520	312,126	470,657	864,710
Tuition and Fees	419,559	542,690	845,038	1,703,110
Extracurricular Activities	0	0	0	0
Charges for Services	381,051	134,387	327,603	189,222
Rentals	256,494	311,712	290,004	251,361
Contributions and Donations	295	0	0	0
Miscellaneous	121,186	394,383	458,216	178,187
Total	<u><u>\$66,820,146</u></u>	<u><u>\$65,178,679</u></u>	<u><u>\$63,278,837</u></u>	<u><u>\$61,895,613</u></u>
Expenditures				
Current:				
Instruction:				
Regular	\$34,647,402	\$31,760,796	\$30,558,174	\$28,661,944
Special	7,507,611	6,781,583	6,192,207	5,763,895
Vocational	3,929,583	4,220,943	3,163,491	3,228,739
Other	0	0	0	0
Support Services				
Pupil	4,053,949	3,631,558	3,619,555	3,186,731
Instructional Staff	2,509,984	2,175,416	1,953,515	1,616,654
Board of Education	235,839	155,473	238,331	304,184
Administration	4,523,056	4,256,260	4,062,186	4,098,220
Fiscal	1,627,833	1,159,143	1,046,195	967,248
Business	393,739	435,937	461,150	404,410
Operation and Maintenance of Plant	6,069,986	5,505,444	5,442,422	6,229,808
Pupil Transportation	5,023,125	4,567,616	3,270,251	4,505,333
Central	881,736	630,049	758,127	744,902
Operation of Non-Instructional Services	16,782	16,910	3,401	8,184
Extracurricular Activities	162,830	168,502	165,709	132,853
Capital Outlay	33,623	28,084	79,513	4,162
Debt Service	0	0	0	3,411
Total	<u><u>\$71,617,078</u></u>	<u><u>\$65,493,714</u></u>	<u><u>\$61,014,227</u></u>	<u><u>\$59,860,678</u></u>

(1) Information is based on modified accrual.

Source: School District Financial Records

2000	1999	1998	1997	1996	1995
\$43,725,047	\$42,187,216	\$42,108,268	\$38,487,088	\$37,453,502	\$37,729,382
13,178,730	12,466,867	12,191,864	12,187,714	12,131,499	11,206,103
748,275	509,330	410,778	0	0	309,788
1,664,316	1,593,232	1,336,320	1,175,889	459,562	755,044
0	11,103	0	0	0	0
249,175	185,985	0	0	0	0
237,144	249,000	0	0	0	0
2,617	86	0	0	0	0
148,911	173,750	470,149	529,429	681,448	527,805
<u>\$59,954,215</u>	<u>\$57,376,569</u>	<u>\$56,517,379</u>	<u>\$52,380,120</u>	<u>\$50,726,011</u>	<u>\$50,528,122</u>

\$28,369,993	\$25,723,573	\$24,691,598	\$24,994,557	\$24,875,405	\$24,190,760
6,228,426	5,700,000	4,617,590	4,671,276	4,595,200	3,849,044
1,933,046	2,043,381	3,091,397	2,336,717	2,008,289	1,963,853
0	0	489,221	723,290	1,051,655	1,007,168
3,271,335	2,909,394	2,796,003	2,842,161	2,907,259	2,854,578
1,515,454	1,405,870	1,307,190	1,334,359	1,393,889	1,634,107
218,226	273,908	247,471	158,562	202,069	208,493
3,866,846	3,674,935	3,626,395	3,927,895	3,649,616	3,649,711
961,969	1,116,090	943,849	848,035	789,324	819,725
363,186	429,132	299,597	249,027	322,856	396,638
6,158,254	5,203,914	5,181,042	5,010,356	4,630,534	4,592,200
3,822,720	3,400,200	3,077,564	2,966,772	2,962,953	2,547,399
532,102	483,236	437,291	414,428	374,400	437,915
30,354	32,558	38,105	24,401	7,882	22,105
137,808	92,441	129,438	98,430	84,909	96,604
0	26,505	0	25,919	29,222	27,728
40,931	40,931	66,309	1,483,884	1,557,908	42,852
<u>\$57,450,650</u>	<u>\$52,556,068</u>	<u>\$51,040,060</u>	<u>\$52,110,069</u>	<u>\$51,443,370</u>	<u>\$48,340,880</u>

Willoughby-Eastlake City School District

Property Tax Levies and Collections

Real and Tangible Personal Property (1)

Last Ten Years

<u>Year (2)</u>	<u>Current Levy</u>	<u>Delinquent Levy (3)</u>	<u>Total Levy</u>	<u>Current Collection</u>	<u>Percent of Current Levy Collected</u>
2003	\$46,804,936	\$2,541,498	\$49,346,434	\$45,525,668	97.3 %
2002	47,743,350	2,337,194	50,080,544	46,244,543	96.9
2001	50,803,531	2,478,372	53,281,903	49,346,903	97.1
2000	47,757,092	2,442,137	50,199,229	46,913,773	98.2
1999	47,953,564	2,159,442	50,113,006	47,443,568	98.9
1998	47,460,422	1,796,669	49,257,091	46,906,165	98.8
1997	44,342,404	1,392,418	45,734,822	43,733,771	98.6
1996	43,584,928	1,173,352	44,758,280	42,997,252	98.7
1995	42,459,338	1,312,681	43,772,019	41,988,952	98.9
1994	36,300,932	1,643,273	37,944,205	35,907,249	98.9

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2004 information cannot be presented because all collections have not been made by June 30.
- (3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection As a Percent of Current Levy</u>
\$941,749	\$46,467,417	99.3 %
1,103,430	47,347,973	99.2
640,697	49,987,600	98.4
2,415,360	49,329,133	103.3
719,278	48,162,846	100.4
573,389	47,479,554	100.0
608,509	44,342,280	100.0
625,234	43,622,486	100.1
732,269	42,721,221	100.6
614,312	36,521,561	100.6

Willoughby-Eastlake City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2004	\$1,495,749,310	\$4,273,569,457	\$100,666,340	\$114,393,568
2003	1,250,154,890	3,571,871,114	100,788,470	114,532,352
2002	1,231,219,950	3,517,771,286	91,529,030	104,010,261
2001	1,217,271,030	3,477,917,229	190,829,760	216,852,000
2000	1,081,386,630	3,089,676,086	208,672,250	237,127,557
1999	1,063,788,970	3,039,397,057	217,394,080	247,038,727
1998	1,046,294,160	2,989,411,886	220,985,390	251,119,761
1997	919,775,570	2,627,930,200	219,906,660	249,893,932
1996	898,573,150	2,567,351,857	227,192,400	258,173,182
1995	883,405,710	2,524,016,314	205,317,670	233,315,534

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

- (1) This amount is calculated based on the following percentages:
 Real estate is assessed at 35 percent of actual value.
 Public utility personal is assessed at 88 percent of actual value.
 Capital assets for tangible personal property is assessed at twenty-five percent of actual value.
 Inventory for tangible personal property is assessed at twenty-three percent of actual value.

<u>Tangible Personal Property</u>		<u>Total</u>		
<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>	<u>Ratio</u>
\$249,900,197	\$999,600,788	\$1,846,315,847	\$5,387,563,813	34 %
181,767,793	727,071,172	1,532,711,153	4,413,474,639	35
172,642,754	690,571,016	1,495,391,734	4,312,352,563	35
165,437,484	661,749,936	1,573,538,274	4,356,519,165	36
155,232,538	620,930,152	1,445,291,418	3,947,733,795	37
151,359,246	605,436,984	1,432,542,296	3,891,872,768	37
137,893,748	551,574,992	1,405,173,298	3,792,106,639	37
131,058,095	524,232,380	1,270,740,325	3,402,056,512	37
119,553,436	478,213,744	1,245,318,986	3,303,738,783	38
115,433,302	461,733,208	1,204,156,682	3,219,065,056	37

Willoughby-Eastlake City School District
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

Willoughby-Eastlake City School District						
Year	General	Bond Retirement	Permanent Improvement	Total	Lake County	Library
2004	\$45.85	\$0.24	\$1.30	\$47.39	\$15.70	\$1.30
2003	44.05	0.24	1.30	45.59	15.70	1.30
2002	44.23	0.24	1.30	45.77	15.70	1.30
2001	44.30	0.24	1.30	45.84	15.70	1.30
2000	45.14	0.27	1.30	46.71	15.60	1.30
1999	45.14	0.27	1.30	46.71	15.60	0.30
1998	45.14	0.27	1.30	46.71	14.10	0.30
1997	45.95	0.37	1.30	47.62	14.00	0.30
1996	46.11	0.00	1.30	47.41	14.00	0.30
1995	46.71	0.00	1.30	48.01	14.00	0.30

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

<u>City of Eastlake</u>	<u>City of Willoughby</u>	<u>City of Willoughby Hills</u>	<u>City of Willowick</u>	<u>Village of Timberlake</u>	<u>Village of Lakeline</u>	<u>Village of Waite Hill</u>
\$71.18	\$75.19	\$71.79	\$83.89	\$77.39	\$70.39	\$77.39
73.39	69.48	69.99	82.09	75.59	\$73.59	\$73.59
73.57	69.68	70.17	82.27	75.77	73.77	75.77
73.64	69.75	70.24	82.78	75.84	73.84	75.84
73.03	70.80	70.41	82.55	76.43	73.61	76.43
73.03	69.80	70.41	82.55	75.61	73.61	75.61
71.53	67.40	68.91	81.05	74.11	72.11	74.11
72.34	68.47	69.72	82.89	74.62	72.92	74.92
72.13	68.26	69.71	82.69	74.71	72.71	74.71
72.43	68.86	70.31	81.91	75.31	73.31	75.31

Willoughby-Eastlake City School District
*Ratio of Net General Obligation Bonded Debt to
 Assessed Value and Net Bonded Debt Per Capita
 Last Ten Years*

Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2004	\$1,818,068	\$1,846,315,847	67,218	0.10 %	\$27.05
2003	2,140,007	1,532,711,153	67,218	0.14	31.84
2002	2,379,705	1,495,391,734	67,218	0.16	35.40
2001	2,584,827	1,573,538,274	67,218	0.16	38.45
2000	2,771,086	1,445,291,418	67,317	0.19	41.16
1999	2,954,516	1,432,542,296	67,317	0.21	43.89
1998	3,130,676	1,405,173,298	67,624	0.22	46.30
1997	3,351,518	1,270,740,325	67,624	0.26	49.56
1996	3,378,194	1,245,318,986	67,259	0.27	50.23
1995	3,153,365	1,204,156,682	67,259	0.26	46.88

Source:

(1) School District Financial Records

(2) Lake County Auditor

(3) Lake County

Willoughby-Eastlake City School District

Computation of Legal Debt Margin

June 30, 2004

Assessed Valuation	<u><u>\$1,846,315,847</u></u>
Debt Limit - 9% of Assessed Value (1)	\$166,168,426
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	2,205,000
Less: Amount Available in Debt Service Fund	<u>(386,932)</u>
Amount of Debt Subject to the Limit	<u>1,818,068</u>
Overall Debt Margin	<u><u>\$164,350,358</u></u>
Debt Limit - .10% of Assessed Value (1)	\$1,846,316
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u><u>\$1,846,316</u></u>

Source: Lake County Auditor and School District Financial Records

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

Willoughby-Eastlake City School District
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2003

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
<u>Direct:</u>			
Willoughby-Eastlake City School District	<u>\$2,205,000</u>	100.00%	<u>\$2,205,000</u>
<u>Overlapping:</u>			
City of Willoughby	16,129,651	97.83	15,779,638
City of Eastlake	19,490,000	99.94	19,478,306
City of Willoughby Hills	1,275,820	100.00	1,275,820
City of Willowick	310,000	99.96	309,876
Lake County	<u>15,085,000</u>	27.92	<u>4,211,732</u>
Total Overlapping	<u>52,290,471</u>		<u>41,055,372</u>
Total	<u><u>\$54,495,471</u></u>		<u><u>\$43,260,372</u></u>

Source: Lake County Auditor, Willoughby-Eastlake City School District, City of Willoughby, City of Eastlake, City of Willoughby Hills, City of Willowick.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2003 collection year.

Willoughby-Eastlake City School District
*Ratio of Annual Debt Service Expenditures For
 General Obligation Bonded Debt to General Fund Expenditures
 Last Ten Fiscal Years*

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (Percentage)
2004	\$205,000	\$82,230	\$287,230	\$71,617,078	0.40 %
2003	190,000	161,170	351,170	65,493,714	0.54
2002	180,000	172,365	352,365	61,014,227	0.58
2001	170,000	182,780	352,780	59,860,678	0.59
2000	160,000	192,395	352,395	57,450,650	0.61
1999	150,000	206,295	356,295	52,556,068	0.68
1998	150,000	209,445	359,445	51,040,060	0.70
1997	150,000	217,395	367,395	52,110,069	0.71
1996	140,000	224,829	364,829	51,443,370	0.71
1995	185,000	233,255	418,255	48,340,880	0.87

Source: School District Financial Records

Willoughby-Eastlake City School District

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Lake County Population</u>	<u>Willoughby- Eastlake CSD Population</u>	<u>School Enrollment (1)</u>	<u>Unemployment Rate (2)</u>
2004	229,004	67,218	8,869	6.3 %
2003	229,004	67,218	8,908	5.4
2002	227,511	67,218	8,969	5.0
2001	227,511	67,218	9,076	3.6
2000	223,779	67,317	9,194	4.0
1999	223,779	67,317	9,139	3.6
1998	223,239	67,624	9,120	4.0
1997	223,239	67,624	9,292	4.4
1996	220,850	67,259	9,072	4.5
1995	220,850	67,259	8,983	5.7

(1) School District Financial Records

(2) Represents Lake County

Willoughby-Eastlake City School District
Property Value,
Financial Institution Deposits and Building Permits
Last Ten Years

<u>Year</u>	<u>Property Value (1) (Real Estate Only)</u>	<u>Financial Institution Deposits (000's) Banks</u>	<u>Value of Residential Building Permits Issued (2)</u>	<u>Value of Commercial Building Permits Issued (2)</u>
2003	\$1,259,154,890	\$97,238,973	\$17,549,711	\$25,433,897
2002	1,231,219,950	95,760,917	18,869,143	22,149,286
2001	1,217,271,030	63,893,769	30,363,228	15,959,858
2000	1,081,386,630	61,942,764	32,090,907	33,011,409
1999	1,063,788,970	57,816,942	37,179,814	34,772,308
1998	1,046,294,160	58,904,596	50,755,793	42,015,663
1997	919,775,570	53,941,971	34,918,521	42,959,863
1996	898,573,150	27,068,211	22,315,855	16,351,711
1995	883,405,710	22,458,573	37,222,137	23,037,957
1994	807,841,190	20,885,453	22,310,795	12,970,233

Sources: Federal Reserve Bank of Cleveland
 Cities of Willoughby, Eastlake, Willoughby Hills and the Village of Waite Hill Building Departments

- (1) Represents assessed value.
- (2) Information not available from the Villages of Lakeline and Timberlake. Information available from the City of Willoughby Hills for 1998 through 2002 only.

Willoughby-Eastlake City School District

Principal Taxpayers

Real Estate Tax

December 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Property Assessed Value</u>
Inland Southeast	\$8,650,000	0.58 %
Tam A Rac Estates	8,050,680	0.54
Millstein Norman TR	5,776,240	0.39
Cleveland Clinic	4,956,000	0.33
Ohio Presbyterian	4,699,660	0.31
First Interstate	4,473,690	0.30
Shoregate Towers LLC	4,394,460	0.29
Shoregate Shopping Center	4,375,830	0.29
Pine Ridge Apartments	4,298,650	0.29
Pine Ridge Valley	<u>3,791,460</u>	<u>0.25</u>
Total	<u><u>\$53,466,670</u></u>	<u><u>3.57 %</u></u>
Total Assessed Value	<u><u>\$1,495,749,310</u></u>	

Source: Lake County Auditor

(1) Assessed values are for the 2004 collection year.

Willoughby-Eastlake City School District

Principal Taxpayers

Tangible Personal Property Tax

December 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Property Assessed Value</u>
G E Quartz Incorporated	\$11,050,620	4.42 %
Midwest Electrical Supply	4,536,310	1.82
Metal Seal and Products Incorporated	4,360,870	1.75
Atlantic Company	4,001,930	1.60
Micro Products Company	3,935,790	1.57
Parker Hannifin Corporation	3,260,720	1.30
Sawyer Research Products	2,604,353	1.04
Ekohwerks Company	2,456,900	0.98
Concorde Casting Incorporated	2,296,290	0.92
Gould Electronics Incorporated	<u>2,199,530</u>	<u>0.88</u>
Total	<u>\$40,703,313</u>	<u>16.29 %</u>
Total Assessed Value	<u>\$249,900,197</u>	

Source: Lake County Auditor

(1) Assessed values are for the 2004 collection year.

Willoughby-Eastlake City School District

Principal Taxpayers

Public Utilities Tax

December 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Public Utilities Assessed Value</u>
Cleveland Electric Illuminating Company	\$67,217,680	66.77 %
First Energy Generation	13,852,000	13.76
Ohio Bell Telephone Company	9,782,920	9.72
AM Transmission System	6,266,930	6.23
East Ohio Gas Company	<u>1,201,640</u>	<u>1.19</u>
Total	<u>\$98,321,170</u>	<u>97.67 %</u>
Total Assessed Value	<u>\$100,666,340</u>	

Source: Lake County Auditor

(1) Assessed values are for the 2004 collection year.

Willoughby-Eastlake City School District

Per Pupil Cost

Last Ten Fiscal Years

<u>Year</u>	<u>General Fund Expenditures</u>	<u>Average Daily Student Enrollment</u>	<u>Per Pupil Cost</u>
2004	\$71,617,078	8,869	\$8,075
2003	65,493,714	8,908	7,352
2002	61,014,227	8,969	6,803
2001	59,860,678	9,076	6,595
2000	57,450,650	9,194	6,249
1999	52,556,068	9,139	5,751
1998	51,040,060	9,120	5,596
1997	52,110,069	9,292	5,608
1996	51,443,370	9,072	5,671
1995	48,340,880	8,983	5,381

Source: School District Financial Records.

Willoughby-Eastlake City School District

Teacher Education and Experience

June 30, 2004

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	91	15.56 %
Bachelor + 15	76	12.99
Bachelor + 30	55	9.40
Master's Degree	257	43.93
Master's + 15	66	11.28
Master's + 30	17	2.90
Master's + 45	8	1.37
Master's + 60	9	1.54
Doctorate	6	1.03
Total	<u>585</u>	<u>100.00 %</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	127	21.71 %
6 - 10	109	18.63
11 and Over	349	59.66
	<u>585</u>	<u>100.00 %</u>

Source: School District Personnel Records



**Auditor of State
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**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT
LAKE COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2004**